



REPORT FOR ACTION

Parks, Forestry and Recreation's 2019 Year-End Capital Budget and 2020-2029 Capital Plan Adjustments

Date: June 29, 2020

To: Executive Committee

From: General Manager, Parks, Forestry and Recreation

Wards: All

SUMMARY

This report requests authority from City Council to amend the Parks, Forestry and Recreation's (PFR) 2019 Council Approved Capital Budget and 2020-2028 Capital Plan by adjusting project costs and future year cash flows to align with year-end expenditures and project progress.

Authority is also requested to amend the PFR's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan by adjusting project costs and future year cash flows contained within the 10-Year Capital Plan. These adjustments will align cash flows for capital project delivery schedules and program requirements and as a result, will have no impact on the timing of debt requirements. Reallocations of cash flows and project costs are also requested where recent project bids exceed the current approved cash flow, or alternatively to advance projects into 2020 that are ready to proceed.

Projects that have been completed or cancelled are also requested to be closed, with cash flow reduced, and commitments on funding sources to be released to their funding sources for future budgeting.

In addition, authority from City Council is required to execute a Construction Management Agreement between the City of Toronto and Pinnacle International Limited in order for the City to provide funding for the fit-out of the Lower Yonge Street Community Recreation Centre Space. An amendment to the Construction and License Agreement between the City and the Friends of High Park Zoo (FHPZ) is also being recommended, increasing the amount of funds to be transferred from the City to the FHPZ for capital improvements to the llama and capybara building in High Park Zoo.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation recommends that:

1. City Council authorize the reallocation of project costs, cash flows, and funding sources within the Parks, Forestry and Recreation's 2019 Council Approved Capital Budget and 2020-2028 Capital Plan in the amount of \$5,515,541, for acceleration and deferral of projects, as included in Appendix 1.
2. City Council authorize the reallocation of cash flows in the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan, for the deferral in the amount of \$12,959,662 and acceleration in the amount of \$11,101,173 as included in Appendix 2.
3. City Council authorize amendments to increase project costs and cash flows within the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and future year commitments in the amount of \$6,184,606, as included in Appendix 3, with no debt impact.
4. City Council authorize the reduction of cash flow and closure of five (5) sub-projects in the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget in the amount of \$1,210,182, as included in Appendix 4, and release commitments on development related funding sources to the appropriate accounts.
5. City Council authorize the following adjustments to the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan for the Lower Yonge Street Community Recreation Centre Space sub-project, in the Community Centre project:
 - a. City Council authorize the City of Toronto to enter into, and the General Manager, Parks, Forestry and Recreation to execute on behalf of the City, a Construction Management Agreement with Pinnacle International Limited for the construction of the Lower Yonge Street Community Recreation Centre, on terms and conditions deemed necessary and appropriate by the General Manager, Parks, Forestry and Recreation and the City Solicitor, and in accordance with City policies applicable to capital projects.
 - b. City Council authorize the City of Toronto to enter into, and the General Manager, Parks, Forestry and Recreation to execute on behalf of the City any other ancillary agreements necessary to complete construction on the Community Recreation Centre, on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and the City Solicitor.
 - c. City Council approve an amendment to the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan for the Lower Yonge Street Community Recreation Centre Space sub-project, in the Community Centre project, in the amount of \$0.500 million, increasing the total project cost from \$17.500 million to \$18.000 million, with cash flow commitments in 2021, fully funded by Development Charges (XR2114).

d. City Council advance the Lower Yonge Community Recreation Centre Space by authorizing the General Manager, Parks Forestry and Recreation to transfer up to \$18.000 million from the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan from the Lower Yonge Street Community Recreation Centre sub-project, subject to entering into an agreement with Pinnacle International Limited, to that entity to fund the City's agreed cash portion for the development of the Lower Yonge Street Community Recreation Centre Space.

6. City Council approve an amendment to the Parks, Forestry and Recreation's 2020 Council Approved Capital Budget and 2021-2029 Capital Plan for the CAMP (SGR) Special Facilities Buildings and Structures (CPR126-47-01) sub-project, in the Special Facilities project, in the amount of \$0.258 million, increasing the total project cost from \$4.360 million to \$4.618 million, cash flowed in 2020, with funding from the following Section 42 Above 5% Cash-in-lieu sources for capital improvements to the llama and capybara building in High Park Zoo: \$25,734.43 from 489 Parkside Drive (source account: XR2213-4200752) and \$232,265.57 from 2114 Bloor Street West (source account: XR2213-4201055).

