

2024 Budget Notes

Corporate Real Estate Management

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Description

Corporate Real Estate Management (CREM) are stewards of City real estate assets. As a service delivery focused City division, CREM delivers excellence and value in real estate solutions by creating accessible, welcoming, and safe environments for all City employees, residents, and communities.

CREM leads life cycle asset management and improvements at 474 City-owned facilities with an approximate replacement value of \$6.3 billion, covering more than 12.5 million square feet. Approximately 20% of the City-wide portfolio of facilities are under direct capital management of CREM with functions such as real estate transactions and property management, security, capital project delivery and facilities maintenance services being provided across the City portfolio.

Why We Do It

Corporate Real Estate Management is a valuable partner in the City's program service delivery that works collaboratively with City Divisions, Agencies, Boards and Commissions to advance City-wide priorities. CREM aims to provide seamless services, ensuring:

- City staff and the public have access to **safe, clean and operational** City facilities.
- City facilities are economically and environmentally sustainable.
 - Economic sustainability includes **maximizing value and public benefit from City properties** while environmental sustainability includes **minimizing GHG emissions from City facilities** in support of meeting the City's GHG emission targets.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

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What Service We Provide

Facilities Management

Who We Serve: Staff in City Divisions, Agencies, Boards and Commissions, residential and commercial tenants, and community groups.

What We Deliver: Life cycle asset management, custodial, energy management, project delivery services and security and life safety services.

How Much Resources (gross 2024 operating budget): \$182.2 million

Real Estate

Who We Serve: Staff in City Divisions, Agencies, Boards and Commissions, residential and commercial tenants, and community groups.

What We Deliver: Portfolio and property management, leasing administration, acquisitions and disposals, and appraisal services.

How Much Resources (gross 2024 operating budget): \$35.4 million

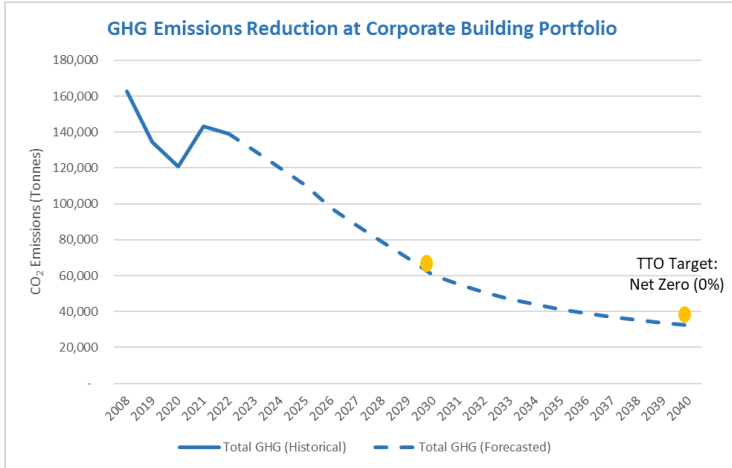
Budget at a Glance

2024 OPERATING BUDGET			
\$Million	2024	2025	2026
Revenues	\$96.1	\$96.8	\$97.9
Gross Expenditures	\$217.6	\$219.5	\$220.3
Net Expenditures	\$121.5	\$122.7	\$122.4
Approved Positions	1,047.4	1,048.4	1,048.4

2024 - 2033 10-YEAR CAPITAL PLAN			
\$Million	2024	2025-2033	Total
Gross Expenditures	\$257.9	\$1,192.1	\$1,449.9
Debt	\$146.4	\$ 738.4	\$ 884.8
Note: Includes 2023 carry forward funding			

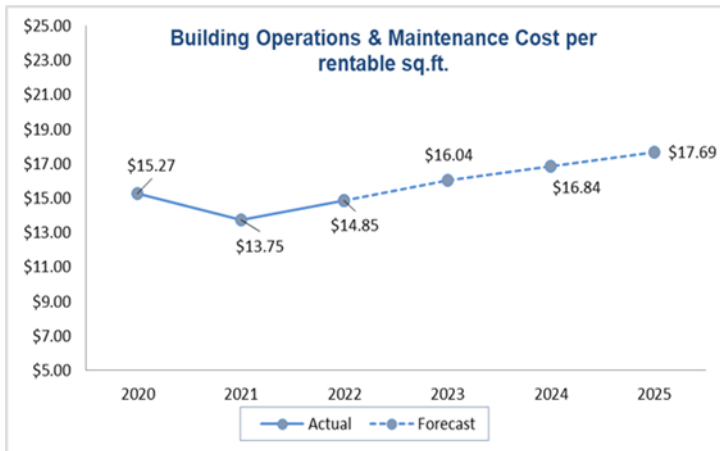
How Well We Are Doing – Behind the Numbers

Figure 1: GHG Emissions Reductions within the Corporate Building Portfolio



- Figure 1 shows the actual and forecasted Greenhouse Gas Emissions (GHG) at the City's corporate buildings, forecasted against TransformTO goals of a 60% reduction by 2030 and net zero by 2040.
- By 2040, net-zero emissions are forecasted to be achieved by offsetting any remaining building emissions through the purchase of carbon offsets or by working with regulators to allow long-term Power Purchase Agreements (PPAs) for off-set zero carbon energy.
- City Council adopted CREM's Net Zero Carbon Plan which includes objectives to reduce GHG emissions, drive efficient energy usage, and improve administration of the City's utilities portfolio.
- Incremental capital investment is required to implement this plan to drive reductions in GHG emissions, supporting the City's net zero targets. If incremental funding is not secured, meeting the City's long-term targets will be in jeopardy.

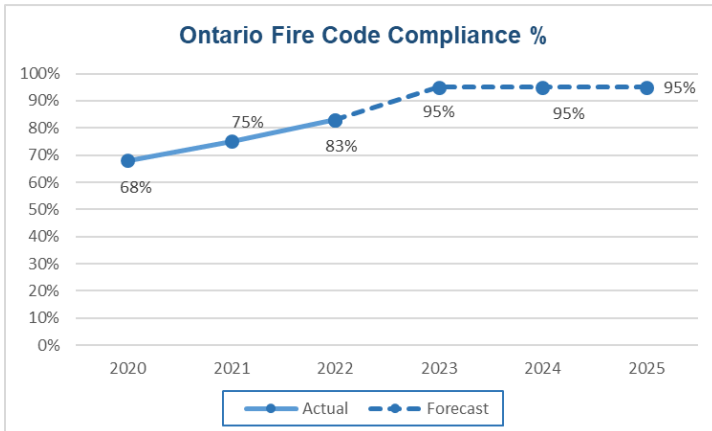
Figure 2: Building Operations and Maintenance Cost per rentable square foot



- Figure 2 illustrates the cost per rentable sq. ft. including custodial, building maintenance & repairs, security, and utilities.
- Average cost per square foot across Canadian municipalities is between \$15-\$17/sq. ft.
- Services levels from 2023 will be maintained in 2024. Cost increases are driven by immediate inflationary pressures experienced across the industry and the implementation of proper preventative maintenance plans to services building assets.
- In 2024 improvements continue to be made to service delivery and with a focus on shifting from reactive to preventative maintenance. This will allow the Division to service the assets, drive down unplanned maintenance or failure, and mitigate future inflationary pressures.

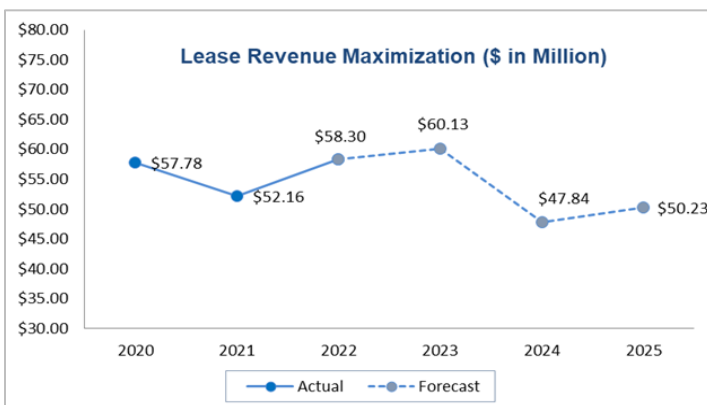
How Well We Are Doing – Behind the Numbers

Figure 3: Ontario Fire Code Compliance (%)



- Figure 3 illustrates the City of Toronto’s compliance with the Ontario Fire Code. Significant progress has been made to meet industry leading standard of 95% compliance, and work continues to ensure this compliance rate is sustained.
- To ensure sustainment of this compliance rate services continue to be standardized city-wide, a city-wide training program has been developed, and monthly inspections will continue.

Figure 4: Lease Revenue Maximization (\$ in millions)



- Figure 4 illustrates the expected stagnant revenues from the CREM lease portfolio over the next few years. This is primarily driven by the loss of all revenue from Old City Hall as well as limited new revenue opportunities across the portfolio.
- CREM is working with CreateTO and other City Divisions on planning investments and improvements to Old City Hall and are exploring future uses and other leasing opportunities.
- Revenues from a revenue sharing agreement with TPA that covers various TPA parking lots were minimal during the pandemic. Usage and revenues from these sites have not come back to pre-pandemic norms and no revenues are expected to be generated from the sites in 2024 and beyond.
- CREM continues to build out its property management functions and will focus on keeping leases up-to-date and at market rates to ensure the City receives optimal value from its lease portfolio.

