



## Q4 2023 Facilities Management Quarterly Capital Budget Update

Item 11G

February 15, 2024

Board of Directors

**Report:** TCHC:2024-16

**To:** Board of Directors (the “Board”)

**From:** Vice President, Facilities Management

**Date:** February 9, 2024

### **PURPOSE:**

The purpose of this report is to provide the Board of Directors (the “Board”), in accordance with Financial Control Bylaw 3, the fourth quarter/year-end report comparing budgeted capital expenditures to actual expenditures.

### **RECOMMENDATION:**

It is recommended that Board receive this report for information.

### **REASONS FOR RECOMMENDATION:**

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.

In Q4 2023, there was no reallocation of funding greater than \$5,000,000 and no reallocation or reforecasting resulted in a change to the total Building Capital Budget by more than 10%.

**BIFAC**

At its meeting of February 9, 2024, the Building Investment, Finance and Audit Committee approved the referral of this report directly to the Board.

**VARIANCE BY PROJECT CATEGORY:**

Through the 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, has continued to increase over the past few years, with 2023 being the highest year in history. For 2023, demand capital has accounted for 55% of the total 2023 budget. These types of repairs are often work order based across all types of work. The smaller work orders (\$1,500 to \$5,000) have very minimal or no impact on reducing TCHC's Facilities Condition Index ("FCI") and thus are detrimental to achieving FCI targets. Larger value work (>\$5,000) has more of an impact on FCI.

Local move-outs and interior demand capital work orders also experienced a substantial increase and are much higher than initially anticipated for 2023.

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 sought to update 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.

Facilities Management staff share a copy of the weekly Facilities Management capital report with staff from Finance, and staff from both Divisions meet monthly to review the Finance monthly capital reporting to ensure they are aligned.

These steps are taken by management in response to the concern presented by the increase in demand capital work. Staff from Facilities Management and Finance will continue to work together to review and revise existing processes, supported by TCHC's Governance Unit, to ensure that the information is provided to the Board regarding the administration of the Facilities Management Capital Budget in a timely manner that is consistent with TCHC's Financial Control Bylaw.

### REVISIONS:

The overall capital budget completion was projected at the end of Q3 to be \$384,179,426, however came in at \$380,972,891 (\$350,000,000 from the 2023 capital budget and \$30,972,891 as advanced completion from the 2024 capital budget. This is a decrease of \$3,206,535 from the \$34,179,426 advanced completion reported in Q3).

The following are the required revisions to the budget envelopes for Q4 2023:

### Reallocation of funds to:

CC01 - Commercial-Laundry Rooms	\$310,789
CC09 - Commercial Retail Repairs	\$280,807
RC03 - Electrical	\$489,608
RC09 - Interiors	\$536,738
RC12 - Life Safety	\$236,789
RC16 - Plumbing	\$1,562,304
RC19 - Cameras and Access Control	\$2,355,419
CI01 - Risk Management and insurance Claims	\$1,816,114
COXX - Demand Capital	\$1,972,998
LC - Local Demand & Residential Appliances	\$526,336
LM - Local Moveouts	\$367,148
SOGM - State of Good Repair-MLS Issues	\$68,758
EW09 - BAS and Recommissioning	\$212,419
RPEI - Regent Park Energy Initiatives	\$624,916
<b>Sub-total</b>	<b>\$11,361,144</b>
Reduction in 2024 advanced spend	\$3,206,535
<b>Total</b>	<b>\$14,567,679</b>

**Reallocation of funds from:**

CA01 - Common Area Accessibility	(\$451,428)
HBRP - Holistic Building Retrofit Program	(\$253,030)
RC05 - Elevators	(\$487,469)
RC07 - Envelope	(\$3,889,001)
RC08 - Grounds	(\$2,025,748)
RC10 - Emergency Generators	(\$28,387)
RC15 - HVAC	(\$571,571)
RC18 - Roofing	(\$446,397)
RC22 - Single Dwelling Units	(\$205,491)
RC23 - Structural	(\$1,007,915)
RC24 - Parking Garages	(\$2,697,074)
RC39 - Common Area Hallway Repairs	(\$87,865)
RC41 - Swimming Pool Envelope	(\$80,667)
RCHH - Heritage Houses	(\$62,120)
SOGI - State of Good Repair-Interior	(\$389,375)
CA02 - Tenant Units Accessibility	(\$6,578)
CA03 - Common Area Demand Accessibility Upgrades	(\$186,031)
CG01 - Waste Equipment Repairs	(\$28,794)
RC01 - Building Condition Audits	(\$37,521)
AIP1 - Social Housing Apartment Improvement Program- 10 Buildings	(\$1,259,884)
EW01 - Water Conservation & Recommissioning	(\$23,921)
EW03 - Energy Retrofit and Recommissioning	(\$4,314)
EW08 - Metering / Monitoring	(\$205,235)
EW10 - In-Suite LED Lighting and E Renewable Program	(\$131,863)
<b>Total</b>	<b>(\$14,567,679)</b>

The above revisions reflect Q4 2023 actuals as provided at the end of January 2024 by Finance.