7. City Council authorize the transfer of up to an additional \$0.343 million to the Friends of High Park Zoo, from the Parks, Forestry and Recreation's 2020-2029 Council Approved Capital Budget and Plan under the CAMP (SGR) Special Facilities Buildings and Structures sub-project, in the Special Facilities project, for capital improvements to the llama and capybara building in High Park Zoo, on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation.

8. City Council authorize the General Manager of Parks, Forestry and Recreation to amend the Construction and Licence Agreement dated January 1, 2017 between the City and the Friends of High Park Zoo, to allow for the transfer of up to an additional \$0.343 million from the City to the Friends of High Park Zoo, to be used for the purpose of the Llama and Capybara Building Project at the High Park Zoo, on terms and conditions acceptable to the General Manager and the City Solicitor.

9. City Council approve an amendment to the Parks, Forestry and Recreation's 2020-2029 Council Approved Capital Budget and Plan to create a new capital sub-project known as Clydesdale Tennis Clubhouse Improvements in the Outdoor Recreation Centre project, with a project cost of \$0.582 million, and cash flow commitments of \$0.040 million in 2020 and \$0.542 million in 2021, fully funded by Section 37 community benefits obtained from the development at 2135 Sheppard Avenue East and 299 Yorkland Boulevard (XR3026-3700857), for the purpose of improvements to the building.

FINANCIAL IMPACT

Approval of the recommendations of this report will align the 2019 Council Approved Capital Budget for PFR with 2019 final year-end expenditures and the 2020 Council Approved Capital Budget and 2021-2029 Capital Plan with capital project delivery schedules and program requirements.

The approval of Appendix 1 and 2 to this report will authorize the deferral and acceleration of funds in the 2019 Council Approved Capital Budget and future year cash flow funding in the amount of \$5,515,541 (Appendix 1); as well as the 2020 Council Approved Capital Budget and future year cash flow commitments totalling \$12,959,662 (Appendix 2), respectively. The acceleration of future year cash flow funding with corresponding offsets or deferrals from other projects do not change the total project costs, the scope of the projects, or approved debt requirements.

Table 1: Summary of Financial Implications of Appendix 1 & 2 Acceleration / Deferrals:

	2019	2020	2021
Appendix 1 - Deferrals	(\$5.515M)	\$5.515M	
Appendix 1 - Accelerations	\$5.515M	(\$3.657M)	(\$1.858M)
Appendix 2 - Deferrals		(\$12.960M)	\$12.960M
Appendix 2 - Accelerations		\$11.101M	(\$11.101M)
Total Budget Impact in Millions (\$M)	\$0	\$0	\$0

A number of multi-year projects are projected to proceed ahead of the forecast. The accelerated spending of cash flow for these projects is off-set by delays within other projects where works are delayed due to delays in completing designs, due to coordination with other projects or delays to construction works as outlined in Appendix 1 and 2.

In addition, it is recommended that City Council approve in-year budget adjustments to the 2020-2029 Council Approved Capital Budget and Plan that results in no incremental impact on debt funding. The total change includes an overall net increase in project costs of \$7,524,606 with associated cash flow funding of \$6,489,606 in 2020 and \$1,035,000 in 2021 to reflect expanded scope of work resulting from the community engagement; additional grant funding; and cost escalations where bids received are above the available cash flow or projects are experiencing unforeseen site conditions for various neighbourhood improvement projects, as detailed in Appendix 3 and Recommendations 5c, 6, and 9, fully funded by Development Charges, Section 37 and 42 Planning Act revenues, grant funding and donations.

Appendix 4 details five (5) capital projects which have been completed or cancelled, that can now be closed. Together these capital projects have a combined underspending of \$1,210,182 in 2020 for which the associated funding will be returned to their original funding sources.

Any operating impacts resulting from these capital projects upon completion will be submitted in future Operating Budget Submissions for consideration.

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

DECISION HISTORY

City Council, at its meeting of February 19, 2020, approved the 2020 Parks, Forestry and Recreation Capital Budget and future year commitments through item EX13.2 (No. 197). <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>

At its meeting of July 4, 5, 6 and 7, 2017, City Council approved the amendment of the Construction and License Agreement between the City of Toronto and Friends of High Park Zoo, to allow for the transfer of \$0.200 million from the City to the Friends of High Park Zoo, to be used for the purpose of the Llama and Capybara Building Project at the High Park Zoo.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM31.9>

On October 5 and 6, 2016, City Council granted authority for the General Manager, Parks, Forestry and Recreation to enter into a five-year License Agreement with the Friends of High Park Zoo, with an option to renew the agreement for an additional five years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.MM21.14>

COMMENTS

Authority is requested to amend Parks, Forestry and Recreation's 2019 Council Approved Capital Budget and 2020-2029 Capital Plan to better align projects costs and cash flows to reflect the schedules for project delivery and requirements for programming, as well as to allow contracts that exceed the current approved cash flows to be awarded. These amendments will help to improve PFR's spending rate by ensuring funds are allocated to projects that are proceeding in 2020.