How Well We Are Doing

Service	Measure	2021 Actual	2022 Actual	2023 Target	2023 Projection	Status	2024 Target	2025 Target
Outcome Measures								
Real Estate	Lease revenue maximization (\$ in Million)	\$52.16	\$58.30	\$56.57	\$60.13	●	\$47.84	\$50.23
Facilities Management	% of all demand maintenance work orders completed within standards	80.1%	77.4%	75.0%	78.0%	●	80%	80%
Facilities Management	GHG emissions at corporate building portfolio (Tonne)	143,297	138,856	129,523	129,523	●	119,865	110,337
Service Level Measures								
Facilities Management	% of preventative maintenance work orders completed on schedule	90.7%	90.6%	80.0%	86.9%	●	90.0%	90.0%
Facilities Management	% of completed construction projects meeting cost, schedule and scope defined within project charters	97.3%	98.7%	95.0%	98.5%	●	95.0%	95.0%
Real Estate	% of acquisition price to appraised value	95.7%	95.3%	100.0%	95.0%	●	100.0%	100.0%
Other Measures								
Facilities Management	Building operations and maintenance cost per rentable sq. ft.	\$13.75	\$14.85	\$14.54	\$16.04	●	\$16.84	\$17.69
Facilities Management	Completion rate (%) of SOGR capital projects	43.8%	49.9%	80.0%	70.8%	●	80.0%	80.0%

2023 Projection to 2023 Target Comparison

● 100% (MET TARGET) ● 70 - 99% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Implementation of the Workplace Modernization Program continues. In collaboration with CreateTO, the program has collapsed 19 of a total 34 leases to date (2 additional leases added to original scope), generating approximately \$6.9 million in annual operating cost savings, and reduced City office floor area by 176,000 square feet.
- Provided project management services for the design and construction of 6 sites as part of Rapid Housing Initiative 1&2 and 8 sites for new shelters and warming centers.
- Generated over \$60 million in annual leasing revenue across the City's leasing portfolio.
- Completed over 134,000 work orders, with over 60% being preventative maintenance work, 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 472 City-owned properties by completing 87 capital projects in 2023.
- Continued progress on major strategic capital projects including the St. Lawrence Market North Redevelopment with the new facility scheduled to be open to the public in Q2 of 2024. The new multi-story building includes a ground floor Market Hall, Court Services' court rooms and administrative offices and a 250-space below grade parking garage.
- Continued implementation of the strategic plan to comply with Provincial legislation for the Accessibility for Ontarians with Disabilities Act (AODA) at City facilities with 207 active projects, including 48 completed.

Key Challenges and Risks

- **Planning for Growth** – Organizational readiness and access to tools and technology to provide scalable, integrated and centralized facilities and real estate services across the City, as mandated by City Council as part of the City-Wide Real Estate initiative.
- **Aging Assets** – Aging facilities requiring an innovative and strategic approach to managing the City's building portfolio while prioritizing initiatives aimed at reducing GHG emissions in support of the City's net zero goals and objectives.
- **Market Conditions and Global Supply Chain Issues** – Inflationary pressures and cost escalations for construction materials and the delivery of such materials continue to have an impact on the ability to execute on SOGR and major projects both in flight and upcoming in the capital plan.
- **Financial Sustainability** – Aged assets and the need to invest in both major strategic as well as state of good repair needs, along with growing cost pressures related to maintenance and operations of City facilities, require innovative and sustained funding sources.

Priority Actions

- **City Building Initiatives** – Continue to support key City-wide priorities such as housing actions, transit expansion, the implementation of the Workplace Modernization Program, construction of the new Etobicoke Civic Centre and continued plans to bring all City facilities in compliance with the Accessibility for Ontarians with Disabilities Act.
- **Centralization of Real Estate and Facilities Management Functions** – Centralize stewardship and planning of the City's real estate assets, budgets and services, while modernizing and standardizing service delivery. This is a multi-year initiative that will align CREM services to industry best practices to achieve operational excellence and support financial sustainability, through the City-Wide Real Estate strategy.
- **Sustainability Initiatives** – Development and implementation of a Life Cycle Asset Management program to maintain the City's aging building portfolio effectively and efficiently, while continuing to plan for broader implementation of the Council adopted Net Zero Carbon Plan strategies to achieve the City's net zero emission targets.
- **People and Culture** – Recruitment of critical positions that align with CREM's priority actions and strategic actions, and investment in staff through training and development with emphasis on complementing enterprise level diversity, equity and inclusion initiatives.
- **Technology, Data and Processes** – Implement a business solutions roadmap that will provide staff with the tools and practices to enable scalability, value-added support for clients and data-driven decision making to enhance service delivery.

CITY STAFF PREPARED BUDGET

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2024 Operating Budget for Corporate Real Estate Management of \$217.609 million gross, \$96.073 million revenue and \$121.535 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Facilities Management	182,181.9	32,297.8	149,884.0
Real Estate	35,427.2	63,775.9	(28,348.7)
Total Program Budget	217,609.1	96,073.8	121,535.3

- The 2024 staff complement for Corporate Real Estate Management of 1,047.4 positions comprised of 102.5 capital positions and 944.9 operating positions.
2. The 2024 Capital Budget for Corporate Real Estate Management with cash flows and future year commitments totaling \$1,056.5 million as detailed by project in [Appendix 5a](#).
 3. The 2025-2033 Capital Plan for Corporate Real Estate Management totalling \$393.5 million in project estimates as detailed by project in [Appendix 5b](#).
 4. That all sub-projects with third party financing be subject to the receipt of such financing in 2024 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

2024 OPERATING BUDGET

2024 OPERATING BUDGET OVERVIEW

Table 1: 2024 Operating Budget by Service

(In \$000s)	2022 Actual	2023 Budget	2023 Projection*	2023 Budget excl COVID	2024 Base Budget	2024 New / Enhanced	2024 Budget	Change v. 2023 Budget excl COVID	
By Service	\$	\$	\$	\$	\$	\$	\$	\$	%
Revenues									
Facilities Management	31,369.8	29,301.7	30,268.0	29,301.7	32,297.8		32,297.8	2,996.1	10.2%
Real Estate	65,882.9	66,049.1	71,746.0	66,484.9	63,775.9		63,775.9	(2,708.9)	(4.1%)
Total Revenues	97,252.7	95,350.9	102,014.0	95,786.6	96,073.8		96,073.8	287.2	0.3%
Expenditures									
Facilities Management	181,094.1	173,445.6	180,565.2	169,945.6	182,181.9		182,181.9	12,236.3	7.2%
Real Estate	28,514.9	33,582.9	35,441.7	33,582.9	35,427.2		35,427.2	1,844.3	5.5%
Total Gross Expenditures	209,609.0	207,028.5	216,006.9	203,528.5	217,609.1		217,609.1	14,080.6	6.9%
Net Expenditures	112,356.3	111,677.6	113,993.0	107,741.9	121,535.3		121,535.3	13,793.4	12.8%
Approved Positions**	1,025.4	1,016.4	N/A	1,016.4	1,047.4		1,047.4	N/A	N/A

*2023 Projection based on 9 Month Variance

**YoY comparison based on approved positions

KEY DRIVERS

Total 2024 Budget expenditures of \$217.609 million gross reflects an increase of \$14.080 million in spending above the 2023 budget, predominantly arising from:

- Increase in salaries and benefits due to inflationary impacts and to align with staffing plans.
- Inflationary increase on utilities and contractual services related to custodial, maintenance and security service providers.
- Increase in safety and security investments at Union Station
- Incremental costs required due to the opening of the new St. Lawrence Market North facility.
- Sustained COVID-19 impact, which required COVID-19 funding support in prior years and has now been included in the 2024 Base Budget for the ongoing need to maintain additional security services in City parks.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Corporate Real Estate Management's 2024 Operating Budget do not have any significant equity impacts.

2024 OPERATING BUDGET KEY COST DRIVERS

The 2024 Net Operating Budget for Corporate Real Estate Management of \$121.535 million is \$13.793 million or 12.8% greater than the 2023 Net Budget, when reversing 2023 pandemic costs and revenue loss and applying a zero-base budget approach to all prior year COVID-19 related financial impacts. Table 2 below summarizes the key cost drivers for the 2024 Budget.

Table 2: 2024 Key Cost Drivers

(In \$000s)	2024				2025 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
2023 Budget	95,350.9	207,028.5	111,677.6	1,016.4	N/A
2023 Projection*	102,014.0	216,006.9	113,993.0	N/A	N/A
2023 Budget (excl. COVID)	95,786.6	203,528.5	107,741.9	1,016.4	N/A
Key Cost Drivers:					
Inflationary and Economic Factors:					
Salary & Benefits - COLA / Step / Annualization	2,542.6	4,042.8	1,500.2		125.7
Contracted Services	779.4	3,235.7	2,456.3		122.2
Utilities	6.4	1,486.8	1,480.4		
Revenue Impacts:					
Old City Hall - Provincial Courts Lease Exit	(5,154.1)	(1,670.2)	3,483.9		
Other Impacts to Leasing Revenues	(1,560.5)		1,560.5		
Reduction in Revenue from TPA Surface Parking Lots	(1,504.7)		1,504.7		
Key Base Changes:					
Security Services in City Parks		3,379.1	3,379.1		
Opening of the St. Lawrence Market North Facility	237.5	1,588.2	1,350.7	11.5	(7.3)
Incremental Union Station Safety and Security Investment and Revenues through Retail Operations	4,017.2	2,112.7	(1,904.5)	2.5	786.4
Line by Line Review to Align 2024 Budget to Actual Experience	(1,331.9)	(2,608.1)	(1,276.3)		
Conversion of Temporary Security Positions to Permanent				17.0	
Other Base Changes:					
Fleet Reserve Contribution		472.4	472.4		
New Properties Requiring Ongoing Maintenance and Support		583.3	583.3		
Optimizing Building Energy Performance		153.5	153.5	2.0	196.5
Fire Life Safety Compliance	402.5	182.9	(219.6)	2.0	72.6
Other Base Changes	1,389.4	1,379.2	(10.3)		
Sub-Total - Key Cost Drivers	(176.2)	14,338.2	14,514.4	35.0	1,296.1
Affordability Measures:					
Efficiencies	463.4	(257.6)	(721.0)	(4.0)	(160.9)
Sub-Total - Affordability Measures	463.4	(257.6)	(721.0)	(4.0)	(160.9)
Total 2024 Budget	96,073.8	217,609.1	121,535.3	1,047.4	1,135.2
Change from 2023 Budget (excl. COVID) (\$)	287.2	14,080.6	13,793.4	N/A	N/A
Change from 2023 Budget (excl. COVID) (%)	0.3%	6.9%	12.8%	N/A	N/A

*Based on 9 Month Variance

**YoY comparison based on approved positions

Key Base Drivers:

Inflationary and Economic Factors:

- Salary and benefit increases reflect annualization of staff hired in 2023, inflationary increases outlined in collective agreements for staffed positions as well as anticipated staffing plans for 2024.
- Other inflationary and economic factor impacts include increases on utilities primarily driven by price increases across all utilities as well as increases on externally contracted services primarily for custodial, maintenance and security service providers.

