



Q1 2022 Facilities Management Quarterly Capital Budget Update

Item 10B

June 17, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-79

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

From: Vice President, Facilities Management

Date: May 19, 2022

PURPOSE:

This Report provides the Board with an update, through the Building Investment, Finance and Audit Committee, in relation to TCHC's actual expenditures and commitments in support of its Capital Program as compared with its budgeted capital expenditures and a forecast of the estimated capital plan results for the year as a whole in accordance with Financial Control Bylaw 3.

In addition, it seeks BIFAC's approval for a proposed reallocation of \$7.5M from the budget for the Holistic Building Retrofit Program (HBRP) to the Single Dwelling Units (RC22). TCHC is required to remit these funds with respect to the transfer of scattered units.

RECOMMENDATIONS:

It is recommended that the Building Investment, Finance and Audit Committee:

1. receive the information in this report and forward it to the Board for its information in accordance with Financial Control Bylaw 3; and
2. approve, and recommend that the Board approve, the reallocation of \$7.5M from the budget for the Holistic Building Retrofit Program (HBRP) to the Single Dwelling Units (RC22) in relation to the transfer of TCHC's Scattered Homes.

FULFILLING THE CAPITAL PLAN:

In 2021, Facilities Management delivered its full \$350M capital repair budget. This was comprised of over 1,600 projects and 25,000 work orders carried out across the TCHC portfolio.

From 2016 through to 2021, TCHC has consistently delivered its entire annual capital budget and met funding submission milestones. This has enabled TCHC to stay on track to lower the portfolio's Facility Condition Index (FCI) to 10% by the end of 2026 while meeting other funding commitments including accessibility and energy saving benchmarks.

The complete fulfillment of the annual capital renewal plan is critical in order to meet TCHC's commitments to its two primary funding sources:

1. City of Toronto
Permanent capital funding of \$160M per year.
2. Federal National Housing Co-Investment Funding (NHCIF)
\$1.34B from 2019 through 2027.

Both of these funding streams are drawn upon quarterly through the submission of project invoices and require close adherence to an annual cash flow schedule.

VARIANCE BY PROJECT CATEGORY:

Q1 2022 has been a time of continuing challenges in the delivery of capital repair work. Although the portfolio has experienced an increase in the delivery of component and "demand" based investments, larger planned projects have faced more difficulties.

The most notable reductions across planned capital categories include the Holistic Building Retrofit Program which has been particularly slowed by supply chain delays with window manufacturers and poor existing masonry conditions revealed during demolition.

This is similar to TCHC's experience in 2021, when in-flight projects experienced significant obstacles due to pronounced market swings and long lead times. Investments during 2021 were also increased towards demand capital work.

Demand capital work includes component and program based repair work that contributes substantially to improving the portfolio's overall Facility Condition Index (FCI) and extending the life of existing building systems (Ameresco, FCI Report 2020). These types of repairs are often work-order based and include a large variety of categories (plumbing, HVAC, Tenant Service Hubs, Grounds, Energy Initiatives, Envelope, Interiors, etc.).

REVISIONS AND REFORECASTING

Proposed revisions to the budget:

- \$7.5M reallocated from Holistic Building Retrofit Program (HBRP) to Single Dwelling Units (RC22).
- \$700K reallocated from Contingency (RCXZ) to Common Area Demand Accessibility Upgrades (CA03). These funds will contribute to critical accessibility work throughout the portfolio.

The Q1 yearend reforecast reflects a reallocation of funds for the following additional work:

- \$15.07M in architectural, mechanical and life safety projects and programs.
- \$8.69M in demand allocations, including critical interior work and Tenant Service Hubs.
- \$4.23M in energy related programs and upgrades.

FUTURE REPORTING:

Facilities Management, working with Finance, will continue to provide quarterly reporting to the Board in order to update on the progress of the

capital renewal plan and to identify variances and reallocations in budgeted spending.

