



## STAFF REPORT ACTION REQUIRED

### 2015 Capital Budget In-Year Technical Adjustment

<b>Date:</b>	December 16, 2015
<b>To:</b>	TTC Board
<b>From:</b>	Chief Executive Officer

#### Summary

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This report seeks approval for technical adjustments to the 2015 TTC Capital Budget and funding sources to allow for optimum utilization of the available funding.

#### Recommendations

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**It is recommended that the Board:**

1. approve the technical budget adjustments as outlined in Appendix A to reflect offsetting project deferrals and accelerations of \$77.9 million in the approved 2015 TTC Capital Budget to/from future year cash flow commitments (including related funding impacts) noting that there is no impact to project approvals or to City debt;
2. approve 2015 funding source adjustments outlined in Appendix A including an increase of \$4.8 million in Provincial Gas Tax Funding (PGT) Reserve Funds XR3018, offset by a \$4.8 million decrease in the TTC Depreciation;
3. forward this report to the City of Toronto for Council approval.

#### Financial Summary

Funding for the TTC's Capital Budget is sourced from various funding programs and debt is channelled through the City of Toronto in accordance with the funding included in the TTC 2015-2024 Capital Budget as approved by City of Toronto Council on March 10-11, 2015. The budget and funding adjustments requested in this report address required changes to the 2015 approved budget to support the funding requirements that have been incorporated into the TTC's 2016-2025 Capital Budget as approved by the Board on November 23, 2015. Technical budget adjustments totalling \$77.9 million (note there is

no financial impact) in addition to funding adjustments of \$4.8 million are required to address project deferrals and accelerations and to align the 2015 Capital Budget to the projected 2015 spending for TTC capital projects.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

## **Decision History**

On August 25, 2011, the City of Toronto introduced a new by-law 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. Furthermore, the detailed application of funding to each project as requested by City staff has created additional requirements to maintain the integrity of project budget and funding. TTC staff has assessed the impact of updated project cash flows and deliverables as well as changes to funding programs and other revenue sources which require technical amendments to project cash flows, commitments and funding sources to ensure compliance with budget constraints and City By-law requirements for capital projects.

## **Issue Background**

Each year the TTC reassesses its capital needs and incorporates updated requirements into a refreshed capital plan. In the preparation of the TTC's 2016-2025 Capital Budget submission, staff incorporated project adjustments into future years, however subsequent refinements to projected expenditures in 2015 require approval, and this report seeks that approval. Through this report, the 2015 budget is being revised to align with the 2016-2025 Capital Budget and Plan that will be considered by Council in February 2016 (as a 2015 budget update is not part of the 2016 budget process). The technical adjustments to the 2015 approved budget are summarized in Appendix A.

In order to maximize the use of available funding sources and in consideration of funding program constraints and eligible cost limitations, flexibility in the allocation of City reserve funding is consistent with the principal benefits of the Provincial and Federal Gas Tax funding allocation programs. This 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.

Approval of the funding adjustments outlined in Appendix A is required to ensure that application of the funding sources apportioned by project can be fully applied at year end. In addition, included in Appendix A is an increase of \$4.8 million to the 2015 Provincial Gas Tax (PGT) Reserve Funds XR3018 with a corresponding reduction of the 2015 TTC Depreciation of \$4.8 million.

## **Comments**

The approval of the requested project and funding adjustments will allow TTC to optimize the utilization of available funding from various funding sources in 2015 while also adhering to the City's financial requirements. This will also align the reporting and budgeting of 2015 with the 10-year capital budget and funding sources as submitted to the Board on November 23, 2015.

