

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 19, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	CAPITAL BUDGET REALIGNMENT – BUS RAPID TRANSIT

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following report with respect to realignment of the capital budget for the Bus Rapid Transit project **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Strategic Priorities & Policy Committee, April 23, 2018, Agenda Item #4.1, Bus Rapid Transit Environmental Assessment Initiative

BACKGROUND

On April 23, 2018, the Bus Rapid Transit project team presented a report to the Strategic Priorities & Policy Committee regarding the Environmental Assessment Initiative for the project. Included with this report was a revised cash flow for the project, representing the most current project roll-out schedule. This new schedule shows some “quickstart” components of construction starting in 2019, with more major components starting in 2020, ending in 2026.

The current budget for Bus Rapid Transit is based on a schedule that was approved in 2015 and includes construction from 2016 to 2024. Civic Administration feels that it is important to realign the timing in the current budget with the timing in the latest project roll-out schedule. The \$500 million project budget remains the same, just shifted to future periods. The budget will not match the cash flow schedule in the April 23 report because the cash flow schedule shows the outflow of cash as the construction takes place over multiple years but the budget must include 100% of the funding in the first year of tender in order to approve the multi-year construction tender.

The budget realignment was achieved through housekeeping budget adjustments. Housekeeping budget adjustments are normally presented to Municipal Council for information purposes with the bi-annual capital monitoring reports, but are being presented at this time due to the magnitude of the change. Previously approved funding is set aside for use when required by the new schedule. Capital levy is placed in the capital receipts account, development charges funding is returned to the appropriate development charges reserve funds and funding from other levels of government is advanced to future periods. **Table 1** provides an overview of the budget changes and **Appendix A** provides details of the sources of financing changes.

As noted in the April 23 SPPC report, municipal funding is currently calculated as \$12 million in tax support (capital levy) and \$118 million in development charges. New provincial regulations for Development Charges (DC) recovery for transit projects may change the growth/non-growth splits based on the new scale of the project and the service standard (ridership), but the impact is unknown at this time. The City has retained a consultant to provide the methodology for DC rate calculation purposes which will be completed in the coming months. It is anticipated that these changes will be incorporated into the 2020 capital budget. At the same time, the 14 capital projects which currently combine to make up the overall (\$500 million) Rapid Transit project will be also be restated to match the new construction corridors.

Table 1 – Overview of Budget Changes for Rapid Transit Project

Expenditures \$000's	Approved 2018 Life-to- date	Projected									Total Approved & Projected Budget
	2019	2020	2021	2022	2023	2024	2025	2026	2027		
Current Budget	147,761	17,584	30,135	131,203	85,686	34,231	41,233	4,167	8,000	0	500,000
Realigned Budget	17,975	39,888	111,726	39,350	132,314	75,898	22,050	52,769	6,780	1,250	500,000
Annual Difference	129,786	(22,304)	(81,591)	91,853	(46,628)	(41,667)	19,184	(48,602)	1,220	(1,250)	0
<i>Cash Flow (April 23 SPPC Report)</i>	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
	17,975	37,288	56,799	57,074	69,370	66,069	65,105	66,131	52,308	11,881	500,000

CONCLUSION

On April 23, 2018, Strategic Priorities & Policy Committee received a report on the Bus Rapid Transit project which included a revised project schedule. This schedule is different from the project schedule supporting the current budget. The purpose of this report is to realign the timing in the current budget with the timing in the revised project schedule. The \$500 million project budget remains the same, just shifted to future periods. The budget realignment was achieved through housekeeping budget adjustments and is presented to Municipal Council for information purposes.

PREPARED BY:
ALAN DUNBAR, CPA, CGA MANAGER, FINANCIAL PLANNING & POLICY
RECOMMENDED BY:
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach.

