TORONTO

REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Capital Variance Report for the Twelve Months Ended December 31, 2025

Date: June 30, 2026
To: Executive Committee
From: Chief Financial Officer and Treasurer
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 to this report contains: information explicitly supplied in confidence between the Canada Mortgage and Housing Corporation (CMHC) and the City of Toronto which may only be made public in accordance with the funding agreement with CMHC; and confidential information pertaining to a pending acquisition of land by the City of Toronto, potential litigation that affects the City of Toronto, and pertaining to a position, plan, procedure, criteria, or instruction to be applied to negotiations.

SUMMARY

The purpose of this report is to provide City Council with the City of Toronto’s capital spending for the twelve-month period ended December 31, 2025. Furthermore, this report seeks Council's approval for in-year budget adjustments to the 2025 Approved Capital Budget and Plan to align with the year-end funding requirements.

Table 1 below summarizes the City's 2025 actual capital expenditures compared with the 2025 Approved Capital Budget for the twelve-month period ended December 31, 2025.

Table 1: Capital Variance Summary for the Period Ended December 31, 2025

	2025 Budget*	**2025 Year-End Actuals**	
	$ Million	**$ Million**	**%**
City Operations	3,188.0	2,689.3	84.4%
Agencies	2,154.7	1,962.0	91.1%
Tax Supported:	**5,342.7**	**4,651.3**	**87.1%**
Rate Supported:	**1,353.3**	**952.2**	**70.4%**
TOTAL	**6,696.0**	**5,603.5**	**83.7%**

*Note: Includes carry forward funding

In 2025, the City's spending rates reflect continuous improvement in actual capital delivery, building on budgeting enhancements made since 2023. The capital spending of $5.603 billion with a spending rate of 83.7% is up compared to 2024, when capital expenditures were $4.740 billion reflecting a spending rate of 73.8%. The spending rate is defined as the actual capital expenditures as a percentage of the full-year budget including in-year budget adjustments and carry forward funding from prior years' unspent budget.

The improved spending rate is largely attributed to the City's enhanced budget planning processes and focus on capital delivery prioritization, which has enabled City Divisions and Agencies to accelerate project timelines and enhance overall execution. The achievements were made possible by the coordinated efforts of City Council, Divisions, and Agencies.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council approve in-year budget adjustments to the 2025-2034 Approved Capital Budget and Plan as detailed in Appendix 2.

2. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential at this time, as it relates to a proposed or pending acquisition or disposition of land by the City, potential litigation that affects the City, information explicitly supplied in confidence between the Canada Mortgage and Housing Corporation (CMHC) and the City of Toronto which may only be made public in accordance with the funding agreement with CMHC and a position, plan, procedure, criteria or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City, and authorize that Confidential Attachment 1 be made public at the discretion of the Deputy City Manager, Development and Growth Services following the completion of land transactions, in accordance with agreements between the City and the federal government, and the resolution of potential litigation that affects the City.

FINANCIAL IMPACT

Capital expenditures totalled $5.603 billion against the $6.696 billion 2025 Approved Capital Budget.

Appendix 1 summarizes the 2025 actuals in comparison to the total Capital Budget by City Divisions and Agencies.

Appendix 2 contains recommended in-year capital budget adjustments to the 2025 Capital Budget, including $57.5 million of net accelerations from future years of the ten-year plan into 2025 with no overall impact to project costs.

Appendix 3 summarizes the projects/subprojects completed and/or filed for closures in 2025, with $798.609 million actual spending on a total budget of $818.653 million, resulting in $20.044 million savings.

Appendix 4 is attached for information and outlines project cash flow accelerations approved by the Chief Financial Officer and Treasurer under delegated authority, in accordance with Recommendation 17 of the Report CC38.1 at City Council Meeting. These accelerations, totalling $225 million, were operationally required to enable implementation of the 2026 Budget in 2025 without impact on total project costs. In accordance with Recommendation 18 of the same report, these cash flow accelerations are reported to Council for information through the Year-End Variance Report.