Revenue Changes:

- The decrease in revenue is driven by the loss of lease revenues related to the Provincial Courts vacating Old City Hall and the sustained impact from the pandemic on the revenue share agreements for Toronto Parking Authority operated sites under Corporate Real Estate Management.

Key Base Changes:

- Includes the sustained need for security support services at City parks as part of the City’s overall management of encampments that was implemented during the pandemic.
- Operating costs and staff complement associated with the new St. Lawrence Market North facility which is expected to open to the public in the second quarter of 2024.
- Due to an increase in active space, ridership and reported incidents at Union Station, there is a need for an increased investment in safety and security at Union Station. This is a joint effort with Metrolinx and other tenants at the Station, needed to ensure the safety of commuters, visitors and staff that flow through the Station daily. These are partially offset by increased revenues generated from the Station through new retail offerings that have opened and will open in 2024, as well as a draw from the Union Station reserve.
- There is a net reduction resulting from a Line-by-Line review to align budget to actual experience primarily in the areas of property taxes and equipment costs.

Other Changes:

- Primarily driven by resources supporting the Workplace Modernization Program offset by recoveries from the capital program. Also included are other items with minor impacts.

Affordability Measures:

Table 3: Offsets and Efficiencies

Recommendation	(\$000s)								
	Savings Type	Equity Impact	2024				2025 (Incremental)		
			Revenue	Gross	Net	Positions	Gross	Net	Positions
Centralization and reduction of administration functions within CREM	Efficiencies	No Equity Impact		(257.6)	(257.6)	(4.0)	(160.9)	(160.9)	
Administrative fee to be included and other cost recoveries from new third party leases	Efficiencies	No Equity Impact	463.4		(463.4)				
Total Affordability Measures			463.4	(257.6)	(721.0)	(4.0)	(160.9)	(160.9)	-

The 2024 Operating Budget for Corporate Real Estate Management (CREM) includes \$0.721 million in efficiency reductions arising from:

- The modernization of service delivery, such as the implementation of a dispatch model and streamlined and centralized administrative processes, allowing for the reduction of 4 vacant administrative positions.
- Introduction of an administrative recovery for the management of third-party leases, and the recovery of other specialized costs related to the administration of these leases, in line with industry best practices, and the City’s direction for full cost recovery for services.

2025 & 2026 OUTLOOKS**Table 5: 2025 and 2026 Outlooks**

(\$000s)	2024 Budget	2025 Incremental Outlook	2026 Incremental Outlook
Revenues			
Revenue Changes		167.5	424.6
Inflationary Impacts		588.2	619.6
Total Revenues	96,073.8	755.8	1,044.1
Gross Expenditures			
Salaries and Benefits		709.1	777.1
Inflationary Impacts		412.6	17.6
Other Changes		769.2	17.7
Total Gross Expenditures	217,609.1	1,890.9	812.4
Net Expenditures	121,535.3	1,135.2	(231.8)
Approved Positions	1,047.4	1.0	0.0

Key Outlook Drivers

The 2025 Outlook with total gross expenditures of \$219.500 million reflects an anticipated \$1.891 million or 0.9% increase in gross expenditures above the 2024 Operating Budget. The 2026 Outlook expects a further increase of \$0.812 million or 0.4% above 2025 gross expenditures.

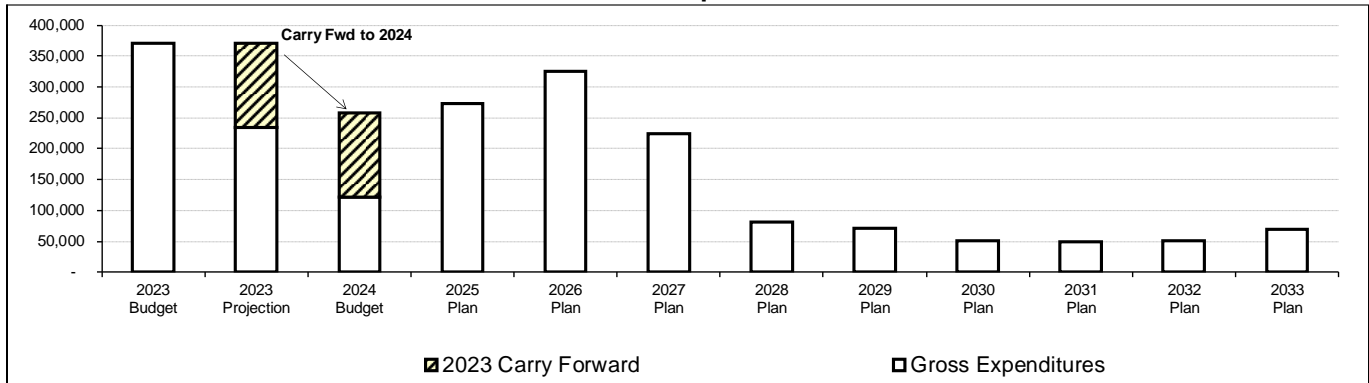
These changes arise from the following:

- **Revenues Changes**
Increase in revenues in 2025 and 2026 driven from the St. Lawrence Market North facility and the additional opening of retail spaces at Union Station. **(2025 & 2026)**
- **Salaries and Benefits**
Annualization impacts of new positions added in 2024 and 2025. **(2025 & 2026)**
- **Inflationary Impacts**
Increases on utilities, external contracts and property taxes. **(2025 & 2026)**
- **Other Changes**
Contribution to the Union Station Reserve Fund resulting from anticipated net operating impacts of the station, and the annualized operating impacts for the new St. Lawrence Market North facility. **(2025 & 2026)**

2024 – 2033 CAPITAL BUDGET AND PLAN

2024 2033 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



In \$000's	2023		2024 Capital Budget and 2025 - 2033 Capital Plan										Total 10 Year Plan
	Budget	Projected Actual	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
	Gross Expenditures by Project Category:												
Health & Safety & Legislated	69,779	44,185	50,532	16,299	8,376	11,375	4,250	3,250	3,250	3,250	3,250	3,250	107,082
SOGR	92,877	67,146	87,680	60,680	55,367	51,662	61,884	57,211	40,400	39,556	41,342	59,719	555,502
Service Improvement & Growth	208,267	120,857	119,661	195,462	262,291	160,477	15,170	10,150	6,650	5,950	5,650	5,900	787,362
Total by Project Category	370,922	232,188	257,874	272,442	326,034	223,514	81,304	70,611	50,300	48,756	50,242	68,869	1,449,946
Financing:													
Debt	88,398	25,151	146,408	147,219	150,802	96,489	67,762	60,451	48,692	48,361	50,223	68,399	884,807
Debt Recoverable	50,620	45,444	1,296	7,500	6,919	6,919	5,000						27,633
Reserves/Reserve Funds	73,083	59,112	22,979	11,914	156,828	91,690	5,124	9,213	914			451	299,114
Provincial	450	450	251	125	979	969	3,418	947	694	395	19	19	7,814
Federal	7,521	21	500	13,750	750								15,000
Other Revenue	150,850	102,010	86,439	91,934	9,756	27,448							215,578
Total Financing	370,922	232,188	257,874	272,442	326,034	223,514	81,304	70,611	50,300	48,756	50,242	68,869	1,449,946




Changes to Existing Projects (\$10.4 Million)	New Projects / Programs (\$70.4 Million)	Capital Needs Constraints (\$2,037.0 Million)
<p>The 2024-2033 Capital Budget and Plan reflects the following changes to existing projects over the nine common years (2024-2032):</p> <ul style="list-style-type: none"> • \$8.8 million for the relocation of <i>Fire Station 332</i> to 55 John Street to unlock and redevelop 260 Adelaide for City building benefits incl. affordable housing. • \$7.3 million increase for strategic land acquisition in support of City strategic priorities. • \$4.1 million for <i>Union Station SOGR</i> including \$3.4M funded through 3rd parties for North Bay Pedestrian Bridge. • \$3.3 million for building enhancements at the <i>1050 Ellesmere Fleet Garage</i> related to material cost escalations due to current market conditions and additional safety requirements onsite to allow construction to proceed safely and efficiently. • \$2.8 million for city-wide physical security enhancements as part of the corporate security program. • \$15.0 million decrease in the <i>School Lands Properties Acquisition</i> commitment in LARF to allow for the availability of funding for any strategic land acquisition, including school lands or other lands, to support City priorities. 	<p>The 2024-2033 Capital Budget and Plan includes new projects. Key projects are as follows:</p> <ul style="list-style-type: none"> • \$37.8 million to address critical SOGR requirements at City facilities, includes mechanical & electrical, elevator modernization, structural/building envelope work. • \$17.6 million for a <i>City-Wide Asset Management</i> program to implement an integrated asset management strategy across all City facilities. • \$11.0 million to implement the business solutions roadmap to modernize and enhance the technological tools needed to support CREM's implementation of the City-Wide Real Estate model and to support the day-to-day services delivered by CREM. • \$2.0 million in <i>Energy Conservation & Demand Management</i> to achieve TransformTO net-zero goals & climate resiliency through the continuation of building retrofits. • \$2.0 million to address compliance with legislated requirements under the <i>Fire & Life Safety</i> programs as well as City-wide enhancements to keep facilities efficient, safe and secure. 	<p>Corporate Real Estate Management has significant unfunded capital needs within the 10-year planning horizon:</p> <ul style="list-style-type: none"> • \$1,469.2 million to address backlog SOGR requirements identified from building condition audits at CREM-managed facilities over the next 10 years. • \$360.5 million for the full implementation of the <i>Net Zero Carbon Plan</i> for City buildings, required to achieve net zero emissions through comprehensive energy retrofits. • \$117.5 million incremental funding required in the future for <i>New Etobicoke Civic Centre</i> project. • \$65.3 million in future year funding for <i>Nathan Phillips Square Waterproofing & Preservation</i>. • \$24.5 million required for <i>Union Station Hostile Vehicle Mitigation</i> enhancements.

