



**STAFF REPORT
ACTION REQUIRED**

**Facilities, Real Estate, Environment and Energy
2016 Capital Budget and 2016 – 2025 Capital Plan
Adjustments and Accelerations / Deferrals (Q2)**

Date:	April 7, 2016
To:	Budget Committee
From:	Chief Corporate Officer
Wards:	Various
Reference Number:	P:\2016\Internal Services\FAC\Bc16015fac (AFS 22875)

SUMMARY

This report requests authority to amend the Facilities, Real Estate, Environment and Energy (FREEE) 2016 Approved Capital Budget and 2017-2025 Capital Plan. The amendments will have zero gross and net debt impact corporately and will better align 2016 and future cash flows with FREEE capital program requirements.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the reallocation of funds in FREEE's 2016 Approved Capital Budget in the amount of \$0.918 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 FREEE's approved 2016 Capital Budget and 2017- 2025 Capital Plan in the amount of \$1.127 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 2016 approved cash flows in the amount of \$0.918 million, as detailed in Schedule A, for State of Good Repair (SOGR) projects; and the deferral and acceleration of funds in FREEE's 2016 Capital Budget and 2017 – 2025 Capital Plan in the amount of \$1.127 million, as detailed in Schedule B. These amendments will have a zero gross and net debt impact.

Schedule "A" - 2016 Budget Adjustments

Sub-Project (WBS No.)	Current Total Project Budget	Current 2016 Cashflow	Funds to Reallocate:	Revised 2016 Cashflow	Revised Total Project Budget
Sub-Total - Impact on Projects with surplus	4,426,732	2,643,551	(918,107)	1,725,444	3,508,625
Sub-Total - Impacts on Projects requiring additional funding	4,795,000	482,389	918,107	1,400,496	5,713,107
Total Impacts	9,221,732	3,125,940	-	3,125,940	9,221,732

Schedule "B" - Deferrals / Accelerations

	2016 Budget	2017 Plan	2016 Deferrals / Accelerations	Revised 2016 Budget	Revised 2017 Plan
Deferrals	3,147,338	2,464,000	(1,127,000)	2,020,338	3,591,000
Accelerations	2,256,893	3,027,000	1,127,000	3,383,893	1,900,000
Total - Deferrals / Accelerations	5,404,231	5,491,000	-	5,404,231	5,491,000

There are no additional costs to the City as a result of approval of this report. The recommended adjustments will align the 2016 Capital Budget with Facilities Management's capital program requirements for 2016 and beyond.

The Deputy City Manager & Chief Financial Officer have reviewed this report and agree with the financial impact information.

DECISION HISTORY

City Council, at its meeting on February 17, 2016, approved the Facilities, Real Estate, and Environment & Energy 2016 Capital Budget and 2017 – 2025 Capital Plan, which included 2016 cash flows of \$153.522 million and 2015 preliminary carry-forward funding of \$131.922 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

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 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 for 2016 and future years.

COMMENTS

2016 Budget Adjustments

A number of State of Good Repair (SOGR) projects in FREEE's 2016 Capital Budget and 2017-2025 Capital Plan have progressed through the design phase and are ready for contract awards and for construction to commence. Bids received for the installation of acoustic fencing on the generator replacement project at 255 Spadina were higher than the allocated budget for this work. Moreover, additional funding is required for Building Condition Assessments on the building portfolio to ensure the City has a proper view of

the current state of good repair requirements. Therefore, approval is being requested to reallocate project funding within the 2016 FREEE Approved Capital Budget to ensure projects can be completed as planned and as per revised requirements and within existing project scope.

To offset these funding needs, there are various projects where work is either progressing and is forecasted to be under budget, where bids have recently been received that are less than planned amounts, or where certain SOGR works have been cancelled or deferred indefinitely due to the change of project requirements . See Schedule "A" for detailed listing.

Budget Deferrals and Accelerations

A number of projects either proceeding ahead of schedule or where forecasted spending in 2016 is expected to exceed 2016 planned amounts require an acceleration of cash flows from 2017. 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 to 2017 and adjustments to cash flows are needed to better align budget with forecasted spending in 2016. Cash flows in these projects can be deferred to 2017 to offset the acceleration of funds for projects that are proceeding ahead of schedule, or where cash flows adjustments are needed to ensure 2016 plan amounts are sufficient to match spending. See schedule "B" for a detailed listing.

CONTACT

Sunil Sharma, General Manager, Facilities Management, Phone: 416-397-5270,
E-mail: Ssharma5@toronto.ca

SIGNATURE

Josie Scioli
Chief Corporate Officer

ATTACHMENTS

Schedule A – 2016 Budget Adjustments
Schedule B – Deferrals / Accelerations