TORONTO

# REPORT FOR ACTION

# Capital Variance Report for the Four Months Ended April 30, 2026

**Date:** July 14, 2026
**To:** Executive Committee
**From:** Chief Financial Officer and Treasurer
**Wards:** All

## SUMMARY

The purpose of this report is to provide City Council with the City of Toronto capital spending for the four-month period ended April 30, 2026, as well as the projected 2026 year-end expenditures. Furthermore, this report seeks Council's approval for in-year budget adjustments to the previously approved 2026–2035 Capital Budget and Plan as outlined in Appendix 2 of this report.

Table 1 below summarizes the City's 2026 actual capital expenditures compared with the 2026 Approved Capital Budget for the four-month period ended April 30, 2026, and the projected expenditures by year-end, December 31, 2026.

**Table 1: Capital Variance Summary**

| Table 1 | | | | | |
|---|---|---|---|---|---|
| | 2026 Budget* | 2026 Four Months Year-to-Date Expenditures | | 2026 Projected Year-End Expenditures | |
| | $M | $M | % | $M | % |
| City Operations | 2,811.8 | 473.6 | 16.8% | 2,395.9 | 85.2% |
| Agencies | 2,082.5 | 471.2 | 22.6% | 2,004.6 | 96.3% |
| **Tax Supported:** | **4,894.3** | **944.8** | **19.3%** | **4,400.5** | **89.9%** |
| **Rate Supported:** | **1,129.6** | **161.3** | **14.3%** | **1,016.2** | **90.0%** |
| **TOTAL** | **6,023.9** | **1,106.1** | **18.4%** | **5,416.7** | **89.9%** |

**Note: Includes carry forward funding*

Capital spending for the first four months of 2026 totaled $1.106 billion, representing 18.4% of the 2026 Approved Capital Budget and an improvement over the five-year historical average of 14.0% for the same period. This stronger-than-historical spending performance is a positive indicator as the City progresses through the fiscal year. By year-end, City Divisions and Agencies are projected to spend $5.417 billion, representing 89.9% of the 2026 Approved Capital Budget.

### Impact of Buy Ontario Act on Capital Projects

Despite strong year-end spending projections at the four-month mark, the City may face implementation challenges due to the Buy Ontario Act (BOA), which was adopted by City Council through item 2026.CC41.6, and effective for municipalities on May 15, 2026. The BOA's Municipal Buy Ontario Procurement Directive applies to new capital infrastructure procurements, requiring solicitation documents to include a list of Major Goods and Services and suppliers to submit a Domestic Supply Chain Plan identifying whether these goods and services will be sourced from Ontario or Canada. The new procurement requirements may result in delays, affecting project delivery due to extended procurement timelines which could result in deferring project expenditures to later in the year or into future fiscal periods. The primary operational impacts expected to affect project delivery include:

Extended Procurement Timelines: Increased cycle times are anticipated due to the additional time required to identify Major Goods and Services, conduct market research on domestic availability, and allow suppliers sufficient time to prepare comprehensive Domestic Supply Chain Plans.

Potential for Capital Cost Escalation: Giving preference to the highest-scoring Domestic Supply Chain Plans may impact bid prices, with the specific financial impact varying by construction sector and the provincial evaluation approach utilized.

As project delivery progresses throughout the year, City Divisions and Agencies will continue to monitor these impacts and update their spending projections accordingly.

## RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

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

## FINANCIAL IMPACT

The capital expenditures in the first four months of 2026 totalled $1.106 billion and year-end expenditures are anticipated to be at $5.417 billion or 89.9% of the total 2026 Adjusted Capital budget.

Appendix 1 summarizes the Year-To-Date (YTD) spending in the first four months of 2026 and the projected year-end spending by City Divisions and Agencies.

Appendix 2 outlines the recommended in-year adjustments to the previously approved Capital Budget and Plan. These include total additional funding of $1.365 billion, offset by funding reductions of $93.5 million, as well as accelerations of $125.3 million from future years, partially offset by deferrals of $56.8 million. Overall, these adjustments result in a net reduction of $22.0 million in debt funding.