2019 Year-End Adjustments (Appendix 1)

Parks, Forestry and Recreation requires the amendment of the 2019 Council Approved Capital Budget to align the cash flows with 2019 actual expenditures to better reflect capital project delivery and program requirements. Authority is required to defer cash flow of \$5,515,541 for seven (7) sub-projects in 2019 to 2020; and accelerate cash flow of \$5,515,541 for thirty (30) sub-projects, \$3,657,052 from 2020 and \$1,858,489 from 2021 respectively. The acceleration will result in a net debt impact of \$1,858,489 in 2020 and (\$1,858,489) in 2021, to be fully offset by adjustments in Appendix 2.

Funding in the amount of \$156,996 from six (6) sub-projects that have been completed under budget is being reallocated to fifteen (15) sub-projects with over-expenditures at 2019 year-end. Also, funding sources for two (2) sub-projects with 2019 cash flow are also being updated due to the receipt of developer contributions obtained for the purposes of these projects.

Deferrals and Accelerations (Appendix 2)

The 2020-2029 Council Approved Capital Budget and Plan for PFR includes \$100.846 million in cash flow from 2020 to 2021 for sixteen (16) sub-projects as noted in Appendix 2. This report is requesting authority to defer \$12,959,662 in cash flow from 2020 to 2021 for eleven (11) sub-projects; and accelerate cash flow of \$11,101,173 from 2021 to 2020 for five (5) sub-projects, resulting in a net debt impact of (\$1,858,489) in 2020 and \$1,858,489 in 2021 which fully offsets the adjustments in Appendix 1 for a net zero debt impact. Acceleration of cash flow is required in order to align cash flows for a potential acquisition of parkland and for design work to proceed.

The deferral of cash flow reflects the readiness of projects to proceed in 2020 as some projects have experienced delays as a result of coordination with other projects or partnerships and phasing of work. The overall project costs as approved by City Council will remain unchanged.

Adjustments to Project Costs and Cash Flows (Appendix 3)

There are twelve (12) sub-projects in the 2020 PFR Capital Budget with a combined project cost of \$39.647 million and cash flow of \$13.738 million in 2020 and \$8.889 million in 2021, as included in Appendix 3. This report is requesting authority to increase project costs for the twelve (12) sub-projects by \$6,184,606 to \$45,831,606. The related 2020 cash flow will be increased by \$6,191,606 to \$19,929,531, and 2021 cash flow will be reduced by \$7,000 to \$8,882,000, as a result of funds being accelerated to 2020 for a project that is ready to proceed. Additional funds are required to award contracts where bids received are above the available cash flow; to fund the expanded scope of work as determined through the community engagement process; for purchase order amendments to address unforeseen site conditions; to receive grant funding for a net zero feasibility study; and for a technical adjustment to project cost and cash flow to reflect 2019 year-end expenditures on an interdivisional project.

Project Closures (Appendix 4)

City Programs and Agencies are required to perform due diligence in closing completed or inactive projects on a timely basis. The 2020 Council Approved Parks, Forestry and Recreation Capital Budget includes \$1,210,182 for five (5) sub-projects. This report requests authority from City Council to close the five (5) sub-projects, including four (4) sub-projects that are completed under budget and one (1) cancelled due to a lack of community support, reduce the cash flow in 2020, and release the commitments on funds to their respective accounts for future budgeting.

Lower Yonge Community Recreation Centre Space

Pinnacle International Limited (known as the "Developer") are responsible for the design, construction, provision and conveyance to the City of an onsite 4,772 square metre (approximately 51,000 square foot) community centre through a freehold strata conveyance of the associated floor space.

The community centre's structural shell constitutes a Section 37 contribution from the developer and its cost is entirely borne by the developer, while the cost of the community centre fit-out will be covered through a combination of the Parks component of Development Charges and the PFR Capital Budget.

The community centre will occupy a small lobby space on the ground storey and the entirety of the second storey, with frontage on Freeland and Harbour Street. It will be designed as a neighbourhood landmark, including as its anchors a double gymnasium and a six-lane, 25-metre pool, in addition to the provision of 2 elevators, and 30 designated shared visitor parking spaces located at grade in close proximity to the community centre.

