



Q1 2023 Facilities Management Quarterly Capital Budget Update

Item 9F

June 23, 2023

Building Investment, Finance and Audit Committee

Report: BIFAC:2023-55

To: Building Investment, Finance and Audit Committee (“BIFAC”)

From: Vice President, Facilities Management

Date: May 5, 2023

PURPOSE:

The purpose of this report is to provide the BIFAC, in accordance with Financial Control Bylaw 3, with a quarterly report comparing budgeted capital expenditures to actual expenditures plus commitments, as well as a forecast of the estimated capital plan results for the year as a whole.

RECOMMENDATIONS:

It is recommended that BIFAC approve, and recommend that the Board approve, the reallocation of funds within the capital repair budget as follows:

| Envelope Name | Reallocation Amount |
|---|---------------------|
| CC01 - Commercial-Laundry Rooms | \$103,891 |
| CC09 - Commercial Retail Repairs | (\$514,481) |
| HBRP - Holistic Building Retrofit Program | (\$26,369,539) |
| QWSM - Queensway Windermere Swansea Mews | (\$3,000,000) |
| RC03 - Electrical | \$692,308 |
| RC05 - Elevators | (\$2,534,422) |
| RC07 - Envelope | (\$22,226,518) |
| RC08 - Grounds | (\$1,557,042) |
| RC09 - Interiors | (\$716,057) |
| RC10 - Emergency Generators | (\$604,488) |

| Envelope Name | Reallocation Amount |
|--|----------------------------|
| RC12 - Life Safety | \$562,559 |
| RC15 - HVAC | (\$2,017,771) |
| RC16 - Plumbing | \$1,836,999 |
| RC18 - Roofing | \$47,577 |
| RC19 - Cameras and Access Control | (\$722,405) |
| RC22 - Single Dwelling Units | (\$500,000) |
| RC23 - Structural | (\$404,239) |
| RC24 - Parking Garages | (\$2,138,504) |
| RC39 - Common Area Hallway Repairs | \$1,059,240 |
| RC41 - Swimming Pool Envelope | \$18,501 |
| RCHH - Heritage Houses | (\$500,000) |
| SOGI - State of Good Repair-Interior | (\$2,153,550) |
| COXX - Demand Capital | \$76,868,740 |
| SOGM - State of Good Repair-MLS Issues | (\$2,406,016) |
| RC01 - Building Condition Audits | (\$263,728) |
| RCXZ - Contingency | (\$25,447,942) |
| AIP1 - Social Housing Apartment Improvement Program-10 Buildings | \$496,182 |
| EW01 - Water Conservation & Recommissioning | (\$569,448) |
| EW03 - Energy Retrofit and Recommissioning | \$153,681 |
| EW08 - Metering / Monitoring | (\$397,568) |
| EW09 - BAS and Recommissioning | \$117,076 |
| EW10 - In-Suite LED Lighting and E Renewable Program | \$1,360,964 |
| RPEI - Regent Park Energy Initiatives | \$535,000 |

** forecast for Q1 includes Reallocations of Various Budgets inclusive of Contingency*

REASONS FOR RECOMMENDATIONS:

Pursuant to Financial Control Bylaw 3, the following information shall be reported to the Board:

- a. Reallocations between \$500,000 and \$5,000,000 shall be reported to the Board on a quarterly basis; and
- b. Reallocations greater than \$5,000,000 or any reallocation or reforecasting that results in a change to the total Building Capital Budget by more than 10% shall be approved by the Board.

VARIANCE BY PROJECT CATEGORY

Through effective delivery and oversight of the capital repair program, Facilities Management will continue to deliver the entire program by reacting and adapting to the challenging and ever changing environment. This is essential work that directly impacts the comfort, safety and well-being of our tenants across the portfolio.

Demand capital work (which includes component and program based repair work) was significantly higher than originally planned in 2022, however it is not inconsistent with previous years and the 2023 budget. These types of repairs are often work order based and include a large variety of categories (Plumbing, HVAC, Interiors, Tenant Service Hubs, Grounds, Energy Initiatives, Envelope, etc.). The smaller work orders (\$1,500 to \$5,000) would have minimal, or no impact on Facilities Condition Index (“FCI”) depending on the work itself, however larger work (>\$5,000) would have more of an impact on FCI. All work completed, whether a planned project or through a work order, is forwarded to Ameresco, our third party consultant, who reviews the work completed to ensure it is appropriately attributed towards the annual FCI calculation.