## DECISION HISTORY

The 2026 Tax and Rate Supported Capital Budget of $5.993 billion including carry forward, received municipal adoption following the Council meeting of February 10, 2026.
https://secure.toronto.ca/council/agenda-item.do?item=2026.MPB38.1

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 2026 is $6.024 billion.

https://secure.toronto.ca/council/agenda-item.do?item=2026.EX31.5

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 four months ended April 30, 2026, for major service areas.

**Table 2: Capital Variance Summary**

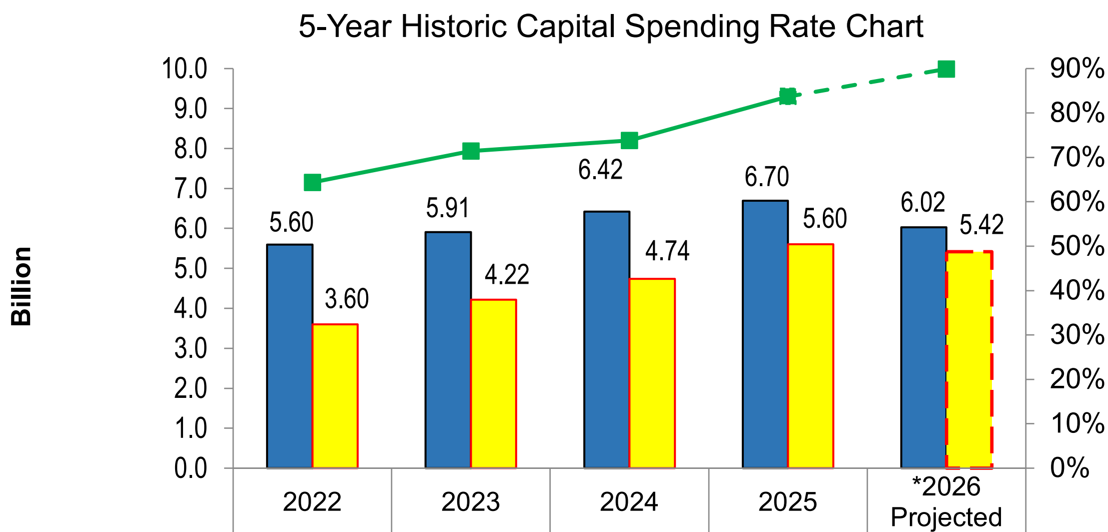
| Table 2 | | | | | |
|---|---|---|---|---|---|
| | 2026 Budget | 2026 Four Months Year-to-Date Actuals | | 2026 Projected Year-End Actuals | |
| | $M | $M | % | $M | % |
| **Tax Supported Divisions:** | | | | | |
| **City Operations:** | | | | | |
| Community and Emergency Services | 689.3 | 75.6 | 11.0% | 572.5 | 83.1% |
| Community Development and Social Services | 41.4 | 5.7 | 13.8% | 22.9 | 55.3% |
| Infrastructure Services | 765.2 | 91.5 | 12.0% | 648.2 | 84.7% |
| Development and Growth Services | 696.8 | 150.8 | 21.6% | 622.6 | 89.4% |
| Corporate Services | 583.3 | 143.2 | 24.5% | 500.6 | 85.8% |
| Finance and Treasury Services | 28.5 | 5.6 | 19.6% | 22.1 | 77.5% |
| Other City Divisions | 7.3 | 1.2 | 16.4% | 7.0 | 95.9% |
| **Sub Total City Operations** | **2,811.8** | **473.6** | **16.8%** | **2,395.9** | **85.2%** |
| Toronto Transit Commission (TTC) | 1,639.8 | 357.3 | 21.8% | 1,609.6 | 98.2% |
| Transit Expansion (a TTC program) | 29.6 | 7.8 | 26.4% | 28.1 | 94.9% |
| Other Agencies | 413.1 | 106.1 | 25.7% | 366.9 | 88.8% |
| **Sub Total - Tax Supported** | **4,894.3** | **944.8** | **19.3%** | **4,400.5** | **89.9%** |
| **Rate Supported Divisions:** | | | | | |
| Solid Waste Management | 86.0 | 11.2 | 13.0% | 78.7 | 91.5% |
| Toronto Parking Authority | 47.1 | 12.9 | 27.4% | 47.1 | 100.0% |
| Toronto Water | 996.5 | 137.2 | 13.8% | 890.4 | 89.4% |
| **Sub Total Rate Supported** | **1,129.6** | **161.3** | **14.3%** | **1,016.2** | **90.0%** |
| **Total** | **6,023.9** | **1,106.1** | **18.4%** | **5,416.7** | **89.9%** |

The following City Divisions and Agencies have capital divisions that comprise a notable portion of the overall projected capital spending for 2026.

