



Q1 2023 Facilities Management Quarterly Capital Budget Update

Item 7F

June 27, 2023

Board of Directors

Report: TCHC:2023-34

To: Board of Directors (the “Board”)

From: Building Investment, Finance and Audit Committee (“BIFAC”)

Date: June 19, 2023

PURPOSE:

The purpose of this report is to provide the Board of Directors (the “Board”), 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 Board approve the reallocation of funds within the capital repair budget as follows:

Envelope Name	Reallocation Amount
CC01 - Commercial-Laundry Rooms	\$103,891
CC09 - Commercial Retail Repairs	(\$514,481)
HBRP - Holistic Building Retrofit Program	(\$26,369,539)
QWSM - Queensway Windermere Swansea Mews	(\$3,000,000)
RC03 - Electrical	\$692,308
RC05 - Elevators	(\$2,534,422)
RC07 - Envelope	(\$22,226,518)
RC08 - Grounds	(\$1,557,042)
RC09 - Interiors	(\$716,057)

Envelope Name	Reallocation Amount
RC10 - Emergency Generators	(\$604,488)
RC12 - Life Safety	\$562,559
RC15 - HVAC	(\$2,017,771)
RC16 - Plumbing	\$1,836,999
RC18 - Roofing	\$47,577
RC19 - Cameras and Access Control	(\$722,405)
RC22 - Single Dwelling Units	(\$500,000)
RC23 - Structural	(\$404,239)
RC24 - Parking Garages	(\$2,138,504)
RC39 - Common Area Hallway Repairs	\$1,059,240
RC41 - Swimming Pool Envelope	\$18,501
RCHH - Heritage Houses	(\$500,000)
SOGI - State of Good Repair-Interior	(\$2,153,550)
COXX - Demand Capital	\$76,868,740
SOGM - State of Good Repair-MLS Issues	(\$2,406,016)
RC01 - Building Condition Audits	(\$263,728)
RCXZ - Contingency	(\$25,447,942)
AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$496,182
EW01 - Water Conservation & Recommissioning	(\$569,448)
EW03 - Energy Retrofit and Recommissioning	\$153,681
EW08 - Metering / Monitoring	(\$397,568)
EW09 - BAS and Recommissioning	\$117,076
EW10 - In-Suite LED Lighting and E Renewable Program	\$1,360,964
RPEI - Regent Park Energy Initiatives	\$535,000

** forecast for Q1 includes Reallocations of Various Budgets inclusive of Contingency*

BIFAC:

This report will be considered by the BIFAC on June 23, 2023.

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. 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 Q4 2022 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 remains consistent at \$350M. The following are the required revisions for approval to the budget envelopes for Q1:

Reallocation of funds to:

1.	\$103,891	CC01 - Commercial-Laundry Rooms
2.	\$692,308	RC03 - Electrical
3.	\$562,559	RC12 - Life Safety
4.	\$1,836,999	RC16 - Plumbing
5.	\$47,577	RC18 - Roofing
6.	\$1,059,240	RC39 - Common Area Hallway Repairs
7.	\$18,501	RC41 - Swimming Pool Envelope
8.	\$76,868,740	COXX - Demand Capital
9.	\$496,182	AIP1 - Social Housing Apartment Improvement Program-10 Buildings
10.	\$153,681	EW03 - Energy Retrofit and Recommissioning
11.	\$117,076	EW09 - BAS and Recommissioning
12.	\$1,360,964	EW10 - In-Suite LED Lighting and E Renewable Program
13.	\$535,000	RPEI - Regent Park Energy Initiatives

Reallocation of funds from:

1.	(\$514,481)	CC09 - Commercial Retail Repairs
2.	(\$26,369,539)	HBRP - Holistic Building Retrofit Program
3.	(\$3,000,000)	QWSM - Queensway Windermere Swansea Mews
4.	(\$2,534,422)	RC05 - Elevators
5.	(\$22,226,518)	RC07 - Envelope
6.	(\$1,557,042)	RC08 - Grounds
7.	(\$716,057)	RC09 - Interiors

