

September 22, 2008

To: Executive Committee

From: Budget Committee

Subject: Facilities and Real Estate - 2008 Capital Budget and 2009-2012 Capital Plan Adjustments

**Recommendations:**

**The Budget Committee recommended to the Executive Committee that:**

- 1. City Council authorize the reallocation of funds in the 2008 Approved Facilities and Real Estate Capital Budget in the amount of \$1.4171 million, as illustrated in schedule "A", Part A, attached to the report, with a zero gross and net impact.**
- 2. City Council amend the 2008 Approved Facilities and Real Estate Capital Budget and 2009-2012 Capital Plan by adding 1 new subproject for a total cash flow of \$0.150 million in 2009, with funding provided by reallocations from within the Approved 2008 Capital Budget and 2009-2012 Capital Plan, as illustrated in schedule "A", Part B, attached to the report.**
- 3. City Council authorize deferral and acceleration of funds in the 2008 Approved Facilities and Real Estate Capital Budget and 2009-2012 Capital Plan in the amount of \$1.474 million as illustrated in Schedule "B" attached to the report, with a zero gross and net impact.**

**Background:**

The Budget Committee on September 19, 2008, considered a report (September 3, 2008) from the Chief Corporate Officer, entitled "Facilities and Real Estate - 2008 Capital Budget and 2009-2012 Capital Plan Adjustments".

for City Clerk



## STAFF REPORT ACTION REQUIRED

### Facilities & Real Estate - 2008 Capital Budget and 2009-2012 Capital Plan Adjustments

<b>Date:</b>	September 3, 2008
<b>To:</b>	Budget Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2008\Internal Services\F&re\Bc08082F&re (AFS#8464)

#### SUMMARY

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This report requests Council's authority to amend the Facilities and Real Estate Division (F&RE) 2008 Approved Capital Budget and 2009-2012 Capital Plan by reallocating funds within the budget and plan, and by adding one new subproject to the F&RE capital plan. The adjustment of funds will have a zero net impact corporately and will better align 2008 and future cash flows with Facilities and Real Estate's program requirements.

#### RECOMMENDATIONS

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**The Chief Corporate Officer recommends that:**

1. City Council authorize the reallocation of funds in the 2008 Approved Facilities and Real Estate Capital Budget in the amount of \$1.4171 million, as illustrated in schedule "A", Part A, attached, with a zero gross and net impact.
2. Council amend the 2008 Approved F&RE Capital Budget and 2009-2012 Capital Plan by adding 1 new subproject for a total cash flow of \$0.150 million in 2009, with funding provided by reallocations from within the Approved 2008 Capital Budget and 2009-2012 Capital Plan, as illustrated in schedule "A", Part B, attached.
3. City Council authorize deferral and acceleration of funds in the 2008 Approved Facilities and Real Estate Capital Budget and 2009-2012 Capital Plan in the amount of \$1.474 million as illustrated in Schedule "B" attached, with a zero gross and net impact.

## **FINANCIAL IMPACT**

There are no additional costs to the City as a result of approval of this report.

The approval of this report will result in the reallocation of 2008 approved cash flows in the total amount of \$1.5671 million and add one new subproject to the Facilities and Real Estate 2008 Approved Capital Budget (Schedule "A", Part A and B). It will also authorize the deferral and acceleration of funds in the 2008 Approved F&RE Capital Budget and 2009-2012 Capital Plan in the total amount of \$1.474 million, as illustrated in Schedule "B" attached.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

The 2008 Capital Budget for Facilities and Real Estate, with a 2008 cash flow of \$39.768 million, was approved by City Council at its meeting on December 11, 12, and 13<sup>th</sup>, 2007.

## **ISSUE BACKGROUND**

F&RE requires the amendments of the 2008 Approved Capital Budget and 2009-2012 Capital Plan to better align cash flows with program requirements.

The amendments will ensure proper funding and cash flows are in place to tender and award contracts, as existing funding levels were deemed insufficient after bid prices came in higher than budgeted.

Furthermore, detailed investigations at sites have revealed unforeseen conditions, such as asbestos abatement and mould remediation, which were not anticipated during the budget planning phase. The requested amendments will allow F&RE to deal with these unforeseen issues, and deliver the completion of the projects in a timely manner.

Also, client requests that have been submitted in 2008 have placed a financial strain on a number of projects. These requirements were not in place during the budget planning phase, and therefore were not accounted for when determining the funding requirements for the projects. The reallocation of cash flows will ensure these needs are met and that F&RE continues to service its clients in the most efficient and effective way possible.

Additionally, to ensure efficient completion of projects, it is prudent for F&RE to complete certain projects, which were planned to be completed in a future year, in 2008. Existing construction at a number of sites make it conducive to complete future projects at this time, which reduces duplication of work, and will ensure projects are completed within budget.

Lastly, F&RE requires the 2008 Capital Budget and 2009-2012 Capital Plan amendment in order to accommodate the addition of one new subproject. F&RE has identified the requirement for this project cost and cash flow in 2008 as a result of operational requirements that were not present at the time of the 2008 capital budget submission. The F&RE Business Support floor plan will be densified to accommodate staff and business machines. The additions of this subproject will have no financial impact on the already approved 2008 Capital Budget and 2009-2012 Capital Plan, since no additional funding has been requested.

## **COMMENTS**

Facilities and Real Estate seeks approval for the amendment of the 2008 Capital Budget and the 2009-2012 Capital Plan, as outlined in the attached schedule “A” and “B”, to better align cash flows with program requirements, in accordance with Section 71-9 B & E of the Financial Control By-Law.

## **CONTACT**

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## **SIGNATURE**

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Bruce Bowes, P.Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

Schedule “A” - Facilities and Real Estate - 2008 Capital Budget Reallocations  
Schedule “B” – Facilities and Real Estate – Deferrals and Accelerations