



## Facilities Management Budget Envelope Reallocations to March 28, 2024

Item 9C

May 28, 2024

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2024-49

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

**From:** Vice President, Facilities Management

**Date:** May 6, 2024

### **PURPOSE:**

This report provides information to BIFAC on the reallocation of funds among Building Capital Envelopes in an amount greater than \$5,000,000.00 in accordance with Financial Control Bylaw 3.

### **RECOMMENDATIONS:**

It is recommended that the BIFAC receive this report for information and forward it to the Board.

### **REASONS FOR RECOMMENDATIONS:**

As of March 31, 2024 all budgeted capital expenditures and actual expenditures are within planned program budget envelopes. No reallocations are required or recommended at this time.

### **Decision History**

Pursuant to TCHC's Financial Control Bylaw 3, TCHC's President and Chief Executive Officer is required 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. In addition:

- 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.

Currently, TCHC's 2024 Capital Budget completion is projected to be \$379.6M. This is an early forecast which will be adjusted throughout the year. To accommodate this expenditure, TCHC will rely on \$350,000,000 from its 2024 Capital Budget and \$29.6M as advanced completion from its 2025 Capital Budget. Should the full forecast hold true, this will reduce the amount available to support TCHC's Capital Programs in 2025, from \$340M to \$310.4M. It is important to note that TCHC's capital funding is predicated upon completing the work and then being reimbursed for it. Given this, it is imperative to ensure that the full capital plan is delivered. To ensure this occurs, it is necessary to plan for more work to be completed.

### **Budget Envelope Reallocations Recommended**

Attachment 1: 2024 Capital Renewal Plan – Variance by Project Category provides a summary of the Budget Envelopes discussed in this report.

It is important to note that not all funds within a budget envelope are allocated at this early stage. Contingency is built into the budget envelopes to allow for changes that will take place throughout the year.

### **Review of Demand Capital Spend**

In Q2, 2023, it was recognized that demand capital and maintenance workorders ("WO's") were increasing at a pace not previously seen. This increase is forecasted to have a negative impact on the 2023 FCI and achieve a 10% FCI by 2027. The current projection for 2027 FCI is 12.4%, subject to final verification by Ameresco during the year-end FCI process.

To address this concern, TCHC established a cross-divisional working group in late 2023 consisting of staff from Operations, Facilities Management, Information Technology, Finance, Internal Audit and Toronto Seniors Housing Corporation. The working group developed an 8-point plan consisting of:

<b>Item</b>	<b>Current Status</b>
Data review and analysis	Completed
Triage process for WO's	In progress
Review of approval limits	In progress
Capital reporting	Completed
System controls	In progress
Vendor management	In progress
Communications to tenants, staff and stakeholders	Completed
Review of demand vs capital threshold	In progress

Early indications are that the initial measures taken are having the desired effect. As of March 2024, Demand Capital (COXX) totaling \$20.1M has been completed vs a March budget of \$25.M. If this continues, Demand Capital will come in under budget for 2024 which will allow budget to be reallocated from Demand Capital to Planned Capital. Close monitoring of the demand capital spend will continue.

In Attachment 1, the YTD comparison calculations are currently using a straight-line calculation. It is recognized that this is not an ideal comparison. Facilities Management is working together with Finance and ITS to provide enhanced cycle reporting while addressing the process review items addressed in the Internal Audit Report of March 18, 2024.

### **IMPLICATIONS AND RISKS:**

It is important to note that while TCHC currently can complete advanced work due to funding from the National Housing Co-Investment fund, this funding will end in 2027 and, unless additional funding can be obtained, TCHC's capital plan will dramatically decrease to \$160M per year. This means that TCHC will not have the ability to complete multi-year projects and will have significantly less capital to complete demand or planned projects. The Facilities Management Capital Planning team is keenly aware of this reality and takes it into consideration as part of the overall capital planning process. To mitigate risk, any multi-year projects that are being entered into currently, have the annual anticipated completion tracked for appropriate year to ensure that sufficient funding is allocated in the given year. This risk increases every year. It is imperative that additional funding be obtained in the next couple of years to ensure TCHC can properly maintain its buildings.

### **SIGNATURE:**

*"Allen Murray"*

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Allen Murray,  
Vice President, Facilities Management

### **ATTACHMENT:**

1. 2024 Capital Renewal Plan – Variance by Project Category

### **STAFF CONTACT:**

Allen Murray, Vice President, Facilities Management  
416-981-6955  
Allen.Murray@torontohousing.ca