SIGNATURE:

“Allen Murray”

Allen Murray,
Vice President, Facilities Management

ATTACHMENT:

1. Table 3: 2022 Capital Renewal Plan - Variance by Project Category

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BIFAC Public Meeting - June 17, 2022

Report#: BIFAC:2022-79 **Attachment 1**

Attachment 1 - Table 3 2022 Capital Renewal Plan - Variance by Project Category

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CAPITAL CATEGORIES		BUDGET			COMPLETE	Q1 YEAR END FORECAST	
Budget Category	Envelope Name	Original Budget (Board Approved)	Revisions	Revised Budget	Q1 Actual Completion	Q4 Forecasted Completion	Forecasted Variance from Budget
Planned	CA01 - Common Area Accessibility	\$11,750,000	\$0	\$11,750,000	\$555,092	\$9,000,417	(\$2,749,583)
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$0	\$1,300,000	\$86,795	\$1,341,846	\$41,846
	CC09 - Commercial Retail Repairs	\$1,000,000	\$0	\$1,000,000	\$90,277	\$1,000,000	\$0
	HBRP - Holistic Building Retrofit Program	\$40,000,000	(\$7,500,000)	\$32,500,000	\$673,857	\$17,956,365	(\$14,543,635)
	RC03 - Electrical	\$5,000,000	\$0	\$5,000,000	\$930,677	\$4,912,287	(\$87,713)
	RC05 - Elevators	\$6,000,000	\$0	\$6,000,000	\$774,516	\$5,646,474	(\$353,526)
	RC07 - Envelope	\$40,000,000	\$0	\$40,000,000	\$4,020,548	\$39,459,860	(\$540,140)
	RC08 - Grounds	\$10,000,000	\$0	\$10,000,000	\$1,131,568	\$10,930,965	\$930,965
	RC09 - Interiors	\$7,000,000	\$0	\$7,000,000	\$496,972	\$5,633,928	(\$1,366,072)
	RC10 - Emergency Generators	\$4,000,000	\$0	\$4,000,000	\$330,710	\$3,974,276	(\$25,724)
	RC12 - Life Safety	\$9,000,000	\$0	\$9,000,000	\$1,184,445	\$9,999,729	\$999,729
	RC15 - HVAC	\$18,000,000	\$0	\$18,000,000	\$1,961,701	\$22,559,636	\$4,559,636
	RC16 - Plumbing	\$12,000,000	\$0	\$12,000,000	\$1,668,945	\$17,724,626	\$5,724,626
	RC18 - Roofing	\$10,000,000	\$0	\$10,000,000	\$597,998	\$10,589,837	\$589,837
	RC19 - Cameras and Access Control	\$10,000,000	\$0	\$10,000,000	\$156,383	\$10,000,000	\$0
	RC22 - Single Dwelling Units	\$2,000,000	\$7,500,000	\$9,500,000	\$870,540	\$11,166,158	\$1,666,158
	RC23 - Structural	\$8,000,000	\$0	\$8,000,000	\$1,875,371	\$7,434,246	(\$565,754)
	RC24 - Parking Garages	\$10,000,000	\$0	\$10,000,000	\$1,710,609	\$9,374,731	(\$625,269)
	RC39 - Common Area Hallway Repairs	\$1,000,000	\$0	\$1,000,000	\$263,259	\$1,561,009	\$561,009
	RC41 - Swimming Pool Envelope	\$1,000,000	\$0	\$1,000,000	\$71,391	\$1,000,000	\$0
RCHH - Heritage Houses	\$1,000,000	\$0	\$1,000,000	\$5,668	\$1,000,000	\$0	
RCXZ - Contingency	\$14,103,616	(\$700,000)	\$13,403,616	\$0	\$0	(\$13,403,616)	
TOTAL Planned		\$222,153,616	(\$700,000)	\$221,453,616	\$19,457,320	\$202,266,392	(\$19,187,224)