- Toronto Transit Commission is projected to spend $1.610 billion or 98.2% of its 2026 Approved Capital Budget. Key investments include $224.8 million for the purchase of buses and $131.4 million for the Easier Access-Phase III project.
- Toronto Water is projecting to spend $890.4 million or 89.4% of its 2026 Approved Capital Budget. Key investments include $115.5 million for Ashbridges Bay Treatment Plant project and $111.1 million for Basement Flooding Relief Program.
- Transportation Services is projecting to spend $528.3 million or 88.4% of its 2026 Approved Capital Budget. Key investments include $84.0 million for the F. G. Gardiner project and $75.8 million for City Bridge Rehabilitation.

Figure 1 below compares the actual year-end spending rate in each of the years 2022 to 2025, and the projected 2026 year-end spending rate 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: 2022 - 2025 Actuals and 2026 Projected Capital Spending Rate ($ Billions)**




| | 2022 | 2023 | 2024 | 2025 | *2026 Projected |
|---|---|---|---|---|---|
| Budget | 5.60 | 5.91 | 6.42 | 6.70 | 6.02 |
| Actuals / Projected Actuals* | 3.60 | 4.22 | 4.74 | 5.60 | 5.42 |
| Spending Rate | 64.4% | 71.4% | 73.8% | 83.7% | 89.9% |

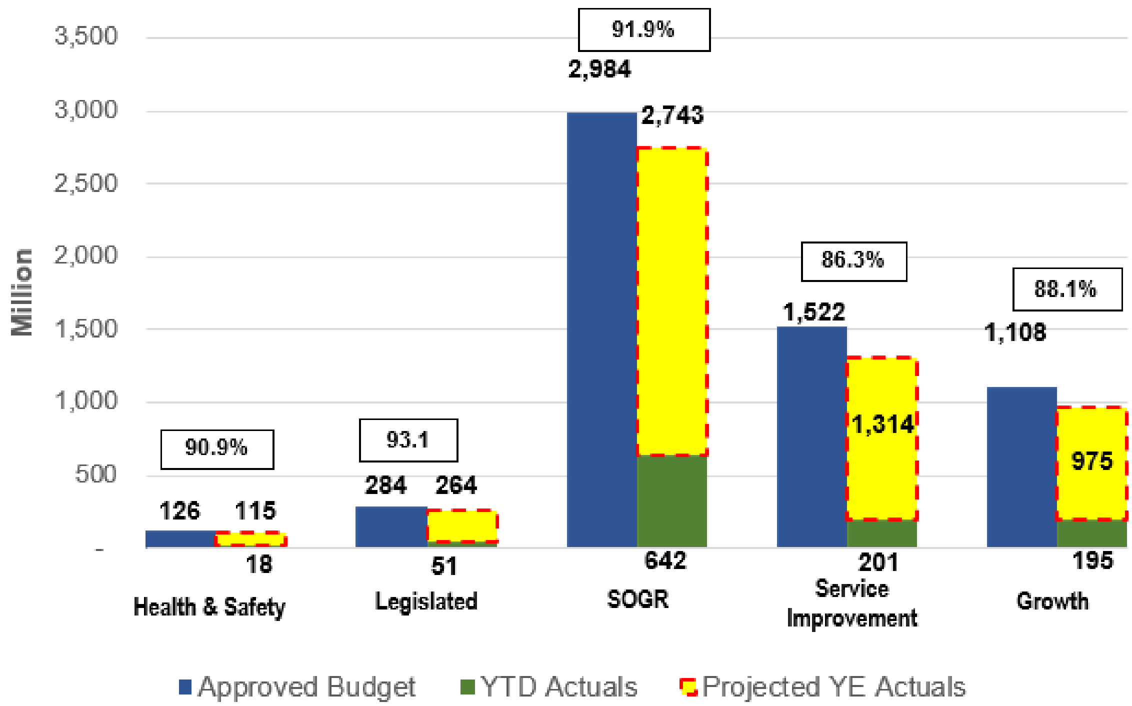
Budget · Actuals / Projected Actuals* · Spending Rate