**Attachment 1**

**2024 Capital Renewal Plan – Variance by Project Category**

CAPITAL CATEGORIES		BUDGET					2023 Year End Results	Actual YTD (March 2024)	YTD Budget (March 2024)	YTD Variance*
Budget Category	Envelope Name	2024 Board Approved Budget	Adjustment - Board Approved Feb	Revised Budget	YE Forecast (as of Mar 2024)					
	2023 Advanced Spend brought into 2024		\$31,119,315	\$31,119,315	\$31,119,315	\$11,190,998	\$31,119,315	\$31,119,315		
	2025 Forecasted Advanced Spend		\$29,636,015							
	<b>Total Capital Advanced</b>		<b>\$1,483,300</b>	<b>\$31,119,315</b>	<b>\$31,119,315</b>	<b>\$11,190,998</b>	<b>\$31,119,315</b>	<b>\$31,119,315</b>		
<b>2023</b>										
<b>Planned</b>	CA01 - Common Area Accessibility	\$11,750,000	\$0	\$11,750,000	\$11,750,000	\$8,160,123	\$3,989,070	\$2,937,500	\$1,051,570	
	CC01 - Commercial-Laundry Rooms	\$1,300,000	\$0	\$1,300,000	\$1,300,000	\$2,100,490	\$34,308	\$325,000	(\$290,692)	
	CC09 - Commercial Retail Repairs	\$800,000	\$0	\$800,000	\$800,000	\$664,158	\$30,418	\$200,000	(\$169,582)	
	HBRP - Holistic Building Retrofit Program	\$20,000,000	\$0	\$20,000,000	\$20,000,000	\$10,795,985	\$4,885,134	\$5,000,000	(\$114,866)	
	RC03 - Electrical	\$4,300,000	\$1,267,000	\$5,567,000	\$5,567,000	\$4,821,486	\$1,214,377	\$1,391,750	(\$177,373)	
	RC05 - Elevators	\$5,600,000	\$0	\$5,600,000	\$5,600,000	\$2,339,285	\$469,809	\$1,400,000	(\$930,191)	
	RC07 - Envelope	\$20,000,000	\$0	\$20,000,000	\$20,000,000	\$13,075,229	\$7,987,552	\$5,000,000	\$2,987,552	
	RC08 - Grounds	\$8,500,000	\$0	\$8,500,000	\$8,500,000	\$5,188,540	\$1,502,669	\$2,125,000	(\$622,331)	
	RC09 - Interiors	\$8,000,000	\$3,570,000	\$11,570,000	\$11,570,000	\$5,540,926	\$1,239,839	\$2,892,500	(\$1,652,661)	
	RC10 - Emergency Generators	\$358,000	(\$108,000)	\$250,000	\$250,000	\$1,339,315	\$212,365	\$62,500	\$149,865	
	RC12 - Life Safety	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$6,762,006	\$1,395,592	\$2,000,000	(\$604,408)	
	RC15 - HVAC	\$10,000,000	\$4,600,000	\$14,600,000	\$14,600,000	\$14,155,864	\$4,314,245	\$3,650,000	\$664,245	
	RC16 - Plumbing	\$8,000,000	\$190,000	\$8,190,000	\$8,190,000	\$9,466,493	\$2,051,976	\$2,047,500	\$4,476	
	RC18 - Roofing	\$8,000,000	\$4,000,000	\$12,000,000	\$12,000,000	\$7,349,928	\$2,046,430	\$3,000,000	(\$953,570)	
	RC19 - Cameras and Access Control	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$10,405,872	\$472,302	\$2,000,000	(\$1,527,698)	
	RC22 - Single Dwelling Units	\$500,000	(\$500,000)	\$0	\$0	(\$200,732)	(\$0)	\$0	(\$0)	
	RC23 - Structural	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$7,203,021	\$1,412,670	\$2,000,000	(\$587,330)	
	RC24 - Parking Garages	\$10,000,000	\$4,000,000	\$14,000,000	\$14,000,000	\$13,214,004	\$5,888,156	\$3,500,000	\$2,388,156	
	RC39 - Common Area Hallway Repairs	\$1,000,000	\$967,000	\$1,967,000	\$1,967,000	\$714,542	\$28,211	\$491,750	(\$463,539)	
	RC41 - Swimming Pool Envelope	\$500,000	\$0	\$500,000	\$500,000	\$564,390	\$107,104	\$125,000	(\$17,896)	
	RCHH - Heritage Houses	\$200,000	\$0	\$200,000	\$200,000	(\$4,447)	(\$0)	\$50,000	(\$50,000)	
	SOGI - State of Good Repair-Interior	\$6,000,000	\$0	\$6,000,000	\$6,000,000	\$2,923,223	\$4,118,489	\$1,500,000	\$2,618,489	
	<b>TOTAL Planned</b>	<b>\$148,808,000</b>	<b>\$17,986,000</b>	<b>\$166,794,000</b>	<b>\$166,794,000</b>	<b>\$126,579,701</b>	<b>\$43,400,715</b>	<b>\$41,698,500</b>	<b>\$1,702,215</b>	

