

2020 Budget Notes

Corporate Real Estate Management

While we aim to provide fully accessible content, there is no text alternative available for some of the content within these pages. If you require alternate formats or need assistance understanding our charts, graphs, or any other content, please contact us at 416-392-8393 or marie.barcellos@toronto.ca.

What we do

We work across the City with clients and stakeholders to deliver a comprehensive range of facility management, real estate and energy management services in an efficient and effective manner that maximizes the City's property assets and delivers service excellence. Corporate Real Estate Management (CREM) delivers the following services:

- Facilities Management – Life cycle asset management, custodial, energy management, project management and security services
- Real Estate – Portfolio and property management, leasing administration, acquisitions and disposals, and appraisal services

CREM has lead responsibility for life cycle asset management and improvements at 478 City-owned facilities with an approximate replacement value of \$5.0 billion, covering more than 12.1 million square feet. Approximately 20% of the City-wide portfolio of facilities are under direct capital management of CREM with project management support services being provided across the City portfolio.

Why we do it

We work collaboratively and responsibly with our clients to advance City-wide priorities by maintaining, protecting and maximizing the City's property assets in an innovative and fiscally sustainable manner.

Who we serve

Facilities Management Services

- Residential / Commercial tenants
- Staff – City Divisions
- Staff – Agencies and Boards
- Community Groups

Beneficiaries

- Residents
- Provincial & Federal Agencies
- Visitors/Tourists

Real Estate Services

- Residential / Commercial tenants
- Staff – City Divisions
- Staff – Agencies and Boards
- Community Groups

Beneficiaries

- Residents
 - Provincial & Federal Agencies
 - Visitors/Tourists
-

Budget at a glance

STAFF RECOMMENDED OPERATING BUDGET

\$Million	2020	2021	2022
Revenues	\$89.6	\$89.7	\$89.7
Gross Expenditures	\$193.6	\$197.5	\$199.9
Net Expenditures	\$104.0	\$107.8	\$110.2
Approved Positions	1,031.4	1,031.4	1,031.4

STAFF RECOMMENDED 10-YEAR CAPITAL PLAN

\$Million	2020	2021-2029	Total
Gross Expenditures	\$306.2	\$1,019.7	\$1,325.9
Debt	\$99.4	\$893.8	\$993.2

Note: Includes 2019 carry forward funding

Key service outcomes

Outcomes	Description
Provide compliant, safe, clean, and well maintained facilities across the City	Meet legislative and regulatory compliance at City facilities, while also performing life cycle asset management to move from a reactive to preventative maintenance model. In addition, complete facilities maintenance requests in a timely manner while ensuring City buildings remain clean and in compliance with standards and service levels. Lastly, ensure the safety and security of building users and reduce the number of non-routine security occurrences.
Maximize the value of City real estate assets	In collaboration with CreateTO, use City real estate effectively to deliver on City priorities. Maximize the value from the utilization and management of City properties and acquire and dispose of properties in line with appraised value.
Contribute to Greenhouse Gas (GHG) reductions	Design and construct energy retrofits in City buildings to reduce utility demand and monitor and report on energy consumption by building, while supporting TransformTO goals and objectives.

Goals and metrics

Planned Activities to Achieve Outcomes		2018 Actual	2019 Proj. Actual	2020 Target	Status
	Building operations & maintenance cost per rentable square foot	\$14.96	\$15.00	\$15.00	●
	Lease revenue maximization (in millions)	\$49.17	\$51.61	\$52.64	●
	Normalized energy consumption (eKWH) per sq. ft. for corporate buildings per year	30.1	29.3	29	●

Our experience and success

- In collaboration with CreateTO, achieved Council approval of the *ModernTO - City-wide Real Estate Strategy and Office Portfolio Optimization* and *ModernTO – Enabling a Flexible and Mobile Workplace Strategy* which sets the strategic framework to best utilize the City's real estate assets and support City priorities.
- Generated over \$51 million in annual leasing revenue across the City's rental portfolio
- Completed over 65,000 work orders at buildings across the City to ensure these facilities remain operational, safe and secure for City staff and the public
- Addressed critical State of Good Repair (SOGR) needs across a portfolio of 478 City-owned properties by completing over \$55 million in capital work
- Continued progress on major strategic capital projects with over 70,000 sq. ft. of retail space turned over to the head lessee (34,000 open to the public) and commenced construction on the St. Lawrence Market North Redevelopment
- Developed strategic plan and secured design consultant to comply with Provincial legislation for the Accessibility for Ontarians with Disabilities Act (AODA) at City facilities by the end of 2024

Key challenges and risks

- **Planning for Growth** - Organizational readiness to provide scalable, integrated and centralized facilities and real estate services across the City, as mandated by City Council
- **Aging Assets** - Aging facilities requiring an innovative and strategic approach to managing the City's building portfolio
- **Tools & Technology** - Implementing and adopting tools and practices to enable data-driven decision making to maximize benefits and value from the real estate portfolio
- **Financial Sustainability** - Financing and executing major revitalization initiatives including Union Station, St. Lawrence Market North, Old City Hall, new Etobicoke Civic Centre, George Street Revitalization and energy initiatives to meet TransformTO goals and objectives

Priority actions

- **SOGR** - Implementation of a Life Cycle Asset Management program, including an energy management plan, to more efficiently and effectively maintain the City's aging building portfolio
- **Compliance** - Implementation of centralized City-wide compliance program for fire and life safety to improve compliance to over 90% in 2020
- **Financial Sustainability** - Portfolio optimization plan through the implementation of the ModernTO portfolio strategy
- **Modernizing service delivery** - Standardize front line service delivery and align to industry best practices to achieve operational excellence
- **Planning for growth** - Centralize stewardship and planning of the City's real estate assets, as well as process centralization and standardization City-wide
- **Customer Service Experience** - Maximize self-serve and provide consistent customer service experiences to residents benefitting from an understanding of people and businesses' journeys and clear design and experience standards

Our key service levels



80% of preventative maintenance work orders completed within 90 days



Compliance with disposing of properties at **100%** or better of appraised value



% of Completed construction projects which meet total cost, schedule, and quality defined within their project charters

Key service deliverables

- Centralized stewardship and planning of the City's real estate assets, delivered across Divisions, Agencies & Corporations
- Meeting legislative and AODA requirements and ensuring a safe and secure environment
- Building resiliency to reduce vulnerability of facilities to unexpected extreme events, and to allow for City spaces to be utilized as gathering points during extreme events
- Standardization and consistent front line service delivery to achieve operational excellence

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2020 Staff Recommended Operating Budget for Corporate Real Estate Management of \$193.6 million gross, \$104.0 million net for the following services:

Service:	Gross (\$000s)	Revenue (\$000s)	Net (\$000s)
Facilities Management	164,953.8	26,806.9	138,146.9
Real Estate Services	28,673.4	62,809.5	(34,136.1)
Total Program budget	193,627.2	89,616.4	104,010.7

2. City Council approve the 2020 staff complement for Corporate Real Estate Management of 1,031.4 positions, comprising 98.0 capital positions and 933.4 operating positions.
3. City Council approve 2020 Staff Recommended Capital Budget for Corporate Real Estate Management with cash flows and future year commitments totaling \$760.772 million as detailed by project in Appendix 5a.
4. City Council approve the 2021-2029 Staff Recommended Capital Plan for Corporate Real Estate Management totalling \$565.139 million in project estimates as detailed by project in Appendix 5b.
5. City Council direct that all sub-projects with third party financing be approved conditionally, subject to the receipt of such financing in 2020 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

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2020 STAFF RECOMMENDED OPERATING BUDGET

2020 OPERATING BUDGET OVERVIEW

Table 1: 2020 Staff Recommended Operating Budget by Service

(\$000s)	2018 Actual	2019 Projected Actual*	2020 Base Budget	2020 New / Enhanced	2020 Staff Rec'd Budget	Change v. 2019 Projected Actual	
By Service	\$	\$	\$	\$	\$	\$	%
Revenues							
Facilities Management	25,724.3	24,615.4	26,010.1	796.8	26,806.9	2,191.5	8.9%
Real Estate Services	58,103.6	60,970.4	62,809.5	0.0	62,809.5	1,839.1	3.0%
Total Revenues	83,827.9	85,585.8	88,819.7	796.8	89,616.4	4,030.6	4.7%
Expenditures							
Facilities Management	152,969.7	155,908.9	161,287.2	3,666.5	164,953.8	9,044.9	5.8%
Real Estate Services	26,931.8	28,627.4	28,673.4	0.0	28,673.4	46.0	0.2%
Total Gross Expenditures	179,901.5	184,536.3	189,960.6	3,666.5	193,627.1	9,090.8	4.9%
Net Expenditures	96,073.6	98,950.5	101,141.0	2,869.8	104,010.7	5,060.2	5.1%
Approved Positions	961.8	994.9	992.4	39.0	1,031.4	36.5	3.7%

*2019 Projected Actual (based on Q3 2019) adjusted retroactively to remove interdepartmental charges and recoveries.

