

Clause 4 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 25, 2015.

4

Mid-Year Capital Reprofiling

Committee of the Whole recommends adoption of the recommendation contained in the report dated June 3, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. Council approve changes to project debt requirements for 2015 Capital Spending Authority, with no change in overall debt requirements, as detailed in Attachment 1.
2. Council approve the gross capital expenditure changes and associated changes in funding sources, as well as changes to 2015 Capital Spending Authority and associated funding sources, including a net increase of \$1,518,000 in Debenture Proceeds, as detailed in Attachment 2.

2. Purpose

This report seeks Council's approval of reallocations within a program group where there is a change in debt requirements, and seeks approval of additional reallocations that are beyond the scope of the program group authority.

3. Background

On February 26, 2015, Council approved the 2015 Budget. The 2015 Budget approval included the continued use of program groups and the authority to reallocate funding within a program group, subject to specific conditions. For the bulk of capital expenditures (roads, water and wastewater), there are two program groups: (1) growth; (2) rehabilitation and replacement. The use of

program groups is intended to help departments deliver on the \$826 million capital plan in 2015.

As part of the 2015 Budget approval, Council provided authority for departments to reallocate funding between projects within a program group, subject to certain conditions.

Reallocating between capital projects provides the flexibility to adapt to changing circumstances and to react to volatility in capital project implementation, to maximize delivery of the 2015 capital budget.

The 2015 capital budget was prepared using estimates and assumptions from the summer and fall of 2014. The reallocations in this report reflect updated project information since that time.

The report is coming forward at this time to seek Council's approval of proposed reallocations early in the construction season.

4. Analysis and Options

This report seeks Council approval for reallocations within a program group where project debt requirements will change, and approval of other reallocations and the associated changes in funding sources.

The proposed reallocations are grouped into two categories

This report presents two distinct types of reallocations:

Category 1: Reallocations within a program group

- Authority for these reallocations was granted as part of the 2015 Budget approval;
- In cases where a reallocation within a program group will affect a project's debt level for its 2015 Capital Spending Authority (CSA), Council's approval is required to authorize the issuance of additional debt for that project.

Category 2: Reallocations with an expenditure offset

- Council's approval is required for reallocations between projects that are not in the same program group
- Council's approval is also needed to realign projects between branches or departments.

Departments may reallocate funding within a program group

Council provided authority through the 2015 Budget for departments to reallocate funding between capital projects in a program group, as long as:

- there is no increase in the total cost of the program group's 2015 and ten-year capital plan totals;
- there is no increase in the total 2015 CSA for the program group; and,
- the reallocation is between projects with similar funding sources.

However, in cases where the reallocation within a program group will result in a change to a project's debt authority (for its 2015 CSA), Council approval is required.

Attachment 1 provides details on the projects in Category 1 where the reallocation will result in a change to the project's 2015 CSA debt requirements. In total, the reallocations within program groups will result in zero net change in 2015 expenditures, 2015 CSA and 2015 CSA debt.

Expenditure increases are primarily related to projects that are ahead of schedule, experiencing general cost pressures, or experienced unforeseen project delays and consequent under-spending in 2014.

Funding may be reallocated outside of a program group, with Council approval

Attachment 2 provides details on the proposed reallocations in Category 2 where funding is being reallocated outside of a program group. Both the expenditure requests (including changes to CSA) and associated changes in financing sources require Council approval as they fall outside of the authority provided under the budget approval.

The reallocations in Category 2 result in zero net increase in 2015 expenditures and 2015 CSA, and a net increase of \$1.5 million in 2015 CSA debt.

In addition, Attachment 2 includes a proposal to transfer projects between branches within the Transportation Services department and between Corporate Services and Transportation Services. These project realignments are intended to better reflect business and operational needs. This realignment of projects will not change the budget or approved funding sources for projects.

Four projects in Category 2 are receiving an initial 2015 expenditure allocation through this report (i.e., these projects did not receive a budget approval for expenditures in 2015 through the 2015 Budget). The request for a 2015

expenditure reflects the opportunity to advance the timing of projects, outstanding obligations, and project deferrals not captured in the 2015 Budget.

