



REPORT FOR ACTION

Facilities 2018 Capital Budget and 2019 – 2027 Capital Plan Adjustments and Accelerations / Deferrals (Q2)

Date: May 10, 2018
To: Budget 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 \$2.35 million, as illustrated in Schedule A (attached), with zero gross and net debt impact.
2. City Council amend the 2018 – 2027 Council Approved Capital Budget and Plan for Facilities, Real Estate, Environment & Energy (FREEE) to add a new capital project called " Various Locations - Fire Services Security Upgrades" with total project cost and cash flow in 2018 of \$0.750 million for Fire Services security upgrades fully offset by a decrease in total project cost and cash flow for "Structural/Building Envelope" (CCA218-06) in 2018 of \$0.750 million as illustrated in Schedule A (attached), with zero gross and net debt impact.
3. 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 \$2.00 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 \$2.35 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 \$2.00 million, as detailed in Schedule B. These amendments will have a zero gross and net debt impact.

The re-allocation of funds of \$2.350 million will also result in an amendment to the 2018 - 2027 Council Approved Capital Budget and Plan for Facilities, Real Estate, Environment & Energy (FREEE) to include a new capital project called "Various Locations - Fire Services Security Upgrades", with total project cost and cash flow of \$0.750 million in 2018 fully offset by a decrease in total project cost and cash flow for Structural/Building Envelope (CCA218-06) in 2018 by \$0.750 million as illustrated in Schedule A (attached), with 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 Interim 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 \$220.912 million and 2017 preliminary carry-forward funding of \$131.070 million.

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

Subsequent to this, Council has approved an additional adjustment of -\$8.988 million to the preliminary carry forward funding for FREEE revising the total final carry forward funding to \$122.082 million for 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.14>

COMMENTS

Facilities Management is requesting the reallocation of capital funds in 2018 in order to create a new project and to address urgent state of good repair capital repairs at various City facilities. 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.

Funding in the 2018 Council Approved Capital Budget is being redirected to implement security access control and video surveillance system enhancements at 28 Toronto Fire Services facilities. This project is being undertaken to allow for improved security and safety across all Fire Halls. The project was an unfunded project included in FREEE's 2018 to 2027 Capital Budget and Plan. When the budget was approved no funding was allocated to this project. However it was noted that due to the urgent and critical nature of this need, work would commence on these security upgrades and that an in-year budget adjustment would be made in 2018 once available funding was identified. Funding in the amount of \$0.75 million will allow work to commence in 2018 on 28 Fire Halls, with funding for the remaining locations to be requested and considered through the 2019 budget process.

As well, funding is being redirected to fund urgent small capital state of good repair work, primarily at but not limited to Civic Centres, including boiler replacements, pavement repairs and escalator repairs. These repairs will ensure the health and safety of the users and maximize the efficiency and effectiveness of service delivery at the affected facilities.

To offset these funding requirements, surplus funding can be transferred from the City Hall Window Replacement project, as the tender for construction has been awarded below the approved budget. As well, the award for design of 1050 Ellesmere Building Enhancements was below budget, freeing up surplus funds that can be made available for other projects. See Schedule A for additional information.

Budget Deferrals and Accelerations

Given that the design and tender have been completed ahead of schedule, construction funding for window and roof replacements at North York Civic Centre (Replacement Window Glazing System, Roof Membrane at 5100 Yonge Street) needs to be accelerated to ensure cash flows match the accelerated project schedule. In addition, CreateTO is progressing ahead of schedule on the design elements and current stage of the new Etobicoke Civic Centre and is planning to complete design work in 2018. Therefore, an acceleration of cash flow from 2019 is required to ensure cash flows match the accelerated project schedule. Furthermore, various state of good repair work required at Union Station will be accelerated to mitigate health and safety risks and to align with projects being carried out by other stakeholders in the facility. This is work that had been planned to be carried out after the revitalization project was complete, and is now being accelerated, requiring an acceleration of funding. Lastly, design work on various AODA projects is progressing faster than anticipated and will be completed ahead of schedule; accordingly, acceleration of funding is required for construction. Overall, the projects will remain within the approved budget.

To offset the accelerations referenced above, construction funds at 1050 Ellesmere Building Enhancements will be deferred to 2019 to reflect the delay in the design process. 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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ATTACHMENTS

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