Appendix A – Realigned Budget for Rapid Transit with Sources of Financing

- C. Jason Davies, Manager, Financial Planning & Policy
- Jennie Ramsay, Project Director, Rapid Transit Implementation
- Kelly Scherr, Managing Director, Environmental and Engineering Services and City Engineer
- Edward Soldo, Director, Roads and Transportation
- Paul Yeoman, Director, Development Services

APPENDIX A – Realigned Budget for Rapid Transit with Sources of Financing

CURRENT BUDGET ⁽¹⁾

Description	Approved 2018 Budget Life-to-date	2019	2020	2021	2022	Projected		2025	2026	2027	Approved & Projected Budget
						2023	2024				
EXPENDITURES	147,761,034	17,583,640	30,135,420	131,202,620	85,686,286	34,231,000	41,233,300	4,166,700	8,000,000	0	500,000,000
SOURCE OF FINANCING											
CAPITAL LEVY	(6,852,533)	(1,602,940)	(77,533)	(481,800)	(39,200)	(565,400)	(892,700)	(416,700)	(800,000)	0	(11,728,806)
DEBENTURE	0	0	0	0	0	0	0	0	0	0	0
RATE SUPPORTED	(6,852,533)	(1,602,940)	(77,533)	(481,800)	(39,200)	(565,400)	(892,700)	(416,700)	(800,000)	0	(11,728,806)
FR CITY SVCES - ROADS	(35,874,900)	(3,121,700)	(232,800)	0	0	0	0	0	0	0	(39,229,400)
FR CITY SVCES - TRANSIT	(1,500,000)	(3,919,100)	0	(1,336,300)	0	0	(1,250,000)	(1,000,000)	0	0	(9,005,400)
DEBENTURE-NON-RATE SUPP	(31,484,300)	(8,939,900)	0	(3,000,000)	(520,800)	(7,511,600)	(8,824,000)	(2,750,000)	(7,200,000)	0	(70,230,600)
NON-RATE SUPPORTED	(68,859,200)	(15,980,700)	(232,800)	(4,336,300)	(520,800)	(7,511,600)	(10,074,000)	(3,750,000)	(7,200,000)	0	(118,465,400)
TOTAL CITY FUNDING	(75,711,733)	(17,583,640)	(310,333)	(4,818,100)	(560,000)	(8,077,000)	(10,966,700)	(4,166,700)	(8,000,000)	0	(130,194,206)
PTIF-PUBLIC TRANSIT INFRASTR	(8,875,409)	0	0	0	0	0	0	0	0	0	(8,875,409)
SENIOR GOVERNMENT	(63,173,892)	0	(29,825,087)	(126,384,520)	(85,126,286)	(26,154,000)	(30,266,600)	0	0	0	(360,930,385)
OTHER GOVERNMENT FUNDING	(72,049,301)	0	(29,825,087)	(126,384,520)	(85,126,286)	(26,154,000)	(30,266,600)	0	0	0	(369,805,794)
SOURCE OF FINANCING	(147,761,034)	(17,583,640)	(30,135,420)	(131,202,620)	(85,686,286)	(34,231,000)	(41,233,300)	(4,166,700)	(8,000,000)	0	(500,000,000)

(1) Represents the current budget for the Bus Rapid Transit project as presented in the 2018 Annual Budget Update.

APPENDIX A – Realigned Budget for Rapid Transit with Sources of Financing (continued)

