



## REPORT FOR ACTION

### **Project Cost Adjustments and Deferrals / Accelerations to the Parks, Forestry and Recreation 2018 Capital Budget and 2019-2027 Capital Plan (Second Quarter)**

**Date:** May 18, 2018

**To:** Budget Committee

**From:** General Manager, Parks, Forestry and Recreation

**Wards:** All

#### **SUMMARY**

---

The purpose of this report is to request authority from City Council to amend the 2018 Council Approved Capital Budget and 2019-2027 Capital Plan for Parks, Forestry and Recreation (PF&R) by adjusting project costs and cash flows contained within the Budget and Plan. These adjustments will align cash flows for capital project delivery schedules and program requirements and as a result, will have no impact to the timing of debt requirements. Reallocations to cash flows and project costs are also requested where recent project bids exceed the current approved cash flow or alternatively to advance projects into 2018 that are ready to proceed. The project scope for four projects is also being requested to be changed to incorporate new or additional locations for work to proceed.

In addition, authority from City Council is required to negotiate and execute an Agreement with 11 Peel Avenue Inc. operating as Streetcar Developments, for the City to provide funding in the amount of \$1.130 million for the increased costs associated with the Pessoa Park capital project, to be delivered by 11 Peel Avenue Inc. on city-owned lands.

#### **RECOMMENDATIONS**

---

The General Manager, Parks, Forestry and Recreation recommends that:

1. City Council authorize the reallocation of funds and revision to project costs within the Parks, Forestry and Recreation 2018 Council Approved Capital Budget and future year commitments in the amount of \$5.110 million, as included in Appendix 1 to this report, with no debt impact.

2. City Council authorize the deferral of \$17.156 million and acceleration of \$30.253 million for projects in Parks, Forestry and Recreation's 2018 Council Approved Capital Budget and future year commitments, as included in Appendix 2 to this report, with a 2018 gross increase and 2019 gross decrease of \$13.097 million with no debt impact.
3. City Council authorize amendments to project costs and cash flows within the Parks, Forestry and Recreation approved 2018 Capital Budget and future year commitments in the amount of \$5.527 million, as included in Appendix 3 to this report, with no debt impact.
4. City Council authorize an amendment to the Parks, Forestry and Recreation approved 2018 Capital Budget to change the project scope for the following projects:
  - i. Change the location of the Garland Park New Playground sub-project in the Playgrounds/Waterplays project to the Village Green Park Playground.
  - ii. Change the Carlaw-Dundas Parkette sub-project in the Park Development project, to Carlaw-Dundas and Ward 30 Park Improvements.
  - iii. Change the Allan Gardens Artist Gardens Design S42 sub-project in the Park Development project to Allan Gardens Improvements Design S42.
  - iv. Change the Allan Gardens Artist Gardens Construction sub-project in the Park Development project to Allan Gardens Improvements Construction.
5. City Council approve an amendment to the Parks, Forestry and Recreation approved 2018 Capital Budget for the Pessoa Park Development sub-project in the Park Development project, by increasing the project cost by \$0.800 million from \$0.330 million to \$1.130 million with the \$0.800 million cash flowed in 2019 and funding from the Parkland Acquisition South District Local Land Reserve Fund (XR2208).
6. City Council authorize the General Manager, Parks, Forestry and Recreation to negotiate and execute an Agreement with 11 Peel Avenue Inc. operating as Streetcar Developments, for the City to provide funding in the amount of \$1.130 million for the increased costs associated with the environmental cleanup of the Pessoa Park lands owned by the City, for a term of one (1) year commencing on or about October 1, 2018 with the City having the option to extend the agreement on a month-to-month basis at the sole discretion of the General Manager, Parks, Forestry and Recreation for up to one additional year, all in a form satisfactory to the City Solicitor. All work at Pessoa Park shall comply with City of Toronto policies for Capital Projects.
7. Subject to entering into an agreement with 11 Peel Avenue Inc., City Council authorize the General Manager, Parks, Forestry and Recreation to transfer up to \$1.130 million from Parks, Forestry and Recreation's approved 2018 Capital Budget from the Pessoa Park Development sub-project in the Park Development project to 11 Peel Avenue Inc. operating as Streetcar Developments to fund the increased costs associated with the Pessoa Park capital project.

8. City Council authorize the appropriate Financial Services staff to stop the consumer price indexing as of September 5, 2017 on the Developer's financial contributions required under the Section 37 Agreement between the City of Toronto and 11 Peel Avenue Inc. operating as Streetcar Developments.

## **FINANCIAL IMPACT**

---

Approval of the recommendations of this report will amend the approved 2018 Capital Budget and 2019-2027 Capital Plan for Parks, Forestry and Recreation. The total change includes an overall increase of \$13.866 million in 2018 and an overall reduction of 2019 cash flow by \$7.539 million with no impact on debt requirements.