Note:

For additional information, please refer to [Appendix 5](#) for a more detailed listing of the 2024 and 2025-2033 Capital Budget & Plan by project; [Appendix 6](#) for Reporting on Major Capital Projects – Status Update; [Appendix 7](#) for Capacity to Spend Review; and [Appendix 8](#) for Capital Needs Constraints, [Appendix 9](#) for Capital Program Provincial/Federal Funding Streams by Projects, respectively.

2024 – 2033 CAPITAL BUDGET AND PLAN

\$1,449.9 Million 10-Year Gross Capital Program

		
Aging Infrastructure/SOGR	Service Improvement, Enhancement and Growth	Health and Safety & Legislated
\$555.5 M 38.3%	\$787.3 M 54.3%	\$107.1 M 7.4%
<ul style="list-style-type: none"> • Accessibility for Ontarians with Disabilities Act (AODA) • Structural/Building Envelope <input checked="" type="checkbox"/> • Mechanical/ Electrical <input checked="" type="checkbox"/> • Emergency Capital Repairs • Renovations • Sitework • Union Station SOGR 	<ul style="list-style-type: none"> • St. Lawrence Market North <input checked="" type="checkbox"/> • New Etobicoke Civic Centre <input checked="" type="checkbox"/><input checked="" type="checkbox"/> • Old City Hall • Workplace Modernization Program <input checked="" type="checkbox"/> • Wellington Destructor <input checked="" type="checkbox"/> • Relocation of Fire Hall 332 to 55 John Street (Metro Hall) • City-Wide Asset Management Program • Business Solutions Roadmap • Preventative Maintenance • Property Acquisitions for Strategic City Building using the City-Wide Real Estate Model • City support of the IRSS legacy sculpture and memorial garden <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> • Building Automation System <input checked="" type="checkbox"/> • City-wide Physical Security Enhancements • Net Zero Carbon Plan Program <input checked="" type="checkbox"/> • Energy Conservation & Demand Management <input checked="" type="checkbox"/> • Energy Audits <input checked="" type="checkbox"/> • Electrical Resiliency <input checked="" type="checkbox"/> • Fire and Life Safety

- Project supports Climate Resiliency and / or Greenhouse Gas (GHG) Reduction*
- Project includes workforce development requirements as outlined in the City's Social Procurement Program

*Information above includes full project / sub-project 2024-2033 Capital Budget and Plan cash flows. Does not break out the climate component costs separately.

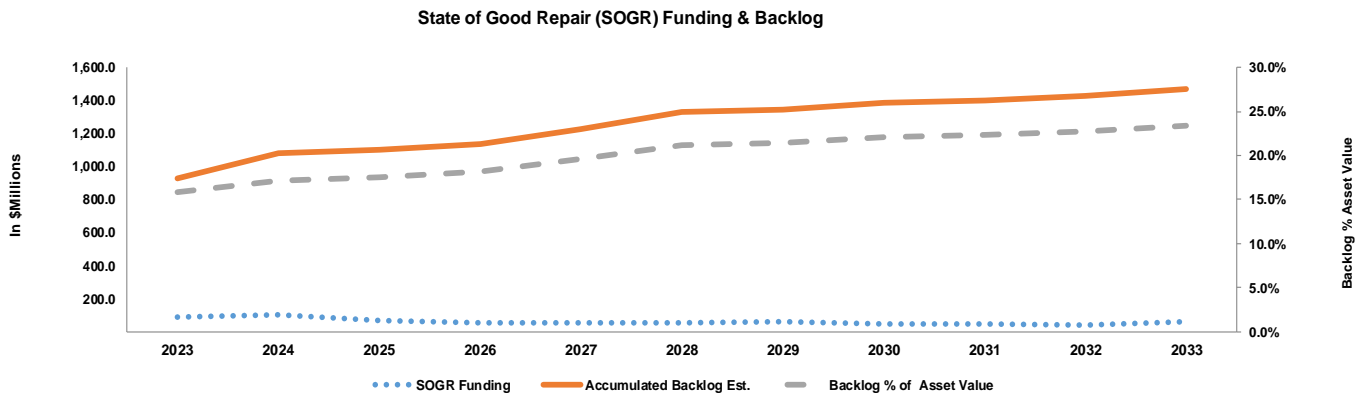
How the Capital Program is Funded

City of Toronto		Federal Funding		Provincial Funding	
\$1,427.1 M 98.4%		\$15.0 M 1.0%		\$7.8 M 0.5 %	
Debt	\$884.5 M	Canada Cultural Spaces Fund	\$15.0 M	Other	\$7.8 M
Recoverable Debt	\$27.6 M				
Reserve Draws	\$299.1 M				
Other	\$215.6 M				

STATE OF GOOD REPAIR (SOGR) FUNDING & BACKLOG

Corporate Real Estate Management (CREM) is responsible for capital improvements and repairs at more than 474 facilities, covering over 12.5 million square feet with an approximate replacement value of \$6.279 billion, including Union Station. The chart below depicts the SOGR funding and accumulated backlog estimates in Corporate Real Estate Management.

Chart 2: Total SOGR Funding & Backlog



\$ Millions	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
SOGR Funding	86.2	99.6	68.8	49.5	52.4	54.7	59.1	45.2	43.9	42.1	61.1
Accumulated Backlog Est.	926.8	1,079.7	1,099.1	1,138.1	1,227.4	1,328.8	1,344.8	1,383.8	1,400.0	1,426.2	1,469.2
Backlog % of Asset Value	15.8%	17.2%	17.5%	18.1%	19.5%	21.2%	21.4%	22.0%	22.3%	22.7%	23.4%
Total Asset Value	5,850.2	6,278.6	6,278.6	6,278.6	6,278.6	6,278.6	6,278.6	6,278.6	6,278.6	6,278.6	6,278.6

- The Corporate Real Estate Management building portfolio noted above is comprised of a number of building types utilized by City Programs and Agencies for their service delivery, including among others:
 - Toronto Police Services – 40 buildings / 2.237 million square feet
 - Fire Services – 102 buildings / 0.958 million square feet
 - Toronto Paramedic Services – 36 buildings / 0.378 million square feet
 - Other Corporate facilities – 296 buildings / 8.905 million square feet

- Based on the current funding levels, the backlog will increase from \$927 million or 15.8% of replacement asset value in 2023 to \$1,469 million or 23.4% by 2033 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% of the replacement value of the portfolio compared to the industry standard of 2% to 4%.
 - Reductions to SOGR funding in prior years needed to address the COVID-19 support funding shortfall from the federal and provincial governments. This was required to ensure the City maintains a balanced Operating Budget while addressing the financial impacts continuing to arise from the pandemic.
 - Alignment of cash flows to better reflect CREM's readiness/capacity to deliver projects based on resource constraints and priorities. These issues have been addressed through a focused hiring plan and changes in delivery methods, which is expected to increase the Division's ability to deliver these critical SOGR projects.
 - Ongoing cost escalations and supply chain issues have not been factored into backlog needs above. The Division, through its Asset Management plans, will consider these and other factors as it revisits the SOGR planning process as part of the overall enhanced asset management program under development.
- Through the following priority actions, the CREM Division is expecting to be able to begin to address the growing backlog while maintaining existing facilities in a state of good repair, operational and safe for City and public use.
 - Corporate Real Estate Management is developing and implementing industry standard Asset Management program that will be able to be applied across all City facilities. This includes strategic approaches to addressing the growing backlog, as well as identifying and implementing appropriate tools, processes and practices across City programs. This, in conjunction with the appropriate preventative maintenance programs, will reduce the overall cost of ownership of assets, improve performance and reduce failure, downtime and major maintenance investments.

The rationalization of office space to be achieved through the Workplace Modernization Program will reduce the overall size of the building portfolio, and as a result reduce the need to investment in state of good repair backlog across facilities that will no longer be used for City office purposes. This programmatic approach will continue across all City asset types in an ongoing effort to rationalize and optimize the City's real estate portfolio through the City-Wide Real Estate Model.

OPERATING IMPACT OF COMPLETED CAPITAL PROJECTS

In the 2024 Operating Budget there are no impacts identified from the 10-Year Capital Budget and Plan.

While there are no direct operating impacts from newly completed capital projects explicitly identified in the plan, some projects are expected to have impacts on future year operating budgets. The specific impacts are still being evaluated and managed.

