



## Q3 2022 Facilities Management Quarterly Capital Budget Update

Item 8A

January 27, 2023

Building Investment, Finance and Audit Committee

**Report: BIFAC:2023-13**

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

**From:** Vice President, Facilities Management

**Date:** January 3, 20223

### **PURPOSE:**

The purpose of this report, in accordance with Financial Control Bylaw 3, is to provide the Board 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 the reallocation of funds within the capital repair budget and forward to the Board for approval the reallocations as follows:

1. \$26,500,000.00 to the COXX - Demand Capital budget envelope by redirecting funds previously allocated to the following budget envelopes in the following amounts;
  - \$10,000,000.00 from the HBRP – Holistic Building Retrofit Program budget envelope; and
  - \$9,000,000.00 from the RC07 – Envelope budget envelope; and
  - \$7,500,000.00 from the RC22 – Single Dwelling Units budget envelope; and

2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

### **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.

### **FULLFILLING 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**

Q3 2022 continued 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:**

The overall capital budget remains consistent at \$350M, however the following are proposed revisions to the budget envelopes for Q3:

1. \$26.5M reallocated to the COXX - Demand Capital as there is an increase in the amount of demand work being completed due to the increased difficulty with the delivery of 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.

#### **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 assist TCHC to continue to deliver its capital repair program in accordance with its obligations to its funding partners.

**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  
Q3 2022

**STAFF CONTACTS:**

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Q3 2022 Facilities Management Report on Capital Delivery

