



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

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|---------------------------|--|
| TO: | Chair and Members Capital Projects Work-in-Progress Sub-Committee |
| COMMITTEE DATE: | May 22, 2018 |
| SUBJECT/REPORT NO: | Capital Project Closing Report as of December 31, 2017 (FCS17078(b)) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Samantha Blackley (905) 546-2424 Ext. 2132 |
| SUBMITTED BY: | Brian McMullen Director of Financial Planning, Administration and Policy Corporate Services Department |
| SIGNATURE: | |

RECOMMENDATIONS

- (a) That the General Manager of Finance and Corporate Services be authorized to transfer a combined \$627,510.93 from the Unallocated Capital Levy Reserve and other Program Specific Reserves to the capital projects as outlined in Appendix “A” to Report FCS17078(b);
- (b) That the General Manager of Finance and Corporate Services be directed to close the completed and / or cancelled capital projects listed in Appendix “B” to Report FCS17078(b) in accordance with the Capital Closing Policy;
- (c) That Appendix “C” to Report FCS17078(b), Capital Projects Budget Appropriation Schedule for the period covering October 1, 2017 through December 31, 2017, be received for information;
- (d) That Appendix “D” to Report FCS17078(b), Capital Projects to be Debt Funded for the period covering October 1, 2017 through December 31, 2017 totalling \$240,000, be approved;

EXECUTIVE SUMMARY

This Report presents the capital projects that have been completed or cancelled as of December 31, 2017.

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Appendix “A” to Report FCS17078(b) summarizes net transfers to both the Unallocated Capital Levy Reserve and the Program Specific Reserves.

Appendix “B” to Report FCS17078(b) lists the individual projects to be closed. A total of 151 projects with a combined budget of \$127,659,976.20 is being recommended for closure and is summarized as follows:

- \$2,639,969.88 relating to completed projects with surpluses to be returned to or deficits to be funded from the “Unallocated Capital Levy Reserve (108020)”;
- \$14,657,880.00 relating to completed projects with deficits to be funded by Program Specific Reserves;
- \$954,500.00 relating to cancelled or delayed projects; and
- \$109,407,626.32 relating to projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS17078(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.

Appendix “C” to Report FCS17078(b) lists all the re-appropriation of funds between capital projects for the period covering October 1, 2017 through December 31, 2017.

Appendix “D” to Report FCS17078(b) lists all the capital projects requiring Council approval to transfer funds above \$250,000, projects requiring debt financing and reserve transfers for the period covering October 1, 2017 through December 31, 2017.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS17078(b) and summarized in Table 1, a combined total of \$41,251.84 in funding is required from the “Unallocated Capital Levy Reserve” (108020) to offset projects in a negative position. These projects are offset by projects in a positive position totalling \$135,551.02, resulting in a net transfer from this Reserve of \$94,299.18.

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Table 1

City of Hamilton
Capital Project Closings
As of December 31, 2017
Unallocated Capital Levy Reserve Impact (108020)

| Year | Project ID | Description | Surplus / (Deficit) |
|---|------------|--|---------------------------|
| Projects Requiring Funds | | | |
| 2013 | 6501355301 | Hamilton Seniors' Strategy | \$ (72.92) |
| 2014 | 7901448401 | Combined Heat Power Macassa | (41,163.62) |
| 2017 | 7201754700 | Outdoor Patio Cntrl Mem Rec | (15.30) |
| | | | <u>\$(41,251.84)</u> |
| Projects Returning Funds | | | |
| 2010 | 6301051002 | Lodges - Wireless Installation | \$ 5,539.73 |
| 2012 | 4401256593 | Marimat Gardens University Gardens | 2,265.06 |
| 2014 | 3541455001 | Yard Capital Renewal Program | 660.58 |
| 2014 | 6301451406 | WL Wanderguard System | 0.43 |
| 2016 | 4031611224 | Sidewalk Rehabilitation Program - 2016 | 5.00 |
| 2016 | 4661620522 | Traffic Engineering - Signal Design - 2016 | 38,485.62 |
| 2017 | 4031755622 | Active Transportation Benchmarking - 2017 | 1,631.55 |
| 2017 | 4031707750 | Industrial Zone Air Quality Initiative | 50,000.00 |
| 2017 | 6771755701 | Study Supervised Inject Site | 36,963.05 |
| | | | <u>\$135,551.02</u> |
| Net Impact to the Unallocated Capital Levy Reserve | | | <u>\$94,299.18</u> |

As outlined in Appendix "A" to Report FCS17078(b) and summarized in Table 2, a net total of \$721,810.11 in funding is required from Other Program Specific Reserves (Unallocated Current Funds-Sanitary, Development Charges Reserves and Ward 2 Capital Infrastructure) to offset projects in a negative or deficit position that were submitted for closure.

