



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:	January 27, 2020
SUBJECT/REPORT NO:	Capital Project Closing Report as of September 30, 2019 FCS19078(a) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Samantha Blackley (905) 546-2424 Ext. 2132
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 \$222,314.21 to the Unallocated Capital Levy Reserve (108020) as outlined in Appendix "A" to Report FCS19078(a);
- (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(a) in accordance with the Capital Projects Closing and Monitoring Policy.
- (c) That Appendix "C" to Report FCS19078(a), Capital Projects Budget Appropriations for the period covering July 1, 2019 through September 30, 2019, be received for information;
- (d) That Appendix "D" to Report FCS19078(a), Capital Projects Budget Appropriations above \$250,000 requiring Council authorization for the period covering July 1, 2019 through September 30, 2019 totalling \$800,000, be approved;

EXECUTIVE SUMMARY

Report FCS19078(a) presents the capital projects which have been completed or cancelled as of September 30, 2019.

Appendix "A" to Report FCS19078(a) summarizes net transfers to both the Unallocated Capital Levy Reserve and the Program Specific Reserves.

Appendix “B” to Report FCS19078(a) lists the individual projects to be closed. A total of 77 projects with a combined budget of \$54,504,174.06 is being recommended for closure and is summarized as follows:

- \$2,121,000.00 relating to completed projects with surpluses of \$222,314.21 to be returned to the Unallocated Capital Levy Reserve (108020);
- \$295,000.00 relating to cancelled or delayed projects; and
- \$52,088,174.06 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(a) 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 Projects Closing and Monitoring Policy (Report FCS05044, Report FCS07081(a) and Report FCS14031) are reflected in the amounts presented.

Appendix “C” to Report FCS19078(a) lists all the re-appropriation of funds between capital projects totalling \$2,403,240.00 for the period covering July 1, 2019 through September 30, 2019 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “D” to Report FCS19078(a) lists all capital projects requiring Council approval to transfer funds above \$250,000 per the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy or are returning funds to the reserve due to favourable tendering for the period covering July 1, 2019 through September 30, 2019. All project surpluses, totalling \$800,000.00 will be returned to the original funding source based on the Ward Boundaries at the time the project was created, to ensure funding is spent in the geographic area in which it was intended. Once these projects have been completed, they will then be added to the corresponding closing report.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS19078(a) and summarized in Table 1, a combined total of \$222,314.21 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 September 30, 2019 Unallocated Capital Levy Reserve Impact (108020)			
Year Approved	Project ID	Description	Surplus / (Deficit) (\$)
2007	2050757700	Tangible Capital Asset Project	194,502.83
2017	7401755703	10YR HFD Service Delivery Plan	26,497.64
2018	3381857801	Social Procurement Consultant	695.25
2018	4661820017	Traffic Signal LED Upgrades - 2018	618.49
Net impact to the Unallocated Capital Levy Reserve			<u>\$222,314.21</u>

Appendix “C” to Report FCS19078(a) details the appropriations between capital projects during the period covering July 1, 2019 to September 30, 2019. A total of \$2,403,240.00 was moved between capital projects in compliance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031), as summarized in Table 2.

Table 2 City of Hamilton Capital Project Appropriations As of September 30, 2019 Transfers by Department	
Department	Amount (\$)
Tax Supported Capital Budget	
Corporate Services Department	\$ 23,300.00
Healthy and Safe Communities Department	92,000.00
Planning and Economic Development Department	288,700.00
Public Works Department	<u>1,442,240.00</u>
	<u>\$1,846,240.00</u>
Rate Supported Capital Budget	
Public Works Department	<u>\$557,000.00</u>
Total	<u>\$2,403,240.00</u>

Appendix “D” to Report FCS19078(a) lists the capital projects requiring Council approval to transfer funds above \$250,000 or reserve transfers for the period covering July 1, 2019 through September 30, 2019 due to favourable tendering. The number of projects and the requested transfer amounts are summarized in Table 3.

Table 3
City of Hamilton
Capital Project to be Funded above \$250,000
As of September 30, 2019

Description	Projects From	Projects To	Amount
Public Works (Tax)			
Roads	3	3	<u>\$800,000.00</u>
Total			<u>\$800,000.00</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 Financial Planning, Administration and Policy Division to ensure suitable controls are maintained, projects are appropriately closed and to centralize the function.

On May 14, 2014, Council approved changes to the City's Capital Project Monitoring Policy and Capital Project Closing Policy (Report FCS14031). 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 and Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031), as amended by Council on May 14, 2014, 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 and less than \$250,000
 - 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(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 Financial Planning, Administration and Policy for inclusion in the Capital Projects Closing Report. These submissions are reviewed by Financial Planning, Administration and Policy 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 FCS19078(a) lists all the capital projects totalling \$800,000 requiring Council approval to transfer funds above \$250,000 or reserve transfers due to favourable project tendering for the period covering July 1, 2019 through September 30, 2019. All project surpluses will be returned to the original funding source based on the Ward Boundaries at the time the project was created. This 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(a) - Capital Project Closings as of September 30, 2019 - Projects Impacting the Unallocated Capital Levy Reserve

Appendix “B” to Report FCS19078(a) - Capital Projects Closing Schedule as of September 30, 2019

Appendix “C” to Report FCS19078(a) - Capital Projects Budget Appropriation Schedule for the Period Covering July 1, 2019 through September 30, 2019

Appendix “D” to Report FCS19078(a) - Capital Projects to be Council Approved / Funded Above \$250,000 for the Period Covering July 1, 2019 through September 30, 2019

SB/dt