

## **Project Cost Adjustments and Deferrals / Accelerations to the Parks, Forestry and Recreation's 2020 Capital Budget and 2021-2029 Capital Plan**

**Date:** October 29, 2020

**To:** Budget Committee

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

**Wards:** All

### **SUMMARY**

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This report requests authority from City Council to amend the Parks, Forestry and Recreation's (PFR) 2020 Council Approved Capital Budget and 2021-2029 Capital Plan by adjusting project costs and future year cash flow commitments contained within the 10-Year Capital Plan. These adjustments will align cash flows with capital project delivery schedules, multi-year contracts, and program requirements. Amendments to cash flows and project costs are also requested to reflect the expanded scope of work resulting from the design process; to achieve net zero for a new building as directed through Council; to initiate design work; for projects that are experiencing unforeseen site conditions; or alternatively to advance projects into 2020 that are ready to proceed.

The recommended in-year adjustments, as presented in this report, will have no incremental debt impact on the PFR's 2020-2029 Council Approved Capital Budget and Plan.

### **RECOMMENDATIONS**

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

1. City Council authorize the reallocation of cash flows in the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan, for the deferral and acceleration of cash flow in the amount of \$4.571 million, as included in Appendix 1.
2. City Council authorize amendments to increase project costs and cash flows within the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and future year commitments in the amount of \$1.619 million, as included in Appendix 2, with no debt impact.

3. City Council authorize amendments to create five (5) new sub-projects with a total project cost of \$1.633 million and cash flow commitments of \$0.113 million in 2020, \$0.820 million in 2021 and \$0.700 million in 2022, within the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan, as included in Appendix 3, with no debt impact.

4. City Council approve an increase in project cost to Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan for the North East Scarborough New Community Centre sub-project, as part of the Community Centre project, in the amount of \$20.200 million, from \$37.000 million to \$57.200 million, with future year cash flow commitments of \$13.400 million in 2023 and \$6.800 million in 2024, with \$18.800 million funded by Development Charges (XR2114), \$0.700 million from the City-Wide Parkland Development Cash-in-lieu Reserve Fund (XR2211), and \$0.700 million from the East District Parkland Development Cash-in-lieu Reserve Fund (XR2205), to meet the increased scope and implementation of Net Zero for City buildings.

## **FINANCIAL IMPACT**

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Approval of the recommendations of this report will amend the 2020-2029 Council Approved Capital Budget and Plan for Parks, Forestry and Recreation. The total change includes an overall net increase in project costs of \$23.452 million with associated cash flow funding of \$0.306 million in 2020, \$2.246 million in 2021, \$0.700 million in 2022, \$13.400 million in 2023, and \$6.800 million in 2024, with no incremental debt impact.

The 2020 Council Approved Capital Budget and future year cash flow commitments will be revised by deferring and accelerating a total of \$4.571 million in cash flow over 2020 to 2021 as detailed in Appendix 1. A number of multi-year projects are projected to proceed ahead of the forecast. The accelerated spending of cash flow for these projects is off-set by delays within other projects where works are delayed due to phasing of work, the protracted process for acquiring land, and coordination with other projects as outlined in Appendix 1. These adjustments do not change the total project costs, the scope of the projects, or approved debt requirements over the 10-year period.

The approval of Appendix 2 and 3 to this report will authorize in-year budget adjustments to the 2020-2029 Council Approved Capital Budget and Plan that results in a net increase in project costs of \$3.252 million and cash flow commitments of \$0.306 million in 2020 and \$2.246 million in 2021, and \$0.700 million in 2022, fully funded by Development Charges, Section 37 and 42 Planning Act revenues, and a contribution from the University of Toronto for a joint project. These adjustments are required to initiate design work; to address the expanded scope of work resulting from the design process; and for unforeseen site conditions for various neighbourhood improvement projects.

In addition, Recommendation 4 requests authority from City Council to approve an increase in project cost to the 2020 Council Approved Capital Budget and 2021-2029 Capital Plan for the North East Scarborough New Community Centre sub-project, in the amount of \$20.200 million, from \$37.000 million to \$57.200 million, with future year cash

flow commitments of \$13.400 million in 2023 and \$6.800 million in 2024. The increase is required to meet the increased scope as a result of the design strategy and implementation of Net Zero for City buildings and is fully funded by Development Charges and Parkland Development Cash-in-lieu Reserve Funds.

Any operating impacts resulting from these capital projects upon completion will be submitted in future Operating Budget Submissions for consideration.

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

## **DECISION HISTORY**

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City Council, at its meeting of February 19, 2020, approved the 2020 Parks, Forestry and Recreation Capital Budget and future year commitments through item EX13.2 (No. 197). <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>

At its meeting on July 28 and 29, 2020, City Council approved adjustments to the 2020-2029 Capital Budget and Plan through EX15.13. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX15.13>

## **COMMENTS**

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Authority is requested to amend Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan to better align projects costs and cash flows to reflect the schedules for project delivery and requirements for programming, as well as to address additional costs for existing projects due to unforeseen site conditions. These amendments will help to improve PFR's spending rate by ensuring funds are allocated to projects that are proceeding in 2020.