The 2018 Council Approved Capital Budget and future year commitments will be revised by reallocating \$5.110 million in cash flow and project costs in 2018; deferring \$17.156 million from 2018 to 2019 and accelerating \$30.253 million from 2019 to 2018, for a total gross increase to 2018 and decrease to 2019 of \$13.097 million; and increasing project costs by \$5.527 million, with 2018 cash flow increasing by \$0.769 million and 2019 cash flow increasing by \$4.758 million.

Authority to negotiate and execute an agreement with 11 Peel Avenue Inc. operating as Streetcar Developments, will enable the City to provide additional funding in the amount of \$1.130 million for the increased costs associated with the environmental cleanup of the Pessoa Park lands owned by the City. This increased cost will be funded by following sources: \$0.330 million from the South District Parkland Development Reserve Fund (XR2209) and \$0.800 million from the Parkland Acquisition South District Local Land Reserve Fund (XR2208).

Any additional maintenance costs resulting from the additional scope of work will be submitted for consideration through the 2019 Operating Budget process.

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

## **DECISION HISTORY**

---

At its meeting of February 12, 2018, City Council adopted the 2018 Capital Budget and future year commitments for Parks, Forestry and Recreation through item EX31.2 (20 a & b).

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

City Council, at its meeting of January 31 and February 1, 2018 adopted MM36.13, "Refresh: A Vision Document for Allan Gardens" and directed the General Manager, Parks, Forestry and Recreation to report on possible governance, programming, place-making projects and funding models to help realize this vision.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM36.13>

## COMMENTS

---

Authority is requested to amend Parks, Forestry and Recreation's Council Approved 2018-2027 Capital Budget and Plan to better align project costs and cash flows to reflect the schedules for project delivery and requirements for programming, as well as to allow contracts that exceed the current approved cash flows to be awarded. These amendments will help to improve PF&R's spending rate by ensuring funds are allocated to projects that are proceeding in 2018.

### **Reallocation of Funds and Revision to Project Costs (Appendix 1)**

The Council Approved 2018 PF&R Capital Budget includes \$21.667 million in cash flow in 2018 for ten sub-projects as noted in Appendix 1. This report is requesting authority to reallocate \$5.110 million from six projects to four projects in 2018 as follows:

- Reserve funds in the amount of \$0.083 million will be reallocated from the Westlake Park Playground CIP150 #2 sub-project to the Play Equipment Program FY2018 sub-project, both in the Playgrounds/Waterplays project. The Westlake Park Playground was completed in 2017 through the Play Equipment Program; the remaining funds will be returned to the FY2018 Play Equipment Program sub-project for other playground improvements.
- A total of \$5.027 million in Capital from Current (CFC) funding from five Capital Asset Management Program (CAMP) State of Good Repair (SOGR) sub-projects will be reallocated to three CAMP SOGR sub-projects that require funds in order to award recent project bids that exceed the current approved cash flow and for projects that are progressing in 2018.

### **Deferrals and Accelerations (Appendix 2)**

The 2018 PF&R Capital Budget includes \$163.889 million in cash flow from 2018 to 2019 for fifty-five sub-projects as noted in Appendix 2. This report is requesting authority to defer \$17.156 million in cash flow from 2018 to 2019 for forty sub-projects; and accelerate cash flow of \$30.253 million from 2019 to 2018 for 15 sub-projects in order to align cash flows to the construction expectations and to award contracts where tender prices were higher than budgeted. The gross increase to 2018 and decrease to 2019 is \$13.097 million.

There will be no impact on debt requirements or Capital from Current funding as the \$3.673 million in cash flow approved in 2018 for the Ferry Boat Replacement #1, IT-Enterprise Work Management System FY2018-2020, and IT-Registration, Permitting & Licensing (CLASS) sub-projects will be deferred to 2019, and the same amount brought forward for the Parks Plan FY2018 and CAMP (SGR) Arenas FY2018-2020 sub-projects, in order to award contracts that exceed available cash flow and for work to proceed in 2018.

The deferral of cash flow reflects the readiness of projects to proceed in 2018 as some projects have experienced delays as a result of community consultation, site conditions,

coordination with other projects on site or with other Divisions' work, unfavourable weather, processes for approvals, and the protracted process for acquisition and remediation of various sites.

### **Adjustments to Project Costs and Cash Flows (Appendix 3)**

There are twelve (12) sub-projects in the 2018 Council Approved PF&R Capital Budget with a combined project cost of \$10.985 million and cash flow of \$6.999 million in 2018 and \$2.708 million in 2019, as included in Appendix 3. This report is requesting authority to increase project costs for the 12 sub-projects by \$5.527 million to \$16.512 million, and the related 2018 cash flow by \$0.769 million to \$7.768 million, and 2019 cash flow by \$4.758 million to \$7.466 million. Additional funds are required to award contracts where bids received are above the available cash flow and to fund the expanded scope of work to meet community expectations.

