

MANAGEMENT REPORT TO METROLINX

Report Title:	2008/09 Budget – Q2 Report				
Report Number:	CA 09-010	Date to Board:	16 th January 2009	Date to Committee:	November 13 th , 2008
Report To:	<input checked="" type="checkbox"/> BOARD	<input type="checkbox"/> ADVISORY COMMITTEE <input type="checkbox"/> AUDIT COMMITTEE <input type="checkbox"/> GOVERNANCE COMMITTEE <input type="checkbox"/> HUMAN RESOURCES COMMITTEE <input type="checkbox"/> TECHNICAL ADVISORY GROUP <input type="checkbox"/> OTHER: FINANCE COMMITTEE			
Report Referred From:	Finance Committee (Report CA 08-030)				
Author(s):	Kim Lambert		Telephone:	416-874-5905	
			E-mail:	kim.lambert@metrolinx.com	
Item Class:	IN CAMERA	<input type="checkbox"/>	DECISION	<input type="checkbox"/>	INFORMATION <input checked="" type="checkbox"/>

1.0 RECOMMENDATION:

RESOLVED:

THAT the Board receive as information the 2008/09 Budget – Q2 Report as recommended by the Finance Committee and presented in the form attached as Schedule A;

2.0 PURPOSE & EXECUTIVE SUMMARY:

This report presents the 2008/09 Budget – 2nd Quarter Report (Q2) – to the board and was received by the Finance Committee on November 13th, 2008. The Q2 Report reflects the actual budget performance for the year to date period of April 1, 2008 to September 30, 2008. It also reflects the projected expenditure for the 3rd and 4th Quarter period – October 2008 to March 2009, as well as the total projected year-end expenditure for 2008/09 and the variance between the budget allocation and the projected year-end expenditure.

3.0 BACKGROUND:

Metrolinx operates on an April 1 fiscal year. It is included in the Estimates of the Ontario Ministry of Transportation, and it is funded 100 per cent by the Ontario Government.

At the June 13, 2008 Board meeting the following resolution was passed:

***THAT** the Board approve the proposed 2008/09 budget allocations attached as Schedule A to report CS 08-009 as recommended by the Audit Committee; and*

***THAT** staff report quarterly on the actual performance of the 2008/09 Budget to the Board.*

4.0 DISCUSSION:

The Ontario Government imposes deadlines for the submission of financial information by Crown Agencies, as part of the Ontario Government's Q2 hard close process. As part of that process, Metrolinx is required to provide the Ministry of Transportation (MTO) with Q2 position and an estimate of the year-end position of the Agency, so that funds that will not likely be spent in the fiscal year can be re-allocated to offset other provincial budgetary pressures. Metrolinx reported to MTO on its actual budget performance against the 2008/09 Budget, as presented in the form attached as Schedule A, on October 30, 2008 and to the Metrolinx Finance Committee on November 13, 2008.

The reporting format has been changed to reflect the categories as shown on the yearly audited statements prepared by the external auditor as follows:

- Salaries, Wages & Benefits
- Administrative Services
- Facilities
- Program Delivery

The previous reporting format was recommended by the Ministry of Transportation with the following categories:

- Salaries
- Corporate Administration
- Legislative Requirements
- Communications/Marketing
- Consulting Services- IT
- Travel, Staff expenses & Staff Development
- Grants
- Professional & Corporate Memberships
- Office Supplies & Equipment

A budget amount of \$6.6M has been allocated for the 2nd Quarter (Q2) resulting in a budget surplus of \$279K. The projected surplus for 2008/09 is estimated at a total of \$241K.

In the 2nd Quarter Report (Q2), Metrolinx staff reported expenditures of \$6,330K as presented in the form attached as Schedule A and is made up as follows:

- Salaries, Wages & Benefits \$2,319K
- Administrative Services \$658K
- Facilities \$312K
- Program Delivery \$3,041K

5.0 FINANCIAL MATTERS:

The 2008/09 budget allocation for Metrolinx is \$14.7M. For Q1 the allocation of \$2,582K was made equal to actual expenditures. The allocation for the three remaining quarters has been allocated as follows:

- Q2 (July-September 2008) an amount of \$4,027K
- Q3 (October-December 2008) an amount of \$4,064K
- Q4 (January-March 2009) an amount of \$4,064K

The Q2 Report for Metrolinx reflects a projected year-end expenditure of \$14,459K, resulting in a projected budget surplus of \$241K. This does not include an estimated relocation cost of \$1M that Metrolinx staff are working with the Ministry to obtain the necessary funding. Metrolinx will continue to closely monitor its expenditures and commitments to complete the year within authorized funding envelope.