COSTS TO MAINTAIN EXISTING SERVICES

Total 2020 Base Budget expenditures of \$190.0 million gross reflecting an increase of \$5.4 million in spending above 2019 projected year-end actuals (prior to enhancements), predominantly arising from:

- Increase in salary and benefits budget due to inflationary impacts and a lower vacancy rate to address strategic priorities within the division.
- Increase in utilities budget due to inflationary impacts, partially offset by decrease in consumption due to energy efficiency retrofit projects in City facilities.
- Increase in the budget for custodial, maintenance, and security external service providers due to inflationary and contractual increases.

COSTS TO ENHANCE SERVICES

New and Enhanced Service expenditures of \$3.7 million gross, enabling:

- Implementation of the Fire & Life Safety Program Office (\$3.7 million) including 39.0 new positions. Refer to Table 2c 2020 Key Drivers – New / Enhanced for more information. This will result in improving compliance with the Ontario Fire Code over 2019 and prior year levels significantly, to over 90% in 2020.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Corporate Real Estate Management's 2020 Operating Budget do not have any significant equity impacts.

2020 STAFF RECOMMENDED OPERATING BUDGET KEY DRIVERS

The 2020 Staff Recommended Operating Budget for Corporate Real Estate Management is \$190.0 million gross or 2.9% higher than the 2019 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget, while Table 2c summarizes New and Enhanced requests.

Table 2a: 2020 Key Drivers – Base Budget

Key Cost Drivers (\$000)	2018 Actual	2019 Proj. Actual	2020 Staff Rec'd Base Budget	Year over Year Changes	
				\$	%
Expenditures					
1 Salaries and Benefits	84,950.1	89,055.8	90,916.8	1,861.0	2.1%
2 Utilities	28,280.3	29,014.9	30,489.6	1,474.7	5.1%
3 Other Materials & Supplies	4,029.8	4,035.5	3,837.3	(198.1)	(4.9%)
4 Equipment	360.5	515.3	473.7	(41.7)	(8.1%)
5 Service and Rent	59,219.1	57,649.8	57,922.5	272.6	0.5%
6 Contribution To Capital	0.0	0.0	0.0	0.0	
7 Contribution To Reserves	1,933.7	3,195.5	3,528.3	332.8	10.4%
8 Other Expenditures	1,128.0	1,069.6	2,792.5	1,722.9	161.1%
Total Expenditures	179,901.5	184,536.4	189,960.6	5,424.3	2.9%
Revenues					
1 Provincial Subsidies	0.0	0.0	0.0	0.0	
2 Federal Subsidies	0.0	0.0	206.0	206.0	100.0%
3 Leasing Revenue & User Fees	51,158.2	54,652.3	56,997.5	2,345.2	4.3%
4 Transfers From Capital	10,688.4	11,170.0	12,590.3	1,420.3	12.7%
5 Other Revenues	21,981.3	19,763.6	19,026.0	(737.6)	(3.7%)
Total Revenues	83,827.9	85,585.9	88,819.7	3,233.8	3.8%
Net Expenditures	96,073.6	98,950.5	101,140.9	2,190.4	2.2%

*2018 Actual and 2019 Q3 Proj Actual adjusted retroactively to remove interdepartmental charges and recoveries

Salaries & Benefits – Inflationary increases on existing salaries and benefits and a lower vacancy rate as certain vacant positions will be repurposed and filled to address strategic priorities within the division.

Utilities - Inflationary increases, partially offset by decrease in consumption due to energy efficiency retrofit projects in City facilities.

Service and Rent – Inflationary and contractual increases on external contracts for custodial, maintenance, and security service providers.

Other Expenditures – Increases due to recoverable debt repayments for completed Solar Photovoltaic (PV) installations on City-owned buildings. These projects were funded through recoverable debt and will be repaid through revenues from Feed-In Tariff (FIT) contracts and lower utility costs.

Leasing Revenues & User Fees – Increases from one-time payments from the head lessee for turnover of completed base building retail space at Union Station.

Transfer from Capital – Increases in resources related to key capital projects such as the Office Portfolio Optimization program, Old City Hall Redevelopment and staff supporting major capital projects led by other City Divisions.

Other Revenue Changes – Reduction in the Union Station reserve draw due to an increase in revenue noted above under Leasing Revenues & User Fees.

Table 2b: Efficiencies / Savings

		(\$000s)									
Recommendation	Type	2020				2021			2022		
		Revenue	Gross	Net	Positions	Gross	Net	Positions	Gross	Net	Positions
Energy retrofits at City facilities	Efficiencies		(832.0)	(832.0)							
Budget Increase/(Decrease)		-	(832.0)	(832.0)	-	-	-	-	-	-	-

The Recommended 2020 Operating Budget includes \$0.832 million in gross expenditures reduction identified through internal budget review as follows:

Efficiencies:

- Realized savings represents current level of activities related to energy retrofits in City facilities. Currently developing an energy management plan that will expand on these initiatives.

Table 2c: 2020 Key Drivers – New / Enhanced

New / Enhanced (\$000)	2020				2021 Annualized Gross	Equity Impact
	Revenue	Gross	Net	Positions		
In \$ Thousands						
20397 - 2018AU13.11 - Fire Life Safety Program 1 Enhancements	796.8	3,666.5	2,869.8	39.00	5,576.7	Low
Total New / Enhanced	796.8	3,666.5	2,869.8	39.00	5,576.7	

Fire and Life Safety (FLS) Program Enhancements

- Supports the establishment of a centralized City-wide Fire and Life Safety Program Office focusing on 1) Fire and Life Safety operations; 2) quality assurance and contract management; and 3) training and development.
- To be executed through a hybrid model of 39.0 internal resources (carrying out monthly inspections, training, contract management, quality assurance) and third party contracted services to provide the systems and tools to manage the program and to carry-out annual inspections to ensure compliance.
- Total budget required for the Program Office in 2020 - \$9.3 million (\$3.4 million for 45.0 positions and \$5.9 million for software and contracted services).
- Incremental funding of \$3.7 million is required to fully fund the Program Office for 2020, of which \$0.9 million is funded from other divisions, as the accountabilities and responsibilities for FLS are centralized under this Program Office.

Note:

1. For additional information on 2020 key cost drivers refer to [Appendix 1](#) as well as [Appendix 2](#) for a more detailed listing and descriptions of the 2020 Staff Recommended Service Changes and [Appendix 3](#) for the 2020 Staff Recommended & Pending New and Enhanced Service Priorities, respectively.

2021 & 2022 OUTLOOKS**Table 3: 2021 and 2022 Outlooks**

(\$000s)	2019 Projected Actual*	2020 Staff Rec'd Budget	2021 Outlook	2022 Outlook
	\$	\$	\$	\$
Revenues	85,585.9	89,616.4	89,704.0	89,747.4
Gross Expenditures	184,536.3	193,627.1	197,511.5	199,957.3
Net Expenditures	98,950.5	104,010.7	107,807.5	110,209.9
Approved Positions	994.9	1,031.4	1,031.4	1,031.4

*2019 Q3 Projected Actual adjusted retroactively to remove interdepartmental charges and recoveries

Key 2021 drivers

Salaries and Benefits

- Increase year-over-year primarily driven by annualization of 2020 new positions related to new & enhanced budget requests.

Key 2022 drivers

Salaries and Benefits

- Increase year-over-year primarily driven by inflation factors on existing and new positions requested in 2020.
-

How well we are doing

Performance measures



Behind the numbers

- Leasing revenues expected to rise steadily due to opening of additional retail space at Union Station, increased rents at St. Lawrence Market and inflationary increases in the general leasing portfolio.
- The establishment and build out of property management functions will focus on keeping leases up-to-date and at market rates which will ensure the City receives optimal value from its lease portfolio.