REALIGNED BUDGET ⁽¹⁾

Description	Approved	Projected									Approved &
	2018 Budget Life-to-date	2019	2020	2021	2022	2023	2024	2025	2026	2027	Projected Budget
EXPENDITURES	17,974,909	39,887,547	111,726,370	39,349,634	132,314,355	75,898,443	22,049,596	52,769,109	6,780,370	1,249,667	500,000,000
SOURCE OF FINANCING											
CAPITAL LEVY	(541,023)	(3,009,982)	(1,763,166)	(454,694)	(2,974,215)	(934,673)	(498,420)	(1,353,126)	(184,064)	(15,443)	(11,728,806)
DEBENTURE	0	0	0	0	0	0	0	0	0	0	0
RATE SUPPORTED	(541,023)	(3,009,982)	(1,763,166)	(454,694)	(2,974,215)	(934,673)	(498,420)	(1,353,126)	(184,064)	(15,443)	(11,728,806)
FR CITY SVCES - ROADS	(6,888,838)	(7,657,176)	(9,026,314)	(4,997,620)	(8,415,207)	(777,759)	(502,239)	(441,970)	(321,433)	(200,842)	(39,229,400)
FR CITY SVCES - TRANSIT	0	0	0	0	(5,094,453)	0	0	(3,423,297)	(487,650)	0	(9,005,400)
DEBENTURE-NON-RATE SUPP	0	(5,746,085)	(29,330,615)	(75,566)	(7,928,248)	(10,786,010)	(6,108,812)	(9,308,803)	(946,461)	0	(70,230,600)
RATE SUPPORTED	(6,888,838)	(13,403,262)	(38,356,928)	(5,073,187)	(21,437,908)	(11,563,769)	(6,611,051)	(13,174,070)	(1,755,544)	(200,842)	(118,465,400)
TOTAL CITY FUNDING	(7,429,861)	(16,413,244)	(40,120,094)	(5,527,881)	(24,412,123)	(12,498,443)	(7,109,472)	(14,527,197)	(1,939,607)	(216,285)	(130,194,206)
PTIF-PUBLIC TRANSIT INFRASR	(7,052,449)	(1,822,960)	0	0	0	0	0	0	0	0	(8,875,409)
SENIOR GOVERNMENT	(3,492,600)	(21,651,343)	(71,606,276)	(33,821,753)	(107,902,233)	(63,400,001)	(14,940,124)	(38,241,912)	(4,840,762)	(1,033,382)	(360,930,386)
OTHER GOVERNMENT FUNDING	(10,545,049)	(23,474,303)	(71,606,276)	(33,821,753)	(107,902,233)	(63,400,001)	(14,940,124)	(38,241,912)	(4,840,762)	(1,033,382)	(369,805,794)
SOURCE OF FINANCING	(17,974,909)	(39,887,547)	(111,726,370)	(39,349,634)	(132,314,355)	(75,898,443)	(22,049,596)	(52,769,109)	(6,780,369)	(1,249,667)	(500,000,000)

(1) Represents the Bus Rapid Transit budget realigned to match the most current project roll-out as presented in "Bus Rapid Transit - Environmental Assessment Initiative" (SPPC, April 23, 2018).

APPENDIX A – Realigned Budget for Rapid Transit with Sources of Financing (continued)

ANNUAL DIFFERENCE ⁽¹⁾

Description	Approved	Projected									Approved & Projected Budget
	2018 Budget Life-to-date	2019	2020	2021	2022	2023	2024	2025	2026	2027	
EXPENDITURES	129,786,125	(22,303,907)	(81,590,950)	91,852,986	(46,628,069)	(41,667,443)	19,183,704	(48,602,409)	1,219,630	(1,249,667)	0
SOURCE OF FINANCING											
CAPITAL LEVY	(6,311,510)	1,407,042	1,685,633	(27,106)	2,935,015	369,273	(394,280)	936,426	(615,936)	15,443	0
DEBENTURE	0	0	0	0	0	0	0	0	0	0	0
RATE SUPPORTED	(6,311,510)	1,407,042	1,685,633	(27,106)	2,935,015	369,273	(394,280)	936,426	(615,936)	15,443	0
FR CITY SVCES - ROADS	(28,986,062)	4,535,476	8,793,514	4,997,620	8,415,207	777,759	502,239	441,970	321,433	200,842	(0)
FR CITY SVCES - TRANSIT	(1,500,000)	(3,919,100)	0	(1,336,300)	5,094,453	0	(1,250,000)	2,423,297	487,650	0	0
DEBENTURE-NON-RATE SUPP	(31,484,300)	(3,193,815)	29,330,615	(2,924,434)	7,407,448	3,274,410	(2,715,188)	6,558,803	(6,253,539)	0	0
RATE SUPPORTED	(61,970,362)	(2,577,438)	38,124,128	736,887	20,917,108	4,052,169	(3,462,949)	9,424,070	(5,444,456)	200,842	(0)
TOTAL CITY FUNDING	(68,281,872)	(1,170,396)	39,809,761	709,781	23,852,123	4,421,443	(3,857,228)	10,360,497	(6,060,393)	216,285	(0)
PTIF-PUBLIC TRANSIT INFRASTR	(1,822,960)	1,822,960	0	0	0	0	0	0	0	0	(0)
SENIOR GOVERNMENT	(59,681,292)	21,651,343	41,781,189	(92,562,767)	22,775,947	37,246,001	(15,326,476)	38,241,912	4,840,762	1,033,382	(0)
OTHER GOVERNMENT FUNDING	(61,504,252)	23,474,303	41,781,189	(92,562,767)	22,775,947	37,246,001	(15,326,476)	38,241,912	4,840,762	1,033,382	0
SOURCE OF FINANCING	(129,786,124)	22,303,907	81,590,950	(91,852,986)	46,628,069	41,667,443	(19,183,704)	48,602,409	(1,219,631)	1,249,667	0