8.	(\$604,488)	RC10 - Emergency Generators
9.	(\$2,017,771)	RC15 - HVAC
10.	(\$722,405)	RC19 - Cameras and Access Control
11.	(\$500,000)	RC22 - Single Dwelling Units
12.	(\$404,239)	RC23 - Structural
13.	(\$2,138,504)	RC24 - Parking Garages
14.	(\$500,000)	RCHH - Heritage Houses
15.	(\$2,153,550)	SOGI - State of Good Repair-Interior
16.	(\$2,406,016)	SOGM - State of Good Repair-MLS Issues
17.	(\$263,728)	RC01 - Building Condition Audits
18.	(\$25,447,942)	RCXZ - Contingency
19.	(\$569,448)	EW01 - Water Conservation & Recommissioning
20.	(\$397,568)	EW08 - Metering / Monitoring

The above revision reflects current trending as of Q1 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 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"

Allen Murray,
Vice President, Facilities Management

ATTACHMENT:

1. 2023 Capital Renewal Plan – Variance by Project Category Q1 2023

STAFF CONTACTS:

Allen Murray, Vice President, Facilities Management

416-981-6955

Allen.Murray@torontohousing.ca

Q1 2023 Facilities Management Report on Capital Delivery

Item 7F - TCHC:2023-34 - Attachment 1

CAPITAL CATEGORIES		BUDGET				
Budget Category	Envelope Name	Original Budget (Board Approved)	Q1 Completion	Q4 Forecast (@Q1)	Q1 Adjustment	Revised Budget (@Q1)
	2023 Capital Spend Advanced in 2022		\$11,190,998	\$11,190,998	\$11,190,998	\$11,190,998
	Total 2023 Capital Advanced in 2022		\$11,190,998	\$11,190,998	\$11,190,998	\$11,190,998

2023						
Planned	CA01 - Common Area Accessibility	\$11,750,000	\$717,628	\$11,750,000	\$0	\$11,750,000
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$788,916	\$1,403,891	\$103,891	\$1,403,891
	CC09 - Commercial Retail Repairs	\$1,000,000	\$128,909	\$485,519	(\$514,481)	\$485,519
	HBRP - Holistic Building Retrofit Program	\$41,783,000	\$827,558	\$15,413,461	(\$26,369,539)	\$15,413,461
	QWSM - Queensway Windemere Swansea Mews	\$3,000,000	\$0	\$0	(\$3,000,000)	\$0
	RC03 - Electrical	\$5,000,000	\$835,935	\$5,692,308	\$692,308	\$5,692,308
	RC05 - Elevators	\$5,000,000	\$800,021	\$2,465,578	(\$2,534,422)	\$2,465,578
	RC07 - Envelope	\$42,516,000	\$3,234,155	\$20,289,482	(\$22,226,518)	\$20,289,482
	RC08 - Grounds	\$8,000,000	\$342,746	\$6,442,958	(\$1,557,042)	\$6,442,958
	RC09 - Interiors	\$9,347,000	\$1,497,323	\$8,630,943	(\$716,057)	\$8,630,943
	RC10 - Emergency Generators	\$1,902,100	\$215,823	\$1,297,612	(\$604,488)	\$1,297,612
	RC12 - Life Safety	\$8,279,000	\$1,405,835	\$8,841,559	\$562,559	\$8,841,559
	RC15 - HVAC	\$18,828,000	\$2,633,454	\$16,810,229	(\$2,017,771)	\$16,810,229
	RC16 - Plumbing	\$8,863,000	\$1,178,051	\$10,699,999	\$1,836,999	\$10,699,999
	RC18 - Roofing	\$8,000,000	\$474,293	\$8,047,577	\$47,577	\$8,047,577
	RC19 - Cameras and Access Control	\$8,000,000	\$937,629	\$7,277,595	(\$722,405)	\$7,277,595
	RC22 - Single Dwelling Units	\$500,000	(\$34,217)	\$0	(\$500,000)	\$0
	RC23 - Structural	\$7,583,000	\$859,502	\$7,178,761	(\$404,239)	\$7,178,761
	RC24 - Parking Garages	\$14,563,000	\$3,167,592	\$12,424,496	(\$2,138,504)	\$12,424,496
	RC39 - Common Area Hallway Repairs	\$653,000	\$430,092	\$1,712,240	\$1,059,240	\$1,712,240
	RC41 - Swimming Pool Envelope	\$640,000	\$294,400	\$658,501	\$18,501	\$658,501
	RCHH - Heritage Houses	\$500,000	\$0	\$0	(\$500,000)	\$0
	SOGI - State of Good Repair-Interior	\$5,000,000	\$822,944	\$2,846,450	(\$2,153,550)	\$2,846,450
	TOTAL Planned	\$212,007,100	\$21,558,589	\$150,369,159	(\$61,637,941)	\$150,369,159

