



STAFF REPORT ACTION REQUIRED

2017 TTC Capital Budget In-Year Technical Adjustment

Date:	December 11, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

This report seeks approval for adjustments to the approved 2017 TTC Capital Budget to adjust for offsetting cash flow accelerations and deferrals as well as ensure optimal utilization of available funding sources.

This report also seeks approval to amend the 2017 TTC Capital Budget to reflect required re-allocations along with additional funding contributed to the TTC from the Province and Metrolinx to deliver capital requirements.

The 2018 and future year impacts of these changes have been incorporated in the 2018 – 2027 Capital Budget and Plan approved by the Board during the November 28, 2017 meeting.

Recommendations

It is recommended that the Board:

1. Approve the budget adjustments as outlined in Appendix A to reflect offsetting project deferrals and accelerations and re-allocations in the approved 2017 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 2017 Capital Budget and funding source adjustments outlined in Appendix B including an increase of \$3.6 million in Provincial Funding for Communication Program, an increase of \$3.6 million in Metrolinx-Move Ontario for ATC Program (\$0.6 million) and PRESTO Project (\$2.9 million) and \$0.175 million increase in Section 37 Planning Act for Transit Priorities Project, resulting in a total increase to the 2017 project approval of \$7.3 million; with no impact to City debt;
3. Forward this report to the City of Toronto for Council approval.

Financial Summary

Funding for the TTC's 2017 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 2017-2026 Capital Budget and Plan as approved by City of Toronto Council on February 15, 2017.

The funding adjustments requested in this report address required changes to the 2017 approved budget to support the funding requirements that have been incorporated into the TTC's 2018-2027 Capital Budget. Budget adjustments detailed in Appendix A are required to offset project deferrals and accelerations reflecting actual 2017 Capital project delivery, while also ensuring optimal use of non-City funding sources. Re-allocations are also required in 2017, primarily to support AODA systems requirements to improve functionality to the external stop announcement system on the Toronto Rocket (TR) Subway Trains.

Furthermore, it is recommended that the 2017 approved Capital Budget be increased by \$7.3 million gross and \$0 debt, resulting from additional Provincial, Metrolinx and Section 37 funding apportioned by project to the 2017 Capital Budget for expenditures that will occur by year-end. These adjustments are detailed in Appendix B of this report.

The Chief Financial 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 2018-2027 Capital Budget submission, staff incorporated project adjustments into future years, however subsequent refinements to budget and funding in 2017 require approval, and this report seeks that approval. Through this report, the 2017 budget is being revised by \$7.3 million to align with the 2018-2027 Capital Budget and Plan that was approved by the Board on November 28, 2017 (as a 2017 budget update is not part of the 2018 budget process). The adjustments to the 2017 approved budget and funding are summarized in Appendix A and B.

Comments

The approval of the requested project and related funding adjustments will allow TTC to optimize the utilization of 2017 funding available while also adhering to the City's financial requirements. This will also align the reporting and budgeting of 2017 with the 2018 - 2027 Capital Budget and Plan and applicable funding sources approved by the Board on November 28, 2017.

Contact

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Attachment:

Appendix A – 2017 Capital Budget In-Year Adjustment (Accelerations/Deferrals & Re-Allocations)

Appendix B – 2017 Capital Budget In-Year Adjustment (Funding Adjustments)



Toronto Transit Commission
2017 Capital Budget In-Year Adjustment
Accelerations/Deferrals & Re-Allocations
(\$000's)

APPENDIX A

Program	SAP	Project Description	2017 Budget (Gross)	Funding Sources						
				Debt	Federal Subsidy FGT/CSIF	Provincial Subsidy		Asset Monetization	Reserve Funds/DC	Depreciation
						PGT/CSIF	Metrolinx			
<i>A) 2017 Accelerations *</i>										
1.2	CTT002	Surface Track	2,597		2,597					
2.1	CTT003	Traction Power	33	33						
2.2	CTT005	Power Distribution / Electrical System	699	699						
2.4	CTT142	ATC Resignalling	177	177						
3.1	CTT010	Finishes	72	200	(128)					
3.3	CTT015	Yards and Roads	126	1,101			(975)			
3.3	CTT018	On-Grade Paving Rehabilitation Program	557	557						
3.3	CTT064	Transit Shelters and Loops	68	68						
3.4	CTT020	Bridges & Tunnels	1,332	1,332						
3.9	CTT024	Fire Ventilation Upgrade	880	880						
3.9	CTT110	Other Buildings & Structures Projects	2,325	1,954	371					
3.9	CTT146	TR/T1 Yard & Storage Accommodation	1,942	1,942						
4.13	CTT112	Bus Overhaul	4,089	3,114			975			
4.16	CTT051	Subway Car Overhaul Program	850	850						
6.1	CTT058	Environmental Programs	1,691	1,691						
<i>Sub-Total - Accelerations / increases</i>			17,438	14,598	2,840	-	-	-	-	
<i>B) 2017 Deferrals **</i>										
1.1	CTT001	Subway Track	(4,439)	(4,439)						
2.3	CTT006	Communications	(610)	(610)						
9.2	CTT063	Other Service Planning	(12,389)	(9,549)	(2,840)					
<i>Sub-Total - Deferrals / Decreases</i>			(17,438)	(14,598)	(2,840)	-	-	-	-	
<i>C) 2017 Re-allocations</i>										
2.3	CTT006	Communications	1,732	1,732						
2.4	CTT008	Signal System	(1,732)	(1,732)						
4.12	CTT046	Purchase of Subway Cars	(5,500)	(5,500)						
4.16	CTT051	Subway Car Overhaul Program	5,500	5,500						
<i>Sub-Total - Re-allocations</i>			-	-	-	-	-	-	-	
Total Adjustments to 2017 Capital Budget			-	-	-	-	-	-	-	

Note: * 2017 Acceleration - to 2017 budget from 2018 - 2026 cash flows
** 2017 Deferral - from 2017 budget to 2018 - 2026 cash flows



Toronto Transit Commission

Toronto Transit Commission
 2017 Capital Budget In-Year Adjustment
 Funding Adjustments
 (\$000's)

APPENDIX B

Program	SAP	Project Description	Project Cost (EFC)	2017 Budget (Gross)	Funding Sources						
					Debt	Federal Subsidy FGT/CSIF	Provincial Subsidy		Asset Monetization	Reserve Funds/DC	Depreciation
							PGT/CSIF	Metrolinx			
<i>Funding Adjustments</i>											
2.3	CTT006	Communications	3,582	3,582			3,582				
2.4	CTT142	ATC Resignalling	644	644				644			
5.4	CTT141	PRESTO	2,906	2,906				2,906			
9.2	CTT063	Transit Priority - Section 37	175	175						175	
Total Funding Adjustments to 2017 Capital Budget			7,307	7,307	-	-	3,582	3,550	-	175	-