

Facilities 2017 Capital Budget and 2018 – 2026 Capital Plan Adjustments and Accelerations / Deferrals (Q2)

Date: April 26, 2017
To: Budget Committee & Executive Committee
From: Chief Corporate Officer
Wards: 27, 28, 29 & 34

SUMMARY

The purpose of this report is to amend the Facilities, Real Estate, Environment & Energy (FREEE) 2017 Council Approved Capital Budget and 2018-2026 Capital Plan. The amendments will have zero gross and net debt impact and will better align 2017 and future cash flows with FREEE program requirements.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the reallocation of funds in FREEE's 2017 Council Approved Capital Budget in the amount of \$1.262 million, as illustrated in Schedule A (attached), with zero gross and debt impact.
2. City Council authorize the deferral and acceleration of funds in FREEE's 2017 Council Approved Capital Budget and 2018- 2026 Capital Plan in the amount of \$1.480 million, as illustrated in Schedule B (attached), with zero gross and net debt impact.

FINANCIAL IMPACT

The approval of this report will authorize the reallocation of 2017 Council Approved cash flows in the amount of \$1.262 million as detailed in Schedule A for State of Good Repair (SOGR) projects; and the deferral and acceleration of funds in Facilities, Real Estate, Environment & Energy (FREEE's) 2017 Council Approved Capital Budget and 2018 - 2026 Capital Plan in the amount of \$1.480 million, as detailed in Schedule B attached. These amendments will have a zero gross and net debt impact.

There are no additional costs to the City as a result of approval of this report. The recommended adjustments will align the 2017 Council Approved Capital Budget with FREEE's capital program requirements for 2017 and beyond.

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

DECISION HISTORY

City Council, at its meeting on February 15 & 16, 2017, approved the Facilities, Real Estate, and Environment & Energy 2017 Capital Budget and 2018 – 2026 Capital Plan, which included 2017 cash flows of \$184.134 million and 2016 preliminary carry-forward funding of \$105.221 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

ISSUE BACKGROUND

The amendments will ensure proper funding is in place to tender and award contracts, as well as complete projects in a timely manner, 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 and ensure cash flows reflect actual project spending and project schedules for 2017 and future years.

COMMENTS

2017 Budget Adjustments:

Funding in the 2017 Council Approved Capital Budget is being redirected to address costs for additional work on the fire alarm system upgrade at Toronto Police Headquarters. The increase in project cost was due to unforeseen site coordination challenges leading to access restrictions for the contractors, resulting in a rework of the project schedule and the extension of the construction period. The expenditures for additional work were reviewed by the project consultant, as well as City staff and found to be fair and reasonable. In addition, funding is being redirected for emergency capital repairs based on historical trends, allowing the program to address future critical repairs, unforeseeable incidents, and unplanned projects in a timely manner. Funding is also being redirected to the 1652 Keele Alliance Welcoming Initiative, an existing project within the Toronto Strong Neighbourhood Strategy projects, to facilitate the requested building renovations and support additional landscaping that will better meet local needs.

Approval is requested to reallocate project funding within the 2017 Council Approved Capital Budget for FREEE to ensure projects can be completed as planned and as per revised requirements for the same project scope and deliverables.

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

Budget Deferrals and Accelerations:

Several projects either proceeding ahead of schedule, or where forecasted spending in 2017 is expected to exceed planned amounts, require an acceleration of cash flows from 2018. In each of these cases, the overall project costs remain within approved budgeted amounts. To offset this acceleration, there are various projects where work has been delayed to 2018 and adjustments to cash flows are needed to better align budget with forecasted spending in 2017. Cash flows in these projects can be deferred to 2018 to offset the acceleration of funds for projects that are proceeding ahead of schedule, or where cash flows adjustments are needed to ensure 2017 plan amounts are sufficient to match spending. See schedule "B" for a detailed listing.

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SIGNATURE

Josie Scioli
Chief Corporate Officer

ATTACHMENTS

Schedule "A" - 2017 Budget Adjustments
Schedule "B" - Deferrals/Accelerations