IMPROVED REPORTING AND MONITORING:

In response to the request at the January 27, 2023 BIFAC meeting, Facilities Management staff have updated their quarterly budget review process to ensure that, on a quarterly basis, the capital budget is reviewed thoroughly on an envelope by envelope basis, taking into account the original budget, current completion, and forecasted completion for year end. Based on this analysis, changes to the budget envelopes will be made and reported quarterly through this reporting mechanism.

Additionally, the improvements to the Facilities Management weekly capital plan reporting noted in the Q4 2022 report ([BIFAC:2023-29R](#)) have resulted in more accurate capturing of completed demand capital work, which provides Facilities Management staff a solid line of sight on a weekly basis. This helps to further identify trends and allow for more accurate forecasting and any associated budget allocation adjustments.

TCHC Finance is provided with a copy of the weekly Facilities Management capital report, and TCHC Finance and Facilities Management meet monthly to review the TCHC Finance monthly capital reporting to ensure they are aligned.

These steps will ensure that monitoring and reporting of demand (and planned) capital is effective.

REVISIONS:

The overall capital budget remains consistent at \$350M. The following are the required revisions for approval to the budget envelopes for Q1:

Reallocation of funds to:

- | | | |
|-----|--------------|--|
| 1. | \$103,891 | CC01 - Commercial-Laundry Rooms |
| 2. | \$692,308 | RC03 - Electrical |
| 3. | \$562,559 | RC12 - Life Safety |
| 4. | \$1,836,999 | RC16 - Plumbing |
| 5. | \$47,577 | RC18 - Roofing |
| 6. | \$1,059,240 | RC39 - Common Area Hallway Repairs |
| 7. | \$18,501 | RC41 - Swimming Pool Envelope |
| 8. | \$76,868,740 | COXX - Demand Capital |
| 9. | \$496,182 | AIP1 - Social Housing Apartment Improvement Program-10 Buildings |
| 10. | \$153,681 | EW03 - Energy Retrofit and Recommissioning |
| 11. | \$117,076 | EW09 - BAS and Recommissioning |
| 12. | \$1,360,964 | EW10 - In-Suite LED Lighting and E Renewable Program |
| 13. | \$535,000 | RPEI - Regent Park Energy Initiatives |

Reallocation of funds from:

- | | | |
|-----|----------------|---|
| 1. | (\$514,481) | CC09 - Commercial Retail Repairs |
| 2. | (\$26,369,539) | HBRP - Holistic Building Retrofit Program |
| 3. | (\$3,000,000) | QWSM - Queensway Windermere Swansea Mews |
| 4. | (\$2,534,422) | RC05 - Elevators |
| 5. | (\$22,226,518) | RC07 - Envelope |
| 6. | (\$1,557,042) | RC08 - Grounds |
| 7. | (\$716,057) | RC09 - Interiors |
| 8. | (\$604,488) | RC10 - Emergency Generators |
| 9. | (\$2,017,771) | RC15 - HVAC |
| 10. | (\$722,405) | RC19 - Cameras and Access Control |
| 11. | (\$500,000) | RC22 - Single Dwelling Units |
| 12. | (\$404,239) | RC23 - Structural |
| 13. | (\$2,138,504) | RC24 - Parking Garages |
| 14. | (\$500,000) | RCHH - Heritage Houses |

- | | | |
|-----|----------------|---|
| 15. | (\$2,153,550) | SOGI - State of Good Repair-Interior |
| 16. | (\$2,406,016) | SOGM - State of Good Repair-MLS Issues |
| 17. | (\$263,728) | RC01 - Building Condition Audits |
| 18. | (\$25,447,942) | RCXZ - Contingency |
| 19. | (\$569,448) | EW01 - Water Conservation & Recommissioning |
| 20. | (\$397,568) | EW08 - Metering / Monitoring |

The above revision reflects current trending as of Q1 2023.

FUTURE REPORTING:

Facilities Management, working with Finance, will continue to provide quarterly reporting to inform the Board on the progress of the capital renewal plan. This will identify variances and reallocations in budgeted spending.

IMPLICATIONS AND RISKS:

The budget reallocations contemplated in this report take place within the limits of the TCHC's existing capital repair budget and do not result in additional financial impacts to TCHC. Approval of the reallocations will allow TCHC to better forecast the 2023 capital program.

