



REPORT

TO: Mayor Bonnette and Members of Council

FROM: Amy Prueter
Budget and Financial Reporting Supervisor

DATE: August 10, 2022

REPORT NO.: CORPSERV-2022-0007

SUBJECT: Capital Budget Status as at December 31, 2021 and Closed Capital Projects

RECOMMENDATION:

THAT Report No. CORPSERV-2022-0007 dated August 10, 2022 regarding the Capital Budget Status as at December 31, 2021 and Closed Capital Projects be received;

AND FURTHER THAT staff be authorized to fund capital project shortfalls totaling \$672,416.72 from the named reserves as outlined in Table 1 of report CORPSERV-2022-0007;

AND FURTHER THAT staff be authorized to return \$825,777.85 of unspent capital funds to the reserves outlined in Table 2 of report CORPSERV-2022-0007;

AND FURTHER THAT staff be authorized to close the capital projects identified in Table 3 and transfer \$699,898.33 of unused funding to capital projects of similar scope as outlined in Table 3 of report CORPSERV-2022-0007;

AND FURTHER THAT staff be authorized to replace \$750,000 of funding from the Canada Community Building Fund with \$750,000 of Connecting Links funding for the Young Street – Queen Street to Mill Street construction project (6200-16-2008);

AND FURTHER THAT staff be authorized to increase the budget for Affordable Housing project (1100-10-2103) by \$40,000 from \$244,000 to \$284,000 to be funded from the Strategic Planning Reserve.

KEY POINTS:

The following are key points for consideration with respect to this report:

- As of December 31, 2021, a total of 179 projects are open and have a total unspent budget of \$34,365,839. These projects and their associated funding are anticipated to be completed in future years.
- Sixty (60) capital projects were identified as complete in 2021.
- \$825,778 was returned to reserves in 2021 as a result of the closure of capital projects with unspent funding. However, \$672,417 was in turn drawn from reserves to provide additional financing for capital projects that were overspent. The net result of this for 2021 was a positive increase to capital reserves and development charge funds of \$153,361.
- All recommendations contained within this report do not involve the approval of new expenditures or liabilities. All referenced project overruns occurred on or before December 31, 2021.

BACKGROUND AND DISCUSSION:

The Town has a comprehensive Capital Budget Governance Policy (CORP-2019-0001) for the management of capital projects. The policy establishes financial controls that maintain public accountability and transparency while allowing flexibility to alter projects as circumstances change.

The Capital Budget Status and Closed Capital Projects report provides Council with an update from project managers on the status of capital projects as of December 31, 2021 along with recommendations for the closure of capital projects that have been completed during 2021. In addition, this report recommends changes to capital projects to maximize the use of grant funding and provide efficiencies in the management of projects.

Capital Status - December 31, 2021

Schedule 1 attached to this report, provides a life to date status report of active capital projects. Project Managers have provided comments and an estimated completion timeline, alongside the total funding and expenditures for each project as of December 31, 2021.

Due to the COVID-19 pandemic, labour and supply issues impacted many capital projects delaying scheduled work and, in some cases, increasing project costs. Staff continue to monitor labour and supply issues and have adjusted the capital workplan during 2021 and 2022 as required. As at December 31, 2021 there was \$34,365,839 in capital budget remaining to be spent in the future.

Life to Date Capital Project Status			
<u>Summary By Department</u>			
As at December 31, 2021			
Department	Total Funding	Expenditure	Balance Remaining
Council & Office Of The CAO	(4,055,687)	2,055,169	(2,000,518)
Corporate Services	(6,064,015)	2,818,861	(3,245,154)
Library Services	(2,289,894)	2,146,530	(143,364)
Fire Services	(2,985,725)	1,709,200	(1,276,525)
Transportation & Public Works	(81,709,303)	62,883,461	(18,825,842)
Planning & Sustainability	(4,719,915)	3,164,424	(1,555,491)
Recreation and Parks	(30,512,612)	23,193,667	(7,318,945)
Total	(132,337,151)	97,971,312	(34,365,839)

Revisions to Project Budgets & Funding

The Young Street – Queen Street to Mill Street construction project (6200-16-2008) was approved at a cost of \$750,000 as part of the 2019 capital budget, which was to be funded from the Canada Community Building Fund (CCBF). In 2021 the Town was successful in securing a grant through the Connecting Links Funding Program for the same project. Accordingly, staff recommend that \$750,000 of CCBF funding be returned to the CCBF reserve for use in other eligible capital projects and that this will be replaced with \$750,000 in Connecting Links funding for project 6200-16-2008.

