



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

TO:	Chair and Members Capital Projects Work-in-Progress Review Sub-Committee
COMMITTEE DATE:	February 23, 2021
SUBJECT/REPORT NO:	Capital Project Closing Report as of September 30, 2020 FCS20079(a) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tran Trang (905) 546-2424 Ext. 6151 Duncan Robertson (905) 546-2424 Ext. 4744
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the General Manager, Finance and Corporate Services, be authorized to transfer \$1,523,935 to the Unallocated Capital Levy Reserve (108020) and \$78,061 from other sources as outlined in Appendix "A" to Report FCS20079(a);
- (b) That the General Manager, Finance and Corporate Services, be directed to close the completed and / or cancelled capital projects listed in Appendix "B" to Report FCS20079(a) in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix "C" to Report FCS20079(a), Capital Projects Budget Appropriations for the period covering July 1, 2020 through September 30, 2020, be received for information;
- (d) That Appendix "D" to Report FCS20079(a), Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding requiring Council authorization, be approved;
- (e) That Appendix "E" to Report FCS20079(a), Capital Budget Adjustments on the Council Priority Minor Maintenance Projects as of September 30, 2020, be approved;

EXECUTIVE SUMMARY

Report FCS20079(a) presents the capital projects, which have been completed or cancelled as of September 30, 2020.

Appendix “A” to Report FCS20079(a) summarizes net transfers to the Unallocated Capital Levy Reserve and other sources.

Appendix “B” to Report FCS20079(a) lists the individual projects to be closed. A total of 163 projects with a combined budget of \$114,031,486 is being recommended for closure and is summarized as follows:

- \$15,881,955 relating to completed projects funded from the Unallocated Capital Levy Reserve (108020), which have a net surplus of \$1,523,935;
- \$830,000 relating to completed projects funded from other program specific reserves, which require a net transfer of \$78,061 to close;
- \$9,871,475 relating to cancelled or delayed projects; and
- \$87,448,056 relating to projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS20079(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 FCS20079(a) lists the appropriation of funds between capital projects totalling \$6,140,915 for the period covering July 1, 2020 through September 30, 2020 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “D” to Report FCS20079(a) lists all the capital projects budget appropriations to transfer funds of \$250,000 or greater from other projects or fund from reserves requiring Council approval.

Appendix “E” to Report FCS20079(a) lists all the capital budget adjustments on the CP Minor Maintenance Projects totalling \$7,086,357, requiring Council approval as of September 30, 2020.

Alternatives for Consideration – Not Applicable

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FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS20079(a) and summarized in Table 1, a total of \$101 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 \$1,524,035, resulting in a net transfer to this Reserve of \$1,523,935.

Table 1 City of Hamilton Capital Project Closings As of September 30, 2020 Unallocated Capital Levy Reserve (108020)			
Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2017	3541741409	Code & Legislative Compliance	\$ (33.17)
2019	5121992000	Closed Landfill Maint&Cap Imp	(67.34)
			\$ (100.51)
Projects returning funds			
2008	4240903001	The Gore Master Plan	\$ 2,047.75
2008	4400856600	Olmstead Natural Open Space	47.85
2009	3450953900	AODA Customer Service Std	48,891.45
2012	4031218212	Bridge 185-Bay N so Strachan W	435,881.92
2014	4031441460	Salt/Sand Storage Rehab	13,291.73
2014	5121490530	Sign Kiosks & Poster Sleeve Program	373.33
2014	7101454710	SWL Rec Cntr Independence	450.63
2015	4041514009	New Traffic Signal - Mall Rd (395 Mohawk Rd E)	60,000.00
2016	4031680582	2016 Development Rd Urbanization	1,401.18
2016	4041610018	Low-Wattage-LED Replace	683,062.32
2017	2051759702	Phase 1 Profile Management	44,281.82
2017	4031741760	Chedoke Yard Salt Dome	5,338.83
2017	4661720722	Overhead Sign Structure - 2017	87,987.21
2019	4451955901	Aviary Bus Case Review	11,979.01
2019	5121955137	Waste Management R&D	125,000.00
2020	3382055003	Provision SOGR Boards & Agencies	4,000.00
			\$ 1,524,035.03
Net impact to the Unallocated Capital Levy Reserve			\$ 1,523,934.52

