



Q4 2022 Facilities Management Quarterly Capital Budget Update

Item 4

April 24, 2023

Building Investment, Finance and Audit Committee

Report: BIFAC:2023-29R

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

From: Vice President, Facilities Management

Date: March 30, 2023

PURPOSE:

The purpose of this report 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. Given this is a Q4 report, a forecast is not applicable. Though the numbers being reported for 2022 are year-end and not final (2022 financial records have not officially been closed), it is not expected that there will be any material changes.

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
COXX - Demand Capital	\$17,534,954
CA01 – Common Area Accessibility	(\$5,090,625)
RC07 – Envelope	(\$6,243,530)
EW09 – BAS and Recommissioning	(\$1,390,936)
EW10 – In-Suite LED Lighting and E Renewable Program	(\$1,715,470)
RPEI – Regent Park Energy Initiatives	(\$3,094,393)

as per the Q4 budget spends outlined in Attachment 1 and 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
- 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 2022, \$362M of capital was delivered, meaning the full \$350M capital repair budget was delivered. The additional work completed in 2022 will be funded from the 2023 capital repair plan. In 2022, approximately 1,400 projects and over 25,000 work orders were carried out across the TCHC portfolio.

From 2016 through to 2022, 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. Completion of the capital work is a requirement to receive these funds.

VARIANCE BY PROJECT CATEGORY

Q4 2022 continued to be an extremely challenging environment to deliver capital repair work. Through effective delivery and oversight of the capital repair program, Facilities Management was able to deliver the entire program by reacting and adapting to the challenging and ever changing environment.

Demand capital work (which includes component and program based repair work) was significantly higher than originally planned, however it is not inconsistent with previous years and the 2022 budget should have been higher. As noted below in the ‘Future Reporting’ section, this will be corrected for 2023. Upon closure of the 2022 capital budget by Finance, the work captured under Demand Capital is analyzed to determine the impact on FCI. 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 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 review the work completed to ensure it is appropriately attributed towards the annual FCI calculation.

REVISIONS:

The following are the required revisions to the budget envelopes for Q4 as detailed in By-law 3:

1. \$17,534,954 to COXX – Demand Capital;
2. \$5,090,625 from CA01 – Common Area Accessibility;
3. \$6,243,530 from RC07 – Envelope;
4. \$1,390,936 from EW09 – BAS and Recommissioning;
5. \$1,715,470 from EW10 – In-Suite LED Lighting and E Renewable Program; and
6. \$3,094,393 from RPEI – Regent Park Energy Initiatives.

The above revision to Demand Capital does not reflect the full 2022 budget required due to the total of \$362M in work being completed and the carry forward of \$12.5M to 2023 resulting in not enough 2022 budget being available to allocate.

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. As of February 22, 2023 the issues with demand capital work not being captured in Facilities Management's weekly reports have been resolved resulting in more accurate reporting going forward for 2023. This more accurate, timely reporting will enable Facilities Management to better monitor capital spends to ensure that forecasting in 2023 will better reflect historic data and current trending data. Further, it will make budget allocations more in line with actual spend and mean that any required approval for reallocations will be requested in advance versus after the fact, noting that there will always be final adjustments required after the fact at year-end. With the more accurate forecasting though, after the fact adjustments at year-end should be minor.

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 close out the 2022 capital program.

SIGNATURE:

“Allen Murray”

Allen Murray,
Vice President, Facilities Management

ATTACHMENT:

1. 2022 Capital Renewal Plan – Variance by Project Category Q4 2022

STAFF CONTACTS:

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Item 4 - BIFAC:2023-29R - Attachment 1