SIGNATURE:

"Allen Murray"

Allen Murray,
Vice President, Facilities Management

ATTACHMENT:

1. 2023 Capital Renewal Plan – Variance by Project Category Q1 2023

STAFF CONTACTS:

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Q1 2023 Facilities Management Report on Capital Delivery

| CAPITAL CATEGORIES | | BUDGET | | | | |
|--------------------|--|----------------------------------|---------------------|---------------------|---------------------|----------------------|
| Budget Category | Envelope Name | Original Budget (Board Approved) | Q1 Completion | Q4 Forecast (@Q1) | Q1 Adjustment | Revised Budget (@Q1) |
| | 2023 Capital Spend Advanced in 2022 | | \$11,190,998 | \$11,190,998 | \$11,190,998 | \$11,190,998 |
| | Total 2023 Capital Advanced in 2022 | | \$11,190,998 | \$11,190,998 | \$11,190,998 | \$11,190,998 |

| 2023 | | | | | | |
|----------------|---|----------------------|---------------------|----------------------|-----------------------|----------------------|
| Planned | CA01 - Common Area Accessibility | \$11,750,000 | \$717,628 | \$11,750,000 | \$0 | \$11,750,000 |
| | CC01 - Commercial-Laundry Rooms | \$1,300,000 | \$788,916 | \$1,403,891 | \$103,891 | \$1,403,891 |
| | CC09 - Commercial Retail Repairs | \$1,000,000 | \$128,909 | \$485,519 | (\$514,481) | \$485,519 |
| | HBRP - Holistic Building Retrofit Program | \$41,783,000 | \$827,558 | \$15,413,461 | (\$26,369,539) | \$15,413,461 |
| | QWSM - Queensway Windemere Swansea Mews | \$3,000,000 | \$0 | \$0 | (\$3,000,000) | \$0 |
| | RC03 - Electrical | \$5,000,000 | \$835,935 | \$5,692,308 | \$692,308 | \$5,692,308 |
| | RC05 - Elevators | \$5,000,000 | \$800,021 | \$2,465,578 | (\$2,534,422) | \$2,465,578 |
| | RC07 - Envelope | \$42,516,000 | \$3,234,155 | \$20,289,482 | (\$22,226,518) | \$20,289,482 |
| | RC08 - Grounds | \$8,000,000 | \$342,746 | \$6,442,958 | (\$1,557,042) | \$6,442,958 |
| | RC09 - Interiors | \$9,347,000 | \$1,497,323 | \$8,630,943 | (\$716,057) | \$8,630,943 |
| | RC10 - Emergency Generators | \$1,902,100 | \$215,823 | \$1,297,612 | (\$604,488) | \$1,297,612 |
| | RC12 - Life Safety | \$8,279,000 | \$1,405,835 | \$8,841,559 | \$562,559 | \$8,841,559 |
| | RC15 - HVAC | \$18,828,000 | \$2,633,454 | \$16,810,229 | (\$2,017,771) | \$16,810,229 |
| | RC16 - Plumbing | \$8,863,000 | \$1,178,051 | \$10,699,999 | \$1,836,999 | \$10,699,999 |
| | RC18 - Roofing | \$8,000,000 | \$474,293 | \$8,047,577 | \$47,577 | \$8,047,577 |
| | RC19 - Cameras and Access Control | \$8,000,000 | \$937,629 | \$7,277,595 | (\$722,405) | \$7,277,595 |
| | RC22 - Single Dwelling Units | \$500,000 | (\$34,217) | \$0 | (\$500,000) | \$0 |
| | RC23 - Structural | \$7,583,000 | \$859,502 | \$7,178,761 | (\$404,239) | \$7,178,761 |
| | RC24 - Parking Garages | \$14,563,000 | \$3,167,592 | \$12,424,496 | (\$2,138,504) | \$12,424,496 |
| | RC39 - Common Area Hallway Repairs | \$653,000 | \$430,092 | \$1,712,240 | \$1,059,240 | \$1,712,240 |
| | RC41 - Swimming Pool Envelope | \$640,000 | \$294,400 | \$658,501 | \$18,501 | \$658,501 |
| | RCHH - Heritage Houses | \$500,000 | \$0 | \$0 | (\$500,000) | \$0 |
| | SOGI - State of Good Repair-Interior | \$5,000,000 | \$822,944 | \$2,846,450 | (\$2,153,550) | \$2,846,450 |
| | TOTAL Planned | \$212,007,100 | \$21,558,589 | \$150,369,159 | (\$61,637,941) | \$150,369,159 |

