



## Q2 2023 Facilities Management Quarterly Capital Budget Update

Item 7C

September 8, 2023

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2023-99

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** August 14, 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
RCHH - Heritage Houses	\$53,630
CI01 - Risk Management and insurance Claims	\$700,000
COXX - Demand Capital	\$12,131,260
LC - Local Demand & Residential Appliances	\$500,000
LM - Local Moveouts	\$10,000,000
AIP1 - Social Housing Apartment Improvement Program- 10 Buildings	\$305,870

*\*Forecast for Q2 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. Local move-outs and interior demand capital work orders have experienced a substantial increase and are much higher than initially forecast.

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 Q1 2023 report ([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 completion is projected to be \$373,744,296 (\$350,000,000 from the 2023 capital budget and \$23,744,296 as advanced completion from the 2024 capital budget). The following are the required revisions for approval to the budget envelopes for Q2:

#### **Reallocation of funds to:**

1.	\$53,630.00	RCHH - Heritage Houses
2.	\$700,000.00	CI01 - Risk Management and insurance Claims
3.	\$12,131,260.00	COXX - Demand Capital
4.	\$500,000.00	LC - Local Demand & Residential Appliances
5.	\$10,000,000.00	LM - Local Moveouts
6.	\$305,870.00	AIP1 - Social Housing Apartment Improvement Program-10 Buildings

The above revision reflects current trending as of Q2 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 (as per By Law 3) 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”*

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Allen Murray,  
Vice President, Facilities Management

**ATTACHMENT:**

1. 2023 Capital Renewal Plan – Variance by Project Category Q2 2023

**STAFF CONTACTS:**

Allen Murray, Vice President, Facilities Management  
416-981-6955  
Allen.Murray@torontohousing.ca

## Q2 2023 Facilities Management Report on Capital Delivery

Item 7C - BIFAC:2023-99 - Attachment 1

CAPITAL CATEGORIES		BUDGET					
Budget Category	Envelope Name	Original Budget (Board Approved)	Revised Budget (as of Q1)	Q2 Completion	Q2 Adjustment	Reforecast of Year End Budget (as of Q2 2023)	2022 Year End Results
	2023 Capital Spend Advanced in 2022		\$11,190,998	<b>\$11,190,998</b>	\$0	\$11,190,998	\$9,792,203
	<b>Total 2023 Capital Advanced in 2022</b>		<b>\$11,190,998</b>	<b>\$11,190,998</b>	<b>\$0</b>	<b>\$11,190,998</b>	<b>\$9,792,203</b>

2023							
<b>Planned</b>	CA01 - Common Area Accessibility	\$11,750,000	\$11,750,000	\$2,388,830	\$0	\$11,750,000	\$6,659,375
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$1,403,891	\$1,272,242	\$0	\$1,403,891	\$1,183,919
	CC09 - Commercial Retail Repairs	\$1,000,000	\$485,519	\$301,203	\$0	\$485,519	\$259,010
	HBRP - Holistic Building Retrofit Program	\$41,783,000	\$15,413,461	\$4,526,010	\$0	\$15,413,461	\$13,269,174
	QWSM - Queensway Windemere Swansea Mews	\$3,000,000	\$0	\$0	\$0	\$0	\$0
	RC03 - Electrical	\$5,000,000	\$5,692,308	\$2,253,917	\$0	\$5,692,308	\$3,949,644
	RC05 - Elevators	\$5,000,000	\$2,465,578	\$1,931,649	\$0	\$2,465,578	\$5,772,432
	RC07 - Envelope	\$42,516,000	\$20,289,482	\$7,497,259	\$0	\$20,289,482	\$24,370,736
	RC08 - Grounds	\$8,000,000	\$6,442,958	\$2,102,474	\$0	\$6,442,958	\$10,915,328
	RC09 - Interiors	\$9,347,000	\$8,630,943	\$3,466,909	\$0	\$8,630,943	\$4,641,406
	RC10 - Emergency Generators	\$1,902,100	\$1,297,612	\$781,289	\$0	\$1,297,612	\$2,610,186
	RC12 - Life Safety	\$8,279,000	\$8,841,559	\$3,987,773	\$0	\$8,841,559	\$12,867,527
	RC15 - HVAC	\$18,828,000	\$16,810,229	\$7,434,437	\$0	\$16,810,229	\$12,258,248
	RC16 - Plumbing	\$8,863,000	\$10,699,999	\$3,104,529	\$0	\$10,699,999	\$15,161,997
	RC18 - Roofing	\$8,000,000	\$8,047,577	\$1,997,573	\$0	\$8,047,577	\$9,044,168
	RC19 - Cameras and Access Control	\$8,000,000	\$7,277,595	\$2,063,550	\$0	\$7,277,595	\$6,335,282
	RC22 - Single Dwelling Units	\$500,000	\$0	(\$34,217)	\$0	\$53,536	\$2,811,450
	RC23 - Structural	\$7,583,000	\$7,178,761	\$2,814,110	\$0	\$7,178,761	\$7,884,593
	RC24 - Parking Garages	\$14,563,000	\$12,424,496	\$6,456,109	\$0	\$12,424,496	\$11,402,470
	RC39 - Common Area Hallway Repairs	\$653,000	\$1,712,240	\$909,993	\$0	\$1,712,240	\$1,552,274
	RC41 - Swimming Pool Envelope	\$640,000	\$658,501	\$295,836	\$0	\$658,501	\$1,203,549
	RCHH - Heritage Houses	\$500,000	\$0	\$11,962	\$53,630	\$53,630	\$99,302
	SOGI - State of Good Repair-Interior	\$5,000,000	\$2,846,450	\$1,619,171	\$0	\$2,846,450	\$5,080,514
	<b>TOTAL Planned</b>	<b>\$212,007,100</b>	<b>\$150,369,159</b>	<b>\$57,182,608</b>	<b>\$53,630</b>	<b>\$150,476,325</b>	<b>\$159,332,586</b>
<b>Demand</b>	CA02 - Tenant Units Accessibility	\$5,000,000	\$5,000,000	\$1,419,680	\$0	\$5,000,000	\$3,050,437
	CA03 - Common Area Demand Accessibility Upgrades	\$2,050,000	\$2,050,000	\$203,342	\$0	\$2,050,000	\$782,114
	CG01 - Waste Equipment Repairs	\$1,000,000	\$1,000,000	\$234,438	\$0	\$1,000,000	\$1,763,282

