




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

TO:	Chair and Members Capital Projects Work-in-Progress Sub-Committee
COMMITTEE DATE:	September 11, 2018
SUBJECT/REPORT NO:	Capital Project Closing Report as of June 30, 2018 (FCS18078) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Samantha Blackley (905) 546-2424 Ext. 2132 Joseph Spiler (905)-546-2424 Ext. 4519
SUBMITTED BY:	Cindy Mercanti Director, Customer Service and POA Acting Director, Financial Planning and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Acting General Manager of Finance and Corporate Services be authorized to transfer a combined \$127,804.09 from the Unallocated Capital Levy Reserve (108020) and other Program Specific Reserves to the capital projects as outlined in Appendix "A" to Report FCS18078;
- (b) That the Acting General Manager of Finance and Corporate Services be directed to close the completed and / or cancelled capital projects listed in Appendix "B" to Report FCS18078 in accordance with the Capital Closing Policy;
- (c) That Appendix "C" to Report FCS18078, Capital Projects Budget Appropriations for the period covering January 1, 2018 through June 30, 2018, be received for information;
- (d) That Appendix "D" to Report FCS18078, Capital Projects Budget Appropriations above \$250,000 for the period covering January 1, 2018 through June 30, 2018 totalling \$1,452,415.42, be approved;
- (e) That Appendix "E" to Report FCS18078, Capital Projects requiring Federal Gas Tax Reductions as of June 30, 2018 totalling \$2,692,020.00, be approved.

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EXECUTIVE SUMMARY

This Report presents the capital projects which have been completed or cancelled as of June 30, 2018.

Appendix “A” to Report FCS18078 summarizes net transfers to both the Unallocated Capital Levy Reserve and the Program Specific Reserves.

Appendix “B” to Report FCS18078 lists the individual projects to be closed. A total of 85 projects with a combined budget of \$64,624,127.53 is being recommended for closure and is summarized as follows:

- \$19,128,324.71 relating to completed projects with surpluses to be returned to or deficits to be funded from the Unallocated Capital Levy Reserve (108020);
- \$3,700,000.00 relating to completed projects with deficits to be funded by Program Specific Reserves;
- \$779,250.00 relating to cancelled or delayed projects; and
- \$41,016,552.82 relating to projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS18078 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 FCS18078 lists all the re-appropriation of funds between capital projects for the period covering January 1, 2018 through June 30, 2018.

Appendix “D” to Report FCS18078 lists all the capital projects requiring Council approval to transfer funds above \$250,000 projects and reserve transfers for the period covering January 1, 2018 through June 30, 2018.

Appendix “E” to Report FCS18078 lists all the capital projects requiring Council approval to reduce the Federal Gas Tax as June 30, 2018.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS18078 and summarized in Table 1, a combined total of \$358,458.96 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 \$264,892.25, resulting in a net transfer from this Reserve of \$93,566.71.

Table 1
City of Hamilton
Capital Project Closings
As of June 30, 2018
Unallocated Capital Levy Reserve Impact (108020)

Year	Project ID	Description	Surplus / (Deficit)
Approved			
Projects requiring funds			
2007	4030720250	Dofasco Ingot Truck Route	\$(240,229.28)
2010	7101041707	ISF-2425 Morgan Firestone Twin	(108,567.98)
2013	7101341350	Greensville Hall Structure	(2,273.80)
2014	4401456101	Perth Park - Grange School	(563.53)
2015	3381557501	Capital Budget System Upgrade	(847.15)
2016	4031618330	Bridge 330-Birch @ Burlington	(1,785.69)
2016	4031618332	Bridge 332 - Birch @ Princess	(1,785.69)
2016	4401656613	RHV Trails Master Plan - The Turtle	(602.44)
2016	7101651210	Golf Cart Purchases PW16021	1,803.40)
			<u>\$(358,458.96)</u>
Projects returning funds			
2008	7400841805	Station #31 - Waterdown	\$150,000.00
2011	4401156916	Freelton Community Park Development	703.71
2013	7101355801	Needs Assessments	3,977.88
2014	6771455100	Community Climate Change Plan	24,925.56
2015	4031518403	Bridge 403 - Harrison Rd, 275m s/o Kirk Rd	790.45
2015	6771557501	PHS Records and Info Mgmt	57,024.95
2016	4031610006	Minor Construction - 2016	1,101.15
2016	4031655556	Mapping Update - 2016	26,330.88
2017	4031711223	Semi Barrier Rehabilitation Program - 2017	37.67
			<u>264,892.25</u>
Net impact to the Unallocated Capital Levy Reserve			<u>(\$ 93,566.71)</u>

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As outlined in Appendix “A” to Report FCS18078 and summarized in Table 2, a net total of \$34,237.38 in funding is required from Other Program Specific Reserves (Unallocated Current Funds-Sanitary) to offset projects in a negative or deficit position that were submitted for closure.