Building Operations & Maintenance Cost per rentable sq.ft.



- Cost per rentable sq. ft. includes custodial, building maintenance & repairs, security, and utilities costs.
- Inflationary and contract increases expected to be offset by streamlined, standardized, and consistent service delivery.
- In the short term, moving from reactive to preventative maintenance could drive costs up with expected savings through improved asset management in the future years.

*Note – Figures in the "Building Operations & Maintenance Cost per rentable sq. ft." chart above relate to the City's main occupied buildings (Civic Centres, Office buildings, etc.) which represents approximately 30% of the portfolio under management, where full services are provided. Various services and service levels are provided at facilities across the remainder of the portfolio.

Normalized energy consumption (eKWH) per sq. ft. for corporate buildings per year

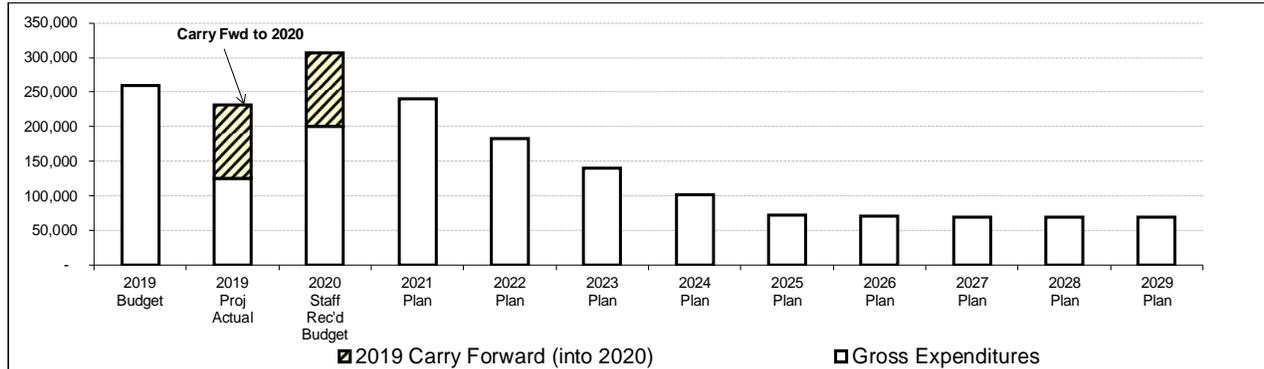


- This represents the energy consumed per sq. ft. at the City's main occupied buildings normalized for changes in weather.
- Historical and future year decreases in energy consumption are driven by implementation of conservation and energy retrofit projects identified in the 2019-2024 Energy Conservation and Demand Management Plan.
- The development and implementation of an energy management plan in 2020 will drive efficient energy usage and accurate administration of the City's utilities portfolio.

2020 – 2029 STAFF RECOMMENDED CAPITAL BUDGET AND PLAN

2020 – 2029 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview
(\$'000)



	2020 Staff Recommended Capital Budget and 2021 - 2029 Capital Plan									
	2019		2020	2021	2022	2023	2024	2020 - 2024	2025-2029	Total 10 Year Plan
	Budget	Projected Actual								
Gross Expenditures by Project Category:										
Health & Safety & Legislated	7,749	2,425	9,318	54,897	60,731	52,795	31,820	209,561	10,000	219,561
SOGR	98,751	58,913	59,250	65,348	63,604	57,955	56,264	302,421	304,678	607,099
Service Improvement & Growth	153,489	64,171	237,595	120,646	59,192	29,834	13,664	460,931	38,320	499,251
Total by Project Category	259,989	125,508	306,163	240,890	183,527	140,584	101,748	972,913	352,998	1,325,911
Financing:										
Debt	148,795	66,705	99,429	190,016	166,102	134,713	95,744	686,005	307,220	993,224
Reserves/Reserve Funds	36,443	26,026	18,453	12,125	10,139	2,500	2,500	45,717	23,399	69,116
Development Charges	-	-	-	-	-	-	-	-	-	-
Provincial	7,028	2,780	5,094	15	167	371	504	6,151	7,380	13,531
Federal	412	-	12	-	-	-	-	12	-	12
Debt Recoverable	50,059	23,735	148,791	35,724	7,119	3,000	3,000	197,634	15,000	212,634
Other Revenue	17,252	6,262	34,384	3,010	-	-	-	37,394	-	37,394
Total Financing	259,989	125,508	306,163	240,890	183,527	140,584	101,748	972,913	352,998	1,325,911

Changes to Existing Projects
(\$16.7M)

- \$17.5M increase for building enhancements at the 1050 Ellesmere Fleet garage, to ensure the facility meets current and future operational needs.
- \$9.0M decrease in SOGR projects due to changes in priorities and aligning capital program with capacity to spend
- \$5.3M for the Customer Experience Customer Relationship Management (CRM) Upgrade & Replacement to support improvements in overall customer service and experience City-wide

New Projects
(\$209.7M)

- \$166.1M to address compliance with legislated requirements under the AODA and Fire & Life Safety programs
- \$31.1M to address new SOGR requirements at City facilities, including feasibility studies
- \$4.4M for City-wide capital security enhancements to keep facilities safe and secure
- \$4.4M for the development of the Office Portfolio Optimization detailed implementation plan including project team, change management activities, conduct site due diligence and community consultation
- \$1.5M for capital delivery of the customer experience model including detailed implementation plan

Capital Needs Constraints
(\$1,763.3M)

- \$389.3M for construction of the New Etobicoke Civic Centre
 - \$243.6M for construction to support the Office Portfolio Optimization that will unlock value and deliver new efficiencies for municipal government
 - \$190.4M for Old City Hall Redevelopment construction to repurpose the building after the Provincial Courts departure
 - \$32.5M for revitalization of the Wellington Incinerator
 - \$12.6M for construction costs to repurpose 140 Merton
- Other:
- \$894.9M to address SOGR requirements identified from building condition audits at City facilities over the next 10 years

Note:

For additional information, refer to [Appendix 5](#) for a more detailed listing of the 2020 and 2021-2029 Capital Budget & Plan by project; [Appendix 6](#) for Reporting on Major Capital Projects – Status Update; and [Appendix 7](#) for Capital Needs Constraints, respectively.

2020 – 2029 CAPITAL BUDGET AND PLAN**\$1,325.9 Million 10-Year Gross Capital Program**

			
Aging Infrastructure	Strategic Capital Project Development	Tools & Technology	Building Resiliency
\$812 M 61%	\$400 M 30%	\$58 M 5%	\$57 M 4%
AODA Structural/Building Envelope Mechanical/Electrical Emergency Capital Repairs Renovations Sitework Union Station SOGR	Union Station St. Lawrence Market North New Etobicoke CC Old City Hall Office Portfolio Optimization Property Acquisition for Strategic City Building	Life Cycle Asset Mgmt Mgmt Reporting Initiative Customer Experience City-wide Physical Security Enhancements	Energy Conservation & Demand Management (GHG Reductions) Building Automation System Energy Audits Electrical Resiliency

How the Capital Program is Funded

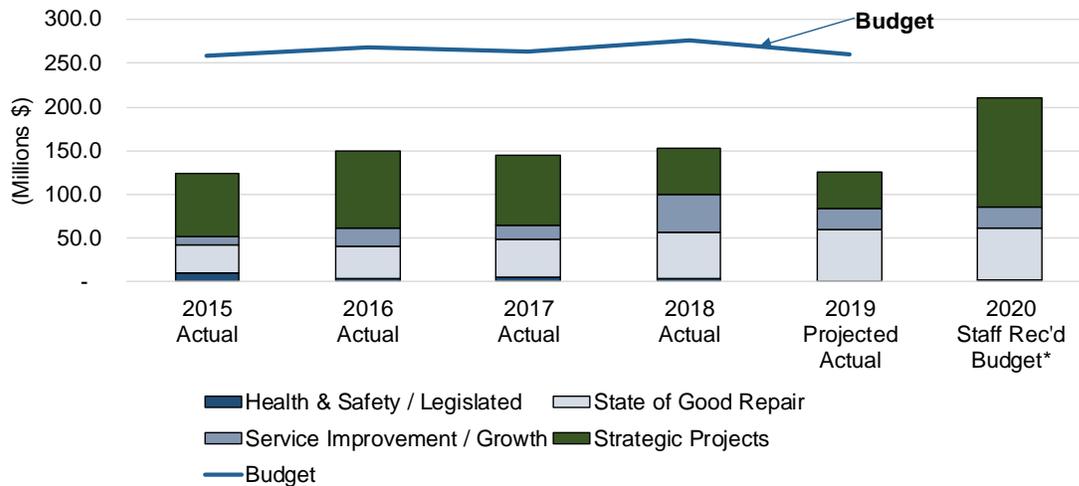
City of Toronto		Provincial Funding		Federal Funding
\$1,312 M		\$14 M		\$0 M
99%		1%		0%
Debt	\$ 993 M	Other	\$ 14 M	
Recoverable Debt	\$ 213 M			
Reserve Draws	\$ 69 M			
Other	\$ 37 M			

CAPACITY TO SPEND REVIEW

The Recommended 10-Year Capital Plan has been developed with consideration of historical demonstrated ability to spend within any given year of the ten year capital plan. A review was undertaken to ensure budgets align with the Corporate Real Estate Management’s ability to spend and the market’s capacity to deliver.

