



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning and Policy Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	July 6, 2015
<b>SUBJECT/REPORT NO:</b>	Capital Project Closing Report as of December 31, 2014 (FCS14058)(b) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Joshua Van Kampen 905-546-2424 x1434
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager Finance & Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the General Manager of Finance & Corporate Services be directed to close the completed and/or cancelled capital projects listed in Appendix “A” to Report FCS14058(b) in accordance with the Capital Closing Policy;
- (b) That Appendix “B” to Report FCS14058(b) detailing the Capital Projects’ Budget Appropriations for the period covering October 1, 2014 through December 31, 2014 be received for information; and
- (c) That the General Manager of Finance & Corporate Services be authorized to transfer \$524,583 to the “Unallocated Capital Levy Reserve (108020)” from capital projects as outlined in Appendix “C” to Report FCS14058(b).

**EXECUTIVE SUMMARY**

This report presents the capital projects which have been completed or cancelled as of December 31, 2014 and are submitted for Council’s approval of closure and authorization of the funding of deficits.

Appendix “A” to Report FCS14058(b) lists the individual projects to be closed. A total of 171 projects with a combined budget of \$172 million being recommended for closure are summarized as follows:

- \$11 million relating to completed projects with surpluses to be returned to, or deficits to be funded by the “Unallocated Capital Levy Reserve (108020)”, and
- \$161 million relating to projects completed on or under budget that do not impact the “Unallocated Capital Levy Reserve (108020)”.

All capital projects listed for closure in Appendix “A” to Report FCS14058(b) have been reviewed and determined to be complete, with all revenue and expenditure transactions relating to these projects having been processed. Any funding adjustments necessary to close the projects in accordance with the Capital Closing Policy are reflected in the amounts presented with the notable exception that surpluses to be allocated to the Unallocated Capital Levy Reserve have been detailed in the Report <sup>[1]</sup>.

Appendix “B” to Report FCS14058(b) details the appropriations between projects during the period covering October 1, 2014 to December 31, 2014. A total of \$324,200 was moved between projects with each appropriation transfer being in compliance with the Capital Project Monitoring Policy. They are summarized as follows:

<b>Department</b>	<b>Appropriation Amount \$</b>
Tax Supported Capital Budget	
Planning & Economic Development	190,000
Community & Emergency Services	134,200
<b>Total</b>	<b>324,200</b>

[1] The Capital Closing Policy allows these surpluses to be allocated/returned to the “Unallocated Capital Levy Reserve (108020)”. The amounts being allocated/returned have been detailed for information.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)**

Financial:

The net transfer impact to the “Unallocated Capital Levy Reserve (108020)” is a contribution to the Reserve in the amount of \$983,497 when considering surplus budgets.

As outlined in Appendix “A” to Report FCS14058(b) and summarized in Table 2, a combined total of \$363,428 in funding is required from the “Unallocated Capital Levy Reserve (108020)”.

The projects requiring funding are more than offset by similar projects returning funds, a combined total of \$1,346,925 to the “Unallocated Capital Levy Reserve (108020)”. Appropriation forms were not received to authorize the offsetting of such projects and therefore both the deficits and surpluses have been included for consideration on this report.

**Table 2: Summary of projects impacting the Unallocated Capital Levy Reserve (108020)**

<b>Year</b>	<b>ProjectID</b>	<b>Description</b>	<b>Surplus/ (Deficit) \$</b>
<b>Projects requiring funds</b>			
2010	4031003700	York - Caroline to James	(227,270)
2012	4451253444	Street Tree Planting Program	(135,067)
2013	7101354302	Sackville Senior Centre Renos	(1,091)
			<b>(363,428)</b>
<b>Projects returning funds</b>			
2007	4030755703	Ancaster Transport Review	38,364
2007	7400751702	Station #31 - Vehicle Purchase	410,000
2008	4030855821	Rymal Rd Transport MP Update	40,960
2008	4030818916	Bridge 65 - Mountsberg	96,532
2008	7100854811	Beasley Community Centre	1,019
2009	4030955947	Longwood Road Class EA	9,367
2009	4030941910	Stuart Street Snow Disposal	447
2012	7401251205	Training Material & Equipment	10,813
2012	4031211225	Geotechnical Investigation Program - 2012	721
2012	4031255216	Fruitland Road Crossings	76,778
2012	4041214016	Accessible Pedestrian Signals	2,952
2013	4031311225	Geotechnical Investigation Program - 2013	648
2013	8201355801	Downtown Sts Urban Design Plan	100,000
2013	8201341801	Downtown Office Tenancy Assist	400,000
2014	4401456104	Stinson School Parkette-Dev	322
2014	3521451201	Electronic Vote Equipment	158,000
			<b>1,346,925</b>
<b>Net impact to the Unallocated Capital Levy</b>			<b>983,497</b>

The remaining projects were either completed under budget and surpluses returned to the applicable reserve or had secured an alternate funding source to fund deficits.

