



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 25, 2019
SUBJECT/REPORT NO:	Capital Project Closing Report as of June 30, 2019 FCS19078 (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:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the General Manager of Finance and Corporate Services be authorized to transfer a combined \$270,079.63 to the Unallocated Capital Levy Reserve (108020) and other Program Specific Reserves / Funding Sources to the capital projects as outlined in Appendix "A" to Report FCS19078;
- (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 FCS19078 in accordance with the Capital Closing Policy;
- (c) That Appendix "C" to Report FCS19078, Capital Projects Budget Appropriations for the period covering January 1, 2019 through June 30, 2019, be received for information;
- (d) That unspent funds in the Council Priority Minor Maintenance Capital Projects established prior to the 2018 Ward boundary changes be transferred between the Council Priority Minor Maintenance Capital Projects based on the 2018 unweighted residential and non-residential property assessment once the projects are completed for closure;
- (e) That Appendix "D" to Report FCS19078, Capital Projects Budget Appropriations above \$250,000 January 1, 2019 through June 30, 2019 totalling \$537,603.91, be approved;

EXECUTIVE SUMMARY

Report FCS19078 presents the capital projects which have been completed or cancelled as of June 30, 2019.

Appendix “A” to Report FCS19078 summarizes net transfers to both the Unallocated Capital Levy Reserve and the Program Specific Reserves.

Appendix “B” to Report FCS19078 lists the individual projects to be closed. A total of 140 projects with a combined budget of \$136,089,247.26 is being recommended for closure and is summarized as follows:

- \$1,786,650.00 relating to completed projects with surpluses to be returned to the Unallocated Capital Levy Reserve (108020);
- \$1,740,000.00 relating to completed projects with deficits to be funded by Program Specific Reserves;
- \$731,500.00 relating to cancelled or delayed projects; and
- \$131,831,097.26 relating to projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS19078 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 Project Closing Policy are reflected in the amounts presented.

Appendix “C” to Report FCS19078 lists all the re-appropriation of funds between capital projects for the period covering January 1, 2019 through June 30, 2019.

In December 2017, the Ontario Municipal Board (OMB) approved the new boundaries for the City of Hamilton in which the alignment of the 15 Wards were changed. Council Priority (CP) Minor Maintenance capital projects were created to maintain and resolve the needs of the City of Hamilton’s road right-of-way infrastructure that fall outside the current asset management prioritization method of budget allocation. With the recent boundary changes, the CP Minor Maintenance capital projects set up prior to 2018 reflect funding to be spent within the previous Ward boundaries. Staff has recommended that unspent funds in these projects, once completed, be returned to the capital projects for Wards which make up the previous Ward boundary based on residential and non-residential property assessment. This will help to ensure the funding is still spent in the recommended geographic area in which it was intended.

Appendix “D” to Report FCS19078 lists all the capital projects totalling \$537,603.91 requiring Council approval to transfer funds above \$250,000 from projects and reserve transfers for the period covering January 1, 2019 through June 30, 2019. This list includes

transfer of funds between CP Minor Maintenance Capital Projects in the former ward 14 to the new wards 12 and 13.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS19078 and summarized in Table 1, a combined total of \$272,491.78 in funding is being returned to the Unallocated Capital Levy Reserve (108020) due to project surpluses.

Table 1 City of Hamilton Capital Project Closings as of June 30, 2019 Unallocated Capital Levy Reserve Impact (108020)			
Year Approved	Project ID	Description	Surplus / (Deficit) (\$)
Projects returning funds			
2012	4031218222	Bridge 329 - Burlington Street East at Wilcox Street	64,434.55
2013	7641357301	Kronos Scheduling Software	57,760.94
2014	4031418438	Bridge 397 - Glancaster Road	36,343.26
2017	4661720725	New Signal- Upper Sherman/Acadia	80,717.29
2017	6301751702	Carpet Removal Macassa	30,390.15
2017	7641755702	Paramedic Multi-Year Plan	2,845.59
Net impact to the Unallocated Capital Levy Reserve			<u>\$272,491.78</u>

As outlined in Appendix “A” to Report FCS19078 and summarized in Table 2, a net total of \$2,412.15 in funding is required from Other Program Specific Reserves / Funding Sources (Unallocated Current Funds-Sanitary) to offset projects in a deficit position that were submitted for closure.