Key components in determining an appropriate level of annual cash flows include historical capacity to spend, reviews by project categories (Chart 2 below), as well as the level of projected 2019 underspending that will be carried forward into 2020 to complete capital work.

Chart 2 – Capacity to Spend



*Excludes \$95M strategic property acquisition for comparison purposes

Category (in \$ Million)	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Projected Actual	2020 Staff Rec'd Budget*
Health & Safety / Legislated	10.3	4.2	5.5	4.0	0.7	2.7
State of Good Repair	31.7	35.8	43.2	52.4	58.5	58.2
Service Improvement / Growth	9.7	21.4	16.6	43.4	24.8	24.5
Total excl. Strategic Projects	51.7	61.5	65.2	99.8	84.0	85.4
% Spent excl. Strategic Projects	55%	56%	60%	71%	58%	
Major Strategic Projects	71.7	88.0	79.0	53.5	41.5	220.8
Total	123.4	149.5	144.2	153.4	125.5	306.2
% Spent	48%	56%	55%	55%	48%	

Note: 2020 Budget includes expected carry forward from previous years. Major Strategic Projects includes: Union Station Revitalization, St. Lawrence Market North Redevelopment, Office Portfolio Optimization capital for swing space during city office renovations, New Etobicoke Civic Centre, and other smaller strategic projects.

Capacity to Spend Review Impact on the Recommended 10-Year Plan

Based on the review of historical capital spending constraints, \$24.1 million in capital spending originally cash flowed in 2020 has been deferred to 2021 or future years. Key adjustments to the Capital Plan are noted below:

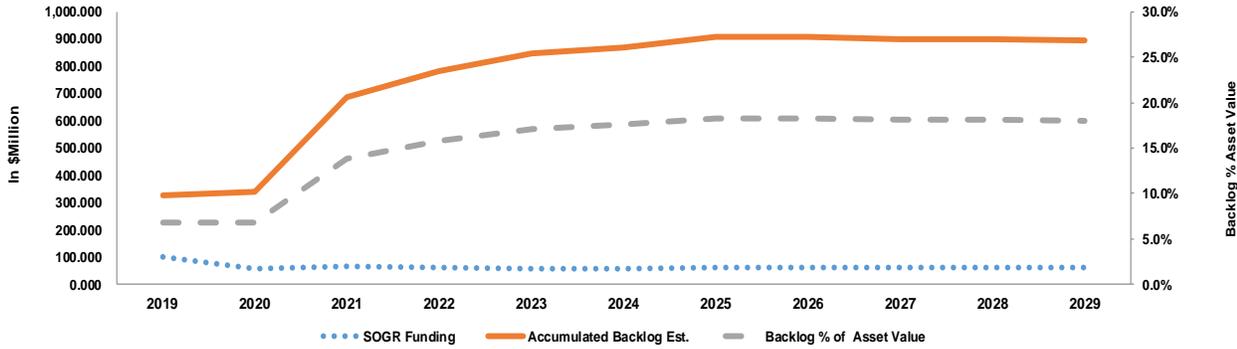
- Deferral of \$7.9 million in SOGR funding based on reprioritization of projects
- Deferral of \$6.1 million in property acquisitions to 2021 to align with anticipated transaction timelines
- Deferral of \$7.8 million in strategic projects for St. Lawrence Market South, Union Station, and North West Path Phase 2
- Deferral of \$2.3 million for environmental testing, remediation, and monitoring at 640 Lansdowne to align cash flows with annual requirements

Although the 2020 Budget request is significantly greater than the 2019 projected spending, it is mainly due to large strategic projects with dedicated project teams and contracts awarded for design and construction or property acquisitions that will close in 2020.

STATE OF GOOD REPAIR (SOGR) FUNDING & BACKLOG

Corporate Real Estate Management (CREM) is responsible for capital improvements and repairs at more than 478 facilities, covering over 12.0 million square feet with an approximate replacement value of \$4.96 billion including Union Station. The chart below depicts the SOGR funding and accumulated backlog estimates in Corporate Real Estate Management.

Chart 3: Total SOGR Funding & Backlog



\$ Million	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
SOGR Funding	98.751	59.250	65.348	63.604	57.955	56.264	60.854	61.642	60.740	60.703	60.739
Accumulated Backlog Est.	323.997	338.487	685.453	779.633	847.147	870.527	908.163	905.341	900.206	900.135	894.929
Backlog % of Asset Value	6.7%	6.8%	13.8%	15.7%	17.1%	17.6%	18.3%	18.3%	18.1%	18.1%	18.0%
Total Asset Value	4,807.733	4,960.190	4,960.190	4,960.190	4,960.190	4,960.190	4,960.190	4,960.190	4,960.190	4,960.190	4,960.190

- The Facilities Management building portfolio noted above is comprised of a number building types utilized by City Programs and Agencies for their service delivery, including among others:
 - Toronto Police Services – 40 buildings / 2.2 million square feet
 - Fire Services – 100 buildings / 0.9 million square feet
 - Emergency Medical Services – 35 buildings / 0.4 million square feet
 - Facilities Management – 233 buildings / 7.6 million square feet

- Based on the current funding levels, the backlog will increase from \$338.487 million or 6.8% of replacement asset value in 2020 to \$894.929 million or 18.0% of replacement asset value by the end of 2029 primarily due to:
 - A vast portfolio of aging City facilities and infrastructure that continues to service a growing city
 - Investments in SOGR at a rate of approximately 1 percent of the replacement value of the portfolio compared to the industry standard of 2 to 4 percent
 - Impact of capital recast to align cash flows for SOGR programs to better reflect CREM's readiness/capacity to deliver and current plans. \$81.185 million has been added to the backlog over the 10-year period from 2020 to 2029

OPERATING IMPACT OF COMPLETED CAPITAL PROJECTS

Approval of the 2020 Capital Budget will impact the 2020 Operating Budget by a total of \$0.189 million net for on-going maintenance of security equipment and software sustainment costs arising from the completion of City-wide physical security enhancements and Fire & Life Safety Audits, as shown in Table 4 below.

