

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

Date: April 28, 2026

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

As part of the 2026 Budget process, the 2026-2035 Capital Budget and Plan included \$968.7 million of previously approved unspent funding for capital projects to be carried forward to 2026-2035. This carry-forward amount was based on an initial estimate of projected spending at the time of budget development, which was prior to the 2025 year-end closing. With the 2025 fiscal year close in February 2026, City Programs and Agencies have finalized the 2025 actual project spending as well as the total carry-forward needed. The primary purpose of this report is to seek Council's approval for an additional \$237.2 million in carry-forward funding from 2025 to 2026-2035 period.

With the incremental carry-forward request, the total capital carry-forward funding from 2025 to the 2026-2035 Capital Budget and Plan will be \$1.206 billion, and the total adjusted 2026 Tax and Rate Supported Capital Budget including previously approved carry-forward amount will be \$5.889 billion. The revised total carry-forward funding is equivalent to 20.5% of the total 2026 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 \$237.2 million from unspent capital projects funding as detailed in Appendices 1a and 1b, in order to continue work on previously approved capital projects in 2026 and beyond, and that the 2026-2035 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 2025 and future year cash flow commitments, as well as reallocations of funding sources for prior Approved Capital Budgets, as detailed in Appendix 2a and 2b.

FINANCIAL IMPACT

In addition to the carry-forward amount previously approved during the 2026 Budget process, an additional \$237.2 million in previously approved cash flow funding carried forward from 2025 to 2026 and future years is being recommended in this report, for the 2026-2035 Tax and Rate Supported Capital Budget and Plan combined. The total adjusted 2026 Capital Budget will be \$5.889 billion.

Further to carry-forward adjustments, this report also recommends various budget adjustments including accelerations and deferrals to annual cash flows to align with the most updated project delivery timeline. The net impact is a reduction of \$52.8 million to the 2025 budget and a net increase of \$82.0 million to the 2026-2034 budget. Details of the budget adjustments are outlined in attachment 2a and 2b of this report.

DECISION HISTORY

As part of the Mayor's Proposed 2026 Capital Budget, \$252.9 million of previously approved unspent capital project for Rate Program and \$715.8 billion for Tax Program, for a total of \$968.7 million were identified to be carried forward to 2026-2035 in order to continue with project delivery.

<https://secure.toronto.ca/council/agenda-item.do?item=2026.MPB38.1>

With the 2025 fiscal year closed, this report seeks approval for additional carry-forward adjustments based on 2025 final results. As part of the City's financial management and accountability framework, 2025 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 2025 projects. Approval of these incremental carry-forward funding adjustments will increase the total carry-forward funding from \$968.7 million to \$1.206 billion over the 2026-2035 period.

With respect to the 2026 Capital Budget, \$58.9 million in carry-forward funding will be added and offset by \$163.1 million in cash flow realigned to future years, as Divisions

have taken the opportunity to realign cash flow in accordance with updated spending capacity. This results in a net reduction of \$104.2 million, revising the 2026 Capital Budget from \$5.993 billion to \$5.889 billion.

Overall, the incremental carry-forward impact is \$237.2 million for the 2026-2035 period. This includes a \$341.4 million increase for 2027-2035, partially offset by the \$104.2 million net reduction in 2026 mentioned above.

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 achievable 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 2a and 2b. Key changes are outlined below for Council's reference.

Transportation Services

An acceleration of \$106.6 million from 2026 and future years to 2025 is primarily due to work progressing ahead of schedule under favorable construction conditions. This adjustment does not impact the overall project cost and debt pressure.

Toronto Transit Commission (TTC)

An increase of \$56.2 million, primarily funded by provincial and federal sources, to support the purchase of 15 expansion trains for the Yonge North Subway Extension, the Scarborough Subway Extension, and other initiatives such as the Easier Access project.

Fleet Services

To align with Council adopted motion (2025.EX21.3) to transfer Toronto Ferry operations and related assets from Parks and Recreation to Fleet Services, a \$46.7 million adjustment is needed in the 2027 Fleet Services budget to reflect the total project cost transferred from Parks and Recreation.

CONTACT

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SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Appendix 1a – 2026 Additional Carry Forward Funding by Program
Appendix 1b – 2026 Additional Carry Forward Funding by Project
Appendix 2a – In-Year Adjustments to Previously Approved Budget and Future Year Commitments
Appendix 2b – In-Year Funding Entries for the Year-End December 31, 2025