

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: December 19, 2012

SUBJECT: 2012 In-Year Technical Capital Budget Adjustments

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission:

- 1) approve in-year technical budget adjustments resulting in the deferral of \$326.898 million from the approved 2012 budget into future year cash flow commitments (including related funding impacts) as outlined in Appendix A attached;
- 2) approve the application of additional funds from maturing reserve accounts including a net increase of \$1.189 million in the Ontario Rolling Stock Infrastructure Funding (ORSIF) Reserve Funds XR3024 and an increase of \$0.048 million in the Golden Horseshoe Transit Investment Partnership (GTIP) Reserve Funds XR3023;
- 3) forward this report to the City of Toronto for Council approval.

FUNDING

Funding for the TTC's capital program is sourced from various funding programs and debt and channelled through the City of Toronto in accordance with the funding included in the TTC 2012 Capital Program as approved by City of Toronto Council on January 17, 2012. The funding adjustments requested in this report address changes to the 2012 approved funding to supplement funding changes that have been incorporated into the TTC's Recommended 2013-2022 Capital Budget. The requested adjustments will result in alignment of the 2012 Capital Budget to the projected actuals by year-end and also reduce the additional carry-forward into 2013 capital budget.

BACKGROUND

On August 25, 2011, the City of Toronto introduced a new bylaw which amended the City of Toronto Municipal Code Chapter 279, Toronto Transit Commission that carried certain requirements for addressing budget changes at the capital project level. Further, in the 2012 capital budget process, City staff requested the detailed allocation of funding by project which was applied on a preliminary basis to each project reflecting estimated project

cashflows and estimated funding from various available programs. These project allocations were included in the TTC 2012 Capital Program as approved by City of Toronto Council on January 17, 2012 and were incorporated into City reporting systems. As the year 2012 has progressed, TTC staff have monitored changes in project cash flows and deliverables as well as changes to funding programs and other revenue sources. As a result, City staff in consultation with the TTC have identified a need to provide an updated projection of the 2012 results and to seek approval from City Council for technical amendments to project cash flows, commitments and funding sources to ensure compliance with budget constraints and City bylaw requirements for capital projects.

This report seeks approval for the appropriate changes to funding sources in the current year, including City debt financing and asset monetization, which will also allow for the optimum utilization of the funding available for use in future years of the approved capital plan. A further impact to be considered is that updates to the current year (2012) are not approved by the City as part of the next budget cycle update (Recommended 2013–2022 Capital Budget) which is anticipated to receive approval from City Council in January 2013. Each year the TTC reassesses its capital needs and incorporates these updated requirements into a refreshed capital plan. In the preparation of the TTC's 2013-2022 Capital Budget submission, staff had incorporated project adjustments into the future years, however the subsequent refinements to the current year still require approval, and this report seeks that approval. These technical adjustments to the 2012 approved budget are summarized in Appendix A.

DISCUSSION

The 2011 TTC base capital program under-spending had resulted in a total carry forward of \$199.067 million into the 2012 Capital Budget, approved by Council in May 2012. As noted in the TTC's submission in the City of Toronto 3rd Quarter Capital Variance Report, there is a need to address additional project variances and to minimize the incremental carry forward into 2013 Capital Budget; this report recommends a redistribution of unspent funds of \$326.898 million into future years.

In order to maximize the use of available funding sources and in consideration of funding program constraints and eligible cost limitations (particularly Federal Gas Tax and Development Charges), flexibility in the allocation of City reserve funding is consistent with the principle benefits of the Provincial and Federal Gas Tax funding allocation programs, and will ensure that TTC is able to fully utilize these funding sources in the coming years as well as justify the pursuit of further government funding for transit capital.

Approval of the funding adjustments requested in this report is required to ensure that application of the funding sources apportioned by project can be fully applied at year end. It is proposed that the ORSIF and GTIP reserve balances be fully utilized based on the 2012

year to date balances (including accrued interest) as noted in the 3rd quarter reserve variance report prepared by City Staff. This will allow for the close out of those reserves.