The Affordable Housing project (1100-10-2103) was approved at a cost of \$284,000 in 2021, which was to be funded from capital reserves (\$199,000), development charges (\$45,000) and Canadian Mortgage and Housing Corporation (CMHC) grant funding (\$40,000). However, the CMHC grant was utilized to complete environmental assessment work at 17 Guelph Street (project 1100-10-2001) as part of the Affordable Housing initiative, resulting in a funding shortfall in 1100-10-2103. Accordingly, staff recommend that \$40,000 be transferred from the Strategic Planning reserve to address the project funding shortfall in 1100-10-2103 and that the overspent project balance in 1100-10-2001 be transferred to the Affordable Housing project once the 17 Guelph Street project is complete.

Closed Capital Projects

All completed capital projects are managed in accordance with Town policies. As prescribed in 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.

The following table lists capital projects that were classified as completed, with total budget overruns of \$672,417 as of December 31, 2021. The recommended funding sources are in accordance with the General Reserves and Reserve Fund Policy and the additional funding required has been incorporated into the Long-range Financial Plan update.

Table 1

Project No.	Project Name	Total Funding	Total Expenditure	Remaining Balance	Recommended Funding Source
2300-04-0102	Server/Server Rm Improvements	(99,441.97)	100,161.92	719.95	Technology Replacement Reserve
6100-26-1513	5th Line Culvert (37/C) Repl	(75,000.00)	81,649.58	6,649.58	Capital Replacement Reserve
6200-22-1801	Main St N Bridge CNR Design	(3,085,584.00)	3,177,079.37	91,495.37	Capital Replacement Reserve
6200-26-1606	Culvert #37/C Replacement	(1,120,118.64)	1,138,825.06	18,706.42	Capital Replacement Reserve
6200-26-1711	Mtnview/CNR Brdge Eng (#13207)	(103,405.46)	106,404.30	2,998.84	Capital Replacement Reserve
6200-26-1812	Mntnview Over CN Bridge13207	(1,516,762.77)	1,904,340.17	164,794.00 222,783.40	Canada Community Building Fund Capital Replacement Reserve
7100-22-1605	Green Building Standard Update	(80,000.00)	82,196.64	1,482.73 713.91	General Government DC Strategic Planning Reserve
8221-08-1601	Gellert Expansion Lands	(5,250,000.00)	5,322,578.24	72,578.24	New Capital Reserve
8251-02-1802	MMSP Low E Ceiling	(168,500.00)	179,343.18	10,843.18	Capital Replacement Reserve
8251-02-2203	MMSP Alcott Skate Tile Repl	(70,000.00)	75,223.97	5,223.97	Capital Replacement Reserve
8304-11-2001	GCC Tennis Court Resurfacing	(100,000.00)	100,503.06	503.06	Capital Replacement Reserve
8400-02-1601	Civic Centre Cooling Tower Rep	(250,000.00)	305,065.79	55,065.79	Capital Replacement Reserve
8500-08-2003	225 Main Street	-	17,858.28	17,858.28	Cash In Lieu of Parkland
Total		(11,918,812.84)	12,591,229.56	672,416.72	

Table 2 below, lists capital projects that were completed within their authorized budgets as of December 31, 2021, resulting in \$825,778 of excess funding remaining. Staff recommend that this funding be returned to the original funding sources in accordance with the General Reserves and Reserve Fund Policy:

