

Facilities Management 2010 Capital Budget Adjustments

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| Date: | May 10, 2010 |
| To: | Budget Committee |
| From: | Chief Corporate Officer |
| Wards: | Various |
| Reference Number: | P:\2010\Internal Services\Fac\Bc10010Fac- (AFS 12144) |

SUMMARY

This report requests Council's authority to amend the Facilities Management Division's (FM) 2010 Approved Capital Budget and 2011-2019 Capital Plan, by reallocating funding within the budget and plan, to better meet program requirements. The adjustment of funds will have a zero net impact corporately and will better align 2010 and future cash flows with FM's program requirements.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the reallocation of funds in Facilities Management's 2010 Approved Capital Budget and 2011-2019 Capital Plan in the amount of \$1.318 million, which includes acceleration and offsetting deferral of funds, as illustrated in appendix 1 attached, with zero gross and net impact.
2. City Council authorize an increase to Facilities Management's 2010 Approved Capital Budget in the amount of \$0.060 million, and to allow FM to receive this funding from a 3rd party contributor, with a zero 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 \$1.318 million. 2010 approved cash flows in the amount of \$0.860 million will be reallocated (see appendix 1). These amendments will have a zero net impact. It will also authorize the acceleration and offsetting deferral of funds in the 2010 Approved FM Capital Budget and 2011-2019 Capital Plan in the total amount of \$0.458 million (see appendix 1). FM's 2010 Approved Capital Budget will also be increased by \$0.060 million gross, with revenue to be received from a 3rd party contributor in the same amount, resulting in a zero net impact.

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

DECISION HISTORY

The 2010 Capital Budget and 2011-2019 Capital Plan for Facilities Management and Real Estate, with a 2010 cash flow of \$67.987 million, 2009 carry-forward funding of \$6.659 million, and a 2011-2019 recommended capital plan of \$311.529 million was approved by City Council at its meeting on December 8, 2009.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-12-08-cc44-dd.htm>

ISSUE BACKGROUND

A constant water leak at 277 Victoria St. has lead to the need for extensive repair of the exterior cladding system, along with repair to damaged interior finishes. Failure to repair this condition will result in continued water penetration, further interior damage and mould growth. These issues are, and will continue to, negatively impact Toronto Public Health's day to day operations in the building. After further investigation of this issue additional funding is required, on top of accelerating planned funding from 2011, to rectify the problem.

An adjustment of funding between sub-projects at 157 King St. and 18 Cranfield Rd. is required due to a correction related to an ISF funded sub-project at 157 King St. for a roof replacement. Funds were budgeted for the roof replacement at this location in a non-ISF sub-project as well. This funding should have been budgeted in the 18 Cranfield sub-project.

In addition, acceleration of funds is requested in order to address a retrofit of air conditioning and windows at 89 Northline Rd., which will be needed prior to the upcoming 2010 municipal elections.

Lastly, FM is currently carrying out various state of good repair work at Swansea Town Hall. In order to provide the client with the desired repairs additional funding is required. The Board of Management of Swansea Town Hall has agreed to contribute funding to this work to ensure it is completed as desired.

COMMENTS

Facilities Management seeks approval for the amendment of the 2010 Capital Budget and the 2011-2019 Capital Plan, as outlined in the attached appendix 1 to better align cash flows with program and client requirements, in accordance with Section 71-9 B to E of the Financial Control By-Law.

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SIGNATURE

Bruce Bowes, P.Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix 1 – 2010 Capital Budget and 2011 - 2019 Capital Plan Adjustments - 2nd Quarter



Appendix 1
Facilities Management
2010 Capital Budget and 2011 - 2019 Capital Plan Adjustments - 2nd Quarter
For the Year Ended December 31, 2010
(\$ Million)

