

Facilities Management and Real Estate 2014 Capital Budget Adjustments and Accelerations / Deferrals

Date:	April 14, 2014
To:	Budget Committee
From:	Chief Corporate Officer
Wards:	Various
Reference Number:	P:\2014\Internal Services\Fac\Bc14001fac - (AFS 19233)

SUMMARY

This report requests authority to amend the Facilities Management and Real Estate's (FM&RE) 2014 Approved Capital Budget and 2015-2023 Capital Plan, by reallocating funding within approved budget and plan amounts to better meet program requirements. The adjustment of funds will have a zero net impact corporately and will better align 2014 and future cash flows with FM&RE program requirements and anticipated spending.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the reallocation of funds in FM&RE's 2014 Approved Capital Budget in the amount of \$0.545 million as illustrated in Schedule A (attached), with zero gross and net impact.
2. City Council authorize the deferral and acceleration of funds in FM&RE's approved 2014 Capital Budget and 2015 – 2023 Capital Plan in the amount of \$1.200 million as illustrated in Schedule B (attached), with 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 2014 approved cash flows in the amount of \$0.545 million as detailed in Schedule A attached; and the deferral and acceleration of funds in FM&RE's 2014 Capital Budget and 2015 – 2023 Capital Plan in the amount of \$1.200 million as detailed in Schedule B attached. These amendments will have a zero gross and net impact.

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

DECISION HISTORY

City Council, at its meeting on January 29, 2014, approved Facilities Management and Real Estate's 2014 Capital Budget and 2015 – 2023 Capital Plan, which included 2014 cash flows of \$149.055 million and 2013 carry-forward funding of \$111.306 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX37.1>

Subsequent adjustments resulting from 2013 year-end results and final 2013 carry-forwards have been recommended by Budget Committee at its meeting on March 26, 2014, which will result in a revised 2014 cash flow of \$148.711 million and 2013 carry-forwards of \$142.682 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.BU53.5>

ISSUE BACKGROUND

The amendments will ensure proper funding is in place to tender and award contracts, as existing funding levels for a number of projects have been deemed insufficient based on bids received and estimated project cost amounts. Furthermore, cash flows on a number of projects require adjustment to better align planned cash flows with revised project schedules.

COMMENTS

Budget Adjustments

For the Toronto Police Services building located at 40 College St. the existing fire alarm requires updating and the water feature in the courtyard at the entrance of the facility is to be removed. Bids received for this work exceeded budgeted amounts by \$0.415 million (\$0.380 million for the fire alarm system and \$0.035 million for the water feature). Facilities Management staff reviewed the scope of work and determined that in order to deliver the work as efficiently as

possible and to ensure health and safety requirements are met this work should proceed as planned. There are no opportunities to reduce scope or to defer portion of work to future years. All must be completed in one operation. Therefore, additional funding in the amount of \$0.415 million for these initiatives is being requested to complete the work. As a result of the need to revisit the scope and seek additional funding, the project completion originally scheduled for 2014 will be delayed to 2015. To ensure cash flows are aligned with the revised project schedule, a portion of 2014 cash flows need to be deferred to 2015. This is identified in Schedule B attached.

For Toronto Social Services the building at 111 Wellesley St. the existing heat pumps require replacement. Bids received for work to replace the heat pump units exceeded budgeted amounts. Facilities Management staff reviewed the scope of work and made revisions to eliminate non-essential aspects of the project. Subsequent to these revisions, existing funding is still insufficient to deliver the reduced scope. Therefore, funds in the amount of \$0.130 million are required to award the contract and proceed with the revised scope of work.

To offset these funding needs, there are various projects where work is either progressing and is forecasted to be complete under budget, or where bids have recently been received that are less than planned amounts. See Schedule A for a detailed listing.

Budget Deferrals and Accelerations

The heating, ventilation and air-conditioning upgrades at Old City Hall 60 Queen Street has been progressing at a faster pace than anticipated when the 2014 cash flow plans were developed. As a result cash flows planned are currently not aligned with the latest contractor and consultant billing forecasts for 2014. Therefore, cash flows planned for 2015 in the amount of \$1.105 million are being requested to be accelerated to 2014 to ensure forecasted spending in 2014 does not exceed cash flows available. Overall, the project remains within the approved budgeted amounts.

For the Toronto Police Services building located at 40 College St. the replacement of fire pumps was originally planned to be completed over two years (2014 and 2015). Due to the relative simple nature of work, staff has completed the design and are able to tender in 2014. Thereby, the work can be accelerated ahead of schedule, which also better aligns with other projects ongoing in the facility. To achieve this, cash flows originally planned for 2015 in the amount of \$0.045 million need to be accelerated to 2014 to ensure expenditures are aligned with the accelerated construction schedule.

For the City Clerk's Office located at 89 Northline Road, the Client has requested that asphalt paving work be advanced. Facilities Management staff have reviewed this request and determined this is feasible and therefore 2015 cash flows of \$0.050 million must be accelerated to complete the work in 2014. This will ensure 2014 cash flows are aligned with the progress on the project and ensure client needs are met.

To offset these accelerations there are various projects where work has been delayed and adjustments to cash flows are needed to better align budget with forecasted spending in 2014.

Cash flows in these projects can be deferred to 2015 to offset the acceleration of funds for projects that are proceeding ahead of schedule, or where cash flows adjustments are needed to ensure 2014 plan amounts are sufficient to match spending. See schedule B for a detailed listing.

Council approval is being requested to amend the FM&RE's 2014 Capital Budget and 2015-2023 Capital Plan, as outlined in the attached Schedules "A" and "B" to better align cash flows with project and program requirements, in accordance with Section 71-9 B to E of the Financial Control By-Law.

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SIGNATURE

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ATTACHMENTS

Schedule A– Budget Adjustments
Schedule B – Deferrals / Accelerations