Link to key Council-approved plans

This report is consistent with the 2015 Budget, as well as the 2015 to 2019 Strategic Plan objective to practice sound fiscal management.

5. Financial Implications

The financial implications below pertain to the reallocations and requests outlined in categories 1 and 2, above.

Reallocations within program groups and for projects with an expenditure offset (as outlined in Attachments 1 and 2) will not result in a change in total 2015 budgeted capital expenditures or CSA.

As a result of these reallocations, the funding sources for several projects will change, as outlined in Attachments 1 and 2, including changes to project debt requirements for 2015 CSA, and a net increase of \$1,518,000 in 2015 CSA debt.

Overall changes to funding sources for 2015 gross capital expenditures and 2015 CSA are as follows:

- \$35,000 increase in Development Charge draws
- \$35,000 decrease in Grants & Subsidies
- \$3,350,000 decrease in draws from Reserves
- \$1,518,000 increase in Debenture financing
- \$1,832,000 increase in Third Party Recovery.

6. Local Municipal Impact

There is no local municipal impact associated with this report.

7. Conclusion

Reallocations between capital projects is an established practice. As the budget year progresses, the intent is to reallocate funding from projects that are progressing more slowly than anticipated or where cost savings have been realized, to projects that are progressing faster than planned or experiencing cost pressures, thereby maximizing the delivery of the capital plan.

Summaries of the reallocations have been appended to this report.

For more information on this report, please contact Kelly Strueby, Director, Office of the Budget, at ext. 71611.

The Senior Management Group has reviewed this report.

June 24, 2015

Attachments (2)

6031077

Accessible formats or communication supports are available upon request

Category #1 - Reallocation within a program group (where CSA debt changes)

(\$000's)		Gross Expenditures - 2015			Funding Sources Adjustments - 2015				Change in 2015 CSA			Funding Sources Adjustments - CSA			
Project Number	Project Name	Approved 2015 Budget	Change	Adjusted 2015 Budget	Current Tax Levy	Reserves	Debiture Proceeds	Other	Approved 2015 CSA	Change	Revised 2015 CSA	Current Tax Levy	Reserves	Debiture Proceeds	Other
Transportation Services / Roads: Program Group Growth															
85710	Yonge Street - Davis Drive to Green Lane	1,360.0	(710.0)	650.0	(71.0)		(639.0)		8,200.0	-	8,200.0			-	
81810	Highway 50 - Highway 7 to Rutherford Road	719.0	(314.0)	405.0	(31.0)		(283.0)		1,750.0	-	1,750.0			-	
84180	Leslie Street - Wellington Street to St. John's Side Road	2,112.0	(903.0)	1,209.0	(90.0)		(813.0)		3,236.0	-	3,236.0			-	
97080	Bloomington Road - Bayview Avenue to Highway 404	645.0	(545.0)	100.0	(56.0)		(489.0)		670.0	(545.0)	125.0	(56.0)		(489.0)	
97100	St John's Side Road - Bayview Avenue to Woodbine Avenue	4,354.0	(3,744.0)	610.0	(374.0)		(3,370.0)		6,354.0	(3,744.0)	2,610.0	(373.0)		(3,371.0)	
82680	Mid Block Crossing - Highway 404 North of Highway 7	6,884.0	(2,784.0)	4,100.0	(278.0)		(2,506.0)		36,284.0	(1,834.0)	34,450.0	(183.0)		(1,651.0)	
80720	Markham Bypass - Major Mackenzie Drive to Highway 48	803.0	(130.0)	673.0	(13.0)		(117.0)		803.0	(130.0)	673.0	(13.0)		(117.0)	
98650	Major Mackenzie Drive - Donald Cousens Parkway to 9th Line	480.0	(330.0)	150.0	(33.0)		(297.0)		480.0	(330.0)	150.0	(33.0)		(297.0)	
84190	Leslie Street - St John's Side Road to Mulock Drive	1,207.0	5,048.0	6,255.0	505.0		4,543.0		13,122.0	2,171.0	15,293.0	217.0		1,954.0	
97010	Bloomington Road - Yonge Street to Bayview Avenue	216.0	398.0	614.0	40.0		358.0		269.0	398.0	667.0	40.0		358.0	
99530	Bloomington Road - Yonge Street to Bathurst Street	211.0	503.0	714.0	50.0		453.0		264.0	503.0	767.0	50.0		453.0	
85660	Major Mackenzie Drive - Pine Valley Drive to Weston Road	3,950.0	1,275.0	5,225.0	128.0		1,147.0		17,050.0	1,275.0	18,325.0	128.0		1,147.0	
80104	Keele Street and Lloydtown Aurora Road	1,543.0	983.0	2,526.0	98.0		885.0		3,561.0	983.0	4,544.0	98.0		885.0	
96020	Bathurst Street - Green Lane West to Yonge Street	5,840.0	1,253.0	7,093.0	125.0		1,128.0		16,639.0	1,253.0	17,892.0	125.0		1,128.0	
Sub-total		30,324.0	-	30,324.0	-	-	-	-	108,682.0	-	108,682.0	-	-	-	-

