



REPORT FOR ACTION

Facilities 2019 Capital Budget and 2020 – 2028 Capital Plan Adjustments and Accelerations / Deferrals (Second Quarter)

Date: May 7, 2019

To: Budget Committee and Executive Committee

From: Interim General Manager, Facilities Management

Wards: All

SUMMARY

The purpose of this report is to amend the Facilities, Real Estate, Environment & Energy (FREEE) 2019 Council Approved Capital Budget and 2020-2028 Capital Plan. The amendments will have zero gross and net debt impact and will better align 2019 and future cash flows with FREEE program requirements.

RECOMMENDATIONS

The Interim General Manager, Facilities Management recommends that:

1. City Council authorize the deferral and acceleration of funds in Facilities, Real Estate, Environment & Energy's 2019 Council Approved Capital Budget and 2020- 2028 Capital Plan in the amount of \$1.699 million, as detailed in Attachment 1 "Schedule A - 2019 Second Quarter Capital Budget Deferrals/Acceleration", with zero gross and net debt impact.

FINANCIAL IMPACT

The approval of this report will authorize the deferral and acceleration of funds in FREEE's 2019 Council Approved Capital Budget and 2020 – 2028 Capital Plan in the amount of \$1.699 million, as detailed in Attachment 1 "Schedule A - 2019 Second Quarter Capital Budget Deferrals/Acceleration". These amendments will have a zero gross and net debt impact.

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2019 Council Approved Capital Budget with FREEE's capital program requirements for 2019 and beyond.

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

DECISION HISTORY

City Council, at its meeting on March 7, 2019, approved the Facilities, Real Estate, and Environment & Energy (FREEE) 2019 Capital Budget and 2020 – 2028 Capital Plan, which included 2019 cash flows of \$160.313 million and 2018 preliminary carry-forward funding of \$110.700 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

COMMENTS

Capital Budget Acceleration

The first phase of Facilities Management's Electrical Resiliency Program includes upgrades to electrical infrastructure (e.g. switch gears, switchboards, and hydro vaults) at City Hall (100 Queen Street West) and replacement of the emergency generator at Scarborough Civic Centre (150 Borough Drive). Once complete, this work will provide for increased stability of main electrical and emergency power systems at City Hall and Scarborough Civic Centre, respectively. Work on these projects is ahead of schedule; accordingly, an acceleration of cash flow (approximately \$1.7 million) from 2020 is required in order to proceed with the construction work in 2019.

Capital Budget Deferrals

To offset the acceleration referenced above, funding (\$1.0 million) allocated for the second phase of the Electrical Resiliency Program (including the installation of three new stand-by generators and automatic transfer switches at City Hall), under the capital project "Various State of Good Repair Work on Mechanical & Electrical 2019" can be deferred until 2020. This work has been deferred to the fourth quarter of 2019 in order to 1) rectify site conditions and 2) mitigate disruption of City Hall operations and events. This deferral will not impact the initiation of this critical standby generator electrical upgrade project in 2019.

An additional offset to the requested acceleration will come from the deferral of funding (\$0.699 million) allocated to the installation of standby generators at 43 Toronto Fire Services fire halls. Work at four (4) of the sites was delayed as budget approvals were needed to proceed with the tender process and obtain the required permits. Cash flow is being deferred to realign with the project schedule as construction funds will not be fully spent in 2019 and can be deferred to 2020.

Overall, the project costs remain within approved budgeted amounts. See Attachment 1 for additional information.

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SIGNATURE

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ATTACHMENTS

Attachment 1: "Schedule A - 2019 Second Quarter Capital Budget Deferrals/Accelerations"