- The Workplace Modernization Program is expected to generate operational savings in future years as leases are collapsed and staff are brought into core City space. Savings have been and will continue to be realized across various programs and agencies and have been and will continue to be used to repay the cost of the capital project to modernize City office space.
- Additional savings are expected from capital investments in energy efficiency projects at City facilities through lower utility costs. Savings generated can be used to offset expected utility price increases and to invest back in City facilities to meet the TransformTO GHG reduction targets.
- As CREM implements the Net Zero Carbon Plan, and the asset management program there are changes that will be incorporated into future operating and capital budgets for the Division, as well as other City Divisions, Agencies and Corporations, as these initiatives would be adopted City-wide. These changes will be reported within respective future budget submissions of these City Divisions, Agencies and Corporations.
- The new St. Lawrence Market North Building is expected to open in Q2 2024 which will drive incremental revenue through the use of event space on the ground floor and a new below grade parking garage. The City will also achieve savings through the relocation of Court Services' court rooms and administrative offices to the new North Market. These incremental revenues and cost savings will be partially offset by additional expenses to operate the new space. These changes will be reflected in future budget submissions.

APPENDICES

Appendix 1

2024 Operating Budget by Category

Category (\$000s)	2021 Actual	2022 Actual	2023 Budget	2023 Projection*	2024 Budget	2024 Change from 2023 Budget		2024 Change from 2023 Projection	
	\$	\$	\$	\$	\$	\$	%	\$	%
Federal Subsidies			206.0		206.0			206.0	
User Fees & Donations	48,058.9	55,411.2	47,842.1	55,990.0	44,323.9	(3,518.1)	(7.4%)	(11,666.0)	(20.8%)
Transfers From Capital	12,748.0	14,107.3	15,819.8	17,616.8	19,585.8	3,766.0	23.8%	1,968.9	11.2%
Contribution From Reserves/Reserve Funds	79.3	1,694.7	1,572.0	1,245.4	4,874.3	3,302.3	210.1%	3,628.9	291.4%
Sundry and Other Revenues	12,820.0	13,394.7	16,059.0	12,896.9	12,510.8	(3,548.2)	(22.1%)	(386.1)	(3.0%)
Inter-Divisional Recoveries	12,174.9	12,649.2	13,852.0	14,264.9	14,573.0	721.0	5.2%	308.2	2.2%
Total Revenues	85,881.2	97,257.2	95,350.9	102,014.0	96,073.8	722.9	0.8%	(5,940.2)	(5.8%)
Salaries and Benefits	93,176.1	98,581.6	101,041.7	101,373.4	106,479.9	5,438.2	5.4%	5,106.6	5.0%
Materials & Supplies	30,998.4	33,763.3	37,798.2	35,900.7	37,850.8	52.6	0.1%	1,950.1	5.4%
Equipment	836.4	1,114.0	471.5	798.6	687.9	216.3	45.9%	(110.7)	(13.9%)
Service and Rent	56,969.3	72,635.6	64,597.6	72,447.8	69,000.6	4,403.0	6.8%	(3,447.2)	(4.8%)
Contribution To Reserves/Reserve Funds	2,004.1	689.5	2,204.4	2,197.8	2,676.8	472.4	21.4%	479.0	21.8%
Other Expenditures	3,486.6	2,344.2	837.4	3,057.3	837.4			(2,219.9)	(72.6%)
Inter-Divisional Charges	652.3	480.8	77.6	231.3	75.7	(2.0)	(2.6%)	(155.7)	(67.3%)
Total Gross Expenditures	188,123.2	209,609.0	207,028.5	216,006.9	217,609.1	10,580.6	5.1%	1,602.2	0.7%
Net Expenditures	102,242.1	112,351.8	111,677.6	113,993.0	121,535.3	9,857.7	8.8%	7,542.3	6.6%

*Projection based on 9 Month Variance

Appendix 2

Summary of 2024 Service Changes

N/A

Appendix 3

Summary of 2024 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 4

Summary of 2024 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 5

2024 Capital Budget; 2025 - 2033 Capital Plan Including Carry Forward Funding

(In \$000s)	2024 Budget	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2024 - 2033 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
Accessibility for Ontarians with Disabilities Act	39,010	12,799	6,001	8,000							65,810	65,810		
1050 Ellesmere Building Enhancements <input checked="" type="checkbox"/>	8,333	10,374									18,707		18,707	
Building Automation System (BAS) <input checked="" type="checkbox"/>	3,670	1,000	4,000	2,000	6,750	2,000	2,000	2,000	2,000	2,000	27,420		27,420	
City-Wide Asset Management Initiatives	3,520	3,520	3,520	3,520	3,520						17,600			17,600
City-Wide Physical Security Enhancements	5,987	4,097	3,699	2,850	2,850	2,850	2,850	2,850	2,550	2,850	33,433			33,433
CREM Business Solutions Roadmap	4,550	5,500	2,500								12,550			12,550
Customer Experience	30										30			30
Emergency Repairs	3,022	500	3,500	691	715	408	1,364	538	524	266	11,528		11,528	
Energy Conservation & Demand Management <input checked="" type="checkbox"/>	2,442	7,550	6,050	3,000	3,000	3,000	3,000	3,000	3,000	3,000	37,042			37,042
Environmental	1,783	1,686	1,686		3,566	1,783	1,783	1,783	1,783	1,783	17,636		17,636	
Feasibility Studies	2,586	2,000	2,000	1,500	500	2,000	2,000	2,000	2,000	2,000	18,586		18,586	
Fire & Life Safety	7,273	2,000	1,000	2,000	3,000	2,000	2,000	2,000	2,000	2,000	25,273	25,273		
FM Elevator Program	2,510	1,000	600	500							4,610		4,610	
Future Use of Old City Hall	937	2,500	3,400	3,000	3,000	3,500					16,337			16,337
Mechanical and Electrical <input checked="" type="checkbox"/>	6,738	7,789	10,754	8,864	8,802	13,701	5,227	8,080	10,817	15,632	96,403		96,403	
ModernTO Workplace Modernization Program <input checked="" type="checkbox"/>	23,126	62,970	73,719	38,899							198,714			198,714
Net Zero Carbon Plan Program <input checked="" type="checkbox"/>	858	4,925	1,125	500	2,000						9,408			9,408
New Etobicoke Civic Centre <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	42,910	87,150	150,650	107,618							388,328			388,328
Other Health & Safety	4,250	1,500	1,375	1,375	1,250	1,250	1,250	1,250	1,250	1,250	16,000	16,000		
Other Service Improvements	1,980	50	50	50	50	50	50	50	50		2,380			2,380
Other SOGR	2,155	2,000									4,155		4,155	
Real Estate Services SOGR	3,452	1,200	700	1,700	1,200	1,200	1,200	1,200	1,200	1,200	14,252		14,252	
Relocation of Fire Station 332	794	7,500	6,919	6,919	5,000						27,131			27,131
Renovations	9,002	3,260	3,250	2,855	6,523	7,290	4,175	5,677	6,684	3,371	52,088			52,088
Roofing	1,741	1,101	503	3	223	48	517	643	3,139	3,605	11,524			11,524
Sitework	12,506	4,028	4,643	8,379	2,530	11,992	317	1,342	297	8,062	54,096			54,096
Small Capital	5,587	5,000	5,000	5,000	6,500	5,000	5,000	5,000	5,000	5,000	52,087			52,087
St. Lawrence Market North Redevelopment <input checked="" type="checkbox"/>	11,053										11,053			11,053
Strategic Feasibility Studies	1,096	750	750	750	750	750	750	50	50	50	5,746			5,746
Strategic Property Acquisitions	16,252										16,252			16,252
Structural / Building Envelope <input checked="" type="checkbox"/>	12,161	7,151	5,550	7,981	7,214	6,669	9,757	6,181	5,736	8,800	77,199		77,199	
Toronto Strong Neighbourhoods Strategy	574										574			574
Union Station - SOGR	11,639	5,091	6,263	5,271	12,361	5,120	7,060	5,112	2,162	8,000	68,079		68,079	
Union Station East Wing	100	600	1,078	290							2,068			2,068
Union Station Enhancement Project (USEP)	2,829										2,829			2,829
Union Station Revitalization	840	100									940			940
Wellington Destructor - Construction <input checked="" type="checkbox"/>	576	15,750	15,750								32,076			32,076
Total Expenditures (including carry forward from 2023)	257,874	272,442	326,034	223,514	81,304	70,611	50,300	48,756	50,242	68,869	1,449,946	107,082	555,502	787,362

- Project supports Climate Resiliency and / or Greenhouse Gas (GHG) Reduction
- Project includes workforce development requirements as outlined in the City's Social Procurement Program

*Information above includes full project / sub-project 2023-2032 Capital Budget and Plan cash flows. Does not break out the climate component costs separately