| CAPTOR # | SAP # | Sub-project Description | Project Cost | 2010 | | 2011 | | Total | | Reason for Change |
|---|-----------|---|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|--|
| | | | | Gross Expenditure | Debt Funding | Gross Expenditure | Debt Funding | Gross Expenditure | Debt Funding | |
| <u>Facilities Management and Real Estate</u> | | | | | | | | | | |
| <i>The adjustments to the 2010 Budget and 2011-2019 capital plan are required to better align cash flows with division and client requirements.</i> | | | | | | | | | | |
| FAC906397-162 | CCA187-13 | 5248 Yonge St - Grouped SOGR incl. Struc/Windows | (0.027) | (0.027) | 0.027 | 0.000 | 0.000 | (0.027) | 0.027 | The work at 5248 Yonge St has been cancelled as it has been determined that the building will be demolished. |
| FAC906397-94 | CCA161-10 | Various - Audit moveable assets at Corp. facilities | (0.050) | (0.050) | 0.050 | 0.000 | 0.000 | (0.050) | 0.050 | Surplus funds available. |
| FAC906395-647 | CCA182-07 | Various locations - renew mech components | (0.024) | (0.024) | 0.024 | 0.000 | 0.000 | (0.024) | 0.024 | The contract has been awarded for the work at 313 Pharmacy Avenue, replace air supply unit in basement, and surplus funds are available. |
| FAC907576-1 | CCA192-01 | Old City Hall-HVAC & Electrical Upgrades | (0.399) | (0.399) | 0.399 | 0.000 | 0.000 | (0.399) | 0.399 | Surplus funds available. |
| FAC906393-50 | CCA188-02 | 157 King St E - Replace Slate Roofing | (0.360) | (0.360) | 0.360 | 0.000 | 0.000 | (0.360) | 0.360 | A correction was made to an ISF sub-project for roof replacement at this location. Therefore, this funding is not required, as this has been planned for in an ISF sub-project. |
| FAC906394-235 | CCA189-01 | 277 Victoria-Insulation of curtain wall mullions | 0.500 | 0.700 | (0.354) | (0.200) | 0.200 | 0.500 | (0.154) | Additional funding is required to fund the repair and retrofit of the exterior cladding and curtain wall system at 277 Victoria sty (TPH offices). There are chronic water leaks in the building that require immediate attention. |



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2010 Capital Budget and 2011 - 2019 Capital Plan Adjustments - 2nd Quarter
For the Year Ended December 31, 2010
(\$ Million)

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|--|-----------|--|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|--|
| | | | | Gross Expenditure | Debt Funding | Gross Expenditure | Debt Funding | Gross Expenditure | Debt Funding | |
| FAC906394-236 | CCA189-06 | 18 Cranfield - Masonry restoration | 0.360 | 0.360 | (0.360) | 0.000 | 0.000 | 0.360 | (0.360) | Excess funding available from the sub-project at 157 King (due to a correction related to an ISF sub-project) should have been planned to fund the replacement of the roof at this location. |
| FAC906394-209 | CCA181-07 | 843 Eastern Ave - Reconstruction of structural floor | 0.000 | (0.346) | 0.000 | 0.346 | (0.346) | 0.000 | (0.346) | Due to the timing of RFQ closing, construction is not expected to begin until July 2010, therefore a portion of this work will be deferred to 2011. |
| FAC906396-83 | CCA163-02 | VariousLocations - Renew Ext Signage of Corp Svs | 0.000 | (0.112) | 0.112 | 0.112 | (0.112) | 0.000 | 0.000 | Funding for contract administration is to be deferred to 2011 as the design of the project is currently in progress. |
| FAC906397-151 | CCA187-02 | 89 Northline Rd - grouped SOGR struct & mech/elec | 0.000 | 0.243 | (0.243) | (0.243) | 0.243 | 0.000 | 0.000 | An acceleration of funds is required to carry out work on the windows and the retrofit of the A/C in warehouse sections of the facility before the 2010 elections commence. |
| FAC906397-152 | CCA187-03 | Var loc - grouped AOCC struct roof mech/elec | 0.000 | 0.015 | (0.015) | (0.015) | 0.015 | 0.000 | 0.000 | The design and construction of the shingled roof at 58 Cecil St. has been deemed a priority to be completed in 2010. |
| FAC906395-34 | CCA172-02 | 95 Lavinia Ave - SOGR | 0.060 | 0.060 | 0.000 | 0.000 | 0.000 | 0.060 | 0.000 | Increase in funding to complete SOGR work at Swansea Town Hall, as requested and funded by the client. |
| Total for Facilities Management and Real Estate | | | 0.060 | 0.060 | 0.000 | (0.000) | 0.000 | 0.060 | 0.000 | |

* Note that CCA181-07 is funded from contribution from current and will be allocated to CCA189-01