Table 4: Net Operating Impact Summary
(In \$000's)

Projects	2020 Budget		2021 Plan		2022 Plan		2023 Plan		2024 Plan		2020 - 2024		2020 - 2029	
	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions	\$000s	Positions
Previously Approved														
<i>Var Locs - Global Corp Security Program</i>	24.200	-	0.490	-	107.940	-	3.980	-	4.100	-	140.710	-	163.120	-
Sub-Total: Previously Approved	24.200	-	0.490	-	107.940	-	3.980	-	4.100	-	140.710	-	163.120	-
New Projects														
<i>Fire & Life Safety Audits 2020</i>	165.000	-	105.000	-	-	-	-	-	-	-	270.000	-	270.000	-
Sub-Total: New Projects - 2020	165.000	-	105.000	-	-	-	-	-	-	-	270.000	-	270.000	-
Total	189.200	-	105.490	-	107.940	-	3.980	-	4.100	-	410.710	-	433.120	-

Corporate Real Estate Management will require additional operating funding of \$0.433 million over the next 10 years for:

- Scheduled preventative maintenance requirements on newly installed security equipment across City facilities
- Software licensing costs required for the Fire & Life Safety program that will enhance the City's ability to schedule inspections, retain inspection reports, complete deficiency repair, and retain all required documentation for all City-owned buildings

APPENDICES

Appendix 1

2020 Staff Recommended Operating Budget by Expenditure Category

Category (\$000s)	2017	2018	2019	2019 Projected Actual**	2020	2020 Change from 2019 Projected Actual	
	Actual*	Actual*	Budget*		Total Staff Recommended Budget	\$	%
	\$	\$	\$	\$	\$	\$	%
Federal Subsidies			206.0		206.0	206.0	
User Fees & Donations	45,817.0	47,099.7	48,630.7	48,994.2	56,997.6	8,003.4	16.3%
Transfers From Capital	9,424.3	10,688.4	12,567.8	11,170.0	12,590.3	1,420.3	12.7%
Contribution From Reserves/Reserve Funds	2,316.5	3,618.9	2,890.3	1,002.0	703.5	(298.5)	(29.8%)
Sundry and Other Revenues	11,559.5	10,670.5	13,369.4	13,411.7	7,556.8	(5,854.9)	(43.7%)
Inter-Divisional Recoveries	8,697.1	11,750.4	10,659.1	11,008.0	11,562.3	554.3	5.0%
Total Revenues	77,814.4	83,827.9	88,323.2	85,585.9	89,616.4	4,030.6	4.7%
Salaries and Benefits	85,912.7	84,950.1	95,775.6	89,055.8	93,679.8	4,624.0	5.2%
Materials & Supplies	34,643.1	32,310.1	34,956.6	33,050.3	34,491.9	1,441.6	4.4%
Equipment	518.4	360.5	549.6	515.3	473.7	(41.6)	(8.1%)
Service and Rent	56,240.8	59,219.1	53,090.0	57,649.8	58,661.0	1,011.2	1.8%
Contribution To Capital	2,083.5	1,933.7	3,248.0	3,195.5	3,528.3	332.8	10.4%
Contribution To Reserves/Reserve Funds	1,151.0	1,012.7	2,662.3	943.6	2,662.3	1,718.7	182.1%
Other Expenditures	15.8	15.1	10.6	11.0	10.0	(1.0)	(8.8%)
Inter-Divisional Charges	106.2	100.3	94.7	115.0	120.2	5.2	4.6%
Total Gross Expenditures	180,671.6	179,901.5	190,387.4	184,536.3	193,627.2	9,090.8	4.9%
Net Expenditures	102,857.1	96,073.6	102,064.2	98,950.5	104,010.7	5,060.3	5.1%
Approved Positions	950.7	961.8	994.9	994.9	1,031.4	36.5	3.7%

* Actuals and 2019 Budget adjusted retroactively to remove interdepartmental charges and recoveries

** Year-End Projection Based on Q3 2019 Variance Report

Appendix 2

Summary of 2020 Service Changes

2020 Operating Budget - Staff Recommended Service Changes Summary by Service (\$000's)

Form ID		Corporate Services Program - Corporate Real Estate Management	Adjustments				2021 Plan Net Change	2022 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		
2020 Staff Recommended Base Budget Before Service Changes:			190,793.2	88,819.7	101,973.6	992.40	1,886.6	2,260.7
20574		Utilities consumption reduction						
51	No Impact	Description:						
<p>This represents realized savings in utilities due to lower energy consumption from energy retrofits in City facilities. Corporate Real Estate Management is currently developing an energy management plan that will expand on these initiatives.</p> <p>Service Level Impact: There are no service level impacts.</p> <p>Equity Statement: The proposal is unlikely to have an equity impact.</p> <p>Service: Facilities Management</p>								
Total Staff Recommended Changes:			(832.6)	0.0	(832.6)	0.00	0.0	0.0
Staff Recommended Service Changes:			(832.6)	0.0	(832.6)	0.00	0.0	0.0
<hr/>								
Summary:								
Staff Recommended Service Changes:			(832.6)	0.0	(832.6)	0.00	0.0	0.0
<hr/>								
Staff Recommended Base Budget:			189,960.6	88,819.7	101,141.0	992.40	1,886.6	2,260.7

Appendix 3

Summary of 2020 New / Enhanced Service Priorities Included in Budget

2020 Operating Budget - Staff Recommended New and Enhanced Services Summary by Service (\$000's)

Form ID		Corporate Services Program - Corporate Real Estate Management	Adjustments				2021 Plan Net Change	2022 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		
20397		2018AU13.11 - Fire Life Safety Program Enhancements						
72	No Impact	Description:						
<p>Increase in FLS budget to support the establishment of a centralized City-wide Fire and Life Safety Program Office focusing on 1) Fire and Life Safety operations; 2) quality assurance and contract management; and 3) training and development. This will require a complement of 39 full-time equivalent positions, including 19 new full time equivalent fire prevention inspector positions to conduct the monthly inspection and testing of the fire alarm, sprinkler and other fire protection systems.</p> <p>Service Level Impact:</p> <p>This will result in improving compliance with the Ontario Fire Code over 2019 and prior year levels significantly, to over 90% in 2020.</p> <p>Equity Statement:</p> <p>The proposal is unlikely to have an equity impact.</p> <p>Service: Facilities Management</p>								
		Total Staff Recommended Changes:	3,666.5	796.8	2,869.8	39.00	1,910.2	141.6
		Staff Recommended New/Enhanced Services:	3,666.5	796.8	2,869.8	39.00	1,910.2	141.6
<hr/>								
Summary:								
		Staff Recommended New / Enhanced Services:	3,666.5	796.8	2,869.8	39.00	1,910.2	141.6

Category:

71 - Operating Impact of New Capital Projects
72 - Enhanced Services-Service Expansion

74 - New Services
75 - New Revenues

Appendix 4

Summary of 2020 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 5

2020 Capital Budget; 2021 - 2029 Capital Plan Including Carry Forward Funding

Project Code	(In \$000s)	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2020 - 2029 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
CCA001	Accessibility for Ontarians with Disabilities Act (AODA) Program	6,601	48,638	55,573	49,795	29,820	-	-	-	-	-	190,427	190,427		
CCA002	Fire & Life Safety	1,609	4,500	4,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000	25,109	25,109		
CCA003	Other Health & Safety	1,107	1,759	1,158	-	-	-	-	-	-	-	4,024	4,024		
CCA004	Emergency Repairs	609	512	733	695	411	980	568	2,687	1,678	3,179	12,052		12,052	
CCA005	Environmental	2,529	2,268	1,558	1,600	1,642	1,686	-	1,783	1,783	1,783	16,632		16,632	
CCA006	Feasibility Studies	1,122	500	500	500	500	500	500	300	500	1,271	6,193		6,193	
CCA007	Mechanical and Electrical	25,501	18,055	16,785	18,323	21,362	23,615	29,281	21,171	26,305	22,115	222,513		222,513	
CCA008	Structural / Building Envelope	16,954	30,806	32,051	19,969	17,316	17,024	15,635	15,116	13,411	12,215	190,498		190,498	
CCA009	Roofing	129	200	182	6,289	1,496	4,282	2,238	270	-	-	15,086		15,086	
CCA010	Other SOGR	6,250	4,300	1,500	500	500	500	500	500	500	500	15,550		15,550	
CCA011	Sitework	3,404	3,793	6,170	5,644	6,143	6,016	7,294	4,344	4,595	12,392	59,794		59,794	
CCA012	Renovations	1,976	3,114	2,926	3,235	5,693	5,051	4,426	13,369	10,732	6,084	56,606		56,606	
CCA013	Real Estate Services SOGR	777	1,800	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	12,177		12,177	
CCA014	Union Station Revitalization	47,227	3,500	-	-	-	-	-	-	-	-	50,727			50,727
CCA015	Union Station East WIng	19,000	-	-	-	-	-	-	-	-	-	19,000			19,000
CCA016	Union Station Enhancement Project (USEP)	1,742	-	-	-	-	-	-	-	-	-	1,742			1,742
CCA017	St. Lawrence Market North Redevelopment	24,000	57,160	14,180	-	-	-	-	-	-	-	95,340			95,340
CCA018	New Etobicoke Civic Centre	12,451	13,670	4,123	-	-	-	-	-	-	-	30,245			30,245
CCA019	Future Use of Old City Hall	8,667	10,000	5,000	-	-	-	-	-	-	-	23,667			23,667
CCA020	North West Path (NWP) Phase 2	500	5,315	19,635	20,170	4,000	-	-	-	-	-	49,620			49,620
CCA021	City-Wide Physical Security Enhancements	4,857	4,214	3,664	3,414	3,414	3,414	3,414	3,414	3,414	3,414	36,631			36,631
CCA022	Energy Conservation & Demand Management	3,660	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,660			30,660
CCA023	Strategic Feasibility Studies	750	750	750	750	750	750	750	750	750	750	7,500			7,500
CCA024	Customer Experience	3,314	8,078	6,340	-	-	-	-	-	-	-	17,732			17,732
CCA025	Office Portfolio Optimization	2,200	2,200	-	-	-	-	-	-	-	-	4,400			4,400
CCA026	Toronto Strong Neighbourhoods Strategy	2,383	1,223	-	-	-	-	-	-	-	-	3,606			3,606
CCA027	Other Service Improvements	11,094	5,532	-	-	-	-	-	-	-	-	16,626			16,626
CCA028	Strategic Property Acquisitions	95,250	1,504	-	-	-	-	-	-	-	-	96,754			96,754
CCA029	School Lands Properties Acquisition	500	4,500	2,500	2,500	2,500	2,500	-	-	-	-	15,000			15,000
	Total Expenditures (including carry forward from 2019)	306,163	240,890	183,527	140,584	101,748	72,518	70,806	69,904	69,867	69,903	1,325,911	219,561	607,101	499,249