Item 8A - BIFAC:2023-13 - Attachment 1

CAPITAL CATEGORIES		BUDGET					COMPLETE	Q3 YEAR END FORECAST	
Budget Category	Envelope Name	Original Budget (Board Approved)	Revisions (Q1)	Revisions (Q2) <sup>1</sup>	Revisions (Q3)	Revised Budget	Q3 Actual Completion	Q4 Forecasted Completion	Forecasted Variance from Budget
<b>Planned</b>	CA01 - Common Area Accessibility	\$11,750,000	\$0	\$0	\$0	\$11,750,000	\$4,222,807	\$7,606,107	(\$4,143,893)
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$0	\$0	\$0	\$1,300,000	\$724,762	\$2,088,744	\$788,744
	CC09 - Commercial Retail Repairs	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$140,675	\$490,676	(\$509,324)
	HBRP - Holistic Building Retrofit Program	\$40,000,000	(\$7,500,000)	(\$6,349,493)	(\$10,000,000)	\$16,150,507	\$6,091,191	\$11,442,558	(\$4,707,949)
	RC03 - Electrical	\$5,000,000	\$0	\$0	\$0	\$5,000,000	\$2,708,832	\$4,087,776	(\$912,224)
	RC05 - Elevators	\$6,000,000	\$0	\$0	\$0	\$6,000,000	\$4,106,815	\$5,908,418	(\$91,582)
	RC07 - Envelope	\$40,000,000	\$0	\$0	(\$9,000,000)	\$31,000,000	\$18,301,818	\$27,089,682	(\$3,910,318)
	RC08 - Grounds	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$5,924,904	\$8,625,379	(\$1,374,621)
	RC09 - Interiors	\$7,000,000	\$0	\$0	\$0	\$7,000,000	\$2,628,535	\$6,291,486	(\$708,514)
	RC10 - Emergency Generators	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$1,659,830	\$2,639,105	(\$1,360,895)
	RC12 - Life Safety	\$9,000,000	\$0	\$0	\$0	\$9,000,000	\$7,323,637	\$12,303,190	\$3,303,190
	RC15 - HVAC	\$18,000,000	\$0	\$0	\$0	\$18,000,000	\$8,258,094	\$13,797,067	(\$4,202,933)
	RC16 - Plumbing	\$12,000,000	\$0	\$0	\$0	\$12,000,000	\$11,906,888	\$16,676,735	\$4,676,735
	RC18 - Roofing	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$5,442,860	\$8,216,962	(\$1,783,038)
	RC19 - Cameras and Access Control	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$2,887,668	\$8,224,052	(\$1,775,948)
	RC22 - Single Dwelling Units	\$2,000,000	\$7,500,000	\$0	(\$7,500,000)	\$2,000,000	\$2,483,344	\$2,295,107	\$295,107
	RC23 - Structural	\$8,000,000	\$0	\$0	\$0	\$8,000,000	\$5,136,078	\$8,154,567	\$154,567
	RC24 - Parking Garages	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$7,112,913	\$10,914,680	\$914,680
	RC39 - Common Area Hallway Repairs	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$609,556	\$1,585,040	\$585,040
	RC41 - Swimming Pool Envelope	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$692,883	\$1,195,873	\$195,873
	RCHH - Heritage Houses	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$56,613	\$54,851	(\$945,149)
RCXZ - Contingency	\$14,103,616	(\$700,000)	(\$13,403,616)	\$0	\$0	\$0	\$0	\$0	
<b>TOTAL Planned</b>		<b>\$222,153,616</b>	<b>(\$700,000)</b>	<b>(\$19,753,109)</b>	<b>(\$26,500,000)</b>	<b>\$175,200,507</b>	<b>\$98,420,701</b>	<b>\$159,688,054</b>	<b>(\$15,512,452)</b>
<b>Demand</b>	CA02 - Tenant Units Accessibility	\$5,000,000	\$0	\$0	\$0	\$5,000,000	\$2,419,005	\$2,919,694	(\$2,080,306)
	CA03 - Common Area Demand Accessibility Upgrades	\$1,350,000	\$700,000	\$0	\$0	\$2,050,000	\$550,355	\$1,173,589	(\$876,411)
	CG01 - Waste Equipment Repairs	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$695,108	\$1,712,848	\$712,848
	CI01 - Risk Management and insurance Claims	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$4,659,667	\$4,659,667	\$659,667
	COXX - Demand Capital	\$50,000,000	\$0	\$8,626,935	\$26,500,000	\$85,126,935	\$76,092,187	\$90,698,688	\$5,571,753
	LC - Local Demand & Residential Appliances	\$2,000,000	\$0	\$0	\$0	\$2,000,000	\$2,650,592	\$2,817,935	\$817,935
	LM - Local Moveouts	\$16,500,000	\$0	\$7,000,000	\$0	\$23,500,000	\$15,425,307	\$23,500,000	\$0
	SOGI - State of Good Repair-Interior	\$5,000,000	\$0	\$0	\$0	\$5,000,000	\$3,658,720	\$5,086,087	\$86,087
	SOGM - State of Good Repair-MLS Issues	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$2,531,543	\$3,677,356	(\$322,644)
<b>TOTAL Demand</b>		<b>\$88,850,000</b>	<b>\$700,000</b>	<b>\$15,626,935</b>	<b>\$26,500,000</b>	<b>\$131,676,935</b>	<b>\$108,682,484</b>	<b>\$136,245,863</b>	<b>\$4,568,928</b>
<b>Capital Operations</b>	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$0	\$0	\$0	\$17,500,000	\$12,751,541	\$17,500,000	\$0
	RC01 - Building Condition Audits	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$265,368	\$695,141	(\$304,859)
<b>TOTAL Capital Operations</b>		<b>\$18,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,500,000</b>	<b>\$13,016,909</b>	<b>\$18,195,141</b>	<b>(\$304,859)</b>
<b>Energy</b>	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$101,384	\$0	\$4,126,174	\$0	\$4,227,558	\$3,426,829	\$4,148,563	(\$78,995)
	EW01 - Water Conservation & Recommissioning	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$3,059,414	\$8,285,029	\$4,285,029
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$40,263	\$1,157,620	\$157,620
	EW08 - Metering / Monitoring	\$2,650,000	\$0	\$0	\$0	\$2,650,000	\$856,825	\$1,873,181	(\$776,819)
	EW09 - BAS and Recommissioning	\$3,080,000	\$0	\$0	\$0	\$3,080,000	\$772,460	\$2,295,179	(\$784,821)
	EW10 - In-Suite LED Lighting and E Renewable Program	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$1,532,576	\$2,417,086	(\$1,582,914)
	RPEI - Regent Park Energy Initiatives	\$5,665,000	\$0	\$0	\$0	\$5,665,000	\$2,491,807	\$5,902,080	\$237,080
<b>TOTAL Energy</b>		<b>\$20,496,384</b>	<b>\$0</b>	<b>\$4,126,174</b>	<b>\$0</b>	<b>\$24,622,558</b>	<b>\$12,180,174</b>	<b>\$26,078,738</b>	<b>\$1,456,180</b>
2022 Capital Spend Advanced in 2021		\$0	\$0	\$0	\$0	\$0	\$9,792,203	\$9,792,203	\$9,792,203
<b>TOTAL 2022 Capital Spend Advanced in 2021</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,792,203</b>	<b>\$9,792,203</b>	<b>\$9,792,203</b>
<b>TOTAL</b>		<b>\$350,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$350,000,000</b>	<b>\$242,092,471</b>	<b>\$350,000,000</b>	<b>\$0</b>

<sup>1</sup> Revisions to the FM Capital Budget were approved by the Board at its meeting of September 29, 2022 as part of its consideration of Report TCHC:2022-61