CAPITAL CATEGORIES		BUDGET				
Budget Category	Envelope Name	Original Budget (Board Approved)	Q1 Completion	Q4 Forecast (@Q1)	Q1 Adjustment	Revised Budget (@Q1)
	2023 Capital Spend Advanced in 2022		\$11,190,998	\$11,190,998	\$11,190,998	\$11,190,998
	Total 2023 Capital Advanced in 2022		\$11,190,998	\$11,190,998	\$11,190,998	\$11,190,998

2023						
Demand	CA02 - Tenant Units Accessibility	\$5,000,000	\$545,194	\$5,000,000	\$0	\$5,000,000
	CA03 - Common Area Demand Accessibility Upgrades	\$2,050,000	\$107,529	\$2,050,000	\$0	\$2,050,000
	CG01 - Waste Equipment Repairs	\$1,000,000	\$99,650	\$1,000,000	\$0	\$1,000,000
	CI01 - Risk Management and insurance Claims	\$4,000,000	\$1,750,816	\$4,000,000	\$0	\$4,000,000
	COXX - Demand Capital	\$31,000,000	\$33,574,026	\$107,868,740	\$76,868,740	\$107,868,740
	LC - Local Demand & Residential Appliances	\$2,000,000	\$926,457	\$2,000,000	\$0	\$2,000,000
	LM - Local Moveouts	\$22,500,000	\$9,556,629	\$22,500,000	\$0	\$22,500,000
	SOGM - State of Good Repair-MLS Issues	\$5,000,000	\$588,163	\$2,593,984	(\$2,406,016)	\$2,593,984
	TOTAL Demand	\$72,550,000	\$47,148,465	\$147,012,724	\$74,462,724	\$147,012,724
Capital Operations	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$4,536,546	\$17,500,000	\$0	\$17,500,000
	RC01 - Building Condition Audits	\$1,000,000	\$13,414	\$736,272	(\$263,728)	\$736,272
	RCXZ - Contingency	\$25,447,942	\$0	\$0	(\$25,447,942)	\$0
	TOTAL Capital Operations	\$43,947,942	\$4,549,960	\$18,236,272	(\$25,711,670)	\$18,236,272
Energy	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$129,958	\$84,754	\$626,140	\$496,182	\$626,140
	EW01 - Water Conservation & Recommissioning	\$8,000,000	\$1,734,935	\$7,430,552	(\$569,448)	\$7,430,552
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$20,329	\$1,153,681	\$153,681	\$1,153,681
	EW08 - Metering / Monitoring	\$2,700,000	\$206,193	\$2,302,432	(\$397,568)	\$2,302,432
	EW09 - BAS and Recommissioning	\$1,000,000	\$89,968	\$1,117,076	\$117,076	\$1,117,076
	EW10 - In-Suite LED Lighting and E Renewable Program	\$3,000,000	\$134,037	\$4,360,964	\$1,360,964	\$4,360,964
	RPEI - Regent Park Energy Initiatives	\$5,665,000	\$229,168	\$6,200,000	\$535,000	\$6,200,000
	TOTAL Energy	\$21,494,958	\$2,499,384	\$23,190,847	\$1,695,889	\$23,190,847
	Sub-total 2023 In-Year Capital Spend	\$350,000,000	\$75,756,397	\$338,809,002	(\$11,190,998)	\$338,809,002

Total 2023 In-year spend & 2022 advanced		\$86,947,395	\$350,000,000	\$0	\$350,000,000
---	--	---------------------	----------------------	------------	----------------------

NOTE: Original budget is as approved by the Board in December 2022

NOTE: Total 2023 year-end capital includes \$11.2M in 2022 SOGR spend advanced in 2023. The Q4/2022 reported spend of \$12.4M advanced for 2023 was reduced to \$11.2M due to expenditure review and reclassified to operating expenses.