Category #2 - Reallocation with an expenditure offset

(\$000's)		Gross Expenditures - 2015			Funding Sources Adjustments - 2015					Change in 2015 CSA			Funding Sources Adjustments - CSA						
Project Number	Project Name	Approved 2015 Budget	Change	Adjusted 2015 Budget	Current Tax Levy	Reserves	Dev. Charges	Debenture Proceeds	Grants & Subsidies	Approved 2015 CSA	Change	Revised 2015 CSA	Current Tax Levy	Reserves	Dev. Charges	Debenture Proceeds	Third Party Recovery	Grants & Subsidies	
Environmental Services - Water																			
71190	Mount Albert Elevated Tank	-	20.0	20.0			20.0			-	20.0	20.0			20.0				
71260	Decommission Sharon Elevated Tank	-	370.0	370.0			370.0			-	370.0	370.0			370.0				
78270	Ballantrae Wells	-	50.0	50.0			50.0			-	50.0	50.0			50.0				
72390	Water for Tomorrow	2,238.0	(440.0)	1,798.0			(440.0)			2,238.0	(440.0)	1,798.0			(440.0)				
Sub-total		2,238.0	-	2,238.0	-	-	-	-	-	2,238.0	-	2,238.0	-	-	-	-	-	-	-
Transportation Services - Transit																			
82150	Bus Terminals, Loops & Stops - Expansion	1,040.0	(325.0)	715.0			(28.0)		(297.0)	1,040.0	(325.0)	715.0	-	-	(28.0)				(297.0)
81582	Transit Vehicle Garage - North	1,300.0	325.0	1,625.0			46.0		279.0	12,800.0	325.0	13,125.0			46.0				279.0
84599	Conventional Bus Expansion	2,240.0	460.0	2,700.0			29.0		431.0	2,240.0	460.0	2,700.0			29.0				431.0
82770	Support Vehicles	800.0	(200.0)	600.0			-		(200.0)	800.0	(200.0)	600.0			-				(200.0)
84399	Mobility Plus Bus Expansion	260.0	(260.0)	-			(22.0)		(238.0)	260.0	(260.0)	-			(22.0)				(238.0)
86107	Intelligent Transportation Systems	1,774.0	(266.0)	1,508.0			-		(266.0)	1,774.0	(266.0)	1,508.0			-				(266.0)
81585	Bus Rapid Transit Garage	1,639.0	266.0	1,905.0			10.0		256.0	1,799.0	266.0	2,065.0			10.0				256.0
Sub-total		9,053.0	-	9,053.0	-	-	35.0	-	(35.0)	20,713.0	-	20,713.0	-	-	35.0	-	-	(35.0)	(35.0)
Transportation Services - Roads / Property and Facilities																			
80105	Pavement Marking Program	1,500.0	(500.0)	1,000.0	(350.0)		(150.0)			1,500.0	(500.0)	1,000.0	(350.0)		(150.0)				
80220	LED Replacement	-	500.0	500.0	350.0		150.0			-	500.0	500.0	350.0		150.0				
81040	SW/Central Roads Maintenance Facilities	750.0	(750.0)	-		(750.0)				18,300.0	(18,300.0)	-		(18,300.0)					
TBD	SW/Central Roads Maintenance Facilities	-	750.0	750.0		750.0				-	14,781.0	14,781.0		14,781.0					
98180	Highway 7 - Town Centre Boulevard to Sciberras Road	7,335.0	-	7,335.0						22,926.0	3,519.0	26,445.0		169.0		1,518.0	1,832.0		
Sub-total		9,585.0	-	9,585.0	-	-	-	-	-	42,726.0	-	42,726.0	-	(3,350.0)	-	1,518.0	1,832.0	-	-