JUSTIFICATION

The approval of these project and funding adjustments will allow TTC to optimize utilization of available funding from various funding programs in 2012 and adhere to City financial requirements. This will further ensure that funding of the capital program for future years is best managed and that reporting and budgeting of the current year is consistent with the submission of future years budget information as included in the Recommended 2013-2022 Capital Budget.

November 28, 2012
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Attachments: Appendix A – 2012 In-Year Technical Capital Budget Adjustments



Toronto Transit Commission
2012 In-Year Technical Capital Budget Adjustment

APPENDIX A

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CAPTOR	SAP	Project Description	2012						
			Plan	Fed. Funding	Prov. Funding	Debt	DC	Asset Mon.	TTC Fund.
Beginning Balance - 2012 Council Approved Capital Budget Incl. In-year Adjustments Per SAP			1,278,701	174,940	355,622	473,714	26,719	200,000	47,706
TTC000110	CTT001	Subway Track	1,571			1,571			
TTC000120	CTT002	Surface Track	(5,132)			(5,132)			
TTC000210	CTT003	Traction Power	(10,907)			3,009		(13,916)	
TTC000220	CTT005	Power Distribution/Electric Systems	300			300			
TTC000230	CTT006	Communications	(8,050)			(8,050)			
TTC000310	CTT010	Finishes	(21,459)			(21,459)			
TTC000320	CTT012	Equipment	(10,914)			(10,914)			
TTC000330	CTT015	Yards & Roads	(5,154)			(456)		(4,698)	
TTC000333	CTT018	On-Grade Paving Rehab.	(800)			(800)			
TTC000340	CTT020	Bridges & Tunnels	(15,736)			(15,736)			
TTC000383	CTT028	Easier Access	(4,947)			(4,947)			
TTC000415	CTT045	Replacement Wheel-Trans Vehicles	(1,838)			(1,838)			
TTC000440	CTT049	SRT Car Overhaul Program	(1,820)			(1,820)			
TTC000460	CTT051	Subway Car Overhaul Program	(5,464)		1,789	(7,253)			
TTC000470	CTT052	Automotive Non-Revenue Vehicles	(1,450)						(1,450)
TTC906365	CTT054	Rail Non-Revenue Vehicle Purchase	200			200			
TTC000510	CTT055	Tools & Shop Equipment	(2,182)						(2,182)
TTC000520	CTT056	Fare Handling Equipment	(732)						(732)
TTC000610	CTT058	Environmental Programs	(9,502)			(9,502)			
TTC000710	CTT061	Computer Equipment & Software	(5,198)			(4,000)			(1,198)
TTC000921	CTT064	Transit Shelters & Loops	(600)		(600)				
TTC000373	CTT109	Mount Dennis Bus Facility	(500)			(500)			
TTC000390	CTT110	Other Buildings & Structures Projects	(25,224)			(5,991)		(19,233)	
TTC000414	CTT111	Replace 40' Diesel Buses or Equivalent	(3,400)			(3,400)			
TTC000432	CTT112	Bus Heavy Rebuild Program - 18 Year/Mid Life	(653)			(653)			
TTC906010	CTT122	Purchase of Legacy LRVs	(10,816)		7,210	24,025		(41,851)	
TTC906154	CTT124	Commuter Parking Expansion	32			32			
TTC906248	CTT125	Intelligent Transportation & Technical Systems	(3,922)			(2,000)			(1,922)
TTC907198	CTT130	Kipling Station Improvements	100						100
TTC907200	CTT132	Warden Station Improvement	6						6
TTC907744	CTT141	Fare System	(2,526)		48	(2,574)			
TTC907743	CTT142	YUS ATC Resignalling Project	(72,600)		(72,600)				
TTC907748	CTT144	Wilson Complex - Modifications	1,100	(325)	(325)	1,750			
TTC907749	CTT145	LRT Replace/Maintenance & Storage Facility	(86,300)	325	325	(4,678)		(82,272)	
TTC907750	CTT146	Toronto Rocket Yard & Storage Track Accommodation	(12,581)			(19,551)		6,970	
Total of Adjustments			(326,898)		(64,153)	(100,367)		(155,000)	(7,376)
2012 Adjusted Budget			951,803	174,940	291,469	373,347	26,719	45,000	40,326