| CAPITAL CATEGORIES | | BUDGET | | | | |
|--------------------|--|----------------------------------|---------------------|---------------------|---------------------|----------------------|
| Budget Category | Envelope Name | Original Budget (Board Approved) | Q1 Completion | Q4 Forecast (@Q1) | Q1 Adjustment | Revised Budget (@Q1) |
| | 2023 Capital Spend Advanced in 2022 | | \$11,190,998 | \$11,190,998 | \$11,190,998 | \$11,190,998 |
| | Total 2023 Capital Advanced in 2022 | | \$11,190,998 | \$11,190,998 | \$11,190,998 | \$11,190,998 |

| 2023 | | | | | | |
|---------------------------|--|----------------------|---------------------|----------------------|-----------------------|----------------------|
| Demand | CA02 - Tenant Units Accessibility | \$5,000,000 | \$545,194 | \$5,000,000 | \$0 | \$5,000,000 |
| | CA03 - Common Area Demand Accessibility Upgrades | \$2,050,000 | \$107,529 | \$2,050,000 | \$0 | \$2,050,000 |
| | CG01 - Waste Equipment Repairs | \$1,000,000 | \$99,650 | \$1,000,000 | \$0 | \$1,000,000 |
| | CI01 - Risk Management and insurance Claims | \$4,000,000 | \$1,750,816 | \$4,000,000 | \$0 | \$4,000,000 |
| | COXX - Demand Capital | \$31,000,000 | \$33,574,026 | \$107,868,740 | \$76,868,740 | \$107,868,740 |
| | LC - Local Demand & Residential Appliances | \$2,000,000 | \$926,457 | \$2,000,000 | \$0 | \$2,000,000 |
| | LM - Local Moveouts | \$22,500,000 | \$9,556,629 | \$22,500,000 | \$0 | \$22,500,000 |
| | SOGM - State of Good Repair-MLS Issues | \$5,000,000 | \$588,163 | \$2,593,984 | (\$2,406,016) | \$2,593,984 |
| | TOTAL Demand | \$72,550,000 | \$47,148,465 | \$147,012,724 | \$74,462,724 | \$147,012,724 |
| Capital Operations | ADM - FM Labour Costs-Project Management (5%) | \$17,500,000 | \$4,536,546 | \$17,500,000 | \$0 | \$17,500,000 |
| | RC01 - Building Condition Audits | \$1,000,000 | \$13,414 | \$736,272 | (\$263,728) | \$736,272 |
| | RCXZ - Contingency | \$25,447,942 | \$0 | \$0 | (\$25,447,942) | \$0 |
| | TOTAL Capital Operations | \$43,947,942 | \$4,549,960 | \$18,236,272 | (\$25,711,670) | \$18,236,272 |
| Energy | AIP1 - Social Housing Apartment Improvement Program-10 Buildings | \$129,958 | \$84,754 | \$626,140 | \$496,182 | \$626,140 |
| | EW01 - Water Conservation & Recommissioning | \$8,000,000 | \$1,734,935 | \$7,430,552 | (\$569,448) | \$7,430,552 |
| | EW03 - Energy Retrofit and Recommissioning | \$1,000,000 | \$20,329 | \$1,153,681 | \$153,681 | \$1,153,681 |
| | EW08 - Metering / Monitoring | \$2,700,000 | \$206,193 | \$2,302,432 | (\$397,568) | \$2,302,432 |
| | EW09 - BAS and Recommissioning | \$1,000,000 | \$89,968 | \$1,117,076 | \$117,076 | \$1,117,076 |
| | EW10 - In-Suite LED Lighting and E Renewable Program | \$3,000,000 | \$134,037 | \$4,360,964 | \$1,360,964 | \$4,360,964 |
| | RPEI - Regent Park Energy Initiatives | \$5,665,000 | \$229,168 | \$6,200,000 | \$535,000 | \$6,200,000 |
| | TOTAL Energy | \$21,494,958 | \$2,499,384 | \$23,190,847 | \$1,695,889 | \$23,190,847 |
| | Sub-total 2023 In-Year Capital Spend | \$350,000,000 | \$75,756,397 | \$338,809,002 | (\$11,190,998) | \$338,809,002 |

| | | | | | |
|---|--|---------------------|----------------------|------------|----------------------|
| Total 2023 In-year spend & 2022 advanced | | \$86,947,395 | \$350,000,000 | \$0 | \$350,000,000 |
|---|--|---------------------|----------------------|------------|----------------------|

NOTE: Original budget is as approved by the Board in December 2022

NOTE: Total 2023 year-end capital includes \$11.2M in 2022 SOGR spend advanced in 2023. The Q4/2022 reported spend of \$12.4M advanced for 2023 was reduced to \$11.2M due to expenditure review and reclassified to operating expenses.