As of September 30, 2008 an amount of \$4M had been received from the Province.

On October 9, 2008 a further \$2M was received from the Province.

On October 31, 2008 another \$2M was received from the Province.

There is a balance of \$2M remaining as part of the initial \$10M approved for release.

It has been reported to Metrolinx staff that an additional \$4.7M is on holdback until a Memorandum of Understanding (MOU) and Accountability Agreement have been approved by the Province. On June 13, 2008, the Memorandum of Understanding (MOU) and Accountability Agreement were brought forward to the Board on report CS 08-007 Memorandum of Understanding and Accountability Agreement, with the following resolution:

THAT the Board approve the Memorandum of Understanding attached as Schedule A to report CS 08-007 as recommended by the Audit Committee and;

THAT the Board direct staff to finalize the discussions with the Ministry of Transportation on the Accountability Agreement attached as Schedule B in report CS 08-007; and

THAT the Board authorize the Chair to execute both the Memorandum of Understanding and the Accountability Agreement on behalf of Metrolinx substantially in the form attached as Schedule A and B to CS 08-007.

The Memorandum of Understanding (MOU) and Accountability Agreement have been approved. Metrolinx staff are working with MTO to complete the necessary reporting requirements for the release of the \$4.7M from holdback.

6.0 HUMAN RESOURCES MATTERS:

The 2008/09 Budget included funding for Metrolinx salary and wages and benefits for a Board-approved complement of 47 FTE's in the amount of \$6,094.1K. This sum includes provision for secondments, permanent and contract staff. It does not include additional staff who are presently funded by the Ontario Government through seconded agreements or project specific budgets, such as the Transit Procurement Initiative. It reflects the actual hire dates and termination dates for existing permanent and contract staff. Hiring decisions and pay rates reflect Board approved compensation for specified positions. The actual expenditure for the 2nd Quarter as reported in the form attached as Schedule A is \$2,319K.

7.0 ENVIRONMENTAL MATTERS:

N/A

8.0 COMMUNICATION MATTERS:

N/A

9.0 LEGAL MATTERS:

With respect to the Budget, Metrolinx is bound by the provisions of the *Greater Toronto Transportation Authority Act, 2006*, including the sections regarding Financial Matters and Accountability.

10.0 CONCLUSION:

Schedule A represents the 2nd Quarter (Q2) budget performance for Metrolinx and is submitted to the Board for the two quarters ended 30th September, 2008.

Respectfully submitted,

Approved for Submission to the Board



Kim Lambert, Executive Lead,
Corporate Affairs



W. Michael Fern, CEO

Appendices:

Schedule A: 2008/09 Budget – Q2 Report

*Staff & Others
Consulted:*

Name	Telephone
------	-----------

--	--

Notifications:

Name	Mailing or E-mail Address
------	---------------------------

N/A	
-----	--

Special Instructions:

N/A

Schedule A

Metrolinx [Legally known as Greater Toronto Transportation Authority (GTTA)]

2008/09 Budget – Q2 Report



October 31, 2008

2008/09 Budget – Q2 Report

Table of Contents

Note.....	1
Operating Budget: Highlights.....	2
Operating Budget: 2008/09 Q2 Report Details.....	4

Note

The Metrolinx Audit Committee received for review the 2008/09 Budget at the May 23, 2008 meeting.

The Metrolinx Board received the 2008/09 Budget at the June 13, 2008 meeting for approval.

The information presented to the Board at that meeting was approved by the Ontario Government and funding was allocated by the province to Metrolinx.

At the June 13, 2008, the Board directed that staff report quarterly on the actual performance of the 2008/09 Budget.

Metrolinx staff are now presenting the 2008/09 2nd Quarter Report (Q2), reflecting the actual budget performance for the period of April 1, 2008 to September 30, 2008.