**2024 Capital Renewal Plan – Variance by Project Category**

Budget Category	Envelope Name	2024 Board Approved Budget	Adjustment - Board Approved Feb	Revised Budget	YE Forecast (as of Mar 2024)	2023 Year End Results	Actual YTD (March 2024)	YTD Budget (March 2024)	YTD Variance*
<b>Demand</b>	CA02 - Tenant Units Accessibility	\$5,000,000	\$0	\$5,000,000	\$5,000,000	\$3,911,896	\$766,968	\$1,250,000	(\$483,032)
	CA03 - Common Area Demand Accessibility Upgrades	\$2,050,000	\$0	\$2,050,000	\$2,050,000	\$334,714	\$117,164	\$512,500	(\$395,336)
	CG01 - Waste Equipment Repairs	\$1,100,000	\$0	\$1,100,000	\$1,100,000	\$599,553	\$297,370	\$275,000	\$22,370
	CI01 - Risk Management and insurance Claims	\$6,000,000	\$0	\$6,000,000	\$6,000,000	\$9,369,429	\$2,416,637	\$1,500,000	\$916,637
	COXX - Demand Capital	\$100,000,000	\$0	\$100,000,000	\$100,000,000	\$158,049,536	\$20,112,971	\$25,000,000	(\$4,887,029)
	LC - Local Demand & Residential Appliances	\$4,000,000	\$0	\$4,000,000	\$4,000,000	\$4,508,835	\$935,018	\$1,000,000	(\$64,982)
	LM - Local Moveouts	\$22,500,000	\$0	\$22,500,000	\$22,500,000	\$29,276,181	\$7,498,636	\$5,625,000	\$1,873,636
	SOGM - State of Good Repair-MLS Issues	\$4,000,000	\$0	\$4,000,000	\$4,000,000	\$3,821,469	\$664,047	\$1,000,000	(\$335,953)
	<b>TOTAL Demand</b>	<b>\$144,650,000</b>	<b>\$0</b>	<b>\$144,650,000</b>	<b>\$144,650,000</b>	<b>\$209,871,612</b>	<b>\$32,808,811</b>	<b>\$36,162,500</b>	<b>(\$3,353,689)</b>
<b>Capital Operations</b>	ADM - FM Labour Costs-Project Management (5%)	\$17,500,000	\$0	\$17,500,000	\$17,500,000	\$17,500,000	\$4,398,102	\$4,375,000	\$23,102
	RC01 - Building Condition Audits	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$197,881	\$3,836	\$250,000	(\$246,164)
	RCXZ - Contingency	\$20,551,000	(\$20,551,000)	\$0	\$0	\$0		\$0	\$0
	<b>TOTAL Capital Operations</b>	<b>\$39,051,000</b>	<b>(\$20,551,000)</b>	<b>\$18,500,000</b>	<b>\$18,500,000</b>	<b>\$17,697,881</b>	<b>\$4,401,938</b>	<b>\$4,625,000</b>	<b>(\$223,062)</b>
<b>Energy</b>	AIP1 - Social Housing Apartment Improvement Program-10 Buildings	\$16,000	(\$15,300)	\$700	\$700	(\$393,838)	(\$189,808)	\$175	(\$189,983)
	EW01 - Water Conservation & Recommissioning	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$7,739,038	\$0	\$2,000,000	(\$2,000,000)
	EW03 - Energy Retrofit and Recommissioning	\$275,000	\$291,000	\$566,000	\$566,000	\$72,380	\$230,739	\$141,500	\$89,239
	EW08 - Metering / Monitoring	\$1,700,000	\$520,000	\$2,220,000	\$2,220,000	\$632,033	\$329,757	\$555,000	(\$225,243)
	EW09 - BAS and Recommissioning	\$900,000	(\$214,000)	\$686,000	\$686,000	\$880,903	\$121,705	\$171,500	(\$49,795)
	EW10 - In-Suite LED Lighting and E Renewable Program	\$2,600,000	\$500,000	\$3,100,000	\$3,100,000	\$1,275,892	\$551,987	\$775,000	(\$223,013)
	RPEI - Regent Park Energy Initiatives	\$4,000,000	\$0	\$4,000,000	\$4,000,000	\$5,572,715	\$280,256	\$1,000,000	(\$719,744)
	<b>TOTAL Energy</b>	<b>\$17,491,000</b>	<b>\$1,081,700</b>	<b>\$18,572,700</b>	<b>\$18,572,700</b>	<b>\$15,779,123</b>	<b>\$1,324,636</b>	<b>\$4,643,175</b>	<b>(\$3,318,539)</b>
	<b>Sub-total In-Year Capital Spend/Forecast</b>	<b>\$350,000,000</b>	<b>(\$1,483,300)</b>	<b>\$348,516,700</b>	<b>\$348,516,700</b>	<b>\$369,928,318</b>	<b>\$81,936,100</b>	<b>\$87,129,175</b>	<b>(\$5,193,075)</b>

<b>Total In-year spend forecast &amp; 2025 advanced spend</b>	<b>\$350,000,000</b>	<b>\$0</b>	<b>\$379,636,015</b>	<b>\$379,636,015</b>	<b>\$381,119,316</b>	<b>\$113,055,416</b>	<b>\$118,248,490</b>	<b>(\$5,193,075)</b>
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\*YTD comparison calculations are currently using a straight-line calculation. It is recognized that this is not an ideal comparison. FM has engaged Finance and IT to collectively determine a go forward approach and strategy to review the cycle reporting and develop a plan to enhance reporting while addressing the process review items addressed in the Internal Audit Report of March 18, 2024.