Table 2
City of Hamilton
Capital Project Closings
As of June 30, 2018
Impacting Reserves and Capital Projects

Year	Project ID	Description	Surplus / (Deficit)
Approved			
Projects requiring funds			
2017	5161760522	Sewer Lateral Management Program (WWC)	\$(33,724.92)
2017	5141760711	PW Capital Water Consumption Program - 2017	<u>(512.46)</u>
Net impact to Other Program Specific Reserves			<u>\$(34,237.38)</u>

Appendix “C” to Report FCS18078 details the appropriations between projects during the period covering January 1, 2018 to June 30, 2018. A total of \$5,514,270.74 was moved between capital projects with each appropriation transfer being in compliance with the Capital Project Monitoring Policy. They are summarized in Table 3 as follows:

Table 3
City of Hamilton
Capital Project Appropriations
As of June 30, 2018
Transfers by Department

Department	Amount
Tax Supported Capital Budget	
City Managers	\$25,000.00
Other Agencies and Boards	22,270.00
Council Infrastructure	139,400.00
Corporate Services	33,597.29
Community and Emergency Services Department	168,800.00
Planning and Economic Development Department	336,050.00
Public Works Department	<u>2,349,353.45</u>
	<u>\$3,074,470.74</u>
Rate Supported Capital Budget	
Public Works Department	<u>\$2,439,800.00</u>
Total	<u>\$5,514,270.74</u>

Appendix “D” to Report FCS18078 details the projects that have been recommended by Public Works to be funded. A total of \$1,452,415.42 is required to be transferred. The funding is above \$250,000 and requires Council approval per the Appropriation Policy (Report FCS14031). The project and requested transfer amount is summarized in Table 4:

Table 4
City of Hamilton
Capital Project to be Funded above \$250,000.00
As of June 30, 2018

Description	Projects From	Projects To	Amount
Public Works (Tax):			
Transit Services	1	1	<u>\$1,452,415.42</u>
Total			<u>\$1,452,415.42</u>

Appendix “E” to Report FCS18078 details the projects that have been recommended by Public Works to reduce the Federal Gas Tax commitment due to a tender surplus listed in Table 5. A reduction totalling \$2,692,020 from nine projects is recommended to reduce the over-commitment on Federal Gas Tax. The projects and funding reductions are summarized in Table 5 as follows.

Table 5
City of Hamilton
Capital Project to Reduce Federal Gas Tax Commitments
As of June 30, 2018

Year	Projects	Description	FGT Reductions
2013	4031319101	Annual Resurfacing 2013	\$ 200,000
2015	4031511015	Annual Resurfacing 2015	500,000
2015	4031518347	Bridge 347 – Carlisle Rd	300,000
2015	4031518409	Bridge 409 – Regional Rd. 97	79,020
2015	4031518533	Hwy. 8 Culvert (Dundas Hill)	250,000
2015	4031519101	Road Construction 2015	470,000
2016	4031611016	Asset Preservation 2016	800,000
2016	4031618330	Bridge 330 – Birch at Burlington	46,000
2016	40316118332	Bridge 332 – Birch at Princess	<u>47,000</u>
			<u>\$2,692,020</u>

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 January 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.

The City's Capital Projects Monitoring Policy Report (Report FCS14031), as amended by Council on 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
- Healthy and Safe Communities Department

ANALYSIS AND RATIONALE FOR RECOMMENDATION

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 monitors 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.

Appendix "D" to Report FCS18078 includes Capital Projects Budget Appropriations above \$250,000 and reserve transfers requiring Council approval. In 2008, the City of Hamilton received \$29.8M from Metrolinx "Quick Wins" to be used for municipal capital expenditures for Transit Vehicles and Infrastructure to support A-Line and B-Line corridor improvements. These monies were placed in an interest bearing Rapid Transit Capital Reserve (108047).

As of June 2018, approximately \$27M has been spent resulting in an estimated \$2.8M worth of work remaining. There is a balance of approximately \$4.5M in the Rapid Transit Capital Reserve (108047) to fund the \$2.8M commitment. Staff are requesting that the uncommitted balance be utilized to close Project 5300855100, which will eliminate the need for the budgeted debenture funding. Since the Rapid Transit Capital Reserve (108047) is specific to the Rapid Transit initiative, Council approval has been requested to initiate the transfer.

The 2018 Tax Capital Budget process identified an over-commitment from the Federal Gas Tax Reserve (112213) in the amount of \$2,700,000. Appendix "E" to Report FCS18078 lists projects with Federal Gas Tax surplus which are to be returned to the Federal Gas Tax Reserve (112213) to cover the over-commitment. Nine projects have been identified with reductions of Federal Gas Tax revenue totalling \$2,692,020. This funding requires Council approval as per the Capital Projects Appropriation Policy (Report FCS14031).

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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.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Capital Project Closings as of June 30, 2018 – Projects Impacting the Unallocated Capital Levy Reserve (108020) and Other Reserves

Appendix “B” – Capital Projects Closing Schedule as of June 30, 2018

Appendix “C” – Capital Projects Budget Appropriation Schedule for the Period Covering January 1, 2018 through June 30, 2018

Appendix “D” – Capital Projects to be Funded Above \$250,000 for the Period Covering January 1, 2018 Through June 30, 2018

Appendix “E” – Capital Projects requiring Federal Gas Tax Reductions as of June 30, 2018

SB/dt