TO Live

# REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

# Capital Spending Update

**Date:** February 28, 2022
**To:** Audit Committee of the Board of Directors of TO Live
**From:** President and Chief Executive Officer

## REASON FOR CONFIDENTIAL INFORMATION

The attachments to this report contain financial information supplied in confidence to the Board of Directors of TO Live, which, if disclosed, could reasonably be expected to significantly prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

## SUMMARY

The purpose of this report is to update the Board on capital spending activity for fiscal 2021 as well as the potential 2022 Capital Budget reduction of $300 million in debt funding that would be proportionately allocated across all City Divisions and Agencies should the City be required to use the capital backstop to address the financial impacts arising from the pandemic.

## RECOMMENDATIONS

The President and Chief Executive Officer recommends that the Board of Directors of TO Live:

1. Direct that Confidential Attachments 1 and 2 remain confidential in their entirety because it contains financial information supplied in confidence to the Board of Directors of TO Live which, if disclosed, could reasonably be expected to significantly prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization

## FINANCIAL IMPACT

None.

## DECISION HISTORY

At its February 17, 2022 meeting, City Council approved the 2022 Capital Budget for TO Live (see agenda item #235) with cash flows and future year commitments totaling $40.444 million as detailed by project in Appendix 6a to the 2022 Staff Recommended Capital and Operating Budget Notes for TO Live.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX30.2

At its November 16, 2021 meeting, the Board of Directors of TO Live received a report on capital spending.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CT27.5

At its September 24, 2021 meeting, the Board of Directors of TO Live approved TO Live's 2022 capital projects including those with multiyear components and all related purchase orders and/or tender awards over $100,000 up to each individual project budget or adjusted budget, not to exceed the available State of Good Repair (SOGR) Council approved funding, pending final approval by Toronto City Council.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CT27.6

## COMMENTS

Confidential Attachment 1 details spending activity on TO Live capital projects to December 31, 2021. There was no reallocation of funding since the last capital Spending Update.

Confidential Attachment 2 details the final project list approved by City Council at its February 17, 2022 meeting.

During the 2022 Budget process, the City's Chief Financial Officer and Treasurer provided a briefing note entitled "Continued COVID-19 Support Funding from Federal/Provincial Governments - Potential Impacts of Inadequate 2022 Funding Support" detailing the contingency plan in the event that the $1.4 billion in required COVID-19 relief funding is not received from the Provincial and/or Federal governments including the impact on the City's capital plan, followed by another briefing note entitled "Continued COVID-19 Support Funding from Federal/Provincial Governments – Capital Funding Risk" outlining the anticipated impact on each City Division and Agency's 2022 Capital Budgets.

As detailed in the above briefing notes, in the event that adequate COVID-19 relief funding is not forthcoming in 2022 to fully address the financial impacts arising from the pandemic, the City Divisions and Agencies' capital programs will be materially impacted. The City would need to reduce its 2022 Capital Budget by up to $300 million. According to the potential 2022 Capital Budget reduction allocation, TO Live's share would be a potential reduction of $4.2 million or 20% in debt funding. This reduction would be necessary, as a contingency, if COVID-19 relief funding is not received by the City of Toronto from the Provincial and/or Federal Governments. The impact on TO Live's 2022 Capital Budget is also noted in Confidential Attachment 2.

Funding commitments from the government of Canada and province of Ontario are required to ensure there are no impacts on the City’s 2022 Capital Budget. The timing of the potential capital project reductions is uncertain. TO Live is waiting for further direction from the City's Financial Planning Division.

## CONTACT

Matt Farrell
Vice President of Operations
T: 416-368-6161
Matt.Farrell@tolive.com

William Milne
Vice President of Finance & Administration
T: 416-368-6161
William.Milne@tolive.com

## SIGNATURE

Clyde Wagner
President and Chief Executive Officer

## ATTACHMENTS

Confidential Attachment 1 - 2021 Capital Projects Summary
Confidential Attachment 2 - 2022 Capital Projects