



STAFF REPORT ACTION REQUIRED

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

Date:	August 30, 2016
To:	Budget Committee Executive Committee
From:	Chief Corporate Officer
Wards:	Various
Reference Number:	P:\2016\Internal Services\FAC\Bc16021fac (AFS 23306)

SUMMARY

This report requests authority to amend the Facilities, Real Estate, Environment & Energy (FREEE) 2016 Approved Capital Budget and 2017-2025 Capital Plan. The amendments will have zero gross and debt impact corporately and will better align 2016 and future cash flows with FREEE 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 \$1.451 million, as illustrated in Schedule A (attached), with zero gross and net debt impact.
2. City Council authorize the reduction of FREEE's 2016 Approved Capital Budget in the amount of \$0.483 million and a corresponding increase to Toronto Police Services' (TPS) 2016 Approved Capital Budget, as illustrated in Schedule B (attached), with zero gross and net debt impact.
3. City Council authorize the deferral and acceleration of funds in FREEE's 2016 Approved Capital Budget and 2017-2025 Capital Plan in the amount of \$0.950 million, as illustrated in Schedule C (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 \$1.451 million, as detailed in Schedule A, for State of Good Repair (SOGR) projects.

In addition, it will allow for the reduction of FREEE's 2016 Capital Budget in the amount of \$0.483 million with a corresponding increase to Toronto Police Services' 2016 Capital Budget, as detailed in Schedule B. This reallocation of budget is to accommodate costs in TPS capital projects related to chiller, boiler and cooling tower upgrades as well as unforeseen site conditions relating to fire alarm installation and renovations.

The approval of this report will also authorize the deferral and acceleration of funds in FREEE's 2016 Capital Budget and 2017 – 2025 Capital Plan in the amount of \$0.950 million, as detailed in Schedule C. Contractor issues and scheduling delays in Demand Response work has resulted in the deferral of \$0.950 million in funding from 2016 to 2017, which is offset by a corresponding acceleration of funding from 2017 to 2016 for Community Based Green Energy Projects due to project scope changes.

These amendments to FREEE's 2016 Capital Budget and 2017-2025 Capital Plan will have a zero gross and net debt impact. 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 FREEE's capital program requirements for 2016 and beyond.

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 Jun 7, 2016, approved report EX15.17 (Facilities, Real Estate, Environment and Energy 2016 Capital Budget and 2016-2025 Capital Plan Adjustments and Accelerations / Deferrals (Q2)), which included adjustments to the 2016 approved capital budget and 2017 – 2025 capital plan for FREEE, resulting in zero net impact to the overall program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX15.17>

Subsequently, City Council at its meeting on Jun 7, 2016 approved a report that contained adjustment to carry forward approved earlier, resulting in revised 2015 carry forward of \$144.80 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX15.19>

City Council at its meeting on May 3, 2016 approved a report that contained adjustments to carry-forward amounts due to 2015 year-end results, resulting in a revised 2015 carry-forwards of \$146.26 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX14.12>

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 revised requirements for the same project 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 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. For some projects, bids received exceeded available funding amounts.

Included in the requested reallocation of the 2016 Approved Capital Budget for FREEE is funding to be redirected to Toronto Police Services capital budget relating to projects at 255 Dundas Street W, Division 52 (provide chiller, boiler and upgrade to the existing cooling system) and 40 College St. (Fire Alarm, 4th Floor). This request will allow costs related to unforeseen site conditions and for better coordination among projects. Toronto Police Services (TPS) is in agreement with the change to the 2016 approved cash flows and will submit a revised 2016 Capital Budget increase to the Police Services Board for approval as part of the third quarter Capital Variance Report.

Therefore, approval is being requested to reallocate project funding within the 2016 Approved Capital Budget for FREEE to ensure projects can be completed as planned and as per revised requirements for the same project scope and deliverables.

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" and "B" for detailed listing.

Budget Deferrals and Accelerations

A project has been identified as ahead of schedule and forecasted spending in 2016 is expected to exceed the 2016 plan. An acceleration of cash flows from 2017 is required. The overall project cost remains within approved budgeted amount. To offset this acceleration, projects originally planned in 2016 are delayed until 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 "C" for a detailed listing.

CONTACT

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SIGNATURE

Josie Scioli
Chief Corporate Officer

ATTACHMENTS

Schedule A – 2016 Budget Adjustments

Schedule B – 2016 Budget Reallocation to Toronto Police Services

Schedule C – Deferrals / Accelerations