Table 2

Project No.	Project Name	Total Funding	Total Expenditure	Remaining Balance	Recommended Funding Source
1500-05-1901	Website Renewal	(189,700.00)	145,808.27	(35,863.04)	Technology Replacement Reserve Capital Replacement Reserve
2200-22-0102	Salary Survey	(50,000.00)	44,144.81	(5,855.19)	Capital Replacement Reserve
2300-04-1601	Mobile Devices (GPS Enabled)	(25,000.00)	20,630.82	(4,369.18)	Technology Replacement Reserve
2300-04-2001	Corp Network Equip Replacement	(63,548.62)	63,271.71	(276.91)	Technology Replacement Reserve
2300-10-1802	Windows10/Office 2016 Dev Plan	(50,000.00)	47,828.15	(2,171.85)	Technology Replacement Reserve
2300-10-1904	Business Continuity Strategy	(25,000.00)	22,331.23	(2,668.77)	Technology Replacement Reserve
2300-10-1911	Acton Indoor Pool Network	(15,000.00)	6,665.28	(8,334.72)	Technology Replacement Reserve
2300-10-1912	Data Storage Strat& Archv Soft	(20,000.00)	18,902.94	(1,097.06)	Technology Replacement Reserve
2300-10-2005	Mobile Enforcement Technology	(18,000.00)	15,465.23	(2,534.77)	Technology Replacement Reserve
4000-10-1902	Public Art Banner	(66,000.00)	65,354.59	(645.41)	Public Art Reserve
6100-05-1603	Synchro Software for TSignals	(30,000.00)	20,330.78	(9,669.22)	Canada Community Building Fund
6100-22-1804	Active Transp Master Plan	(175,000.00)	136,993.18	(38,006.82)	New Capital
6100-22-1806	Cycling Inf Feasibility Study	(50,000.00)	48,249.50	(1,750.50)	Strategic Planning Reserve
6100-22-1901	Town Wide Parking Study	(149,831.42)	127,533.78	(22,297.64)	Tax Rate Stabilization Reserve
6200-16-1501	22nd SdRd Conc 11 Realignment	(204,580.00)	6,000.00	(198,580.00)	Capital Replacement Reserve
6200-16-1810	32 SdRd to W.Churchill Constr	(100,000.00)	69,605.53	(30,394.47)	Capital Replacement Reserve
6810-25-2001	Activan Master Plan Update	(150,000.00)	113,958.60	(36,041.40)	Strategic Planning Reserve
7000-22-0002	Prmr Gateway Rpl Emp Lands SS	(660,000.00)	605,877.28	(54,122.72)	General Government DC
7100-22-1501	Zoning By-law Review	(154,000.00)	118,235.19	(16,024.49)	General Government DC Capital Replacement Reserve
7100-22-1802	OP Review - Emp Land Need Stdy	(115,264.00)	104,911.01	(10,352.99)	Tax Rate Stabilization Reserve
7100-22-1904	Local Action Plan Update	(173,559.97)	155,407.48	(1,823.27)	Capital Replacement Reserve Strategic Planning Reserve
7300-22-1703	Corporate Energy Plan implementation	(311,515.86)	214,876.94	(96,638.92)	Tax Rate Stabilization Reserve
7300-22-2006	CEP-Low-Carbon Design Briefs	(89,600.00)	64,887.26	(24,712.74)	Capital Replacement Reserve
8000-10-0102	Employee Recognition	(5,614.12)	-	(5,614.12)	Capital Replacement Reserve
8002-10-0101	Capital Project Management	(176,200.00)	176,000.00	(200.00)	Capital Replacement Reserve
8003-10-0103	Risk & Life Cycle Mgmt Strat	(94,492.40)	74,492.40	(20,000.00)	Capital Replacement Reserve
8200-02-0104	Arena Compressor Overhauls	(20,000.00)	20,000.00	-	
8211-02-2001	AA Uper Level Window Replace	(50,000.00)	45,123.52	(4,876.48)	Capital Replacement Reserve
8211-02-2002	Acton Arena Skate Tile Repl 2	(70,000.00)	51,957.59	(18,042.41)	Capital Replacement Reserve
8240-02-2002	Cultural Centre Stg Floor Repl	(21,250.00)	21,245.45	(4.55)	Capital Replacement Reserve
8251-02-1805	MMSP Emergency Lighting	(50,000.00)	47,307.10	(2,692.90)	Capital Replacement Reserve
8251-02-1901	MMSP Exterior Masonry Repair	(2,500.00)	-	(2,500.00)	Capital Replacement Reserve
8251-02-2003	MMSP Stair Railings Refurbish	(50,000.00)	45,560.80	(3,995.28)	Canada Community Building Fund
8251-02-2003	MMSP Stair Railings Refurbish			(443.92)	Capital Replacement Reserve
8300-11-0104	Tennis Court Lighting Replcm	(175,000.00)	174,785.83	(214.17)	Canada Community Building Fund
8400-02-1802	Civic Centre Roof Replacement	(600,000.00)	490,615.47	(109,384.53)	Capital Replacement Reserve
8400-02-1803	Town Hall Generator Trf Switch	(35,000.00)	31,500.00	(3,500.00)	Capital Replacement Reserve
8421-02-0001	Norval Roof Replacment	(150,000.00)	144,278.28	(5,721.72)	Capital Replacement Reserve
8500-22-1501	Parkland Acquisition Strategy	(85,000.00)	84,742.54	(257.46)	Capital Replacement Reserve
Total		(4,470,656.39)	3,644,878.54	(825,777.85)	