Appendix 5a

2020 Cash Flow and Future Year Commitments Including Carry Forward Funding

Project Code	(In \$000s)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total 2020 Cash Flow & FY Commits	Previously Approved	Change in Scope	New w/ Future Year
CCA001	Accessibility for Ontarians with Disabilities Act (AODA) Program	6,601	48,638	55,573	49,795	29,820	-	-	-	-	-	190,427	26,313	-	164,114
CCA002	Fire & Life Safety	1,609	500	-	-	-	-	-	-	-	-	2,109	109	-	2,000
CCA003	Other Health & Safety	1,107	1,759	1,158	-	-	-	-	-	-	-	4,024	4,024	-	-
CCA004	Emergency Repairs	609	-	-	-	-	-	-	-	-	-	609	-	-	609
CCA005	Environmental	2,529	750	-	-	-	-	-	-	-	-	3,279	6,050	(4,750)	1,979
CCA006	Feasibility Studies	1,122	300	-	-	-	-	-	-	-	-	1,422	922	-	500
CCA007	Mechanical and Electrical	25,501	10,394	6,397	2,862	2,000	1,700	1,700	1,700	-	-	52,254	34,715	1,459	16,080
CCA008	Structural / Building Envelope	16,954	29,401	22,765	6,711	-	-	-	-	-	-	75,832	44,369	21,323	10,138
CCA009	Roofing	129	200	-	-	-	-	-	-	-	-	329	329	-	-
CCA010	Other SOGR	6,250	3,800	1,000	-	-	-	-	-	-	-	11,050	12,350	(1,800)	500
CCA011	Sitework	3,404	3,793	6,000	3,500	-	-	-	-	-	-	16,697	22,913	(6,216)	-
CCA012	Renovations	1,976	2,752	2,100	800	-	-	-	-	-	-	7,627	7,501	(600)	726
CCA013	Real Estate Services SOGR	777	600	-	-	-	-	-	-	-	-	1,377	177	-	1,200
CCA014	Union Station Revitalization	47,227	3,500	-	-	-	-	-	-	-	-	50,727	50,728	-	-
CCA015	Union Station East Wing	19,000	-	-	-	-	-	-	-	-	-	19,000	19,000	-	-
CCA016	Union Station Enhancement Project (USEP)	1,742	-	-	-	-	-	-	-	-	-	1,742	1,742	-	-
CCA017	St. Lawrence Market North Redevelopment	24,000	57,160	14,180	-	-	-	-	-	-	-	95,340	95,340	-	-
CCA018	NewEtobicoke Civic Centre	12,451	13,670	4,123	-	-	-	-	-	-	-	30,245	30,245	-	-
CCA019	Future Use of Old City Hall	8,667	10,000	5,000	-	-	-	-	-	-	-	23,667	23,667	-	-
CCA020	North West Path (NWP) Phase 2	500	4,445	-	-	-	-	-	-	-	-	4,945	4,945	-	-
CCA021	City-Wide Physical Security Enhancements	4,857	2,800	2,250	-	-	-	-	-	-	-	9,907	2,672	2,850	4,385
CCA022	Energy Conservation & Demand Management	3,660	-	-	-	-	-	-	-	-	-	3,660	3,660	-	-
CCA023	Strategic Feasibility Studies	750	-	-	-	-	-	-	-	-	-	750	-	-	750
CCA024	Customer Experience	3,314	8,078	6,340	-	-	-	-	-	-	-	17,732	11,013	5,261	1,458
CCA025	Office Portfolio Optimization	2,200	2,200	-	-	-	-	-	-	-	-	4,400	-	-	4,400
CCA026	Toronto Strong Neighbourhoods Strategy	2,383	1,223	-	-	-	-	-	-	-	-	3,606	4,754	(1,148)	-
CCA027	Other Service Improvements	11,094	5,167	-	-	-	-	-	-	-	-	16,261	15,032	350	879
CCA028	Strategic Property Acquisitions	95,250	1,504	-	-	-	-	-	-	-	-	96,754	96,754	-	-
CCA029	School Lands Properties Acquisition	500	4,500	2,500	2,500	2,500	2,500	-	-	-	-	15,000	15,000	-	-
Total Expenditure (including carry forward from 2019)		306,163	217,134	129,387	66,168	34,320	4,200	1,700	1,700	-	-	760,772	534,324	16,729	209,718

The 2020 Cash Flow and Future Year Commitments as noted in the table above, reflects a sub-set of the 10-Year Capital Plan. This sub-set consists of 2020 and future year cash flow funding estimates for projects that have either previously received Council approval or will require approval in 2020 to begin, continue or complete capital work. This approval will enable Corporate Real Estate Management Services to begin work and/or commit funding for expenses that may not be incurred until 2021 or future years.

Appendix 5b

2021 - 2029 Capital Plan

Project Code	(In \$000s)	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2021 - 2029 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
CCA002	Fire & Life Safety	4,000	4,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000	23,000	23,000		
CCA004	Emergency Repairs	512	733	695	411	980	568	2,687	1,678	3,179	11,443		11,443	
CCA005	Environmental	1,518	1,558	1,600	1,642	1,686	-	1,783	1,783	1,783	13,353		13,353	
CCA006	Feasibility Studies	200	500	500	500	500	500	300	500	1,271	4,771		4,771	
CCA007	Mechanical and Electrical	7,661	10,387	15,461	19,362	21,915	27,581	19,471	26,305	22,115	170,260		170,260	
CCA008	Structural / Building Envelope	1,404	9,286	13,258	17,316	17,024	15,635	15,116	13,411	12,215	114,666		114,666	
CCA009	Roofing	-	182	6,289	1,496	4,282	2,238	270	-	-	14,757		14,757	
CCA010	Other SOGR	500	500	500	500	500	500	500	500	500	4,500		4,500	
CCA011	Sitework	-	170	2,144	6,143	6,016	7,294	4,344	4,595	12,392	43,097		43,097	
CCA012	Renovations	362	826	2,435	5,693	5,051	4,426	13,369	10,732	6,084	48,979		48,979	
CCA013	Real Estate Services SOGR	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	10,800		10,800	
CCA020	North West Path (NWP) Phase 2	870	19,635	20,170	4,000	-	-	-	-	-	44,675			44,675
CCA021	City-Wide Physical Security Enhancements	1,414	1,414	3,414	3,414	3,414	3,414	3,414	3,414	3,414	26,724			26,724
CCA022	Energy Conservation & Demand Management	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	27,000			27,000
CCA023	Strategic Feasibility Studies	750	750	750	750	750	750	750	750	750	6,750			6,750
CCA027	Other Service Improvements	365	-	-	-	-	-	-	-	-	365			365
	Total Expenditures (including carry forward from 2019)	23,756	54,140	74,416	67,428	68,318	69,106	68,204	69,867	69,903	565,139	23,000	436,625	105,514