DECISION HISTORY

The 2025 Tax and Rate Supported Capital Budget of $6.149 billion including carry forward, received municipal adoption following the Council meeting of February 11, 2025.
https://secure.toronto.ca/council/agenda-item.do?item=2025.MPB27.1

The original budget was subsequently amended by City Council through the incremental carry forward and the in-year capital budget adjustments. As a result, the total adjusted budget for 2025 is $6.696 billion.
https://secure.toronto.ca/council/agenda-item.do?item=2025.EX23.9

This report is provided pursuant to financial management best practices and budgetary control. As part of the City of Toronto's financial accountability framework, quarterly and year-end capital variance reports are submitted to Committees and City Council, to provide financial monitoring information on capital results to date and projections to year-end, and on an exception basis, to identify issues that require direction and/or decisions from City Council. In addition, City Council's approval is requested for budget adjustments that amend the Approved Capital Budget and Plan in accordance with the Financial Control By-Law and the City's financial management policies.

COMMENTS

Table 2 outlines capital actuals for Tax and Rate Supported Divisions for the twelve months ended December 31, 2025 for major service areas.

Table 2: Capital Variance Summary for the Period Ended December 31, 2025

	2025 Budget	2025 Year-End Actuals	
	$ Million	**$ Million**	**%**
Tax Supported Divisions:			
City Operations:			
Community and Emergency Services	705.0	586.4	83.2%
Community Development and Social Services	36.0	24.8	68.9%
Infrastructure Services	952.9	830.6	87.2%
Development and Growth Services	873.8	694.5	79.5%
Corporate Services	566.7	518.6	91.5%
Finance and Treasury Services	47.1	30.3	64.3%
Other City Divisions	6.5	4.1	63.1%
Sub Total City Operations	**3,188.0**	**2,689.3**	**84.4%**
Toronto Transit Commission (TTC)	1,710.7	1,586.7	92.8%
Transit Expansion	21.4	20.8	97.2%
Other Agencies	422.6	354.5	83.9%
Sub Total - Tax Supported	**5,342.7**	**4,651.3**	**87.1%**
Rate Supported Divisions:			
Solid Waste Management	75.0	73.4	97.9%
Toronto Parking Authority	55.9	47.1	84.3%
Toronto Water	1,222.4	831.7	68.0%
Sub Total Rate Supported	**1,353.3**	**952.2**	**70.4%**
Total	**6,696.0**	**5,603.5**	**83.7%**

The following City Divisions and Agencies with significant capital programs remain the key contributors to the overall actuals for the year. The following updates are worth noting:

- TTC spent $1.607 billion, utilizing 92.8% of its 2025 approved budget. Certain major investments achieved 100% spending including $146.0 million for the Easier Access – Phase III project, which included making Lawrence, Warden, Christie, and Summerhill subway stations accessible in 2025, as well as the $181.6 million towards Purchase of Subway Cars. These multi-year projects are on track to their 2025 project schedules.

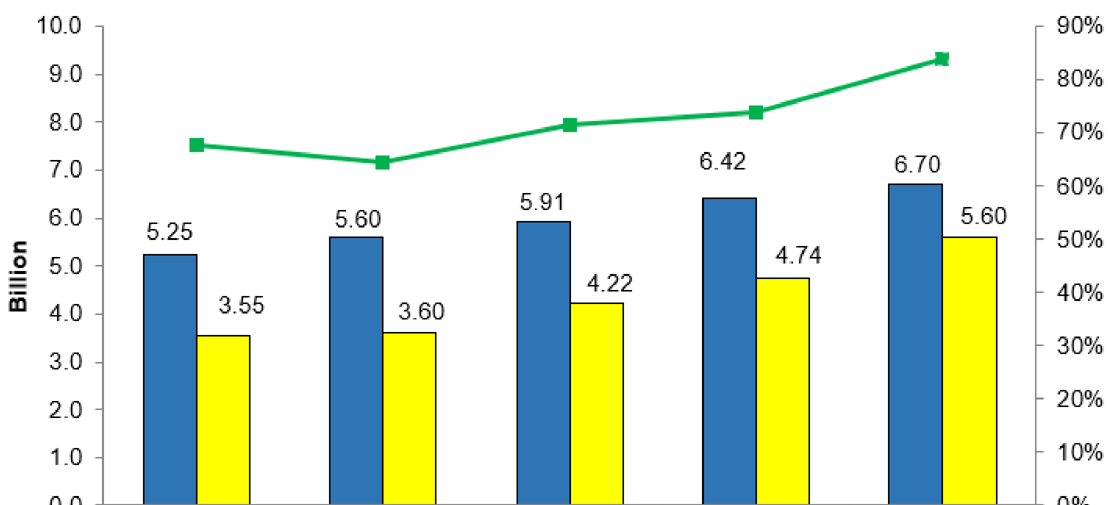
- Transportation Services invested $748.6 million, representing 96.1% of its 2025 approved budget. Key investments included $222.8 million for the F.G. Gardiner project and $119.1 million for City Bridge Rehabilitation. Both of these multi-year projects achieved 100% spend of the 2025 budget and are on track to their 2025 project schedules.

