



## **REPORT**

**REPORT TO:** Mayor Bonnette and Members of Council

**REPORT FROM:** Amy Prueter  
Acting Budgets & Financial Reporting Supervisor

**DATE:** May 25, 2021

**REPORT NO.:** CORPSERV-2021-0011

**RE:** 2020 Completed Capital Projects

### **RECOMMENDATION:**

THAT Report No. CORPSERV-2021-0011 dated May 25, 2021 regarding 2020 Completed Capital Projects be received as information.

### **BACKGROUND:**

The purpose of this report is to provide information to Council on the projects that were completed in 2020. In addition, this report identifies any residual project funds that were returned to reserves, or additional financing that was required for the completion of projects. There are 3 schedules attached to this report and contain the following information:

Schedule 1 provides a summary by department of completed capital projects as of December 31, 2020 and lists the total amount returned to or transferred from reserves or development charges.

Schedule 2 provides project information by department. This schedule lists the reserves or development charges that financed the project or to which residual funds were returned.

Schedule 3 lists all projects completed during 2020 that were funded by the Treasurer under the authority of the Capital Budget Governance Policy, all projects that were overspent upon completion and required additional Council approved funding, and all projects that were completed during 2020 within budget, where additional funds were transferred to projects of similar scope.

All completed capital projects are managed in accordance with Town policies. The Town has a comprehensive Capital Budget Governance Policy for the management of

capital projects, approved through report CORPSERV-2019-0008. The policy establishes financial controls that maintain public accountability and transparency while allowing flexibility to alter projects as circumstances change. In accordance with the Capital Budget Governance Policy, the Town Treasurer is permitted to authorize additional funding where gross costs for a capital project exceed the original funding approval of the lessor of 10% or \$25,000. Projects requiring additional funding in excess of \$25,000 require Council approval.

## COMMENTS:

Due to the uncertainty surrounding the COVID-19 pandemic, work on a number of capital projects was deferred to 2021 in order to help reduce spending and manage cashflows. Work continued on the remaining projects and resulted in the completion and approved closure of 105 capital projects in 2020.

Through effective monitoring and adherence to purchasing policies, capital projects can result in a positive variance to budget. These surplus funds can then be returned to the various reserves and reserve funds from which they originated. In 2020, a capital project surplus of \$1,966,057 was achieved. In addition to favourable budget variances, budget overruns can also occur, resulting in the need for additional funding. For capital projects completed in 2020, \$409,625 in additional funding was authorized through either a Council approved recommendation or by the Treasurer within the parameters of the Capital Budget Governance policy. The following table presents the net positive result of \$1,556,432 after funding capital project shortfalls and returning surplus budget to reserves:

	Funding Returned to Reserves	Additional Funding from Reserves	Net Funding (Returned to) Transferred from Reserves
Capital Replacement Reserve	(764,014)	202,641	(561,373)
Technology Replacement Reserve	(13,158)	17,026	3,868
Fire Services Reserve	(40,009)	1,203	(38,806)
Transportation Infrastructure Reserve	-	6,573	6,573
New Capital Reserve	(4,949)	7,157	2,208
Public Art Reserve	(1)	-	(1)
Strategic Planning Reserve	-	67,348	67,348
Library Capital Reserve	(16,705)	-	(16,705)
Tax Rate Stabilization	-	92,137	92,137
Equipment Reserve	(37,454)	4,070	(33,384)
Gas Tax	(75,644)	11,451	(64,193)
Development Charges	(1,014,124)	19	(1,014,105)
<b>Total</b>	<b>(1,966,057)</b>	<b>409,625</b>	<b>(1,556,432)</b>

In addition to the above, Council approved the closure of capital projects and transfer of \$209,736 in remaining funding to other existing capital projects of similar scope. This allows the more efficient management of capital programs by reducing the number of capital projects with similar scope. The details of these projects are listed in Schedule 3.

**RELATIONSHIP TO STRATEGIC PLAN:**

The capital budget is used to support and advance Council's Strategic Priority related to fiscal and corporate management.

**FINANCIAL IMPACT:**

This report is for information purposes. A net positive capital project variance of \$1,556,432 was returned to reserves in 2020.

**CONSULTATION:**

All departments were consulted on the closing of capital projects.

**PUBLIC ENGAGEMENT:**

No public engagement was required in reference to this report.

**SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

**COMMUNICATIONS:**

There is no communications impact.

**CONCLUSION:**

The report on capital projects completed during 2020 provides a summary of the net positive project variances that were returned to Town reserves. As a result of careful project management, \$1,556,432 was returned to reserves and a further \$209,736 of existing project surplus funds were redirected to fund capital projects of similar scope. The Town's approach to directing positive variances to reserves contributes to a strong financial position and is consistent with the long-range financial planning objectives.

Reviewed and Approved by,



Jinsun Kim, Manager of Financial Planning



Moya Jane Leighton, Director of Finance & Town Treasurer



Laura Lancaster, Acting Commissioner of Corporate Services



Chris Mills, Acting Chief Administrative Officer