## **Contact**

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Attachment: Appendix A – 2015 Capital Budget In-Year Technical Adjustment



**Toronto Transit Commission**  
**2015 Capital Budget In-Year Technical Adjustment**  
**Accelerations / Deferrals, Funding & Other Adjustments**  
(\$000s)

APPENDIX A

SAP	Project Description	2015 Approved Budget	Funding Sources						
			Debt	Federal Subsidy (FGT)	Provincial Subsidy (PGT)	Asset Monetization	Contribution from Current (CFC)	Reserve Funds/DC	Depreciation
<b>A) 2015 Accelerations *</b>									
CTT010	Finishes	4,027.8	4,027.8						
CTT012	Equipment	8,398.5	5,775.4			2,623.1			
CTT015	Yards and Roads	18,520.0				18,520.0			
CTT018	On-Grade Paving Rehabilitation Program	7,990.0	7,990.0						
CTT024	Fire Ventilation Upgrade	3,354.0	3,354.0						
CTT049	SRT Car Overhaul Program	720.0	720.0						
CTT058	Environmental Programs	2,100.6	2,100.6						
CTT110	Other Buildings & Structures Projects	4,172.8				4,172.8			
CTT111	Replace 40' Diesel Buses or Equivalent	15,080.0	15,080.0						
CTT146	Toronto Rocket Yard & Storage Track Accommodation	10,877.0				10,877.0			
CTT148	McNicoll Bus Garage Facility	2,653.0				2,653.0			
<b>Sub-Total - Accelerations / increases</b>		<b>77,893.7</b>	<b>39,047.8</b>			<b>38,845.9</b>			
<b>B) 2015 Deferrals **</b>									
CTT001	Subway Track	(8,855.3)	(8,855.3)						
CTT003	Traction Power	(2,236.1)	(2,236.1)						
CTT005	Power Distribution Electric Systems	(258.4)	(258.4)						
CTT006	Communications	(6,304.0)	(6,304.0)						
CTT008	Signal Systems	(3,981.0)	5,778.0			(9,759.0)			
CTT020	Bridges & Tunnels	(1,994.4)	(1,994.4)						
CTT028	Easier Access	(1,902.0)	(1,902.0)						
CTT045	Replacement Wheel-Trans Vehicles	(81.3)	(81.3)						
CTT052	Automotive Non-Revenue Vehicles	(8,825.0)	(6,096.0)				(712.0)		(2,017.0)
CTT053	Rail Non-Revenue Vehicle Overhaul	(1,266.2)	(1,266.2)						
CTT054	Rail Non-Revenue Vehicle Purchase	(1,970.0)	(1,185.0)				(785.0)		
CTT055	Tools & Shop Equipment	(4,549.7)	(3,312.7)						(1,237.0)
CTT061	Information Technology - Infrastructure	(4,761.0)	(8,770.2)				1,497.0		2,512.2
CTT062	Furniture & Office Equipment	(6.0)	(198.5)						192.5
CTT063	Other Service Planning	(5,613.7)	(5,613.7)						
CTT109	Mount Dennis Bus Facility	(18.4)	(18.4)						
CTT112	Bus Overhaul	(5,948.0)	(5,948.0)						
CTT113	Other Maintenance Equipment	(3,928.0)	281.0						(4,209.0)
CTT115	Birchmount Garage Renovation	(240.1)	(240.1)						
CTT116	Queensway Bus Garage Renovations	(124.0)	(124.0)						
CTT144	Wilson Complex - Modification for Toronto Rocket	(193.6)	(193.6)						
CTT145	Leslie Barns Maintenance & Storage Facility	(14,837.4)	7,578.6			(22,416.0)			
<b>Sub-Total - Deferrals / Decreases</b>		<b>(77,893.7)</b>	<b>(40,960.4)</b>			<b>(32,175.0)</b>			<b>(4,758.3)</b>
<b>C) Other Funding Adjustments ***</b>									
CTT002	Surface Track		6,670.9			(6,670.9)			
CTT006	Communications		(4,758.3)		4,758.3				
<b>Sub-Total - Other Funding Adjustments</b>			<b>1,912.7</b>		<b>4,758.3</b>	<b>(6,670.9)</b>			
<b>Total Adjustment Impact on 2015 Capital Budget</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4,758.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(4,758.3)</b>

Note: \* 2015 Acceleration - to 2015 from 2017 to 2024  
\*\* 2015 Deferral - from 2015 to 2017 to 2024  
\*\*\* 2015 funding adjustments - Increase to the 2015 PGT funding