	CI01 - Risk Management and insurance Claims	\$4,000,000	\$4,000,000	\$4,656,992	\$700,000	\$4,700,000	\$6,552,242
	COXX - Demand Capital	\$31,000,000	\$107,868,740	\$84,989,141	\$12,131,260	\$120,000,000	\$112,454,093
	LC - Local Demand & Residential Appliances	\$2,000,000	\$2,000,000	\$1,915,297	\$500,000	\$2,500,000	\$4,353,723
	LM - Local Moveouts	\$22,500,000	\$22,500,000	\$19,264,191	\$10,000,000	\$32,500,000	\$24,122,239
	SOGM - State of Good Repair-MLS Issues	\$5,000,000	\$2,593,984	\$1,705,492	\$0	\$2,593,984	\$3,561,125
	<b>TOTAL Demand</b>	<b>\$72,550,000</b>	<b>\$147,012,724</b>	<b>\$114,388,573</b>	<b>\$23,331,260</b>	<b>\$170,343,984</b>	<b>\$156,639,255</b>
<b>Capital Operations</b>	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$17,500,000	\$10,150,133	\$0	\$17,500,000	\$17,500,000
	RC01 - Building Condition Audits	\$1,000,000	\$736,272	\$118,491	\$0	\$736,272	\$392,930
	RCXZ - Contingency	\$25,447,942	\$0	\$0	\$0	\$0	
	<b>TOTAL Capital Operations</b>	<b>\$43,947,942</b>	<b>\$18,236,272</b>	<b>\$10,268,624</b>	<b>\$0</b>	<b>\$18,236,272</b>	<b>\$17,892,930</b>
<b>Energy</b>	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$129,958	\$626,140	(\$166,826)	\$305,870	\$932,010	\$5,002,453
	EW01 - Water Conservation & Recommissioning	\$8,000,000	\$7,430,552	\$4,646,894	\$0	\$7,430,552	\$5,456,349
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$1,153,681	\$34,770	\$0	\$1,153,681	\$280,080
	EW08 - Metering / Monitoring	\$2,700,000	\$2,302,432	\$471,109	\$0	\$2,302,432	\$1,599,237
	EW09 - BAS and Recommissioning	\$1,000,000	\$1,117,076	\$381,838	\$0	\$1,117,076	\$1,625,363
	EW10 - In-Suite LED Lighting and E Renewable Program	\$3,000,000	\$4,360,964	\$850,036	\$0	\$4,360,964	\$2,284,530
	RPEI - Regent Park Energy Initiatives	\$5,665,000	\$6,200,000	\$3,156,957	\$0	\$6,200,000	\$2,570,607
	<b>TOTAL Energy</b>	<b>\$21,494,958</b>	<b>\$23,190,847</b>	<b>\$9,374,779</b>	<b>\$305,870</b>	<b>\$23,496,717</b>	<b>\$18,818,619</b>
	<b>Sub-total 2023 In-Year Capital Spend</b>	<b>\$350,000,000</b>	<b>\$338,809,002</b>	<b>\$191,214,584</b>	<b>\$23,690,760</b>	<b>\$362,553,298</b>	<b>\$352,683,389</b>
<b>Total 2023 In-year spend &amp; 2022 advanced</b>			<b>\$350,000,000</b>	<b>\$202,405,582</b>	<b>\$23,690,760</b>	<b>\$373,744,296</b>	<b>\$362,475,592</b>

NOTE: Original budget is as approved by the Board TCHC:2022-90 on December 22, 2022