(1) Represents the difference between the Realigned Budget and the Current Budget on an annual basis.

APPENDIX A – Realigned Budget for Rapid Transit with Sources of Financing (continued)

ACCUMULATED DIFFERENCE ⁽¹⁾

Description	Approved	Projected									Approved & Projected Budget
	2018 Budget Life-to-date	2019	2020	2021	2022	2023	2024	2025	2026	2027	
EXPENDITURES	129,786,125	107,482,219	25,891,268	117,744,255	71,116,186	29,448,743	48,632,447	30,038	1,249,667	0	
SOURCE OF FINANCING											
CAPITAL LEVY	(6,311,510)	(4,904,468)	(3,218,836)	(3,245,942)	(310,927)	58,347	(335,933)	600,494	(15,443)	0	
DEBENTURE	0	0	0	0	0	0	0	0	0	0	
RATE SUPPORTED	(6,311,510)	(4,904,468)	(3,218,836)	(3,245,942)	(310,927)	58,347	(335,933)	600,494	(15,443)	0	
FR CITY SVCES - ROADS	(28,986,062)	(24,450,585)	(15,657,072)	(10,659,451)	(2,244,245)	(1,466,485)	(964,246)	(522,276)	(200,843)	(0)	
FR CITY SVCES - TRANSIT	(1,500,000)	(5,419,100)	(5,419,100)	(6,755,400)	(1,660,947)	(1,660,947)	(2,910,947)	(487,650)	0	0	
DEBENTURE-NON-RATE SUPP	(31,484,300)	(34,678,115)	(5,347,500)	(8,271,934)	(864,486)	2,409,924	(305,264)	6,253,539	0	0	
RATE SUPPORTED	(61,970,362)	(64,547,800)	(26,423,672)	(25,686,785)	(4,769,677)	(717,508)	(4,180,457)	5,243,614	(200,843)	(0)	
TOTAL CITY FUNDING	(68,281,872)	(69,452,268)	(29,642,507)	(28,932,727)	(5,080,604)	(659,161)	(4,516,390)	5,844,107	(216,285)	(0)	
PTIF-PUBLIC TRANSIT INFRASSTR	(1,822,960)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
SENIOR GOVERNMENT	(59,681,292)	(38,029,949)	3,751,240	(88,811,527)	(66,035,580)	(28,789,580)	(44,116,055)	(5,874,143)	(1,033,381)	(0)	
OTHER GOVERNMENT FUNDING	(61,504,252)	(38,029,949)	3,751,240	(88,811,527)	(66,035,581)	(28,789,580)	(44,116,056)	(5,874,143)	(1,033,382)	0	
SOURCE OF FINANCING	(129,786,124)	(107,482,217)	(25,891,267)	(117,744,254)	(71,116,185)	(29,448,741)	(48,632,445)	(30,036)	(1,249,667)	(0)	

(1) Represents the difference between the Realigned Budget and the Current Budget accumulated from 2018 to the respective year.