



STAFF REPORT ACTION REQUIRED

Facilities Management and Real Estate and Sustainable Energy Plan 2015 Capital Budget and 2016 – 2024 Capital Plan Adjustments and Accelerations / Deferrals (Q3)

Date:	September 18, 2015
To:	Budget Committee
From:	Chief Corporate Officer
Wards:	Various
Reference Number:	P:\2015\Internal Services\FAC\Bc15021fac – (AFS # 21822)

SUMMARY

This report requests authority to amend the Facilities Management and Real Estate (FM&RE) and the Sustainable Energy Plan (SEP) 2015 Approved Capital Budget and 2016-2024 Capital Plan. The amendments will have a zero net impact corporately and will better align 2015 and future cash flows with program requirements.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the reallocation of funds in FM&RE's 2015 Approved Capital Budget in the amount of \$0.300 million, as illustrated in Schedule A (attached), with zero gross and net impact.
2. City Council authorize the deferral and acceleration of funds in FM&RE's approved 2015 Capital Budget and 2016 – 2024 Capital Plan in the amount of \$2.582 million, as illustrated in Schedule B (attached), with zero gross and net impact

- City Council authorize the reallocation of funds in the Sustainable Energy Plan 2015 Approved Capital Budget in the amount of \$1.222 million, as illustrated in Schedule C (attached), with zero gross and net impact.

Financial Impact

The approval of this report will authorize the reallocation of 2015 approved cash flows in the amount of \$0.300 million and \$1.222 million as detailed in Schedule A and Schedule C respectively; and the deferral and acceleration of funds in FM&RE's 2015 Capital Budget and 2016 – 2024 Capital Plan in the amount of \$2.582 million, as detailed in Schedule B attached. These amendments will have a zero gross and net impact.

There are no additional costs to the City as a result of approval of this report. The recommended adjustments will align the 2015 capital budget with program requirements for 2015 and beyond.

Schedule "A" - FM&RE 2015 Budget Adjustments					
	Total Project Cost	Current 2015 Plan	Reductions	Revised 2015 Plan	Revised Total Project Cost
Reductions	1,224,200	1,217,095	(300,000)	916,826	924,200
Additions	633,000	120,000	300,000	420,000	933,000
Total	1,857,200	1,336,826	-	1,336,826	1,857,200
Schedule "B" - FM&RE Deferrals / Accelerations					
	2015 Budget	2016 Plan	Accelerations from 2016 to 2015	2015 Budget	2016 Plan
Deferrals	8,744,350	1,230,000	(2,582,100)	6,162,250	3,812,100
Accelerations	2,864,103	3,401,000	2,582,100	5,446,203	818,900
Total	11,608,453	4,631,000	-	11,608,453	4,631,000
Schedule "C" - 2015 Budget Adjustments - Sustainable Energy Plan					
	Total Project Cost	Current 2015 Plan	Reductions	Revised 2015 Plan	Revised Total Project Cost
Reductions	2,927,000	2,927,000	(1,222,000)	1,705,000	1,705,000
Additions	1,000,000	1,000,000	1,222,000	2,222,000	2,222,000
Total	3,927,000	3,927,000	-	3,927,000	3,927,000

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 March 10, 2015, approved Facilities Management and Real Estate and the Sustainable Energy Plan 2015 Capital Budget and 2016 – 2024 Capital Plans.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>

Subsequently, City Council at its meeting on May 5, 2015 approved a report that contained adjustments to carry-forward amounts due to 2014 year-end results, resulting in a revised 2014 carry-forwards of \$148.000 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.16>

City Council, at its meeting on June 10 and 11 2015, approved report EX6.15 (2015 Capital Budget Adjustments for Sustainable Energy Plan), which included adjustments to

the 2015 approved capital budget and 2016 – 2024 capital plan for the Sustainable Energy Plan, resulting in zero net impact to the overall program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX6.15>

City Council, at its meeting on July 7, 2015, approved report EX7.28 (Facilities Management and Real Estate 2015 Capital Budget and 2016-2024 Capital Plan Adjustments and Accelerations / Deferrals (Q2), which included adjustments to the 2015 approved capital budget and 2016 – 2024 capital plan for Facilities Management and Real Estate, resulting in zero net impact to the overall program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.28>

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 revised scope, 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.

COMMENTS

2015 Budget Adjustments

A number of projects in FM&RE's 2015-2024 Approved Capital Plan have progressed through the design phase and are ready for contract awards and for construction to commence. For some projects, bids received exceeded available funding amounts. In addition, further investigation and refinement of scope have identified the need for additional funding to complete projects. Lastly, site conditions for projects in the construction phase have resulted in the need for additional funding. Therefore, approval is being requested to increase project funds with the 2015 Approved Capital Budget for FM&RE to provide for additional funding for these projects to ensure they can be completed as planned.

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 a detailed listing.

Through the Sustainable Energy Plan staff have identified initiatives being carried out by non-profit organizations that are eligible for funding through the Sustainable Energy Plan. Agreements have been reached with these organizations to provide funding which will be paid back to the City within the requirements set forth in the Sustainable Energy Plan recoverable debt guidelines. These initiatives were identified earlier in 2015, and therefore were not part of the original plan. Therefore, funding from other initiatives that have either been cancelled, or where bids received were less than budgeted amounts, can

re-directed to offset the loans to be issued to the non-profit organizations. See Schedule "C" for a detailed listing.

Budget Deferrals and Accelerations

A number of projects either proceeding ahead of schedule or where forecasted spending in 2015 is expected to exceed 2015 planned amounts require an acceleration of cash flow funding from 2016 Capital Plan estimates. In each of these cases the overall project costs remains within approved budgeted amounts. To offset this acceleration there are various projects where work has been delayed and adjustments to cash flows are needed to better align budget with forecasted spending in 2015. Cash flow funding in these projects can be deferred to 2016 to offset the acceleration of funds for projects that are proceeding ahead of schedule, or where cash flow adjustments are needed to ensure 2015 plan amounts are sufficient to match spending. See schedule "B" for a detailed listing.

Council approval is being requested to amend the 2015 Approved Capital Budget and 2016-2024 Capital Plan, as outlined in the attached Schedule "A", "B" and "C" to better align cash flows with project and program requirements, in accordance with Section 71-9 B to E of the Financial Control By-Law.

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SIGNATURE

Josie Scioli
Chief Corporate Officer

ATTACHMENTS

Schedule A – FM&RE 2015 Budget Adjustments
Schedule B – FM&RE Deferrals / Accelerations
Schedule C – 2015 Budget Adjustments – Sustainable Energy Plan