### **Change of Scope**

The scope of work for four projects included in the 2018 Capital Budget for PF&R is requested to be changed to incorporate new or additional locations for work to proceed.

The Garland Park New Playground sub-project, in the Playground/Waterplay project, was adopted by City Council through the 2018 Capital Budget process, with a project cost of \$0.150 million. Due to community expectations, the site of the new playground in Ward 1 is requested to be changed from Garland Park to Village Green Park.

City Council approved a project cost of \$0.500 million and 2018 cash flow of \$0.320 million for the Carlaw-Dundas Parkette, in the Park Development project. As a result of community consultation, the project scope has expanded to include improvements to Carlaw Avenue and Badgerow Avenue and Jimmie Simpson Park. This report requests authority to change the project name and scope of work for the Carlaw-Dundas Parkette sub-project to the Carlaw-Dundas and Ward 30 Park Improvements sub-project.

There are two Allan Gardens Artist Gardens sub-projects, in the Special Facilities project, included in the 2018 Capital Budget and Future Year Commitments. One sub-project is for design with cash flow of \$0.048 million and the other sub-project is for construction with cash flow of \$0.270 million, both cash flowed in 2018. The master plan that was completed in 2006 for Allan Gardens is currently being revisited and as such, this report seeks authority for the design and construction funds to be utilized throughout Allan Gardens, and not just at the Artist Gardens. The project name should be updated from Allan Gardens Artist Gardens Design S42 to Allan Gardens Improvements Design S42; and from the Allan Gardens Artist Gardens Construction sub-project to Allan Gardens Improvements Construction.

### **Agreement with 11 Peel Avenue Inc. for Pessoa Park**

As a condition of the Section 37 Agreement for 11, 17-21 Peel Avenue, the owner "11 Peel Avenue Inc." operating as Streetcar Developments, is to build a new park known as Pessoa Park, on the City-owned lands located at 405 Dufferin Street, that have been

transferred to PF&R from Transportation Services through a jurisdictional transfer. The proposed park is to include the following new park amenities: a central green (lawn) with a series of plazas and a water feature, stairs and plantings to accommodate the varying grade changes, and a pedestrian connection to the West Toronto Railpath via a new staircase.

Under the Section 37 Agreement, the Developer's contribution is to develop the park for \$2.100 million plus indexing, as well as the environmental cleanup of the former transportation lands. In addition, the Section 42 Cash-in-lieu of parkland dedication payment from this development in the amount of \$0.330 million is also to be directed to the construction of the park. The City is responsible for any costs above the Developer's contribution to the park build out and environmental cleanup.

Tender bids received by Streetcar Developments exceed the proposed budget for the build out of the park, specifically the costs for the environmental cleanup of the site. Extensive value engineering was done by the landscape architectural consultant following the drawing's initial tender for pricing in early 2017. In the fall of 2017, Streetcar Developments successfully negotiated with the low-bid contractor to further reduce their bid. Additional funds in the amount of \$0.800 million from PF&R are required to proceed with the environmental work at the site.

The 2018 Council Approved Capital Budget for PF&R includes the \$0.330 million Section 42 Cash-in-lieu of parkland dedication payment for the development of the proposed park at 405 Dufferin Street, under the Pessoa Park Development sub-project in the Park Development project, with the project cost and cash flow in 2018. This report requests authority to amend the project cost of the Pessoa Park Development sub-project by \$0.800 million from \$0.330 million to \$1.130 million and 2019 cash flow by \$0.800 million with funding from the Parkland Acquisition South District Local Land Reserve Fund (XR2208).

Authority from City Council is also requested for Parks, Forestry and Recreation to enter into an agreement with 11 Peel Avenue Inc. operating as Streetcar Developments, to provide funding in the amount of up to \$1.130 million for the increased costs associated with the environmental cleanup of the Pessoa Park lands owned by the City, for a term of one (1) year commencing on or about October 1, 2018. This agreement will allow the City the option to extend the agreement on a month-to-month basis at the sole discretion of the General Manager, Parks, Forestry and Recreation for up to one additional year.

In addition, this report requests authority for the appropriate Financial Services staff to stop the consumer price indexing as of September 5, 2017 on the Developer's financial contributions of \$2,100,000 to \$2,282,549.02, as required under the Section 37 Agreement between the City of Toronto and 11 Peel Avenue Inc. operating as Streetcar Developments.

## **CONTACT**

---

Daniel Mclaughlin, Acting Director, Parks Development and Capital Projects, Tel: 416 395-7908, Email: [Daniel.Mclaughlin@toronto.ca](mailto:Daniel.Mclaughlin@toronto.ca)

## **SIGNATURE**

---

Janie Romoff  
General Manager, Parks, Forestry and Recreation

## **ATTACHMENTS**

---

Appendix 1 - Reallocation of Funds and Revision to Project Costs (\$000s)  
Appendix 2 - Deferrals/Accelerations (\$000s)  
Appendix 3 - Adjustments to Project Costs and Cash Flows (\$000s)