



## Q2 2022 Facilities Management Quarterly Capital Budget Update

Item 6E

September 8, 2022

Building Investment, Finance and Audit Committee

**Report: BIFAC:2022-126**

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

**From:** Vice President, Facilities Management

**Date:** August 23, 2022

### **PURPOSE:**

In accordance with Financial Control Bylaw 3, the Board shall be provided 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 receive this report and forward it to the Board for approval in accordance with Financial Control Bylaw 3, which states:

- 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.

It is recommended that BIFAC approve reallocation of funds within the capital repair budget and forward to the Board for approval of the reallocations as follows:

- \$7M reallocated to Local Moveout; and
- \$4.1M reallocated to AIP1 - Social Housing Apartment Improvement Program; and
- \$8.6M reallocated COXX - Demand Capital; and
- authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

### **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**

Q2 2022 continues to have 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 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**

Overall capital budget remains consistent at \$350M however the following are proposed revisions to the budget envelopes for Q2:

- \$7M reallocated to Local Moveout due to an increase in demand and an increase in unit pricing
- \$4.1M reallocated to AIP1 - Social Housing Apartment Improvement Program due projects pushing into 2022 from Q4 2021 after the Capital Budget was approved
- \$8.6M reallocated COXX - Demand Capital as there is an increase in amount of demand work being completed due to the increased difficulty with the delivery planned projects

**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”*

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Allen Murray,  
Vice President, Facilities Management

**ATTACHMENT:**

1. Table 3 2022 Capital Renewal Plan - Variance by Project Category Q2, 2022

**STAFF CONTACTS:**

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Item 6E - Q2 2022 Facilities Management Capital Budget Update