CAPITAL CATEGORIES		BUDGET									ACTUAL
Budget Category	Envelope Name	Original Budget (Board Approved)	Budget (Q1 Board Approved)	Budget (Q2 Board Approved)		Revisions (@Q3)	Revised Budget (@Q3)	Forecasted Completion (as of Q3)	Revisions (@Q4)	Revised Budget (@Q4)	Actual Completion
2022 Capital Spend Advanced in 2021		\$9,792,203									\$9,792,203
2021 Carry Forward		\$9,792,203	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$9,792,203
2022											
Planned	CA01 - Common Area Accessibility	\$11,750,000	\$11,750,000	\$11,750,000	\$0	\$0	\$11,750,000	\$7,606,107	(\$5,090,625)	\$6,659,375	\$6,659,375
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$1,300,000	\$1,300,000	\$0	\$0	\$1,300,000	\$2,088,744		\$1,300,000	\$1,183,919
	CC09 - Commercial Retail Repairs	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$490,676		\$1,000,000	\$259,010
	HBRP - Holistic Building Retrofit Program	\$40,000,000	\$32,500,000	\$26,150,507	(\$6,349,493)	(\$10,000,000)	\$16,150,507	\$11,442,558		\$16,150,507	\$13,269,174
	RC03 - Electrical	\$5,000,000	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000	\$4,087,776		\$5,000,000	\$3,949,644
	RC05 - Elevators	\$6,000,000	\$6,000,000	\$6,000,000	\$0	\$0	\$6,000,000	\$5,908,418		\$6,000,000	\$5,772,432
	RC07 - Envelope	\$40,000,000	\$40,000,000	\$40,000,000	\$0	(\$9,000,000)	\$31,000,000	\$27,089,682	(\$6,243,530)	\$24,756,470	\$24,370,736
	RC08 - Grounds	\$10,000,000	\$10,000,000	\$10,000,000	\$0	\$0	\$10,000,000	\$8,625,379		\$10,000,000	\$10,915,328
	RC09 - Interiors	\$7,000,000	\$7,000,000	\$7,000,000	\$0	\$0	\$7,000,000	\$6,291,486		\$7,000,000	\$4,641,406
	RC10 - Emergency Generators	\$4,000,000	\$4,000,000	\$4,000,000	\$0	\$0	\$4,000,000	\$2,639,105		\$4,000,000	\$2,610,186
	RC12 - Life Safety	\$9,000,000	\$9,000,000	\$9,000,000	\$0	\$0	\$9,000,000	\$12,303,190		\$9,000,000	\$12,867,527
	RC15 - HVAC	\$18,000,000	\$18,000,000	\$18,000,000	\$0	\$0	\$18,000,000	\$13,797,067		\$18,000,000	\$12,258,248
	RC16 - Plumbing	\$12,000,000	\$12,000,000	\$12,000,000	\$0	\$0	\$12,000,000	\$16,676,735		\$12,000,000	\$15,161,997
	RC18 - Roofing	\$10,000,000	\$10,000,000	\$10,000,000	\$0	\$0	\$10,000,000	\$8,216,962		\$10,000,000	\$9,044,168
	RC19 - Cameras and Access Control	\$10,000,000	\$10,000,000	\$10,000,000	\$0	\$0	\$10,000,000	\$8,224,052		\$10,000,000	\$6,335,282
	RC22 - Single Dwelling Units	\$2,000,000	\$9,500,000	\$9,500,000	\$0	(\$7,500,000)	\$2,000,000	\$2,295,107		\$2,000,000	\$2,811,450
	RC23 - Structural	\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$0	\$8,000,000	\$8,154,567		\$8,000,000	\$7,884,593
	RC24 - Parking Garages	\$10,000,000	\$10,000,000	\$10,000,000	\$0	\$0	\$10,000,000	\$10,914,680		\$10,000,000	\$11,402,470
	RC39 - Common Area Hallway Repairs	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$1,585,040		\$1,000,000	\$1,552,274