Table 2 City of Hamilton Capital Project Closings as of June 30, 2019 Impacting Reserves and Capital Projects			
Year Approved	Project ID	Description	Surplus / (Deficit) (\$)
Projects requiring funds			
2016	5181655420	Wilson St. Stormwater Drainage	(2,412.15)
Net impact to Other Program Specific Reserves			<u>\$(2,412.15)</u>

Appendix “C” to Report FCS19078 details the appropriations between projects during the period covering January 1, 2019 to June 30, 2019. A total of \$7,483,431.42 was moved between capital projects with each appropriation transfer being in compliance with the Capital Project Monitoring Policy. They are summarized in Table 3:

Table 3 City of Hamilton Capital Project Appropriations as of June 30, 2019 Transfers by Department	
Department	Amount (\$)
Tax Supported Capital Budget	
Planning and Economic Development Department	\$ 479,471.42
Health and Safe Communities Department	92,000.00
Public Works Department	<u>5,292,760.00</u>
	<u>\$5,864,231.42</u>
Rate Supported Capital Budget	
Public Works Department	<u>\$1,619,200.00</u>
Total	<u>\$7,483,431.42</u>

Appendix “D” to Report FCS19078 lists the capital projects requiring Council approval to transfer funds above \$250,000 from projects and reserve transfers for the period covering January 1, 2019 through June 30, 2019. The number of projects and the requested transfer amounts are summarized in Table 4.

Table 4 City of Hamilton Capital Project to be Funded above \$250,000 as of June 30, 2019			
Description	Projects From	Projects To	Amount
Public Works (Tax)			
Road	1	2	<u>\$537,603.91</u>
Total			<u>\$537,603.91</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 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

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

For each Capital Project Status Report, staff determines if projects can be closed (inactivated) and monitors the financial activity to ensure that Council is aware of any capital projects which deviate significantly from the approved budgeted amounts. Once projects have been 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.

In December 2017, the Ontario Municipal Board (OMB) approved the new boundaries for the City of Hamilton in which the alignment of the 15 Wards were changed. The CP Minor Maintenance Capital Projects were created to maintain and resolve the needs of the City of Hamilton's road right-of-way infrastructure that fall outside the current prioritization method for each Ward. With the recent boundary changes, the Minor Maintenance Capital Projects set up prior to 2018 reflect funding to be spent within the previous Ward boundaries. Staff have recommended that these projects, once completed, be returned to the projects for the Wards which make up the previous Ward boundary. The allocation method selected is the residential and non-residential unweighted property assessment which is the same allocation method used to allocate the Special Capital Reinvestment Ward Area Rating Reserves due to the new Ward boundaries.

Appendix "D" to Report FCS19078 includes Appropriation requests requiring Council approval to transfer funds above \$250,000 from projects and reserve per the Appropriation Policy. The Appropriation request is to return the unspent funding of \$537,603.91 from ProjectID 4031611614 (CP Minor Maintenance Ward 14) to ProjectIDs 4031911612 and 4031911613 (CP Minor Maintenance Ward 12 and Ward 13), respectively, which encompasses the Ward 14 boundaries prior to 2018. This allocation ensures funding is spent in the recommended geographic area in which it was intended.

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” to Report FCS19078 – Capital Project Closings as of June 30, 2019 – Projects Impacting the Unallocated Capital Levy Reserve (108020) and Other Reserves

Appendix “B” to Report FCS19078 – Capital Projects’ Closing Schedule as of June 30, 2019

Appendix “C” to Report FCS19078 – Capital Projects’ Budget Appropriation Schedule for the Period Covering January 1, 2019 through June 30, 2019

Appendix “D” – Capital Projects to be Funded Above \$250,000 for the Period Covering January 1, 2019 through June 30, 2019

SB/JS/dt