PFR's 2020-2029 Council Approved Capital Budget and Plan includes a project cost of \$17.500 million, cash flowed over 2020-2022, for the Lower Yonge Community Recreation Centre Space fit-out. Pinnacle International Limited has completed project tendering and additional funds in the amount of \$0.500 million are required to award the project and proceed. This report requests authority from Council to amend the project cost to \$18.000 million with the \$0.500 million cash flowed in 2021 and funding from Development Charges (XR2114).

In addition, authority is requested through this report, for PFR to enter into a Construction Management Agreement with Pinnacle International Limited to govern the Contract Administration of the project and to allow for the transfer of up to \$18.000 million from PFR to the Developer for the community centre fit-out.

Llama and Capybara Building in High Park Zoo

The 2020 Council Approved Capital Budget for PFR includes \$0.285 million for the rehabilitation and upgrades of the llama and capybara building in High Park Zoo, within two CAMP (SGR) Special Facilities (SF) Building and Structures sub-projects: \$0.235 million in account CPR126-47-01 and \$0.050 million in account CPR126-49-03, both with cash flow in 2020.

On January 1, 2017, the City of Toronto entered into a Construction and Licence Agreement with the non-profit Friends of High Park Zoo (FHPZ). The agreement was authorized by City Council on October 5 and 6, 2016, by the adoption of MM21.14, and grants a five-year renewable licence to the Friends of High Park Zoo to undertake renovations and upgrades at the High Park Zoo, as described in its Master Plan and under the terms and conditions of the agreement.

At its meeting of July 4, 5, 6 and 7, 2017, by the adoption of MM31.9, the City authorized the transfer of up to \$0.200 million to the Friends of High Park Zoo to make improvements to the llama and capybara building. The 1930s-era wood-log cabin at High Park Zoo that houses the llamas and capybaras is in a state of disrepair and requires replacement. The Friends of High Park Zoo committed to providing an additional \$0.050 million in funding to the project. The amounts were based on professional cost estimates at the time.

The bidding process for the work, undertaken by the FHPZ, revealed that the actual costs to undertake the project were considerably more than the cost estimates.

Subsequently, the Friends of High Park Zoo raised an additional \$0.054 million and have committed an additional \$0.120 million in funding, for a total of \$0.224 million towards the project.

This report seeks authority for \$0.258 million in additional City funding from two Section 42 Above 5% Cash-in-lieu sources, be added to the project in 2020, increasing the total City contribution for the llama and capybara building rehabilitation and upgrades from \$0.285 million to \$0.543 million. The \$0.258 million will be added to the CAMP (SGR) Special Facilities Buildings and Structures (account CPR126-47-01) sub-project, in the Special Facilities project, increasing the total project cost from \$4.360 million to \$4.618 million.

In addition, authority is requested through this report to amend the Construction and License Agreement, dated January 1, 2017, between the City and the Friends of High Park Zoo, to allow for the transfer of up to additional \$0.343 million from the City to the FHPZ, to be used for the purpose of the capital improvements to the llama and capybara building in High Park Zoo. This will increase the total authority to transfer funds from the City to FHPZ, from \$0.200 million up to \$0.543 million.

PFR has reviewed the bidding process undertaken by the Friends of High Park Zoo and has approved the chosen contractor, for work to proceed in 2020, subject to approval of this report.

Clydesdale Tennis Clubhouse Improvements

This report requests authority to create a new capital sub-project known as Clydesdale Tennis Clubhouse Improvements, in the Outdoor Recreation Centre project, with a project cost of \$0.582 million and cash flow of \$0.040 million in 2020 and \$0.542 million in 2021. The project will be fully funded from the Section 37 benefit obtained from 2135 Sheppard Avenue East and 299 Yorkland Boulevard (XR3026-3700857) and will have no impact on debt.

The scope of the project is to undertake improvements to the building in order to address year-round demand for use of the clubhouse which is currently seasonal. Renovations will include a new heating and cooling system; improvements to the washrooms and meeting area; and reorganizing the interior spaces to accommodate the new year round use. Operating impacts will be submitted through the 2021 Budget process for consideration.

CONTACT

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SIGNATURE

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ATTACHMENTS

- Appendix 1 - 2019 Year-End Adjustments (\$)
- Appendix 2 - Deferrals/Accelerations (\$)
- Appendix 3 - Adjustments to Project Costs and Cash Flows (\$)
- Appendix 4 - Project Closures (\$)