The budget allocation for Q2 was \$6.6M, resulting in a surplus of \$279K for the period.

The projected surplus for 2008/09 is estimated at a total of \$241K.

Since Metrolinx has occupied temporary quarters through its first years of operation, Metrolinx will be relocating to permanent quarters within the 20 Bay Street complex, under a “Lead lease” held by GO Transit. The estimated cost of relocation is \$1M and is being underwritten by the Ministry of Transportation as an “in year” cost pressure.

HIGHLIGHTS OF 2008/09 OPERATING BUDGET
Q2 REPORT

Total Operating Budget

Allocation \$(‘000)	Projected Year End Expenditure \$(‘000)	Projected Surplus/(Deficit) \$(‘000)
14,700K	14,459K	241K

Expenditure details:

Year To Date (Apr-Sep08) \$(‘000)	Projected Q3 (Oct-Dec08) \$(‘000)	Projected Q4 (Jan-Mar09) \$(‘000)
6,330K	4,064K	4,064K

Please see the following for further detail

Salaries, Wages and Benefits:

Allocation \$(‘000)	Projected Year End Expenditure \$(‘000)	Projected Surplus/(Deficit) \$(‘000)
6,094K	4,879K	1,215K

The main reason for this material variance is due to the fact that Consultants services were obtained rather than adding staff. Therefore, under the category of Program Costs there is a compensating overspending \$1,234K being reported that is offset by this surplus.

Expenditure details:

Year To Date (Apr-Sep08) \$(‘000)	Projected Q3 (Oct-Dec08) \$(‘000)	Projected Q4 (Jan-Mar09) \$(‘000)
2,319K	1,280K	1,280K

- *Includes Salaries and Wages for Permanent, Transition and Contract Staff, Smart Commute Salaries and Wages, and Per Diems for Non-municipal Board Members, employee benefits, Employer Tax and WSIB*

Administrative Services:

Allocation \$('000)	Projected Year End Expenditure \$('000)	Projected Surplus/(Deficit) \$('000)
1,170K	1,160K	11K

Expenditure details:

Year To Date (Apr-Sep08) \$('000)	Projected Q3 (Oct-Dec08) \$('000)	Projected Q4 (Jan-Mar09) \$('000)
658K	251K	251K

- *Includes GO Transit Administrative and IT Support Services (cost recovery), Banking Fees, Directors & Officers Insurance, and Consultants, (Organizational Design, Strategic Planning, Recruitment Services, Executive Search Services and Pension Consultation), Travel & Professional Development, Corporate Memberships, Supplies, Computers, Phones and Blackberries.*

Facilities:

Allocation \$('000)	Projected Year End Expenditure \$('000)	Projected Surplus/(Deficit) \$('000)
913K	664K*	249K

Expenditure details:

Year To Date (Apr-Sep08) \$('000)	Projected Q3 (Oct-Dec08) \$('000)	Projected Q4 (Jan-Mar09) \$('000)
312K	176K*	176K*

- * *The Projected Year End Expenditures do not include relocation costs as noted above.*
- *Includes Rent, Maintenance and Leasehold Improvements.*

Program Delivery:

Allocation \$('000)	Projected Year End Expenditure \$('000)	Projected Surplus/(Deficit) \$('000)
6,523K	7,757K	(1,234K)

The main reason for this material variance is due to the fact that Consultants services were obtained rather than adding staff. Therefore, under the category of Salaries, Wages & benefits there is a compensating surplus \$1,215K being reported that is offset by this overspending.

Expenditure details:

Year To Date (Apr-Sep08) \$('000)	Projected Q3 (Oct-Dec08) \$('000)	Projected Q4 (Jan-Mar09) \$('000)
3,042K	2,357K	2,357K

- *Includes Legislative Requirements:*
 - *Consultant Assignments for Performance Measures, Auditing, Annual Report, and the Development of an Emergency/Security Plan for Transit*
 - *Transportation Consultants, Event Planning for Public Meetings, Communications Products and Services, Advisory Committees, Legal costs, Investment Strategy development process, Benefits Case and Smart Commute (TDM) Funding & Operating Costs*
- *Includes Communication and Marketing:*
 - *Market Research, Speech Writers, Translation Services and Media Services (Canada Newswire)*
- *Includes Consulting/IT Services:*
 - *Development of Web Portal, Software, Licences, Trip Planner and ITS Vision for GTTA*