Public BIFAC Meeting - September 8, 2022

Report#: BIFAC:2022-126 **Attachment 1**

**Q2 2022 Facilities Management Report on Capital Delivery**

Item 6E - BIFAC:2022-126 - Attachment 1

CAPITAL CATEGORIES		BUDGET			COMPLETE	Q2 YEAR END FORECAST	
Budget Category	Envelope Name	Original Budget (Board Approved)	Revisions	Revised Budget	Q2 Actual Completion	Q4 Forecasted Completion	Forecasted Variance from Budget
Planned	CA01 - Common Area Accessibility	\$11,750,000	\$0	\$11,750,000	\$2,771,510	\$8,911,911	(\$2,838,089)
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$0	\$1,300,000	\$459,788	\$3,001,806	\$1,701,806
	CC09 - Commercial Retail Repairs	\$1,000,000	\$0	\$1,000,000	\$119,464	\$490,676	(\$509,324)
	HBRP - Holistic Building Retrofit Program	\$40,000,000	(\$7,500,000)	\$32,500,000	\$1,692,282	\$14,676,890	(\$17,823,110)
	RC03 - Electrical	\$5,000,000	\$0	\$5,000,000	\$1,841,279	\$5,638,835	\$638,835
	RC05 - Elevators	\$6,000,000	\$0	\$6,000,000	\$2,118,647	\$5,569,861	(\$430,139)
	RC07 - Envelope	\$40,000,000	\$0	\$40,000,000	\$14,171,728	\$41,044,245	\$1,044,245
	RC08 - Grounds	\$10,000,000	\$0	\$10,000,000	\$4,496,287	\$12,526,499	\$2,526,499
	RC09 - Interiors	\$7,000,000	\$0	\$7,000,000	\$1,211,327	\$6,343,512	(\$656,488)
	RC10 - Emergency Generators	\$4,000,000	\$0	\$4,000,000	\$782,037	\$3,446,683	(\$553,317)
	RC12 - Life Safety	\$9,000,000	\$0	\$9,000,000	\$4,484,712	\$11,222,959	\$2,222,959
	RC15 - HVAC	\$18,000,000	\$0	\$18,000,000	\$4,708,098	\$21,193,535	\$3,193,535
	RC16 - Plumbing	\$12,000,000	\$0	\$12,000,000	\$6,033,106	\$18,165,887	\$6,165,887
	RC18 - Roofing	\$10,000,000	\$0	\$10,000,000	\$2,184,872	\$10,988,942	\$988,942
	RC19 - Cameras and Access Control	\$10,000,000	\$0	\$10,000,000	\$404,611	\$7,462,162	(\$2,537,838)
	RC22 - Single Dwelling Units	\$2,000,000	\$7,500,000	\$9,500,000	\$2,052,001	\$11,089,838	\$1,589,838
	RC23 - Structural	\$8,000,000	\$0	\$8,000,000	\$2,928,497	\$7,835,014	(\$164,986)
	RC24 - Parking Garages	\$10,000,000	\$0	\$10,000,000	\$4,317,186	\$10,062,854	\$62,854
	RC39 - Common Area Hallway Repairs	\$1,000,000	\$0	\$1,000,000	\$467,625	\$1,660,420	\$660,420
	RC41 - Swimming Pool Envelope	\$1,000,000	\$0	\$1,000,000	\$374,428	\$856,066	(\$143,934)
	RCHH - Heritage Houses	\$1,000,000	\$0	\$1,000,000	\$54,530	\$54,851	(\$945,149)
RCXZ - Contingency	\$14,103,616	(\$700,000)	\$13,403,616	\$0	\$0	(\$13,403,616)	
<b>TOTAL Planned</b>		<b>\$222,153,616</b>	<b>(\$700,000)</b>	<b>\$221,453,616</b>	<b>\$57,674,015</b>	<b>\$202,243,446</b>	<b>(\$19,210,170)</b>
Demand	CA02 - Tenant Units Accessibility	\$5,000,000	\$0	\$5,000,000	\$1,717,248	\$2,411,851	(\$2,588,149)
	CA03 - Common Area Demand Accessibility Upgrades	\$1,350,000	\$700,000	\$2,050,000	\$447,808	\$973,700	(\$1,076,300)
	CG01 - Waste Equipment Repairs	\$1,000,000	\$0	\$1,000,000	\$571,147	\$1,324,741	\$324,741
	CI01 - Risk Management and Insurance Claims	\$4,000,000	\$0	\$4,000,000	\$3,302,913	\$4,000,000	\$0
	COXX - Demand Capital	\$50,000,000	\$0	\$50,000,000	\$50,728,349	\$58,626,935	\$8,626,935
	LC - Local Demand & Residential Appliances	\$2,000,000	\$0	\$2,000,000	\$1,940,698	\$1,751,209	(\$248,791)
	LM - Local Moveouts	\$16,500,000	\$0	\$16,500,000	\$9,389,096	\$23,500,000	\$7,000,000
	SOGI - State of Good Repair-Interior	\$5,000,000	\$0	\$5,000,000	\$3,254,313	\$5,092,074	\$92,074
	SOGM - State of Good Repair-MLS Issues	\$4,000,000	\$0	\$4,000,000	\$1,573,596	\$2,754,952	(\$1,245,048)
	<b>TOTAL Demand</b>		<b>\$88,850,000</b>	<b>\$700,000</b>	<b>\$89,550,000</b>	<b>\$72,925,168</b>	<b>\$100,435,461</b>
Capital Operations	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$0	\$17,500,000	\$8,693,414	\$17,500,000	\$0
	RC01 - Building Condition Audits	\$1,000,000	\$0	\$1,000,000	\$240,642	\$1,102,181	\$102,181
<b>TOTAL Capital Operations</b>		<b>\$18,500,000</b>	<b>\$0</b>	<b>\$18,500,000</b>	<b>\$8,934,056</b>	<b>\$18,602,181</b>	<b>\$102,181</b>
Energy	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$101,384	\$0	\$101,384	\$2,305,656	\$4,227,558	\$4,126,174
	EW01 - Water Conservation & Recommissioning	\$4,000,000	\$0	\$4,000,000	\$2,732,153	\$3,195,811	(\$804,189)
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$0	\$1,000,000	\$15,875	\$1,312,702	\$312,702
	EW08 - Metering / Monitoring	\$2,650,000	\$0	\$2,650,000	\$628,832	\$2,199,400	(\$450,600)
	EW09 - BAS and Recommissioning	\$3,080,000	\$0	\$3,080,000	\$347,576	\$2,234,072	(\$845,928)
	EW10 - In-Suite LED Lighting and E Renewable Program	\$4,000,000	\$0	\$4,000,000	\$489,729	\$3,022,270	(\$977,730)
	RPEI - Regent Park Energy Initiatives	\$5,665,000	\$0	\$5,665,000	\$830,963	\$2,734,894	(\$2,930,106)
<b>TOTAL Energy</b>		<b>\$20,496,384</b>	<b>\$0</b>	<b>\$20,496,384</b>	<b>\$7,350,783</b>	<b>\$18,926,708</b>	<b>(\$1,569,676)</b>
<b>TOTAL</b>		<b>\$350,000,000</b>	<b>\$0</b>	<b>\$350,000,000</b>	<b>\$146,884,022</b>	<b>\$340,207,797</b>	<b>(\$9,792,203)</b>
2022 Capital Spend Advanced in 2021					\$9,792,203	\$9,792,203	\$9,792,203
Grand Total					\$156,676,226	\$350,000,000	\$0