
2019 CAPITAL BUDGET BRIEFING NOTE

10 YEAR HISTORICAL STATE OF GOOD REPAIR SPENDING

Issue:

At its meeting on February 13, 2019, the Budget Committee requested that the Executive Director of Financial Planning Division submit a briefing note on the 10-year historical SOGR budget and amount unspent in both \$ and %.

This briefing note provides the budget and actual spending comparison for the 10 years from 2008 to 2017. In addition, the 2018 budget and projected actual expenditures are also provided for reference purposes. The 2018 year-end actual results will be available in the 2018 year-end Capital Variance report which will be submitted to the Budget Committee in Q2 2019.

Key Points:

- From 2008-2017, the annual budget for SOGR including carry forward funding from prior years ranges from \$1.416 billion to \$2.504 billion, with an average annual budget of \$1.946 billion over the 10 year period.
- Comparatively, the annual actual spending for SOGR ranges from \$1.090 billion to \$1.804 billion, with average annual spending of \$1.393 billion over the same time frame.
- As a result, the annual unspent budget for SOGR ranges between \$325 million and \$700 million, or an average of \$553 million, equivalent to approximately 28% of the SOGR budget.
- Consequently, the average spending rate is 72%, ranging from 67% to 77% over the 10 year period.
- The Table below provides a Budget to Actual spending comparison from 2008 to 2017, as well as the Budget and projected actual spending for 2018.

Table 1: 2008 – 2018 SOGR Budget and Actual Spending Comparison

Year	Budget* (\$M)	Actual (\$M)	Unspent (\$M)	Unspent (%)	Spending Rate (%)
2008	1,416	1,090	325	23%	77%
2009	1,551	1,165	386	25%	75%
2010	1,945	1,374	571	29%	71%
2011	1,723	1,147	576	33%	67%
2012	1,682	1,156	527	31%	69%
2013	1,959	1,374	585	30%	70%
2014	2,179	1,638	541	25%	75%
2015	2,193	1,578	615	28%	72%
2016	2,306	1,606	701	30%	70%
2017	2,504	1,804	700	28%	72%
Average	1,946	1,393	553	28%	72%

2018 Q3 projection	2,811	2,140	672	24%	76%
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* The annual budget amounts in the table above include carry forward funding.

- As demonstrated in Table 1 above, total budget and actual spending for SOGR projects has almost doubled since 2008.
 - The budget has increased from \$1.416 billion in 2008 to \$2.811 billion for 2018, representing a \$1,395 billion or 99% increase.
 - Actual spending has also doubled from \$1.090 billion in 2008 to a projected \$2.140 billion for 2018. As a result, the spending rate in 2018 has not significantly changed since 2008, as the spending rate continues to be in the low to mid seventies.
- It is worth noting that the actual spending rate for SOGR projects is significantly higher than for other types of capital projects (such as Service Improvement and Growth projects).
- From 2008-2017, the 10 year average spending rate overall for the City is 64%, however, the average spending rate for SOGR is 8% higher, at 72%, as demonstrated in Table 2 below.
 - This greater capacity to spend for SOGR projects is consistent for both tax and rate supported Programs and Agencies as these projects tend to be less complex to deliver than Service Improvement and Growth Related capital projects.

Table 2: SOGR Spending Rate vs. Overall Spending Rate

Spending Rate	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Avg.
SOGR %	77%	75%	71%	67%	69%	70%	75%	72%	70%	72%	72%
Overall %	69%	65%	61%	63%	65%	59%	64%	68%	60%	59%	64%
% Difference	8%	10%	10%	3%	4%	11%	11%	4%	9%	13%	8%

- Overall, the average spending for SOGR projects is higher than the average total spending for the City over the last 10 year period. Five Programs and Agencies (Toronto Transit Commission, Toronto Water, Transportation Services, Parks, Forestry & Recreation, and

Facilities Management, Real Estate, Environment & Energy) account for the majority of SOGR spending, and have made efforts in recent to improve their spending rates.

Nevertheless, the City will continue to improve SOGR and overall spending rate by:

- Reviewing its cash flow funding estimates to align with project timelines and actuals
- Continuously implementing stage gating for major phasable capital projects
- Maturing its asset management and project management practices.

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