REPORT NUMBER: CA 09-010
REPORT TITLE: 2008/2009 BUDGET – Q2 REPORT

Operating Budget 2008/09 Q2 Report	2008/09	2008/09	2008/09	YTD	Q3	Q4
	Allocation Budget	Forecast Budget	Forecast Surplus/(Deficit)	Q2 Actual (Apr-Sep08)	Q3 Forecast Oct-Dec08	Q4 Forecast Jan-Mar09
	\$'(000)	\$'(000)	\$'(000)	\$'(000)	\$'(000)	\$'(000)
Salaries, Wages & Benefits	\$ 6,094	\$ 4,879	\$ 1,215	\$2,319	\$ 1,280	\$ 1,280
Salaries	5,275	4,259	1,015	2,051	1,104	1,104
Benefits	820	619	200	268	176	176
Administrative Services:	\$ 1,170	\$ 1,160	\$ 11	\$ 658	\$ 251	\$ 251
GO Transit Administrative Support Services	150	150	0	76	37	37
Consultants (Organizational Design, Strategic Planning, Recruitment Services, Executive Search Services and Pension Consultation)	150	412	(262)	290	61	61
Directors & Officers Insurance	9	9	0	-	4	4
Liability Insurance & Travel Insurance	20	10	10	5	2	2
Employee expenses	29	25	3	16	4	4
Meeting Expenses (Internal, Board, Committees, Board Retreat, Chair & CEO)	138	131	7	85	23	23
Professional Development	150	64	86	7	29	29
Corporate travel & conferences	185	99	86	52	23	23
Board Member's Expenses	2	2	0	1	0	0
APTA-\$2,744, IPAC-\$150, CUTA-\$5,000, IABC-\$340, GTTC-\$250, OPTA-\$573, Business Women's Network-\$5,000, TAC-\$5,000	20	20	0	6	7	7
Office Supplies	135	135	0	73	31	31
Computers, Phones and Blackberries	184	104	80	47	28	28
Facilities:	\$ 913	\$ 664	\$ 249	\$ 312	\$ 176	\$ 176
Facility Costs: Rent, Property Taxes, Operating, Parking	452	612	(160)	309	152	152
Facility Costs: Leasehold Improvements	280	31	249	-	16	16
Facility Costs: Maintenance, Electrical, Phone Charges, Construction, Clean-up, Security	181	21	160	3	9	9
Program Delivery:	\$ 6,523	\$ 7,757	(\$1,234)	\$3,042	\$ 2,357	\$ 2,357
• Transportation consultant assignments	500	1,327	(827)	670	329	329
• Event planning for public meetings	250	500	(250)	232	134	134
• Communications products and services for RTP	1,349	1,310	39	492	409	409
• Advisory Committees	36	30	6	10	10	10
• TDM (Smart Commute Operating Costs)	650	650	0	206	222	222
• TDM (\$130 K per TMA Smart Commute)	1,170	1,170	0	388	391	391
• Investment Strategy development process, including AFP project evaluation costs *	500	717	(217)	324	197	197
• Benefits Case	500	705	(205)	235	235	235
• External Legal Services *	500	100	400	8	46	46
• Consultant assignments for performance measures, auditor, Annual Report	130	70	60	60	5	5
• Develop Emergency/Security Plan for Transit (Mock Exercises)	135	-	135	-	-	-
• Market Research (to collect information on GTA logo/brand; Mobility index)	100	100	0	100	0	0
• Speech writers	100	50	50	18	16	16
• Translation services (Website, RTP Green/White Papers, Final RTP Document)	350	350	0	21	164	164
• Media Services - Canada Newswire (news releases/notices & translation)	70	70	0	17	27	27
• Web Portal - Phase 1 (support and maintenance)	87	163	(77)	162	0	0
• Web Portal - Phase I (software/licences)	41	41	0	-	21	21
• Consultant for ITS Vision for GTA	25	343	(318)	90	126	126
Grants (Funded Research)	30	60	(30)	10	25	25
Total	\$14,700	\$14,459	\$ 241	\$6,331	\$ 4,064	\$ 4,064