### **Deferrals and Accelerations (Appendix 1)**

The 2020-2029 Council Approved Capital Budget and Plan for PFR includes \$95.484 million in cash flow from 2020 to 2021 for fourteen (14) sub-projects as noted in Appendix 1. This report is requesting authority to defer \$4.571 million in cash flow from 2020 to 2021 for four (4) sub-projects; and accelerate cash flow of \$4.571 million from 2021 to 2020 for ten (10) sub-projects, for a net zero debt impact. Acceleration of cash flow is required in order to align cash flows for projects that are proceeding in 2020.

The deferral of cash flow reflects the readiness of projects to proceed in 2020 as some projects have experienced delays as a result of coordination with other projects or partnerships, phasing of work, and the protracted process for the acquisition of land. The overall project costs as approved by City Council will remain unchanged.

## **Adjustments to Project Costs and Cash Flows (Appendix 2)**

There are six (6) sub-projects in the 2020 PFR Capital Budget with a combined project cost of \$20.647 million and cash flow of \$7.716 million in 2020 and \$1.950 million in 2021, as included in Appendix 2. This report is requesting authority to increase project costs for the six (6) sub-projects by \$1.619 million to \$22.262 million. The related 2020 cash flow will be increased by \$0.192 million to \$7.909 million, and 2021 cash flow will be increased by \$1.426 million to \$3.376 million.

Additional funds are required to proceed with the procurement of park improvement projects; for purchase order amendments to address unforeseen site conditions; to receive funds from the University of Toronto for a joint project; and for a technical adjustment to cash flow to offset the negative 2020 plan due to a carry forward adjustment.

## **Creation of New Capital Sub-Projects (Appendix 3)**

This report is requesting authority to amend the 2020 Council Approved Capital Budget and 2021-2029 Capital Plan to create five (5) new sub-projects with a total project cost of \$1.633 million and cash flow commitments of \$0.113 million in 2020, \$0.820 million in 2021 and \$0.700 million in 2022, as included in Appendix 3. There is no impact on debt as the projects are fully funded by various sources, including \$0.303 million in Section 37, \$0.380 million in Section 42 Above 5% Cash-in-lieu, and \$0.950 million in Development Charges. Approval of the project costs and cash flow commitments will allow basketball court improvements to be completed in 2020 and design work to proceed at the end of 2020 and into early 2021 for four projects. Operating impacts, if required, will be submitted through the budget process for consideration.

## **North East Scarborough Community Centre (Recommendation 4)**

The design and construction of a new community centre with an indoor pool located in Joyce Trimmer Park in North East Scarborough was approved by Council through the 2015, 2018 and 2020 PFR Capital Budgets, at a cost of \$40.000 million. An additional \$3.900 million has been approved in the Children's Services Capital Budget for a Child Care component to be combined with the Community Centre facility.

Through the design process, the estimated cost of the multi-facility has increased by \$22.100 million from \$43.900 million to \$66.000 million, with \$20.200 million associated with the Community Centre and a park rebuild as well as \$1.900 million related to the Child Care. The increased construction cost was a result of the design strategy which focused on maintaining a functional park for the community, achieving the program required for the community centre and creating a visible and accessible presence for the future community centre along Sheppard Avenue East. In order to reach the objective, the community centre was designed as a multi-level building which stacked the programming of gym and fitness area above the pool and change rooms, and the community program rooms above the gymnasium. This design solution added vertical circulation to the building. In order to reduce the mass of the building on the site, the pool was sunk by one level which required deeper excavation resulting in a more complex structural, mechanical and electrical systems that would normally be required

in a traditional two-storey community centre. The revised program also displaced the existing splash pad, playground and soccer fields which now had to be incorporated into the project. The building was positioned to have a greater view along Sheppard Avenue which was achieved through the transfer of a parcel of land adjacent to the EMS station. This parcel of land has now been developed into an entry plaza and skateboard pad which were also not part of the original scope.

In November 2019, City Council approved implementation of Net Zero in order to meet its objective of making all City buildings Net Zero energy and Carbon Neutral by 2050. Implementation of Net Zero for the North East Scarborough Community Centre and Child Care is currently estimated at \$6.836 million net HST recoveries. This will increase the overall project budget to \$66.000 million net of HST recoveries. This community centre will be the first Net Zero facility constructed for PFR.

This report seeks authority to increase PFR's Council-Approved 2020-2029 Capital Budget and Plan for the North East Scarborough CC Construction sub-project, in the Community Centre project, by \$20.200 million, increasing the total project cost from \$37.000 million to \$57.200 million, with \$13.400 million in 2023 and \$6.800 million in 2024, with \$18.800 million funded by Development Charges (XR2114), \$0.700 million from the City-Wide Parkland Development Cash-in-lieu Reserve Fund (XR2211) and \$0.700 million from the East District Parkland Development Cash-in-lieu Reserve Fund (XR2205), to meet the increased scope and implementation of net zero. Additional funding for the Child Care portion in the amount of \$1.900 million will be submitted for consideration through the 2021 Budget process.

## **CONTACT**

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## **SIGNATURE**

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Janie Romoff  
General Manager, Parks, Forestry and Recreation

## **ATTACHMENTS**

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Appendix 1 - Deferrals/Accelerations (\$)  
Appendix 2 - Adjustments to Project Costs and Cash Flows (\$)  
Appendix 3 - Creation of New Capital Sub-Projects (\$)