- Housing Secretariat invested $599.3 million, representing 83.7% of its 2025 approved budget, which includes $214.2 million for TCHC Building Repair Capital (96.4% spent).

- In addition, Toronto Water delivered $831.7 million in capital spending, or 68.0% of its 2025 approved budget. Key investments include $110.3 million for the Basement Flooding Program and $69.9 million for District Sewer Rehabilitation Operations. The lower-than-historical spend rate reflects the growing complexity of delivering a large, multi-year capital program, including coordination, permitting, and procurement challenges. Work is underway to strengthen integrated planning and delivery, including earlier coordination with the purchasing and materials management to improve alignment and mitigate delivery risk going forward.

Figure 1 below compares the actual year-end spending rate in each of the years 2021 to 2025 as detailed in this report. Spending rate is the total capital expenditure as a percentage of the full-year budget including in-year adjustments and carry forward funding from prior years' budget.

Figure 1: 2021 - 2025 Capital Spending Rate ($Billions)

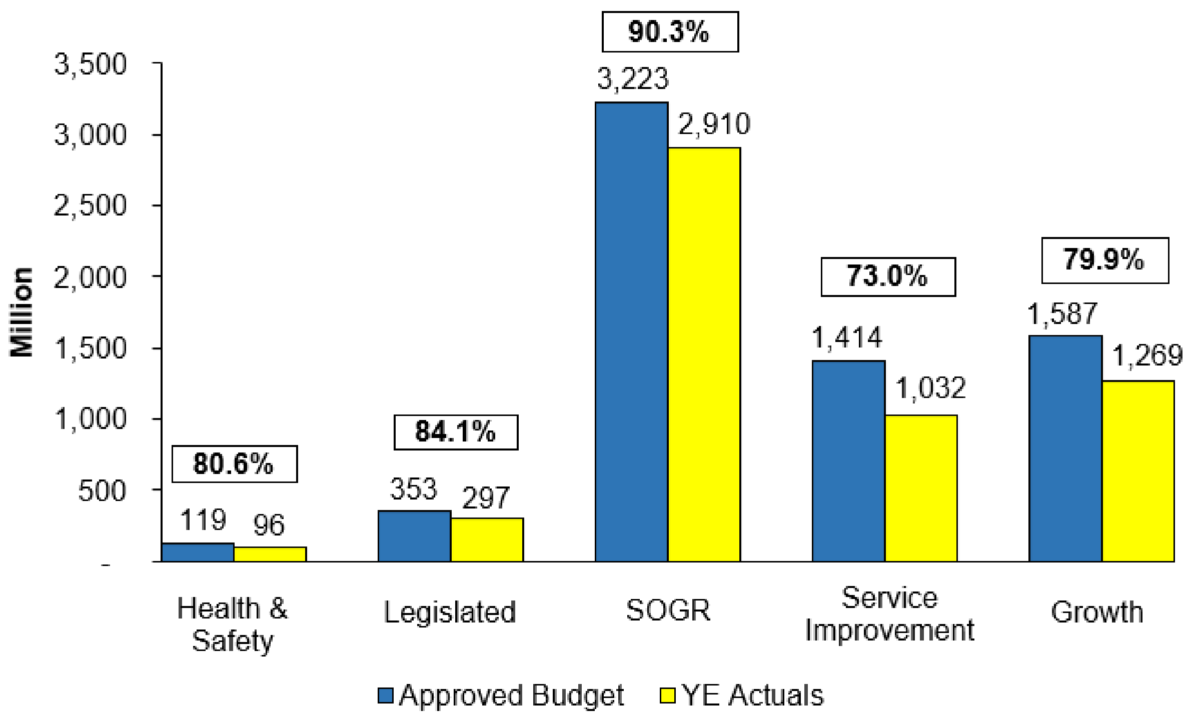


	2021	2022	2023	2024	2025
Budget (w CFWD)	5.25	5.60	5.91	6.42	6.70
Actuals	3.55	3.60	4.22	4.74	5.60
Spending Rate	67.6%	64.4%	71.4%	73.8%	83.7%

As indicated in the above chart, the City is seeing continuous improvement to the annual spending rate which has been steadily trending upward compared to 67.6% in 2021.