Appendix 5a

2024 Cash Flow and Future Year Commitments Including Carry Forward Funding

(In \$000s)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total 2024 Cash Flow & FY Commits	Previously Approved	Change in Scope	New w/ Future Year
<i>Accessibility for Ontarians with Disabilities Act</i>	39,010	12,799	6,001	8,000							65,810	65,810		
<i>1050 Ellesmere Building Enhancements</i>	8,333	10,374									18,707	15,457	3,250	
<i>Building Automation System (BAS)</i>	3,670	1,000	1,000								5,670	5,670		
<i>City-Wide Asset Management Initiatives</i>	3,520	3,520	3,520	3,520	3,520						17,600			17,600
<i>City-Wide Physical Security Enhancements</i>	5,987	4,097	3,699	2,850	2,850	2,850	2,850	2,850	2,550	2,850	33,433	30,619	2,814	
<i>CREM Business Solutions Roadmap</i>	4,550	5,500	2,500								12,550	1,550		11,000
<i>Customer Experience</i>	30										30	30		
<i>Emergency Repairs</i>	3,022										3,022	1,864	158	1,000
<i>Energy Conservation & Demand Management</i>	2,442	4,550	3,050								10,042	8,042		2,000
<i>Environmental</i>	1,783										1,783	141		1,642
<i>Feasibility Studies</i>	2,586	1,500	500								4,586	2,436		2,150
<i>Fire & Life Safety</i>	7,273										7,273	5,273		2,000
<i>FM Elevator Program</i>	2,510	1,000	600	500							4,610	4,610		
<i>Future Use of Old City Hall</i>	937	2,500	3,400	3,000	3,000	3,500					16,337	16,337		
<i>Mechanical and Electrical</i>	6,738	7,598	8,000	7,435	3,028	1,000	1,000				34,799	30,969	(158)	3,988
<i>ModernTO Workplace Modernization Program</i>	23,126	62,970	73,719	38,899							198,714	198,714	0	
<i>Net Zero Carbon Plan Program</i>	858	4,925	1,125	500	2,000						9,408	9,408		
<i>New Etobicoke Civic Centre</i>	42,910	87,150	150,650	107,618							388,328	388,328		
<i>Other Health & Safety</i>	4,250	1,500	1,375	1,375	1,250	1,250	1,250	1,250	1,250	1,250	16,000	3,500		12,500
<i>Other Service Improvements</i>	1,980	50	50	50	50	50	50	50	50	50	2,380	1,425	955	
<i>Other SOGR</i>	2,155	2,000									4,155	4,155		
<i>Real Estate Services SOGR</i>	3,452										3,452	2,252		1,200
<i>Relocation of Fire Station 332</i>	794	7,500	6,919	6,919	5,000						27,131	18,294	8,837	
<i>Renovations</i>	9,002	1,945	1,805	1,013							13,766	7,466	0	6,300
<i>Roofing</i>	1,741	1,101	503								3,345	3,345		
<i>School Lands Properties Acquisition</i>												14,992	(14,992)	
<i>Sitework</i>	12,506	4,014	4,498	8,340							29,358	29,358		
<i>Small Capital</i>	5,587	1,000									6,587	2,087		4,500
<i>St. Lawrence Market North Redevelopment</i>	11,053										11,053	11,053		
<i>Strategic Feasibility Studies</i>	1,096										1,096	346		750
<i>Strategic Property Acquisitions</i>	16,252										16,252	10,864	5,388	
<i>Structural / Building Envelope</i>	12,161	6,622	4,507	7,104	1,165						31,559	28,164	(0)	3,395
<i>Toronto Strong Neighbourhoods Strategy</i>	574										574	574		
<i>Union Station - SOGR</i>	11,639	5,091	88	271	123	1,120	560	112	162		19,166	14,651	4,135	380
<i>Union Station East Wing</i>	100	600	1,078	290							2,068	2,068	(0)	
<i>Union Station Enhancement Project</i>	2,829										2,829	2,829		
<i>Union Station Revitalization</i>	840	100									940	940		
<i>Wellington Destructor - Construction</i>	576	15,750	15,750								32,076	32,076		
Total Expenditure (including carry forward from 2023)	257,874	256,757	294,336	197,684	21,986	9,770	5,710	4,262	4,012	4,100	1,056,490	975,698	10,387	70,405

Appendix 5b

2025 - 2033 Capital Plan

(In \$000s)	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2025 - 2033 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
<i>Building Automation System (BAS)</i>		3,000	2,000	6,750	2,000	2,000	2,000	2,000	2,000	21,750		21,750	
<i>Emergency Repairs</i>	500	3,500	691	715	408	1,364	538	524	266	8,506		8,506	
<i>Energy Conservation & Demand Management</i>	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	27,000			27,000
<i>Environmental</i>	1,686	1,686		3,566	1,783	1,783	1,783	1,783	1,783	15,853		15,853	
<i>Feasibility Studies</i>	500	1,500	1,500	500	2,000	2,000	2,000	2,000	2,000	14,000		14,000	
<i>Fire & Life Safety</i>	2,000	1,000	2,000	3,000	2,000	2,000	2,000	2,000	2,000	18,000	18,000		
<i>Mechanical and Electrical</i>	191	2,754	1,429	5,774	12,701	4,227	8,080	10,817	15,632	61,604		61,604	
<i>Real Estate Services SOGR</i>	1,200	700	1,700	1,200	1,200	1,200	1,200	1,200	1,200	10,800		10,800	
<i>Renovations</i>	1,315	1,445	1,842	6,523	7,290	4,175	5,677	6,684	3,371	38,322		38,322	
<i>Roofing</i>			3	223	48	517	643	3,139	3,605	8,179		8,179	
<i>Sitework</i>	14	145	39	2,530	11,992	317	1,342	297	8,062	24,738		24,738	
<i>Small Capital</i>	4,000	5,000	5,000	6,500	5,000	5,000	5,000	5,000	5,000	45,500		45,500	
<i>Strategic Feasibility Studies</i>	750	750	750	750	750	750	50	50	50	4,650			4,650
<i>Structural / Building Envelope</i>	529	1,043	877	6,049	6,669	9,757	6,181	5,736	8,800	45,640		45,640	
<i>Union Station - SOGR</i>		6,175	5,000	12,238	4,000	6,500	5,000	2,000	8,000	48,913		48,913	
Total Expenditures	15,685	31,698	25,831	59,318	60,841	44,590	44,494	46,230	64,769	393,456	18,000	343,806	31,650

Appendix 6

Reporting on Major Capital Projects: Status Update

Division/Project name	2023 Cash Flow			Total Project Cost		Projected YE Status	Start Date	Completion Date		On Budget	On Time
	Appr.	YTD Spend	YE Projec Spend	Appr. Budget	Life to Date			Original Planned	Revised Planned/Actual		
Corporate Real Estate Management											
St. Lawrence Market North Redevelopment	32,852	14,613	21,798	117,729	99,708	Significant Delay	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>	Q4 2023	Ⓞ	Ⓞ
Comments:	<p>Phase 1: Design and construction of a Temporary Market Building, at 125 The Esplanade, and client relocation. Completed June 2015.</p> <p>Phase 2: Demolition of the existing North Market Building at 92 Front St. including archaeological assessment and environmental remediation of the site in advance of new construction. Completed April 2017.</p> <p>Phase 3: Design, tender and construction of New North Market Building. The construction contract was awarded in May, 2019 to the Butlcon Limited / The Atlas Corporation Joint Venture. Construction started in July 2019. Construction progress to the end of September 2023 includes completion of the full 5 storey building superstructure including curtain wall glazing and aluminum sunshade fins. The building is now fully enclosed, with Interior mechanical, electrical finishing work ongoing including to the pedestrian bridge connection between east and west wings of the building, to the 2nd Floor of St. Lawrence Hall. Mechanical and electrical systems distribution work in the 4 level underground parking garage nearing completion. Overall the building is approximately 90% complete. Forecast updated based on estimated contractor and consultant billings and construction work progress. Super-structure, floor framing, and full building envelope is complete, including parking garage. Parking garage, Market, and Court finishes to be completed by end of Q1 2024 for occupancy.</p>										
Explanation for Delay:	<p>The contractor has advised that COVID-19 caused reduced productivity levels due to additional safety procedures, impacts to the labour force availability and delays in the supply chain for construction materials. Also, the contractor has advised that the province wide labour disruption caused further progress delay. Design changes were required to incorporate a new Case Management Courtroom and further virtualization of Court proceedings in accordance with orders from the Ontario Court of Justice. The revised design also incorporates the latest workplace modernization principles.</p>										
ModernTO - Workplace Modernization Program	27,492	10,602	15,645	250,000	44,175	On Track	Q3 2019	Q4 2027	Q4 2027	Ⓞ	Ⓞ
Comments:	<p>The ModernTO program aims to optimize the City's office portfolio and footprint by consolidating office employees from City Divisions, Agencies and Corporations in 15 locations from the current 55 leased-in and City-owned locations. This will be achieved by modernizing 5 core buildings, thus reducing the City office floor area by 1 million sq. ft. and generating annual savings of \$30.5 million in operating costs and reduction of the City's State of Good Repair (SOGR) obligations from unlocking 8 City-owned properties.</p> <p>Key elements completed to date:</p> <ul style="list-style-type: none"> - Reduced office floor area by approximately 133,000 sq. ft., by exiting 15 out of 33 leases (32 original, 1 added scope), resulting in \$5.2 million annual recurring operating savings - Accelerated construction on City Hall 5E, 22E, and Metro Hall 2nd substantially performed in Q3 2023 <p>Key elements to be completed:</p> <ul style="list-style-type: none"> - Resources to be acquired for modernization of 5 core buildings in scope - Unlocking 8 City-owned sites, generating an estimated \$450 million in land value to be leveraged for City building purposes (affordable housing, community, and environmental initiatives) - responsibility of CreateTO, see Council report 2022.EX31.10 "ModernTO: Unlocking Eight City-Owned Properties" 										
Explanation for Delay:											

Division/Project name	2023 Cash Flow			Total Project Cost		Projected YE Status	Start Date	Completion Date		On Budget	On Time
	Appr.	YTD	YE	Appr.	Life to Date			Original Planned	Revised		
New Etobicoke Civic Centre	38,440	4,262	14,150	433,385	34,996	On Track	January 2018	December 2027	December 2027	Ⓞ	Ⓞ
Comments:	<p>The new Etobicoke Civic Centre project will be a landmark within the precinct and will include the following facilities: a community recreation centre, a community library, a public health clinic, a childcare centre, Council chambers and constituency offices, City offices and amenity floors, civic public meeting rooms & public counter and a civic square. The new ECC will also house a double height District Energy Plant within the 2 storey below grade parking structure.</p> <p>The open call negotiated request for proposal nRFP for the solicitation of the General Contractor closed and award is expected in Q4 2023. Contract execution is planned for December 2023 with construction substantial completion expected in August 2027 and the building open for occupancy in by December 2027. These dates are subject to be updated upon the final construction schedule provided by the selected General Contractor.</p>										
Explanation for Delay:											
Accessibility for Ontarians with Disabilities Act (AODA) Program	66,845	29,586	41,383	199,045	121,438	On Track	January 2018	December 2024	December 2024	Ⓞ	Ⓞ
Comments:	<p>CREM is implementing a capital accessibility program to proactively upgrade facilities that fall under its capital maintenance program called Toronto Accessibility Upgrades (TAU). It is following the highest level of standard (the Toronto Accessibility Design Guidelines), wherever feasible, for the removal of accessibility barriers at City-owned buildings. It researched best industry practices for the program delivery, given the size of its portfolio, its complexity, and the timelines for compliance.</p> <p>Through a programmatic approach to procurement and project delivery, CREM expects to upgrade over 250 City buildings in its portfolio, as well as under management of Shelter, Support and Housing Administration for compliance with the AODA, while realizing time efficiencies and cost savings, standardized quality across all projects, and business continuity at affected sites.</p> <p>As of September 2023, 70% of the program has been successfully completed with the following completion rates: 97% validation, 79% design 62% procurement and 47% construction. There are currently 163 active projects at the different stages, namely validation, design and construction.</p>										
Explanation for Delay:											