Appendix 6

Reporting on Major Capital Projects: Status Update

Division/Project name	2019 Cash Flow			Total Project Cost		Status	Start Date	End Date		On Budget	On Time
	Appr.	YTD Spend	YE Projec Spend	Appr. Budget	Life to Date			Planned	Revised		
Corporate Real Estate Management											
Union Station Revitalization	70,757	16,634	23,044	824,039	766,661	Significant Delay	Sep-09	Approved Plan - Mar-2019 (Original end date was May-2016)	Q3 2020	Ⓜ	Ⓜ
Comments:	<p>Key elements completed to date include:</p> <ul style="list-style-type: none"> - Full design of all stages of work - New VIA Panorama Lounge (2012) - West Wing handover to Metrolinx (2013) - NW PATH Phase 1 (2014) - Implementation of new M&E systems (2014) - York Concourse substantial completion achieved in Feb 2015 (Concourse opened to the public on April 15th, 2015) <p>Stage 2/3 contractor commenced in September 2015 and work is underway on the remaining key elements:</p> <ul style="list-style-type: none"> - Bay Concourse and VIA Concourse - Great Hall restoration - Moat covers (Front St, York St, Bay St.) - Completion of lower level and East Wing retail space 										
Explanation for Delay:	<p>Issues throughout the life of the project include maintaining heritage elements of Union Station, performance issues with contractors, environmental and unforeseen site conditions and coordinating and carrying out construction while maintaining operations at the Station. To mitigate risks the project team have responded with value engineering, constructability changes, minor scope adjustments, and consideration of different construction methodologies.</p> <p>Contractor performance issues that emerged in mid-2018 affected project progress. In mid-to-late 2018, the City worked with the contractor's surety company and third-party consultants to resolve these issues to bring the project back on track and is now progressing towards a new completion timeline</p>										
St. Lawrence Market North Redevelopment	7,000	418	7,000	116,302	14,379	On Track	July 2019 <small>*Note this is a re-baselined start date based on latest approval from Council</small>	Q2 2022 <small>*Note this is a re-baselined end date based on latest approval from Council</small>	Q2 2022	Ⓞ	Ⓞ
Comments:	<p>Construction of interim market completed in June 2015 and open to public.</p> <p>Demolition of existing building - Completed in Q4 2016, the project underwent a four stage archeological process due to significant findings discovered.</p> <p>In Q1 2018 the City went to market for a construction tender call but was not able to award the contract as all conditions to award were not met. Re-tender of construction contract successfully executed in June 2019, awarded to Butcon Limited/The Atlas Corporation Joint Venture.</p> <p>The contractor mobilized on-site June 2019 with the delivery of excavation equipment and provided schedule with planned completion in Q2 2022</p>										
Explanation for Delay:	<p>Project schedule and budget has been re-baselined based on the latest approvals from Council in May 2019. Project is expected to be completed on schedule and within the current Council approved budget</p>										

On/Ahead of Schedule	Ⓞ	>70% of Approved Project Cost
Minor Delay < 6 months	Ⓜ	Between 50% and 70%
Significant Delay > 6 months	Ⓜ	< 50% or > 100% of Approved

Appendix 7

Summary of Capital Needs Constraints

(In \$ Millions)

Project Description	Total Project Cost	Non-Debt Funding	Debt Required	Cash Flow (In \$ Millions)					
				2020	2021	2022	2023	2024	2025 - 2029
<i>Future Use of Old City Hall - Detailed Design & Construction</i>	190.440		190.440	-	11.507	74.400	84.210	20.162	0.160
<i>New Etobicoke CC - Phase 4 Tender & Construction</i>	389.285		389.285	-	1.018	112.267	107.080	141.750	27.170
<i>Wellington Incinerator</i>	32.500		32.500	8.500	16.000	8.000	-	-	-
<i>140 Merton</i>	12.563		12.563	0.050	0.524	3.063	5.366	3.380	0.179
<i>Office Portfolio Optimization - Future</i>	243.600		243.600	7.500	30.500	60.000	60.000	55.000	30.600
<i>SOGR Backlog</i>	894.929		894.929	27.079	78.530	110.352	122.346	132.327	424.294
Total	1,763.317	-	1,763.317	43.129	138.080	368.083	379.002	352.620	482.403

In addition to the Recommended 10-Year Capital Plan of \$1,325.9 million, staff have also identified \$1,763.3 million in capital needs constraints for Corporate Real Estate Management as reflected in the table above.

Funding is required for:

- Construction of the New Etobicoke Civic Centre, Old City Hall, and the Wellington Incinerator. Design and feasibility funding has been previously approved and work is underway to refine plans and costs for construction. Staff will be coming forward with these plans over the next year.
- Capital projects in conjunction with CreateTO (140 Merton St).
- Construction costs of the Office Optimization Strategy, recently adopted by Council at its meeting on October 29, 2019 (EX9.2 – ModernTO – City-Wide Real Estate Strategy and Office Portfolio Optimization).
- SOGR Backlog for capital repairs at facilities under CREM's jurisdiction.

Appendix 8

2020 User Fee Changes

(Excludes User Fees Adjusted for Inflation)

N/A

Appendix 9

Inflows and Outflows to/from Reserves and Reserve Funds 2020 Operating Budget

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		5,301.3	5,301.3	5,581.6	12,764.5
Union Station Reserve Fund	XR2501				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>			280.3	7,182.9	7,064.3
Total Reserve / Reserve Fund Draws / Contributions		5,301.3	5,581.6	12,764.5	19,828.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		5,301.3	5,581.6	12,764.5	19,828.8

* Based on 9-month 2019 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		29,462.4	29,462.4	26,435.4	23,282.9
Insurance Reserve Fund	XR1010				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>			2,567.9	2,567.9	2,567.9
Total Reserve / Reserve Fund Draws / Contributions		29,462.4	32,030.3	29,003.3	25,850.8
Other Program / Agency Net Withdrawals & Contributions			(5,594.9)	(5,720.4)	(5,715.8)
Balance at Year-End		29,462.4	26,435.4	23,282.9	20,135.0

* Based on 9-month 2019 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		118,075.6	118,075.6	117,480.6	116,885.6
Land Acquisition Reserve Fund	XR1012				
<i>Withdrawals (-)</i>			(595.0)	(595.0)	(595.0)
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		118,075.6	117,480.6	116,885.6	116,290.6
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		118,075.6	117,480.6	116,885.6	116,290.6

* Based on 9-month 2019 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		56,287.0	56,287.0	56,823.9	57,360.8
Strategic Infrastructure Partnership RF	XR1714				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>			414.5	414.5	414.5
Total Reserve / Reserve Fund Draws / Contributions		56,287.0	56,701.5	57,238.4	57,775.3
Other Program / Agency Net Withdrawals & Contributions			122.4	122.4	122.4
Balance at Year-End		56,287.0	56,823.9	57,360.8	57,897.7

* Based on 9-month 2019 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		893.3	893.3	1,169.3	1,445.3
Vehicle Reserve - Facilities & Real Estate	XQ1502				
<i>Withdrawals (-)</i>					
<i>Proposed Withdrawals</i>					
<i>Contributions (+)</i>			272.5	272.5	272.5
Total Reserve / Reserve Fund Draws / Contributions		893.3	1,165.9	1,441.9	1,717.8
Other Program / Agency Net Withdrawals & Contributions			3.5	3.5	3.5
Balance at Year-End		893.3	1,169.3	1,445.3	1,721.3

* Based on 9-month 2019 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		11,471.4	11,471.4	11,137.1	10,802.7
Emergency Planning Reserve	XQ1406				
<i>Withdrawals (-)</i>			(108.5)	(108.5)	(108.5)
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		11,471.4	11,362.9	11,028.6	10,694.2
Other Program / Agency Net Withdrawals & Contributions			(225.8)	(225.8)	(225.8)
Balance at Year-End		11,471.4	11,137.1	10,802.7	10,468.4