**FUTURE REPORTING:**

Facilities Management, working with Finance and supported by the Governance Unit, will continue to provide quarterly reporting to inform the Board as to 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 TCHC's existing capital repair budget (as per Bylaw 3). Approval of the reallocations, when necessary, will allow TCHC to better forecast the 2023 capital program. The Board's adoption of the proposed BIFAC 2024 Public Work Plan will ensure that requests for reallocations, when requiring Board approval, are presented in a timely manner.

As noted, the increase in demand capital does present a risk to TCHC's ability to meet the FCI target of 10% in 2027 and plans are being put in place to limit the amount of demand capital that will be completed in 2024 and going forward.

Reducing the amount of demand capital work will enable more funds to be used for larger planned capital projects, which will have a positive impact on FCI.

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray,  
Vice President, Facilities Management

**ATTACHMENT:**

1. 2023 Capital Renewal Plan – Variance by Project Category Q4 2023

**STAFF CONTACT:**

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### Q4 2023 Facilities Management Report on Capital Delivery

CAPITAL CATEGORIES		BUDGET				
Budget Category	Envelope Name	Original Budget (Board Approved)	Projected YE Budget (as of Q3 2023)	Required Q4 Adjustment	Actual Q4 Completion	2022 Year End Results
	2023 Capital Spend Advanced in 2022		\$11,190,998	\$0	\$11,190,998	\$9,792,203
	<b>Total 2023 Capital Advanced in 2022</b>		<b>\$11,190,998</b>	<b>\$0</b>	<b>\$11,190,998</b>	<b>\$9,792,203</b>

2023						
<b>Planned</b>	CA01 - Common Area Accessibility	\$11,750,000	\$8,611,551	(\$451,428)	\$8,160,123	\$6,659,375
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$1,789,701	\$310,789	\$2,100,490	\$1,183,919
	CC09 - Commercial Retail Repairs	\$1,000,000	\$383,351	\$280,807	\$664,158	\$259,010
	HBRP - Holistic Building Retrofit Program	\$41,783,000	\$11,013,882	(\$253,030)	\$10,760,852	\$13,269,174
	QWSM - Queensway Windemere Swansea Mews	\$3,000,000	\$0	\$0	\$0	\$0
	RC03 - Electrical	\$5,000,000	\$4,331,879	\$489,608	\$4,821,486	\$3,949,644
	RC05 - Elevators	\$5,000,000	\$2,826,754	(\$487,469)	\$2,339,285	\$5,772,432
	RC07 - Envelope	\$42,516,000	\$16,964,230	(\$3,889,001)	\$13,075,229	\$24,370,736
	RC08 - Grounds	\$8,000,000	\$7,214,288	(\$2,025,748)	\$5,188,540	\$10,915,328
	RC09 - Interiors	\$9,347,000	\$5,004,188	\$536,738	\$5,540,926	\$4,641,406
	RC10 - Emergency Generators	\$1,902,100	\$1,367,702	(\$28,387)	\$1,339,315	\$2,610,186
	RC12 - Life Safety	\$8,279,000	\$6,525,217	\$236,789	\$6,762,006	\$12,867,527
	RC15 - HVAC	\$18,828,000	\$14,727,434	(\$571,571)	\$14,155,864	\$12,258,248
	RC16 - Plumbing	\$8,863,000	\$7,904,189	\$1,562,304	\$9,466,493	\$15,161,997
	RC18 - Roofing	\$8,000,000	\$7,796,324	(\$446,397)	\$7,349,928	\$9,044,168
	RC19 - Cameras and Access Control	\$8,000,000	\$8,050,453	\$2,355,419	\$10,405,872	\$6,335,282
	RC22 - Single Dwelling Units	\$500,000	\$4,759	(\$205,491)	(\$200,732)	\$2,811,450
	RC23 - Structural	\$7,583,000	\$8,210,937	(\$1,007,915)	\$7,203,021	\$7,884,593
	RC24 - Parking Garages	\$14,563,000	\$15,911,078	(\$2,697,074)	\$13,214,004	\$11,402,470
	RC39 - Common Area Hallway Repairs	\$653,000	\$802,407	(\$87,865)	\$714,542	\$1,552,274
	RC41 - Swimming Pool Envelope	\$640,000	\$645,057	(\$80,667)	\$564,390	\$1,203,549
	RCHH - Heritage Houses	\$500,000	\$57,673	(\$62,120)	(\$4,447)	\$99,302
	SOGI - State of Good Repair-Interior	\$5,000,000	\$3,312,598	(\$389,375)	\$2,923,223	\$5,080,514
	<b>TOTAL Planned</b>	<b>\$212,007,100</b>	<b>\$133,455,651</b>	<b>(\$6,911,083)</b>	<b>\$126,544,567</b>	<b>\$159,332,586</b>