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

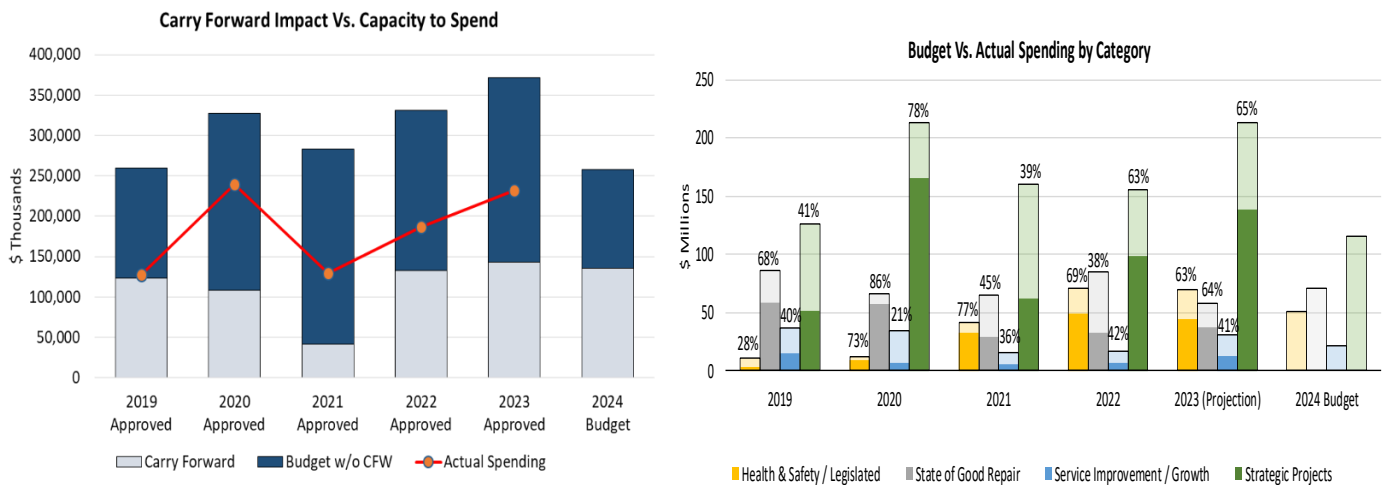
Appendix 7

Capacity to Spend Review

The 10-Year Capital Plan has been developed in consideration of historical annual spending. A review was undertaken to ensure budgets align with Corporate Real Estate Management's ability to spend and the market's capacity to deliver.

A key component in determining an appropriate level of annual cash flows includes historical capacity to spend reviews by project categories (Chart 3 below) as well as the level of projected 2023 underspending that will be carried forward into 2024 to complete capital work.

Chart 3 – Capacity to Spend



Capacity to Spend Review Impact on the 10-Year Plan

- CREM's actual spending over the previous five years, from 2019 to 2023, has averaged \$183.038 million per year or 57%.
- The projected spending for 2023 is \$232.188 million or 62.6% of the 2023 Council Approved Capital Budget. Challenges in utilizing cash flows are mainly due to major strategic projects, each with their own unique complexities, that result in need to shift plans and schedules leading to changing spending plans. The 2023 unspent cash flow funding of \$135.926 million has been carried forward into 2024 to continue and complete the required capital work.
- CREM reviewed its historical capital spending trends and the capital projects within its plan. Based on this review and the plan, \$150.977 million originally cash flowed in 2024 has been deferred over the 10-year plan. Other considerations informing the Capital Plan are noted below:
 - The 2024 budget is \$25.7 million greater than the 2023 projected spending.
 - The Division will be able to deliver on this increase due to the large strategic and legislated projects that are in flight with dedicated project teams that make up a significant portion of the 2024 capital budget.
 - In a number of cases contracts have been awarded for design and construction, allowing for increased project delivery in 2024. These include *Redevelopment of St. Lawrence Market North*, the *Workplace Modernization Program*, new *Etobicoke Civic Centre*, *1050 Ellesmere Building Enhancement*, *Indian Residential School Survivors Legacy Project*, and rollout of the *Accessibility for Ontarians with Disabilities Act (AODA)*.
 - Core State of Good Repair (SOGR) Program spending had been increasing every year from 2017 to 2020 (from \$43 million to \$57 million in 2020). In recent years, CREM was required to pause \$76 million of previously approved capital projects to address COVID-19 support funding shortfalls from the federal and

provincial governments. It is expected the upward trend in spending will resume as many projects have completed designs and are in the construction phase.

- The Division will continue to manage and monitor cost escalations and supply chain issues impacting the construction industry in 2024 and beyond. These inflationary pressures result in less SOGR projects being completed with the same funding levels. Adjustments to the capital plan were made in response to this, to ensure capital funding is utilized in the most efficient and effective manner to address priorities and SOGR needs in City facilities.

Appendix 8

Summary of Capital Needs Constraints

(In \$ Millions)

Project Description	Total Project	Debt Required	Cash Flow (In \$ Millions)										
			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
NOT INCLUDED													
<i>New Etobicoke Civic Center</i>	117.5	117.5		34.4	60.4	22.7							
<i>Net Zero Retrofits - 5 Key Civic Facilities</i>	48.0	48.0	2.7	9.0	12.1	14.2	6.5	3.3	0.2				
<i>Net Zero Retrofits - future years</i>	312.4	312.4		2.7	11.7	23.8	38.0	44.5	47.8	48.0	48.0	48.0	
<i>Union Station - Hostile Vehicle Mitigation</i>	24.5	24.5	16.0	8.5									
<i>Nathan Phillips Square Waterproofing & Preservation</i>	65.3	65.3	0.5	4.6	16.6	23.1	20.5						
<i>SOGR Backlog</i>	1,469.2	1,469.2	86.4	163.5	168.0	177.9	203.0	206.5	209.7	52.1	67.2	135.0	
Total Needs Constraints (Not Included)	2,037.0	2,037.0	105.6	222.8	268.8	261.7	268.0	254.3	257.7	100.1	115.1	182.9	

In addition to the 10-Year Capital Plan of \$1,449 million, staff have identified \$2,037 million in Capital Needs Constraints as reflected in the table above. Key points for consideration include:

- New Etobicoke Civic Centre - CREM will collaborate with Finance & Treasury Services to identify incremental funding required for subsequent phases of work through future year budget processes. The project will commence construction activities in 2024, with incremental funding needs in 2025 and beyond.
- Net Zero Retrofits - \$360.5 million for the broader implementation of the *Net Zero Carbon Plan* for City buildings, including near-term investments (\$48.0 million) and future year investments (\$312.4 million) aimed at achieving net zero emissions through comprehensive energy retrofits. These investments are primarily driven by fuel switching needs across the portfolio.
- Union Station Hostile Vehicle Mitigation - \$24.5 million required for hostile vehicle mitigation (bollards) installations around Union Station to further enhance the safety of residents and commuters travelling through and around Union Station.
- Nathan Phillips Square Waterproofing & Preservation - \$65.3 million in future year funding required to address various state of good repair needs, including waterproofing and other safety and preservation measures.
- State of Good Repair (SOGR) Backlog - \$1,469.2 million in SOGR backlog needs, over and above what is included within the 10-year plan, identified through building condition audits across the CREM portfolio required over the next 10 years.

Appendix 9

Capital Program Provincial/Federal Funding Streams by Project

(In \$000s)	Intergovernmental Funding Program	Provincial Funding	Federal Funding	Total Funding
<i>SOGR Work at Paramedic HQ and Various Locations</i>	Ministry of Health	7,815		7,815
<i>Wellington Destructor - Construction</i>	Canada Cultural Spaces Fund		15,000	15,000
Total Funding		7,815	15,000	22,815

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds 2024 Operating Budget

Program Specific Reserve / Reserve Funds

N/A

Corporate Reserve / Reserve Funds

While some years are showing a negative ending balance, it is anticipated that one time funding injection / changing priorities and revised expenditures will adjust the balance.