The City's capital program encompasses five categories of capital projects: Health and Safety, Legislated, State of Good Repair (SOGR), Service Improvement, and Growth Related. Figure 2 compares the 2025 Total (Tax and Rate) Approved Capital Budget and year-end actuals for each project category.

Figure 2: 2025 Approved Budget vs. Actuals by Project Category ($Millions)



In 2025, State of Good Repair expenditures reflect an increase from 2024, reaching $2.910 billion and continuing to represent the highest spending among the five categories at 90.3%. This was followed by Legislated projects at 84.1% and Health and Safety projects at 80.6%. The substantial investment and expenditures in SOGR highlight the City's continued emphasis on maintaining and improving its infrastructure and flattening the curve for SOGR backlog increase. Additionally, spending in the Growth category improved from $1.002 billion in 2024 to $1.269 billion in 2025. This increase reflects the City’s ongoing commitment to supporting growth and development across the City.

Further details on the progress of approved capital projects for each City Division and Agency can be found in Appendix 5 of this report.

FIFA World Cup 2026 (FWC26) Consolidated Capital Budget

Table 3 below summarizes the capital spending for key Divisions and Agencies delivering capital projects in support of FIFA World Cup 2026, based on the approved 2025 Capital Budget and recent Council direction. It provides the actual spending in the twelve months ended December 31, 2025.

Table 3: FIFA World Cup 2025 Consolidated Capital Spending

	2025 Approved Budget	2025 Actual Expenditures	
	$ Millions	$ Millions	%
Gross Expenditures			
Exhibition Place	70.7	62.5	88.4%
Parks & Recreation	14.0	13.9	99.7%
Transportation Services	0.2	0.1	92.4%
Total Gross Expenditures	**84.8**	**76.6**	**90.3%**

- Exhibition Place reported a 2025 year-end expenditure of $62.5 million or 88.4% of the 2025 Capital Budget, for upgrades to BMO Field. These upgrades include accessibility improvements to washrooms, suite and dressing room enhancements, installation of new permanent video boards, refurbishment of audio-visual systems, replacement of sports lighting, turf upgrades, and temporary seating improvements to bring the stadium to FIFA operational standards. The stadium upgrades are on track for completion in advance of the FWC26 matches.

- Parks and Recreation reported a 2025 year-end expenditure of $13.9 million or 99.7% of the 2025 Capital Budget, for enhancements to City sports fields and facilities at Centennial Park to support FWC26 training activities. The project is complete and the site is ready for use as a training facility for the FWC26.

- Transportation Services reported a 2025 year-end expenditure of $0.1 million or 92.4% of the 2025 Capital Budget, for the installation of FWC26 related CCTV cameras. Installation activities are substantially complete, with minor close-out costs carried forward into 2026.

Capital Project/Subproject Closures in 2025

According to the City's financial management policy, the capital projects are closed once completed and signed off by delegated authority of the Chief Financial Officer and Treasurer in a timely manner. This ongoing process identifies underspending and where applicable, allows funding to be returned to its original source. The details of closed projects are included in the year-end report for Council's information.

Appendix 3a details 137 capital projects from the Tax and Rate Supported Divisions and Agencies that have been completed and/or filed for project closures in 2025. These projects have a combined budget of $480.661 million and actual expenditures of $472.759 million, resulting in a saving of $7.902 million. These savings will replenish the original funding sources, where applicable.

Appendix 3b further details projects to be partially closed with 270 capital sub-projects. Together these sub-projects have a combined budget of $337.992 million and actual expenditures of $325.851 million, with a permanent underspend of $12.141 million.

Recommended In-Year Budget Adjustments

City Council approval is required for in-year budget adjustments including $57.5 million of net accelerations into 2025 from future years of the ten-year plan with no impact to overall project costs. Full adjustment details by Division and Agency are provided in Appendix 2.

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SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Appendix 1 Capital Variance Summary for the Twelve Months Ended December 31, 2025
Appendix 2 In-Year Adjustments for the Twelve months Ended December 31, 2025
Appendix 3 Capital Projects Fully and Partially Closed for Year 2025
Appendix 4 In-Year Adjustments approved under Chief Financial Officer and Treasurer Delegated Authority for 2025
Appendix 5 Capital Variance Dashboard by Division and Agency
Appendix 6 Housing Accelerator Fund (HAF) and Building Faster Fund (BFF) 2025 Spending and Life-to-Date Expenditures
Confidential Attachment 1 Additional Details on Housing Accelerator Fund (HAF) and Building Faster Fund (BFF)