* Based on 9-month 2019 Reserve Fund Variance Report

Inflows and Outflows to/from Reserves and Reserve Funds

2020 – 2029 Capital Budget and Plan

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	
XR2501 Union Station	Beginning Balance	5,301	5,301	5,396	7,079	9,143	11,371	13,676	16,263	18,797	21,748	23,987	
	<i>Withdrawals (-)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Operating Withdrawals												
	Corporate Real Estate Management (Capital)		(185)	(3,500)									(3,685)
	Corporate Real Estate Management (Debt Repayments)			(2,000)	(5,000)	(7,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(11,000)	(65,000)
	Other Division/Agency Capital Withdrawals												
	Total Withdrawals		(185)	(5,500)	(5,000)	(7,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(11,000)	(68,685)
	<i>Contributions (+)</i>												
	Corporate Real Estate Management (Operating)		280	7,183	7,064	9,228	10,305	10,587	10,534	10,951	10,239	12,896	89,267
	Other Division/Agency Contributions												
	Other Contributions												
	Total Contributions		280	7,183	7,064	9,228	10,305	10,587	10,534	10,951	10,239	12,896	89,267
	Total Reserve / Reserve Fund Draws / Contributions		95	1,683	2,064	2,228	2,305	2,587	2,534	2,951	2,239	1,896	20,582
	Balance at Year-End	5,301	5,396	7,079	9,143	11,371	13,676	16,263	18,797	21,748	23,987	25,883	

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	
XQ0704 Provincial Offences Courts Stabilization	Beginning Balance	5,776	5,776	5,776	5,776	3,012	3,012	3,012	3,012	3,012	3,012	3,012	
	<i>Withdrawals (-)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Operating Withdrawals												
	Corporate Real Estate Management (Capital)				(2,764)								(2,764)
	Other Division/Agency Capital Withdrawals												
	Total Withdrawals				(2,764)								(2,764)
	<i>Contributions (+)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Contributions												
	Other Contributions												
	Total Contributions												
	Total Reserve / Reserve Fund Draws / Contributions				(2,764)								(2,764)
	Balance at Year-End	5,776	5,776	5,776	3,012								

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	
XR1012 Land Acquisition	Beginning Balance	118,076	118,076	99,075	92,386	89,291	86,791	83,191	80,691	80,691	80,691	80,691	
	<i>Withdrawals (-)</i>												
	Corporate Real Estate Management (Operating)		(595)	(595)	(595)								(1,785)
	Other Division/Agency Operating Withdrawals												
	Corporate Real Estate Management (Capital)		(2,627)	(6,094)	(2,500)	(2,500)	(2,500)	(2,500)					(18,721)
	Other Division/Agency Capital Withdrawals		(15,779)				(1,100)						(16,879)
	Total Withdrawals		(19,001)	(6,689)	(3,095)	(2,500)	(3,600)	(2,500)					(37,385)
	<i>Contributions (+)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Contributions												
	Other Contributions												
	Total Contributions												
	Total Reserve / Reserve Fund Draws / Contributions		(19,001)	(6,689)	(3,095)	(2,500)	(3,600)	(2,500)					(37,385)
	Balance at Year-End	118,076	99,075	92,386	89,291	86,791	83,191	80,691	80,691	80,691	80,691	80,691	

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total		
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan			
XQ0011 Capital Financing	Beginning Balance	439,586	439,586	386,764	378,733	369,794	196,002	43,342	53,342	43,099	83,099	123,099			
	<i>Withdrawals (-)</i>														
	Corporate Real Estate Management (Operating)														
	Other Division/Agency Operating Withdrawals		(300)	(300)	(300)								(900)		
	Corporate Real Estate Management (Capital)		(7,628)	(2,531)	(4,875)					(19,643)			(1,256)	(35,933)	
	Other Division/Agency Capital Withdrawals		(84,894)	(45,200)	(43,764)	(213,792)	(192,660)	(30,000)	(30,600)					(640,910)	
	Total Withdrawals		(92,822)	(48,031)	(48,939)	(213,792)	(192,660)	(30,000)	(50,243)					(1,256)	(677,743)
	<i>Contributions (+)</i>														
	Corporate Real Estate Management (Operating)		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	400,000	
	Other Division/Agency Contributions														
Total Contributions		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	400,000		
Total Reserve / Reserve Fund Draws / Contributions		(52,822)	(8,031)	(8,939)	(173,792)	(152,660)	10,000	(10,243)	40,000	40,000	38,744	(277,743)			
Balance at Year-End		439,586	386,764	378,733	369,794	196,002	43,342	53,342	43,099	123,099	161,843				

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	
XR3026 Section 37	Beginning Balance	263,395	263,395	253,216	228,844	214,038	189,513	168,110	165,848	163,280	163,280	163,280	
	<i>Withdrawals (-)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Operating Withdrawals		(459)	(433)	(433)								(1,326)
	Corporate Real Estate Management (Capital)		(1,380)										(1,380)
	Other Division/Agency Capital Withdrawals		(8,339)	(23,939)	(14,372)	(24,525)	(21,403)	(2,262)	(2,568)				(97,409)
	Total Withdrawals		(10,179)	(24,372)	(14,805)	(24,525)	(21,403)	(2,262)	(2,568)				(100,115)
	<i>Contributions (+)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Contributions												
Total Contributions													
Total Reserve / Reserve Fund Draws / Contributions		(10,179)	(24,372)	(14,805)	(24,525)	(21,403)	(2,262)	(2,568)				(100,115)	
Balance at Year-End		263,395	253,216	228,844	214,038	189,513	168,110	165,848	163,280	163,280	163,280		

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	
XR1045 Environmental Liabilities	Beginning Balance	2,849	2,849	733	733	733	733	733	733	733	733	733	
	<i>Withdrawals (-)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Operating Withdrawals												
	Corporate Real Estate Management (Capital)		(2,116)										(2,116)
	Other Division/Agency Capital Withdrawals												
	Total Withdrawals		(2,116)										(2,116)
	<i>Contributions (+)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Contributions												
Total Contributions													
Total Reserve / Reserve Fund Draws / Contributions		(2,116)										(2,116)	
Balance at Year-End		2,849	733	733	733	733	733	733	733	733	733		

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)										Total
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	
XR1714 Strategic Infrastructure Partnership	Beginning Balance	56,287	56,287	51,193	51,730	52,267	52,804	53,341	53,878	54,415	54,951	55,488	
	<i>Withdrawals (-)</i>												
	Corporate Real Estate Management (Operating)												
	Other Division/Agency Operating Withdrawals												
	Corporate Real Estate Management (Capital)		(5,631)										(5,631)
	Other Division/Agency Capital Withdrawals												
	Total Withdrawals		(5,631)										(5,631)
	<i>Contributions (+)</i>												
	Corporate Real Estate Management (Operating)		415	415	415	415	415	415	415	415	415	415	4,145
	Other Division/Agency Contributions		122	122	122	122	122	122	122	122	122	122	1,224
Other Contributions													
Total Contributions		537	537	537	537	537	537	537	537	537	537	5,369	
Total Reserve / Reserve Fund Draws / Contributions		(5,094)	537	537	537	537	537	537	537	537	537	(262)	
Balance at Year-End		56,287	51,193	51,730	52,267	52,804	53,341	53,878	54,415	54,951	55,488	56,025	

* Based on 9-month 2019 Reserve Fund Variance Report
 ∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Reserve / Reserve Fund Name (In \$000s)	Project / Sub Project Name and Number	Projected Balance as at Dec 31, 2019 *	Contributions / (Withdrawals)											
			2020 Plan	2021 Plan	2022 Plan	2023 ∞ Plan	2024 ∞ Plan	2025 ∞ Plan	2026 ∞ Plan	2027 ∞ Plan	2028 ∞ Plan	2029 ∞ Plan	Total	
XR3031 Section 16	Beginning Balance	335	335	69	69	69	69	69	69	69	69	69	69	
	<i>Withdrawals (-)</i>													
	Corporate Real Estate Management (Operating)													
	Other Division/Agency Operating Withdrawals													
	Corporate Real Estate Management (Capital)													(266)
	Other Division/Agency Capital Withdrawals													
	Total Withdrawals													(266)
	<i>Contributions (+)</i>													
	Corporate Real Estate Management (Operating)													
	Other Division/Agency Contributions													
	Other Contributions													
	Total Contributions													
Total Reserve / Reserve Fund Draws / Contributions			(266)											(266)
Balance at Year-End		335	69	69	69	69	69	69	69	69	69	69	69	69

* Based on 9-month 2019 Reserve Fund Variance Report

∞ Using 2022 PBF Contributions, figures have been projected for 2023-2029 contributions

Appendix 10

Glossary of Terms

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Staff Recommended Operating / Capital Budget: An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

Value Based Outcome Review (VBOR): The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.