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	RC41 - Swimming Pool Envelope	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$1,195,873		\$1,000,000	\$1,203,549
	RCHH - Heritage Houses	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$54,851		\$1,000,000	\$99,302
	RCXZ - Contingency	\$14,103,616	\$13,403,616	\$0	(\$13,403,616)	\$0	\$0	\$0		\$0	
TOTAL Planned		\$222,153,616	\$221,453,616	\$201,700,507	(\$19,753,109)	(\$26,500,000)	\$175,200,507	\$159,688,054	(\$11,334,155)	\$163,866,352	\$154,252,071
Demand	CA02 - Tenant Units Accessibility	\$5,000,000	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000	\$2,919,694		\$5,000,000	\$3,050,437
	CA03 - Common Area Demand Accessibility Upgrades	\$1,350,000	\$2,050,000	\$2,050,000	\$0	\$0	\$2,050,000	\$1,173,589		\$2,050,000	\$782,114
	CG01 - Waste Equipment Repairs	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$1,712,848		\$1,000,000	\$1,763,282
	CI01 - Risk Management and insurance Claims	\$4,000,000	\$4,000,000	\$4,000,000	\$0	\$0	\$4,000,000	\$4,659,667		\$4,000,000	\$6,552,242
	COXX - Demand Capital	\$50,000,000	\$50,000,000	\$58,626,935	\$8,626,935	\$26,500,000	\$85,126,935	\$90,698,688	\$17,534,954	\$102,661,889	\$112,454,093
	LC - Local Demand & Residential Appliances	\$2,000,000	\$2,000,000	\$2,000,000	\$0	\$0	\$2,000,000	\$2,817,935		\$2,000,000	\$4,353,723
	LM - Local Moveouts	\$16,500,000	\$16,500,000	\$23,500,000	\$7,000,000	\$0	\$23,500,000	\$23,500,000		\$23,500,000	\$24,122,239
	SOGI - State of Good Repair-Interior	\$5,000,000	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000	\$5,086,087		\$5,000,000	\$5,080,514
	SOGM - State of Good Repair-MLS Issues	\$4,000,000	\$4,000,000	\$4,000,000	\$0	\$0	\$4,000,000	\$3,677,356		\$4,000,000	\$3,561,125
TOTAL Demand		\$88,850,000	\$89,550,000	\$105,176,935	\$15,626,935	\$26,500,000	\$131,676,935	\$136,245,863	\$17,534,954	\$149,211,889	\$161,719,769
Capital Ops	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$17,500,000	\$17,500,000	\$0	\$0	\$17,500,000	\$17,500,000		\$17,500,000	\$17,500,000
	RC01 - Building Condition Audits	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$695,141		\$1,000,000	\$392,930
TOTAL Capital Operations		\$18,500,000	\$18,500,000	\$18,500,000	\$0	\$0	\$18,500,000	\$18,195,141		\$18,500,000	\$17,892,930

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Energy	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$101,384	\$101,384	\$4,227,558	\$4,126,174	\$0	\$4,227,558	\$4,148,563		\$4,227,558	\$5,002,453
	EW01 - Water Conservation & Recommissioning	\$4,000,000	\$4,000,000	\$4,000,000	\$0	\$0	\$4,000,000	\$8,285,029		\$4,000,000	\$5,456,349
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$1,157,620		\$1,000,000	\$280,080
	EW08 - Metering / Monitoring	\$2,650,000	\$2,650,000	\$2,650,000	\$0	\$0	\$2,650,000	\$1,873,181		\$2,650,000	\$1,599,237
	EW09 - BAS and Recommissioning	\$3,080,000	\$3,080,000	\$3,080,000	\$0	\$0	\$3,080,000	\$2,295,179	(\$1,390,936)	\$1,689,064	\$1,625,363
	EW10 - In-Suite LED Lighting and E	\$4,000,000	\$4,000,000	\$4,000,000	\$0	\$0	\$4,000,000	\$2,417,086	(\$1,715,470)	\$2,284,530	\$2,284,530
	Renewable Program	\$5,665,000	\$5,665,000	\$5,665,000	\$0	\$0	\$5,665,000	\$5,902,080	(\$3,094,393)	\$2,570,607	\$2,570,607
	RPEI - Regent Park Energy Initiatives										
TOTAL Energy		\$20,496,384	\$20,496,384	\$24,622,558	\$4,126,174	\$0	\$24,622,558	\$26,078,738	(\$6,200,799)	\$18,421,759	\$18,818,619
Sub-total 2022 In-Year Capital Spend		\$350,000,000	\$350,000,000	\$350,000,000	\$0	\$0	\$350,000,000	\$340,207,797	\$0	\$350,000,000	\$352,683,389

Total 2022 In-year spend & 2021 advances		\$359,792,203									\$362,475,592
2022 Budgeted Annual Funding Available		\$350,000,000	\$350,000,000	\$350,000,000			\$350,000,000	\$340,207,797		\$350,000,000	\$350,000,000
2023 Capital Spend Advanced in 2022											\$12,475,593
Funding Available											\$340,000,000
2023 in-year spend											\$327,524,408

CAPITAL CATEGORIES		BUDGET									ACTUAL
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Note 1
Note 2

The \$13.4M contingency was allocated out to various project categories by the end of Q2
The requested Q4 re-allocation of \$17.5M budget was from Planned Capital & Energy Capital to Demand Capital items