

Facilities 2018 Capital Budget and 2019 – 2027 Capital Plan Adjustments and Accelerations / Deferrals (Q1)

Date: April 20, 2018

To: Executive Committee

From: General Manager, Facilities Management

Wards: All

SUMMARY

The purpose of this report is to amend the Facilities, Real Estate, Environment & Energy (FREEE) 2018 Council Approved Capital Budget and 2019-2027 Capital Plan. The amendments will have zero gross and net debt impact and will better align 2018 and future cash flows with FREEE program requirements.

RECOMMENDATIONS

The General Manager, Facilities Management recommends that:

1. City Council authorize the reallocation of funds in Facilities, Real Estate, Environment & Energy's 2018 Council Approved Capital Budget in the amount of \$1.675 million, as illustrated in Schedule A (attached), with zero gross and net debt impact.
2. City Council authorize the deferral and acceleration of funds in Facilities, Real Estate, Environment & Energy's 2018 Council Approved Capital Budget and 2019-2027 Capital Plan in the amount of \$1.8 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 2018 Council Approved cash flows for Facilities, Real Estate, Environment & Energy (FREEE) in the amount of \$1.675 million, as detailed in Schedule A, for State of Good Repair (SOGR) projects; and the deferral and acceleration of funds in FREEE's 2018 Council Approved Capital Budget and 2019 – 2027 Capital Plan in the amount of \$1.8 million, as detailed in Schedule B. These amendments will have a zero gross and net debt impact.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2018 Council Approved Capital Budget with FREEE's capital program requirements for 2018 and beyond.

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

DECISION HISTORY

City Council, at its meeting on February 12, 2018, approved the Facilities, Real Estate, and Environment & Energy (FREEE) 2018 Capital Budget and 2019 – 2027 Capital Plan, which included 2018 cash flows of \$173.692 million and 2017 preliminary carry-forward funding of \$105.221 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

COMMENTS

Facilities Management is requesting the reallocation of capital funds in 2018. 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 certain 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 ensure that they reflect actual project spending and project schedules for 2018 and future years. Affected projects include building improvements at 1530 Markham Road, exterior tower improvements at 20 Balmoral Ave (Fire Hall 311), paving and slab work at 3 Dohme Avenue, and chilled water system and elevator modernization work at 703 Don Mills Road.

Funding in the 2018 Council Approved Capital Budget is being redirected to fund a new Office Modernization Program project for Municipal Licensing & Standards at 1530 Markham Road. This project is being undertaken to ensure the most efficient and effective use of space at the site and provide occupants with a new workspace environment that will improve communication, collaboration and innovation, while also leveraging technology to improve productivity and employee satisfaction. Facilities Management will concurrently complete required but unrelated mechanical and electrical upgrades at the site, thereby minimizing the overall impact to occupants.

Funding in the 2018 Council Approved Capital Budget is also being redirected to the 20 Balmoral Ave (Fire Hall 311) - Exterior Tower Improvements project. Construction work at this site will address exterior hose tower masonry, brick and wood window repairs, as well as restoration of metal banding. The additional funding is requested because bid prices for this work came in higher than budgeted. Accordingly, additional funding is required to allow construction to proceed in 2018.

To offset this funding requirements, funds can be transferred from the paving and slab repair project at 3 Dohme Avenue, which has been deferred while the client develops an overall restoration and office modernization plan for the site. Furthermore, additional surplus funds are available from other projects that were tendered below approved budgets. See Schedule "A" for additional information.

Budget Deferrals and Accelerations

FM has undertaken a project to replace a generator and implement structural improvements at 150 Borough Drive. Given that design work and the tender were completed ahead of schedule, an acceleration of cash flow from 2019 is required in order to proceed with construction work at this site in 2018.

To offset the acceleration referenced above, funds in capital projects at 703 Don Mills Road to replace a chilled water system and modernize elevators will be deferred to 2019. This deferral will ensure that the delivery of an on-going and extremely critical mechanical and electrical upgrade project at 703 Don Mills Road will not be impacted in 2018.

Overall, the project costs remains within approved budgeted amounts. See Schedule "B" for additional information.

CONTACT

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SIGNATURE

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General Manager, Facilities Management

ATTACHMENTS

Schedule "A" - 2018 Budget Adjustments
Schedule "B" - 2018 Deferrals/Accelerations