**2026 reflects the projected actual spending.*

As indicated in the above chart, the City's annual spending rate is steadily trending upward from 64.4% in 2022. The projected 2026 spending rate of 89.9% is based on information and analysis as of April 30, 2026. The final actual expenditure for 2026 will be reported in the year-end variance report.

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 2026 Total (Tax and Rate) Approved Capital Budget, year-to-date actual spending, and projected year-end actuals for each project category.

**Figure 2: 2026 Approved Budget versus Year-to-Date Actuals and Projected Spending by Project Category ($ Millions)**




Most project categories are currently projecting strong spending performance, with the majority forecasting year-end spending rates above 86%. This reflects positive momentum across the categories.

Further details on the progress of all approved capital projects for each City Division and Agency can be found in Appendix 3 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 2026 Capital Budget and recent Council direction. It provides the actual spending in the four months ended April 30, 2026, as well as year-end projections.

**Table 3: FIFA World Cup 2026 Consolidated Capital Spending**

| | 2026 Budget | 2026 Four Months Actual Expenditures | | 2026 Projected Year-End Actuals | |
|---|---|---|---|---|---|
| | $M | $M | % | $M | % |
| **Gross Expenditures** | | | | | |
| Exhibition Place | 58.29 | 12.89 | 22.1% | 58.29 | 100.0% |
| Transportation Services | 0.01 | | 0.0% | 0.01 | 100.0% |
| **Total Gross Expenditures** | 58.30 | 12.89 | **22.1%** | 58.30 | **100.0%** |

- As of April 30, 2026,
    - Exhibition Place projected to fully spend the 2026 Capital Budget for upgrades to BMO Field, which include accessibility upgrades to washrooms, suite upgrades, dressing room upgrades, new permanent video boards, refurbished audio-visual systems, sports lighting replacement, turf upgrades, and temporary seating improvements to bring the stadium to FIFA operational standards.
    - Transportation Services also projected to fully spend the 2026 Capital Budget for the installation of the remaining FIFA related CCTV cameras.

## In-Year Budget Adjustments

City Council approval is required for in-year budget adjustments. The key adjustments are outlined below for reference; detailed information for all adjustments is provided in Appendix 2.

***Toronto Transit Commission (TTC)***

- A total additional funding of $1.063 billion, primarily to support the procurement of 70 subway trains (55 replacement trains for Line 2 and 15 expansion trains for the Yonge North and Scarborough Subway Extensions) and buses, funded by the Federal government through the Canada Public Transit Fund and the Province of Ontario, including adjustments consistent with the federal and provincial agreement on the acquisition of new subway cars and the updated project delivery schedule.

***Parks and Recreation***

- Additional funding of $47.0 million, fully funded from Section 42 and Section 37 funds, over 2026–2029 to advance various strategic parkland acquisition and park development projects.

***Housing Secretariat***

- A net reduction of $50.6 million in the 10-Year Capital Plan, representing a realignment of project costs with a corresponding reduction of $39.4 million in debt and $11.1 million in recoverable debt.

***Transportation Services***

- A net acceleration of $12.7 million to support projects progressing ahead of schedule, including the Gardiner Rehabilitation project funded by the Province, and the Eglinton Connects and RapidTO corridor projects along Bathurst Street and Dufferin Street mainly funded through third-party recoveries.

## CONTACT

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## SIGNATURE

Stephen Conforti
Chief Financial Officer and Treasurer

## ATTACHMENTS

Appendix 1 2026 Capital Variance Summary for the Four Months Ended April 30, 2026
Appendix 2 In-Year Adjustments for the Four Months Ended April 30, 2026
Appendix 3 2026 Four Month Capital Variance Dashboard by Division and Agency