In addition to the above, project managers have identified capital projects with unspent budget funds that can be closed and transferred to other projects of similar scope. This allows a more efficient management of capital programs by reducing the number of capital projects with similar scope. These projects are outlined in table 3 below:

Table 3

Project to Close		Remaining Balance	Combined with Project	
Project No.	Project Name		Project No.	Project Name
4001-10-1801	Cultural Asset Tour	(49,746.62)	4001-10-2001	Cultural Master Plan Update
5200-07-2002	Flashover unit	(150,000.00)	5500-02-1601	Regional Training Centre
8400-02-1902	Town Hall Repl HVAC Water Ppg	(15,000.00)	8400-02-1702	Town Hall Replace Heat Pumps
8400-02-2102	Town Hall BAS - Phase 2	(252,300.00)	8400-02-1702	Town Hall Replace Heat Pumps
8400-02-1603	Civic Centre HVAC Pumps/Cntrls	(6,443.73)	8400-02-1702	Town Hall Replace Heat Pumps
8400-02-1804	TH Repl of Make-up Air Unit	(35,000.00)	8400-02-1702	Town Hall Replace Heat Pumps
8400-02-2002	Town Hall Bldg Automation Syst	(105,600.00)	8400-02-1702	Town Hall Replace Heat Pumps
6100-22-1705	Neighbourhood Study	(85,807.98)	6100-28-1807	Mill St. Neighbourhood Improvements
Total		(699,898.33)		

Schedule 2 attached to this report, provides a list of projects identified by each department for closure. This schedule lists the reserves or development charges that financed the project or to which residual funds were returned.

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Finance staff consulted with project managers and department staff for information included in this report.

FINANCIAL IMPLICATIONS:

This report has an immediate financial impact and requires a funding source.

Through effective monitoring and adherence to purchasing policies, capital projects can result in a positive variance to budget. These surplus funds are then returned to the various reserves and reserve funds from which they originated. In 2021, a project surplus related to positive capital budget variances of \$825,777 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 2021, \$672,417 in additional funding is required for budget overruns already incurred in 2021.

The following table presents the net positive result of \$153,360 after funding capital project shortfalls and returning surplus budget to reserves:

	Funding Returned to Reserves	Additional Funding From Reserves	Net Funding (Returned To)/Trf From Reserves
Technology Replacement Reserve	57,316	(720)	56,596
Tax Rate Stabilization Reserves	129,290	-	129,290
Capital Replacement Reserve	462,373	(414,270)	48,103
New Capital Reserve	38,006	(72,578)	(34,572)
Strategic Plan Reserve	54,121	(714)	53,407
Public Art	646	-	646
Canada Community Building Fund	13,879	(164,794)	(150,915)
Parkland Cash-In-Lieu	-	(17,858)	(17,858)
Development Charges	70,147	(1,483)	68,664
Total	825,778	(672,417)	153,361

Reviewed and approved by,

Jinsun Kim, Manager of Financial Planning

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer