

Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments

Date: April 29, 2025

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

As part of the 2025 Budget process, the 2025-2034 Capital Budget and Plan included \$1.438 billion of previously approved unspent funding for capital projects to be carried forward to 2025-2034. This carry forward amount was based on an initial estimate of projected spending available at the time of the budget development, which is prior to the 2024 year-end closing. With the 2024 fiscal year close in February 2025, City Programs and Agencies have finalized the 2024 actual project spending as well as the total carry-forward needed. The purpose of this report is to seek Council's approval for an additional \$250.3 million in carry-forward funding for the 2025-2034 period.

With the incremental carry-forward request, the total capital carry-forward funding from 2024 to the 2025-2034 Capital Budget and Plan will be \$1.689 billion, and the total adjusted 2025 Tax and Rate Supported Capital Budget including previously approved carry forward amount will be \$6.098 billion. The revised total carry-forward funding is equivalent to 27.7% of the total 2025 Tax and Rate Supported Capital Budget.

This report also brings forward in-year capital budget adjustment requests for previously approved budget and future year commitments, taking into account the recommended incremental carry-forward. Approval of these requests is needed to provide the necessary spending authority to continue with capital project delivery.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council approve the adjustments to carry-forward funding of an additional \$250.3 million from unspent capital projects funding as detailed in Appendices 1a and 1b, in order to continue work on previously approved capital projects in 2025 and beyond, and that the 2025-2034 Tax and Rate Supported Capital Budget and Plan for respective City Programs and Agencies be adjusted accordingly.

2. City Council approve in-year budget adjustments to the 2024 and future year cash flow commitments, as well as reallocations of funding sources for prior Approved Capital Budgets, as detailed in Appendix 2.

FINANCIAL IMPACT

In addition to the carry-forward amount previously approved during the 2025 Budget process, an additional \$250.3 million in previously approved cash flow funding carried forward from 2024 to 2025 and future years is being recommended in this report, for the 2024-2033 Tax and Rate Supported Capital Budget and Plan combined. The total adjusted 2025 Capital Budget will be \$6.098 billion.

Further to carry forward adjustments, this report also recommends various acceleration and deferral adjustments to annual cash flows without any impact to approved total project costs; as well as an initial \$39 million in increased City funding towards the Waterfront Revitalization Initiative, consistent with both Council direction and a tri-government initiative between City of Toronto, the Government of Canada, and the Government of Ontario, that will invest a total of \$975 million to accelerate the delivery of Waterfront Toronto's proposed Next Phase of Waterfront Revitalization plan.

DECISION HISTORY

As part of the Mayor's Proposed 2025 Capital Budget, \$181.6 million of previously approved unspent capital project for Rate Program and \$1.257 billion for Tax Program, for a total of \$1.438 billion were identified to be carried forward to 2025-2034 in order to continue with project delivery.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.MPB27.1>

City Council endorsed the Next Phase of the Waterfront Revitalization initiative on December 17-18, 2024, investing a \$975 million tri-government initiative between the City of Toronto, the Government of Canada, and the Government of Ontario to accelerate project delivery.

[EX19.2 – Next Phase of Waterfront Revitalization – Update](#)

With the 2024 fiscal year closed, this report seeks approval for additional carry-forward adjustments based on 2024 final results. As part of the City's financial management and accountability framework, 2024 incremental carry forward funding requests are submitted to Council for approval to ensure appropriate spending authorities are in place to continue previously approved capital work.

COMMENTS

The City's Carry Forward Funding Policy enables City Programs and Agencies to carry forward unspent balances for approved ongoing projects that have not been completed.

In accordance with the City's Carry Forward Policy, approval is being sought to carry forward funding for uncompleted 2024 projects. Approval of these incremental carry forward funding adjustments will increase the total carry forward funding from \$1.438 billion to \$1.689 billion over the 2025-2034 period.

Of the \$250.3 million in total incremental carry-forward funding, \$58.9 million will be added to the 2025 Capital Budget and \$109.5 million will be realign to cash flow from 2025 to future years. As a result of these recommended adjustments, the total 2025 Capital Budget will be adjusted from \$6.149 billion to \$6.098 billion.

The City will continue to plan the annual capital projects incorporating assumptions that reflect both affordability and achievability, in addition to being informed by historical trends and capacity to deliver. The strategy is expected to continuously deliver realistic capital plans and drive more reasonable spending rates in future years. The actual year-end spending rate will be confirmed as part of year-end reporting.

In-Year Budget Adjustments

City Council approval is required for in-year budget adjustments. A comprehensive summary of all adjustments, along with detailed information for each Program and Agency is provided in Appendix 2. Key changes are outlined below for Council's reference.

Waterfront Revitalization Initiative

The Next Phase of Waterfront Revitalization is a tri-government initiative between City of Toronto, the Government of Canada, and the Government of Ontario, that will invest a total of \$975 million to accelerate the delivery of Waterfront Toronto's proposed Next Phase of Waterfront Revitalization plan. At its meeting on Dec 17-18, 2024, City Council endorsed the first set of priority projects for the Next Phase of Waterfront Revitalization as outlined in [EX19.2 – Next Phase of Waterfront Revitalization – Update](#), subject to the cost sharing being provided by the Federal and Provincial governments.

The funding arrangement for the Next Phase of Waterfront Revitalization was structured through a collaborative effort involving the federal, provincial, and municipal governments, collectively committing approximately \$975 million to advance key priority projects including Ookwemin Minising (formerly Villiers Island) and Quayside enabling infrastructure developments, as well as studies related to the wider waterfront and marine strategies. All three levels of government have each committed to contribute \$325 million to fund significant portions of this initiative. As part of the 2025 Budget process, the Chief Financial Officer and Treasurer was asked to identify cash flow requirements and funding sources for the early stages of the construction project during the first quarter of 2025.

It is recommended that the 2025-2034 Capital Budget and Plan for Waterfront Revitalization Initiative be increased by \$39 million in project cost with cash flow funding of \$19 million in 2025 and \$20 million cash flow commitments in 2026, fully funded by

debt, to support the initial stages and design work. In addition, City staff will engage with the Federal and Provincial Governments to refine the cash flow as Waterfront Toronto continue to optimize its expenditures based on project timing and readiness. Once determined, the remaining annual cash flow funding requirements will be included through the 2026 Budget process for the Mayor's consideration.

Transportation Services

An acceleration of \$31.831 million from 2025-2027 to 2024 is primarily due to work progressing ahead of schedule under favorable construction conditions. This adjustment does not impact the overall project cost, as well development charges, reserve and reserve funds are being utilized to reduce overall debt pressure.

Toronto Public Library

A cash flow acceleration of \$10.173 million from 2025 to 2024 is required to realign funding with project delivery timelines, reflecting the need to advance future year cash flow commitments to support project progress. The adjustment results in no change to project costs and net zero impact on debt.

Corporate Real Estate Management

Five projects are ahead of schedule and require an acceleration in total of \$1.473 million in debt funding from 2025 cash flow to 2024 with net zero impact to overall project cost and debt funding. As well, three projects will require a deferral of \$2.677 million into 2025 from 2024 to reflect delays due to procurement, resources constraints, and sequencing of work.

CONTACT

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SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Appendix 1a – 2025 Additional Carry Forward Funding by Program
Appendix 1b – 2025 Additional Carry Forward Funding by Project
Appendix 2 – In-Year Adjustments to Previously Approved Budget and Future Year Commitments