Demand	CA02 - Tenant Units Accessibility	\$5,000,000	\$0	\$5,000,000	\$885,609	\$5,000,000	\$0
	CA03 - Common Area Demand Accessibility Upgrades	\$1,350,000	\$700,000	\$2,050,000	\$150,253	\$2,050,000	\$0
	CG01 - Waste Equipment Repairs	\$1,000,000	\$0	\$1,000,000	\$237,059	\$1,121,668	\$121,668
	CI01 - Risk Management and insurance Claims	\$4,000,000	\$0	\$4,000,000	\$1,930,961	\$4,000,000	\$0
	COXX - Demand Capital	\$32,500,000	\$0	\$32,500,000	\$23,104,598	\$38,949,625	\$6,449,625
	CO24 - Regional Demand Capital - Central	\$4,000,000	\$0	\$4,000,000	\$103,245	\$4,000,000	\$0
	CO25 - Regional Demand Capital - East	\$4,000,000	\$0	\$4,000,000	\$0	\$4,000,000	\$0
	CO26 - Regional Demand Capital -West	\$4,000,000	\$0	\$4,000,000	\$175	\$4,000,000	\$0
	CO27 - Regional Demand Capital - Seniors	\$4,000,000	\$0	\$4,000,000	\$363,089	\$4,000,000	\$0
	CO28 - Regional Demand Capital Contingency	\$1,500,000	\$0	\$1,500,000	\$0	\$0	(\$1,500,000)
	LC - Local Demand & Residential Appliances	\$2,000,000	\$0	\$2,000,000	\$608,193	\$2,000,000	\$0
	LM - Local Moveouts	\$16,500,000	\$0	\$16,500,000	\$4,122,765	\$16,500,000	\$0
	SOGI - State of Good Repair-Interior	\$5,000,000	\$0	\$5,000,000	\$1,622,629	\$5,088,000	\$88,000
	SOGM - State of Good Repair-MLS Issues	\$4,000,000	\$0	\$4,000,000	\$441,218	\$4,000,000	\$0
	TOTAL Demand		\$88,850,000	\$700,000	\$89,550,000	\$33,569,792	\$94,709,293
Capital Operations	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$0	\$17,500,000	\$4,287,458	\$17,500,000	\$0
	RC01 - Building Condition Audits	\$1,000,000	\$0	\$1,000,000	\$91,551	\$1,000,000	\$0
	TOTAL Capital Operations		\$18,500,000	\$0	\$18,500,000	\$4,379,009	\$18,500,000
Energy	AIP1 - Social Housing Apartment Improvement Program-10	\$101,384	\$0	\$101,384	\$1,178,178	\$3,959,297	\$3,857,913
	EW01 - Water Conservation & Recommissioning	\$4,000,000	\$0	\$4,000,000	\$1,038,792	\$4,065,112	\$65,112
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$0	\$1,000,000	\$0	\$1,312,702	\$312,702
	EW08 - Metering / Monitoring	\$2,650,000	\$0	\$2,650,000	\$54,039	\$2,650,000	\$0
	EW09 - BAS and Recommissioning	\$3,080,000	\$0	\$3,080,000	\$60,249	\$3,080,000	\$0
	EW10 - In-Suite LED Lighting and E Renewable Program	\$4,000,000	\$0	\$4,000,000	\$62,003	\$4,000,000	\$0
	RPEI - Regent Park Energy Initiatives	\$5,665,000	\$0	\$5,665,000	\$17,220	\$5,665,000	\$0
	TOTAL Energy		\$20,496,384	\$0	\$20,496,384	\$2,410,481	\$24,732,111
TOTAL		\$350,000,000	\$0	\$350,000,000	\$59,816,602	\$340,207,797	(\$9,792,203)
2022 Capital Spend Advanced in 2021					\$9,792,203	\$9,792,203	\$9,792,203
Grand Total					\$69,608,805	\$350,000,000	\$0