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND (Chronology of events)**

On December 14, 2011, Council approved Report FCS11073(a), which directed staff to review the Capital Projects Status and Closing process and that a process where departments report to their respective Standing Committee on the status of the Capital Work-in-Progress projects be implemented. Standing Committee reporting commenced as of the June 30<sup>th</sup>, 2013 reporting period. Reports will be brought forward to Standing Committees three times per reporting year, as of June 30<sup>th</sup>, September 30<sup>th</sup> and December 31<sup>st</sup>. This will allow Standing Committees to review the status of a fewer number of projects, in greater detail, applicable to their area of oversight.

The Capital Projects' Closing report has remained the responsibility of the Capital Budgets section of the Financial Planning and Policy Division in order to ensure suitable controls are maintained, projects are appropriately closed, and to centralize the function.

The Capital Projects' Closing report will be presented to General Issues Committee as of June 30<sup>th</sup>, September 30<sup>th</sup> and December 31<sup>st</sup> in order to align with status reporting by departments to Standing Committees.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The submission of the Capital Projects' Closing Report is a requirement of the City's Capital Closing Policy (FCS05044/FCS07081(a)) and Capital Projects' Monitoring Policy (FCS14031).

The City's Capital Closing Policy (FCS05044/FCS07081(a)) states:

- i) That any approved Capital project, whose construction stage has not begun after three years, be closed and be re-submitted to Council for approval.
- ii) That any closing surplus or deficit be distributed as follows:
  1. Surplus:
    - a) If funded from a specific reserve, return funds to that reserve.
    - b) If funded from debentures, apply to reduce future debenture requirements.
    - c) If funded from current contribution, apply to the Unallocated Capital Levy Reserve or apply to reduce Outstanding Debt.
  2. Deficit:
    - a) If funded from a specific reserve, fund from that reserve.

- b) If funded from debentures, increase future debenture requirements only if no other source of financing is available.
- c) If funded from current contribution, fund from the Unallocated Capital Levy Reserve.

The City's Capital Projects' Monitoring Policy (FCS14031) states:

- 1) That a Capital Projects' Status Report be submitted by departments to their respective Committee of Council three times a year as of June 30th, September 30th, and December 31st.
- 2) That a Capital Projects' Closing Report be compiled by Corporate Services Department and submitted to the General Issues Committee three times a year as of June 30th, September 30th, and December 31st.
- 3) That unfavourable project variances be funded according to the Capital Projects' Budget Appropriation and Work-in-Progress Transfer Policy. If available funding cannot be found within the limits of the Capital Projects' Budget Appropriation and Work-in-Progress Transfer policy, a report explaining the variance and recommending a source of funding be submitted to the appropriate Committee of Council for approval.

## **RELEVANT CONSULTATION**

Staff from the following departments, boards, and/or agencies submitted the included capital projects for closure:

- Public Works Department
- Planning and Economic Development Department
- Corporate Services Department
- Community and Emergency Services Department

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION** **(Include Performance Measurement/Benchmarking Data if applicable)**

Council approved that capital projects are reviewed in accordance with the City's approved Capital Policies. For each Capital Project Status report, staff determines if projects can be closed (inactivated) and also monitor financial activity to ensure that Council is aware of any capital projects which deviate significantly from approved budgeted amounts. Where projects are determined to be complete or cancelled, they are submitted by departments to Capital Budgets for inclusion in the Capital Projects' Closing report. These submissions are reviewed by Capital Budgets to ensure transactions are finalized, all purchase orders cleared and a funding source is identified where necessary.

Inactivating completed projects helps to keep the number of capital projects in the financial system to a manageable size and eliminates redundant data from reports. More importantly it ensures that projects which are complete and/or no longer required do not unnecessarily tie up budget resources that could be re-directed to other needs/capital projects.

## **ALTERNATIVES FOR CONSIDERATION**

**(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)**

There are no alternatives as the Capital Projects' Closing Report deals primarily with historical information and application of corporate policies.

## **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### **Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

#### **Strategic Objective**

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

### **Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

#### **Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.
- 2.3 Enhance customer service satisfaction.

### **Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

3.4 Enhance opportunities for administrative and operational efficiencies.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" To Report FCS14058(b) Capital Projects Closing Schedule

Appendix "B" To Report FCS14058(b) Capital Projects Budget Appropriation Schedule

Appendix "C" To Report FCS14058(b) Summary of Projects Impacting the Unallocated Capital Levy Reserve (108020)