As outlined in Appendix “A” to Report FCS20079(a) and summarized in Table 2, a net total of \$78,061 in funding is required from Other Sources (Program Specific Reserves and Unallocated Current Funds-Sanitary) 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 Closings
As of September 30, 2020
Impacting Reserves and Capital Projects

Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2012	4241249208	Ward 8 Cap Reinvest Over \$100k	\$ (2,658.00)
2016	4241609106	Westdale Streets Master Plan	(1,166.66)
2017	3541741701	Confidential-PED17148(b) - HWDSB Property at 77 Gage Ave North	(1,584.18)
2017	5161755640	Non-Trunk Flow Monitoring	(59,474.63)
2018	3301809600	Ward 6 Capital Reinvestment	(85.13)
2018	3301809800	Ward 8 Capital Reinvestment	(1,550.00)
2019	3301909700	Ward 7 Capital Reinvestment	(3,126.51)
2019	5141970002	Baldwin & Court-West to Dundas	(8,415.93)
Net impact to Other Program Specific Reserves			<u>\$ (78,061.04)</u>

Appendix "C" to Report FCS20079(a) details the appropriations between capital projects during the period covering July 1, 2020 to September 30, 2020. A total of \$6,140,915 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 3.

Table 3
City of Hamilton
Capital Project Appropriations
As of September 30, 2020
Transfers by Department

Department	Amount
Tax Supported Capital Budget	
Corporate Services	\$ -
Corporate Projects	\$ 73,612.62
Planning & Development	4,342,518.33
Health & Safe Communities	147,723.45
Public Works - Tax Funded	1,230,992.96
	<u>\$ 5,794,847.36</u>
Rate Supported Capital Budget	
Public Works - Rate Funded	\$ 346,067.65
Total	<u>\$ 6,140,915.01</u>

Appendix “D” to Report FCS20079(a) lists all the capital projects (Data Centre HVAC, Fleet Additions and Pending Litigation) requiring Council approval to transfer funds from other capital projects of \$250,000 or greater or fund from reserves. The number of projects and the requested transfer amounts are summarized in Table 4.

Table 4
City of Hamilton
Capital Projects Budget Appropriation Transfers
of \$250,000 or greater and Reserve Funding

Description	Projects/ Transfers From	Projects/ Transfers To	Amount
Corporate Services			
Information Technology Program	1	1	\$ 250,000.00
Public Works (Rate)			
Waterworks Regular Program	1	1	\$ 560,000.00
Public Works (Tax & Rate)			
Roads	5	5	\$ 608,275.26
Total			<u>\$ 1,418,275.26</u>

Appendix “E” to Report FCS20079(a) seeks approval to consolidate unused prior years’ Council Priority Minor Maintenance project balances with the current projects as of September 30, 2020.

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 (Report FCS14031) and Capital Project Closing Policy (Reports FCS05044 and FCS07081(a)). 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 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 FCS20079(a) includes capital project budget appropriation requests to transfer funds of \$250,000 or greater from other projects and funding from reserves requiring Council approval as per the Capital Projects’ Budget Appropriation and Work-in-Progress Transfer Policy and Reserve Policies. The requests total \$1,418,275.

Appendix “E” to Report FCS20079(a) includes budget appropriation requests requiring Council approval to transfer funds from projects and / or reserves per the Capital Projects’ Budget Appropriation and Work-in-Progress Transfer Policy. There are 21 requests totalling \$7,086,357.

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 FCS20079(a) - Capital Project Closings as of September 30, 2020 - Projects Impacting the Unallocated Capital Levy Reserve and Other Sources

Appendix “B” to Report FCS20079(a) - Capital Projects Closing Schedule as of September 30, 2020

Appendix “C” to Report FCS20079(a) - Capital Projects Budget Appropriation Schedule for the Period Covering July 1, 2020 through September 30, 2020

Appendix “D” to Report FCS20079(a) - Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding

Appendix “E” to Report FCS20079(a) - Capital Budget Adjustments on the CP Minor Maintenance Projects as of September 30, 2020

TT/DR/dt