<b>Demand</b>	CA02 - Tenant Units Accessibility	\$5,000,000	\$3,918,474	(\$6,578)	\$3,911,896	\$3,050,437
	CA03 - Common Area Demand Accessibility Upgrades	\$2,050,000	\$520,745	(\$186,031)	\$334,714	\$782,114
	CG01 - Waste Equipment Repairs	\$1,000,000	\$628,347	(\$28,794)	\$599,553	\$1,763,282
	CI01 - Risk Management and insurance Claims	\$4,000,000	\$7,563,585	\$1,816,114	\$9,379,699	\$6,552,242
	COXX - Demand Capital	\$31,000,000	\$156,071,154	\$1,972,998	\$158,044,152	\$112,454,093
	LC - Local Demand & Residential Appliances	\$2,000,000	\$3,874,187	\$526,336	\$4,400,523	\$4,353,723
	LM - Local Moveouts	\$22,500,000	\$28,909,033	\$367,148	\$29,276,181	\$24,122,239
	SOGM - State of Good Repair-MLS Issues	\$5,000,000	\$3,752,710	\$68,758	\$3,821,469	\$3,561,125
	<b>TOTAL Demand</b>	<b>\$72,550,000</b>	<b>\$205,238,235</b>	<b>\$4,529,952</b>	<b>\$209,768,187</b>	<b>\$156,639,255</b>
<b>Capital Operations</b>	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$17,500,000	\$0	\$17,500,000	\$17,500,000
	RC01 - Building Condition Audits	\$1,000,000	\$235,403	(\$37,521)	\$197,881	\$392,930
	RCXZ - Contingency	\$25,447,942	\$0	\$0	\$0	
	<b>TOTAL Capital Operations</b>	<b>\$43,947,942</b>	<b>\$17,735,403</b>	<b>(\$37,521)</b>	<b>\$17,697,881</b>	<b>\$17,892,930</b>
<b>Energy</b>	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$129,958	\$866,046	(\$1,259,884)	(\$393,838)	\$5,002,453
	EW01 - Water Conservation & Recommissioning	\$8,000,000	\$7,762,959	(\$23,921)	\$7,739,038	\$5,456,349
	EW03 - Energy Retrofit and Recommissioning	\$1,000,000	\$76,694	(\$4,314)	\$72,380	\$280,080
	EW08 - Metering / Monitoring	\$2,700,000	\$837,268	(\$205,235)	\$632,033	\$1,599,237
	EW09 - BAS and Recommissioning	\$1,000,000	\$668,484	\$212,419	\$880,903	\$1,625,363
	EW10 - In-Suite LED Lighting and E Renewable Program	\$3,000,000	\$1,407,755	(\$131,863)	\$1,275,892	\$2,284,530
	RPEI - Regent Park Energy Initiatives	\$5,665,000	\$4,939,933	\$624,916	\$5,564,849	\$2,570,607
	<b>TOTAL Energy</b>	<b>\$21,494,958</b>	<b>\$16,559,140</b>	<b>(\$787,882)</b>	<b>\$15,771,257</b>	<b>\$18,818,619</b>
	<b>Sub-total 2023 In-Year Capital Spend</b>	<b>\$350,000,000</b>	<b>\$372,988,428</b>	<b>(\$3,206,535)</b>	<b>\$369,781,893</b>	<b>\$352,683,389</b>
<b>Total 2023 In-year spend &amp; 2022 advanced</b>			<b>\$384,179,426</b>	<b>(\$3,206,535)</b>	<b>\$380,972,891</b>	<b>\$362,475,592</b>