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2024	2025	2026
XQ1406	Beginning Balance	10,669	10,385	10,098
Emergency Planning	<i>Withdrawals (-)</i>			
	Corporate Real Estate Management ~ Withdrawals - Operating ₺	-104	-104	-104
	Other Program ~ Withdrawals - Operating ₺	-180	-183	-186
	Total Withdrawals	-284	-287	-290
	<i>Contributions (+)</i>			
	Other Program ~ Contributions - Operating	0	0	0
	Total Contributions	0	0	0
	Net Contributions	-284	-287	-290
	Balance at Year-End	10,385	10,098	9,808

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2024	2025	2026
XQ1502	Beginning Balance	1,385	1,807	525
Vehicle Reserve - Facilities & Real Estate	<i>Withdrawals (-)</i>			
	Other Program ~ Withdrawals - Capital	-454	-2,158	-1,628
	Total Withdrawals	-454	-2,158	-1,628
	<i>Contributions (+)</i>			
	Corporate Real Estate Management ~ Contributions - Operating	872	872	872
	Other Program ~ Contributions - Operating	3	3	3
	Total Contributions	876	876	876
	Net Contributions	422	-1,282	-752
	Balance at Year-End	1,807	525	-227

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2024	2025	2026
XR1714	Beginning Balance	48,379	48,277	48,174
Strategic Infrastructure Partnership	Withdrawals (-)			
	Other Program ~ Withdrawals - Operating ₺	-1,000	-1,000	-1,000
	Total Withdrawals	-1,000	-1,000	-1,000
	Contributions (+)			
	Corporate Real Estate Management ~ Contributions - Operating	415	415	415
	Other Program ~ Contributions - Operating	122	122	122
	Total Contributions	537	537	537
	Net Contributions	-463	-463	-463
	Interest Income	361	360	360
	Balance at Year-End	48,277	48,174	48,070

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2024	2025	2026
XR1012	Beginning Balance	309,953	279,786	269,916
Land Acquisition	Withdrawals (-)			
	Corporate Real Estate Management ~ Withdrawals - Operating ₺	-545	-545	-545
	Other Program ~ Withdrawals - Operating ₺	-13,259	0	0
	Corporate Real Estate Management ~ Withdrawals - Capital	-18,566	-8,294	-146,894
	Other Program ~ Withdrawals - Capital	0	-3,085	0
	Total Withdrawals	-32,370	-11,924	-147,439
	Contributions (+)			
	Corporate Real Estate Management ~ Contributions - Operating	0	0	0
	Total Contributions	0	0	0
	Net Contributions	-32,370	-11,924	-147,439
	Interest Income	2,203	2,054	1,471
	Balance at Year-End	279,786	269,916	123,948

Reserve / Reserve Fund Name		Contributions / (Withdrawals)		
		2024	2025	2026
XR2501	Beginning Balance	5,258	552	278
Union Station	Withdrawals (-)			
	Corporate Real Estate Management ~ Withdrawals - Operating ₺	-4,225	-821	-489
	Corporate Real Estate Management ~ Withdrawals - Capital	-502	0	0
	Total Withdrawals	-4,727	-821	-489
	Contributions (+)			
	Corporate Real Estate Management ~ Contributions - Operating	0	544	544
	Total Contributions	0	544	544
	Net Contributions	-4,727	-277	55
	Interest Income	22	3	2
	Balance at Year-End	552	278	336

Inflows and Outflows to/from Reserves and Reserve Funds

2024 – 2033 Capital Budget and Plan

Program Specific Reserve / Reserve Funds

N/A

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027 ∞	2028 ∞	2029 ∞	2030 ∞	2031 ∞	2032 ∞	2033 ∞
XQ0011	Beginning Balance	473,216	333,944	334,863	291,203	279,907	286,926	288,589	298,463	313,613	333,443
Capital Financing	Withdrawals (-)										
	Other Program – Withdrawals - Operating ₺	-15,997	0	0	0	0	0	0	0	0	0
	Corporate Real Estate Management – Withdrawals - C	-3,520	-3,520	-9,934	-3,520	-5,124	-9,213	-914	0	0	-451
	Other Program – Withdrawals - Capital	-119,755	-35,561	-74,727	-48,776	-28,857	-30,124	-30,212	-25,850	-21,170	0
	Total Withdrawals	-139,272	-39,081	-84,661	-52,296	-33,981	-39,337	-31,126	-25,850	-21,170	-451
	Contributions (+)										
	Other Program – Contributions - Operating	0	40,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
	Total Contributions	0	40,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
	Net Contributions	-139,272	919	-43,661	-11,296	7,019	1,663	9,874	15,150	19,830	40,549
	Balance at Year-End	333,944	334,863	291,203	279,907	286,926	288,589	298,463	313,613	333,443	373,992

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027 ∞	2028 ∞	2029 ∞	2030 ∞	2031 ∞	2032 ∞	2033 ∞
XR1012	Beginning Balance	309,953	279,786	269,916	123,948	36,377	36,650	36,925	37,202	37,481	37,762
Land Acquisition	Withdrawals (-)										
	Corporate Real Estate Management – Withdrawals - Operating ₺	-545	-545	-545	0	0	0	0	0	0	0
	Other Program – Withdrawals - Operating ₺	-13,259	0	0	0	0	0	0	0	0	0
	Corporate Real Estate Management – Withdrawals - Capital	-18,566	-8,294	-146,894	-88,170	0	0	0	0	0	0
	Other Program – Withdrawals - Capital	0	-3,085	0	0	0	0	0	0	0	0
	Total Withdrawals	-32,370	-11,924	-147,439	-88,170	0	0	0	0	0	0
	Contributions (+)										
	Corporate Real Estate Management – Contributions - Operating	0	0	0	0	0	0	0	0	0	0
	Total Contributions	0	0	0	0	0	0	0	0	0	0
	Net Contributions	-32,370	-11,924	-147,439	-88,170	0	0	0	0	0	0
	Interest Income	2,203	2,054	1,471	599	273	275	277	279	281	283
	Balance at Year-End	279,786	269,916	123,948	36,377	36,650	36,925	37,202	37,481	37,762	38,045

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027 ∞	2028 ∞	2029 ∞	2030 ∞	2031 ∞	2032 ∞	2033 ∞
XR2007	Beginning Balance	761	754	760	765	771	777	783	789	795	800
Park Acq. - SB - pre 99	Withdrawals (-)										
	Other Program – Withdrawals - Operating ₺	0	0	0	0	0	0	0	0	0	0
	Corporate Real Estate Management – Withdrawals - Capital	-12	0	0	0	0	0	0	0	0	0
	Total Withdrawals	-12	0	0	0	0	0	0	0	0	0
	Contributions (+)										
	Total Contributions	0	0	0	0	0	0	0	0	0	0
	Net Contributions	-12	0	0	0	0	0	0	0	0	0
	Interest Income	6	6	6	6	6	6	6	6	6	6
	Balance at Year-End	754	760	765	771	777	783	789	795	800	806

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027 ∞	2028 ∞	2029 ∞	2030 ∞	2031 ∞	2032 ∞	2033 ∞
XR2501	Beginning Balance	5,258	552	278	336	338	341	343	346	348	351
Union Station	Withdrawals (-)										
	Corporate Real Estate Management – Withdrawals - Operating ₺	-4,225	-821	-489	0	0	0	0	0	0	0
	Corporate Real Estate Management – Withdrawals - Capital	-502	0	0	0	0	0	0	0	0	0
	Total Withdrawals	-4,727	-821	-489	0	0	0	0	0	0	0
	Contributions (+)										
	Corporate Real Estate Management – Contributions - Operating	0	544	544	0	0	0	0	0	0	0
	Total Contributions	0	544	544	0	0	0	0	0	0	0
	Net Contributions	-4,727	-277	55	0	0	0	0	0	0	0
	Interest Income	22	3	2	3	3	3	3	3	3	3
	Balance at Year-End	552	278	336	338	341	343	346	348	351	354

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027 ∞	2028 ∞	2029 ∞	2030 ∞	2031 ∞	2032 ∞	2033 ∞
XR3026	Beginning Balance	456,644	432,407	354,268	335,536	327,186	304,346	306,629	308,929	311,246	313,580
Community Benefits – Original Section 37	<i>Withdrawals (-)</i>										
	Other Program – Withdrawals - Operating	-469	-264	-264	0	0	0	0	0	0	0
	Corporate Real Estate Management – Withdrawals - Capital	-1,240	0	0	0	0	0	0	0	0	0
	Other Program – Withdrawals - Capital	-25,849	-80,814	-21,045	-10,826	-25,199	0	0	0	0	0
	Total Withdrawals	-27,558	-81,078	-21,309	-10,826	-25,199	0	0	0	0	0
	<i>Contributions (+)</i>										
	Total Contributions	0	0	0	0	0	0	0	0	0	0
	Net Contributions	-27,558	-81,078	-21,309	-10,826	-25,199	0	0	0	0	0
	Interest Income	3,321	2,939	2,577	2,476	2,359	2,283	2,300	2,317	2,334	2,352
	Balance at Year-End	432,407	354,268	335,536	327,186	304,346	306,629	308,929	311,246	313,580	315,932

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027 ∞	2028 ∞	2029 ∞	2030 ∞	2031 ∞	2032 ∞	2033 ∞
XR3031	Beginning Balance	876	918	824	830	837	843	849	856	862	869
Section 16	<i>Withdrawals (-)</i>										
	Corporate Real Estate Management – Withdrawals - Capital	35	-100	0	0	0	0	0	0	0	0
	Total Withdrawals	35	-100	0	0	0	0	0	0	0	0
	<i>Contributions (+)</i>										
	Total Contributions	0	0	0	0	0	0	0	0	0	0
	Net Contributions	35	-100	0	0	0	0	0	0	0	0
	Interest Income	7	7	6	6	6	6	6	6	6	7
	Balance at Year-End	918	824	830	837	843	849	856	862	869	875

Reserve / Reserve Fund Name		Contributions / (Withdrawals)									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
XR3100	Beginning Balance	414	2	2	2	2	2	2	2	2	2
Community Development	<i>Withdrawals (-)</i>										
	Corporate Real Estate Management – Withdrawals - Capital	-414	0	0	0	0	0	0	0	0	0
	Total Withdrawals	-414	0	0	0	0	0	0	0	0	0
	<i>Contributions (+)</i>										
	Total Contributions	0	0	0	0	0	0	0	0	0	0
	Net Contributions	-414	0	0	0	0	0	0	0	0	0
	Interest Income	2	0	0	0	0	0	0	0	0	0
	Balance at Year-End	2	2	2	2	2	2	2	2	2	2

Appendix 11

Glossary

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 Service Priorities: 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

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).