Category #2a - Realignment of projects

(\$000's)		Gross Expenditures - 2015			Funding Sources Adjustments - 2015					Change in 2015 CSA			Funding Sources Adjustments - CSA						
Project Number	Project Name	Approved 2015 Budget	Change	Adjusted 2015 Budget	Current Tax Levy	Reserves	Dev. Charges	Debenture Proceeds	Grants & Subsidies	Approved 2015 CSA	Change	Revised 2015 CSA	Current Tax Levy	Reserves	Dev. Charges	Debenture Proceeds	Third Party Recovery	Grants & Subsidies	
Transportation Services - Property and Facilities																			
3600-81583	Transit Garage Southeast	1,000.0	(1,000.0)	-		(799.0)	(201.0)			27,000.0	(27,000.0)	-		(21,573.0)	(5,427.0)				
3600-82155	Major Mackenzie West Terminal	1,000.0	(1,000.0)	-		(1,000.0)				14,000.0	(14,000.0)	-		(5,000.0)					(9,000.0)
3600-85790	Southeast Patrol Area Works Yard	600.0	(600.0)	-		(204.0)		(396.0)		5,850.0	(5,850.0)	-		(1,989.0)		(3,861.0)			
Sub-total		2,600.0	(2,600.0)	-	-	(2,003.0)	(201.0)	(396.0)	-	46,850.0	(46,850.0)	-	-	(28,562.0)	(5,427.0)	(3,861.0)	-	-	(9,000.0)
Transportation Services - Transit																			
3800-81583	Transit Garage Southeast	-	1,000.0	1,000.0		799.0	201.0			-	27,000.0	27,000.0		21,573.0	5,427.0				
3800-82155	Major Mackenzie West Terminal	-	1,000.0	1,000.0		1,000.0				-	14,000.0	14,000.0		5,000.0					9,000.0
Sub-total		-	2,000.0	2,000.0	-	1,799.0	201.0	-	-	-	41,000.0	41,000.0	-	26,573.0	5,427.0	-	-	-	9,000.0
Transportation Services - Roads																			
3900-80119	Development Tracking System	1,000.0	(1,000.0)	-	(100.0)			(900.0)		1,500.0	(1,500.0)	-	(150.0)			(1,350.0)			
3900-85790	Southeast Patrol Area Works Yard	-	600.0	600.0		204.0		396.0		-	5,850.0	5,850.0		1,989.0		3,861.0			
Sub-total		1,000.0	(400.0)	600.0	(100.0)	204.0	-	(504.0)	-	1,500.0	4,350.0	5,850.0	(150.0)	1,989.0	-	2,511.0	-	-	-
Corporate Services - Planning and Economic Development																			
TBD	Development Tracking System	-	1,000.0	1,000.0	100.0			900.0		-	1,500.0	1,500.0	150.0			1,350.0			
Sub-total		-	1,000.0	1,000.0	100.0	-	-	900.0	-	-	1,500.0	1,500.0	150.0	-	-	1,350.0	-	-	-
Net Impact of Realignment		3,600.0	-	3,600.0	-	-	-	-	-	48,350.0	-	48,350.0	-	-	-	-	-	-	-