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Table 2
City of Hamilton
Capital Project Closing
As of December 31, 2017
Impacting Reserves and Capital Projects

| Year Approved | ProjectID | Description | Surplus/ (Deficit) |
|---|------------|------------------------------------|-----------------------|
| Projects requiring funds | | | |
| 2009 | 5140967952 | ISF-687 - Kenilworth Reservoir | \$ (234,240.77) |
| 2011 | 4031180582 | 2011 Development Rd Urbanization | (4.98) |
| 2016 | 4241609205 | Dog Park Amenities | (352.04) |
| 2012 | 5181280287 | Hannon Creek W Trinity Drainage | (6,473.93) |
| 2013 | 4241309203 | Cent Mem Rec Center - Digital sign | (204.55) |
| 2015 | 5141567752 | Water Outstation Inspections | (215,832.89) |
| 2014 | 5141467752 | WW Outstation Inspection - AM | (106,023.80) |
| 2014 | 5161466713 | Wastewater Maintenance Capital | (16,574.39) |
| 2014 | 5161455640 | Non-Trunk Flow Monitoring | (47,896.40) |
| 2014 | 5161455010 | Water System Planning | (67,328.02) |
| 2015 | 5161566713 | Wastewater Maintenance Capital | <u>(26,878.34)</u> |
| Net impact to Other Program Specific Reserves | | | \$(721,810.11) |

Appendix "C" to Report FCS17078(b) details the appropriations between projects during the period covering October 1, 2017 to December 31, 2017. A total of \$2,677,200 was moved between Capital projects with each appropriation transfer being in compliance with the Capital Project Monitoring Policy. They are summarized in Table 3.

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Table 3
City of Hamilton
Capital Project Appropriations
As of December 31, 2017
Transfers by Department

| Department | Amount |
|--|-----------------------|
| Tax Supported Capital Budget | |
| Community and Emergency Services Department | 190,700.00 |
| Planning and Economic Development Department | 184,700.00 |
| Public Works Department | <u>1,622,800.00</u> |
| | \$1,998,200.00 |
| Rate Supported Capital Budget | |
| Public Works Department | <u>\$ 679,000.00</u> |
| Total | \$2,677,200.00 |

Appendix “D” to Report FCS17078(b) details the projects that have been recommended by the department to be funded. A total of \$240,000 is required to be transferred. The funding requires transferring debt and requires Council approval per the appropriation policy (FCS14031). The number of projects and the amounts are summarized in Table 4.

Table 4
City of Hamilton
Capital Project to be Funded
As of December 31, 2017

| Description | Projects From | Projects To | Amount |
|---|------------------|----------------|----------------------|
| Planning and Economic Development: Tourism and Culture | 1 | 1 | <u>240,000.00</u> |
| Total | | | \$ 240,000.00 |

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The Capital Status and Capital Project Closing reports are submitted to City Council three times a year at June 30, September 30 and December 31.

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, 2013 reporting period. Reports are brought forward to the Standing Committee three times per reporting year at June 30, September 30 and December 31. This allows the Standing Committee 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, Administration and Policy Division in order to ensure suitable controls are maintained, projects are appropriately closed and to centralize the function.

On September 10, 2015, Council approved changes to the City's Capital Project Monitoring Policy and Capital Project Closing Policy. The amended Policy has staff submit the Capital Project Status Reports and Capital Project Closing Reports to the Capital Projects Work-in-Progress Sub-Committee.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

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

The City's Capital Closing Policy (Reports 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.

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The City's Capital Projects Monitoring Policy Report (Report FCS14031), as amended by Council on September 10, 2015, states:

- i) That a Capital Projects Status Report be submitted by departments to Capital Projects Work-in-Progress Sub Committee three times a year as of June 30, September 30 and December 31.
- ii) That a Capital Projects Closing Report be compiled by Corporate Services Department and submitted to the Capital Projects Work-in-Progress Sub-Committee three times a year as of June 30, September 30 and December 31.
- iii) 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.
- iv) Approval authority for the re-appropriation of funds in each financial year be at the same levels as the City's Procurement Policy:
 1. Council must approve re-appropriations of \$250,000 or greater;
 2. City Manager or designate must approve appropriations greater than \$100,000;
 3. General Managers or delegated staff be authorized to approve appropriations up to \$100,000.

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
- Public Health Services

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ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

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

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

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

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APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Capital Project Closings as of December 31, 2017 – Projects Impacting the Unallocated Capital Levy Reserve (108020) and Other Program Specific Reserves

Appendix “B” – Capital Projects Closing Schedule as of December 31, 2017

Appendix “C” – Capital Projects Budget Appropriation Schedule for the period covering October 1, 2017 through December 31, 2017

Appendix “D” – Capital Projects to be Debt Funded for the Period Covering October 1, 2017 through December 31, 2017

SB/dt