



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

<b>TO:</b>	Chair and Members Capital Projects Work-in-Progress Review Sub-Committee
<b>COMMITTEE DATE:</b>	June 21, 2021
<b>SUBJECT/REPORT NO:</b>	Capital Project Closing Report as of December 31, 2020 FCS20079(b) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Matt Hilson (905) 546-2424 Ext. 1444 Duncan Robertson (905) 546-2424 Ext. 4744
<b>SUBMITTED BY:</b>  <b>SIGNATURE:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department

**RECOMMENDATION(S)**

- (a) That the General Manager, Finance and Corporate Services, be authorized to transfer \$221,437 to the Unallocated Capital Levy Reserve (108020) and \$97,064 from other sources as outlined in Appendix "A" to Report FCS20079(b);
- (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(b) in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix "C" to Report FCS20079(b), Capital Projects Budget Appropriations for the period covering October 1, 2020 through December 1, 2020, be received for information;
- (d) That Appendix "D" to Report FCS20079(b), Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding requiring Council authorization, be approved;

- (e) That the General Manager, Finance and Corporate Services, be authorized to transfer \$2,234,783 from the Unallocated Capital Levy Reserve (108020) and return \$2,234,783 to the Federal Gas Tax Reserve (112213) for various projects outlined in Appendix “E” to Report FCS20079(b) for the purpose of funding ineligible expenditures per the Federal Gas Tax Municipal Funding Agreement;
- (f) That the projects listed in Appendix “F” to Report FCS20079(b), that were inadvertently closed during capital work-in-progress review, be re-opened.

## **EXECUTIVE SUMMARY**

Report FCS20079(b) presents the capital projects, which have been completed or cancelled as of December 31, 2020.

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

Appendix “B” to Report FCS20079(b) lists the individual projects to be closed. A total of 166 projects with a combined budget of \$94,141,382 is being recommended for closure and is summarized as follows:

- \$9,955,186 relating to completed projects funded from the Unallocated Capital Levy Reserve (108020), which have a net surplus of \$221,437;
- \$7,153,000 relating to completed projects funded from other program specific reserves, which require a net transfer of \$97,064 to close;
- \$2,917,200 relating to cancelled or delayed projects; and
- \$74,115,996 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(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 Projects Closing and Monitoring Policy (Report FCS05044, Report FCS07081(a) and Report FCS14031) are reflected in the amounts presented.

Appendix “C” to Report FCS20079(b) lists the appropriation of funds between capital projects totalling \$1,646,951 for the period covering October 1, 2020 through December 31, 2020 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “D” to Report FCS20079(b) lists all the capital projects budget appropriations of \$250,000 or greater, as well as work-in-progress capital projects requiring funding from reserves, that require Council approval.

Appendix “E” to Report FCS20079(b) lists all the capital projects that require funding adjustments in relation to eligibility requirements under the Federal Gas Tax Municipal Funding Agreement. Total expenses of \$2,234,783 are ineligible for funding under the agreement and require an alternative source of budgeted funding. Staff is recommending the transfer of \$2,234,783 in funding from the Unallocated Capital Reserve to the listed capital projects in Appendix “E” to Report FCS 20079(b) to fund expenses that are ineligible for Federal Gas Tax. Federal Gas Tax funding from these projects will be returned to reserve.

Appendix “F” to Report FCS20079(b) lists capital projects that were inadvertently closed in the Capital Project Closing Report as of September 30, 2020 (Report FCS20079(a)), totalling \$963,838. These projects are required to be re-opened as they have previously approved commitments without an alternative funding source. The projects will retain the balance from the source they were originally returned to in Report FCS20079(a).

**Alternatives for Consideration – Not Applicable**

#### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: As outlined in Appendix “A” to Report FCS20079(b) and summarized in Table 1, a total of \$36,311 in funding is required from the Unallocated Capital Levy Reserve (108020) to offset projects in a negative position. The required funding has been offset by projects in a positive position totalling \$257,748 resulting in a net transfer to the Unallocated Capital Levy Reserve of \$221,437.

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Table 1  
City of Hamilton  
Capital Project Closings  
As of December 31, 2020  
Unallocated Capital Levy Reserve (108020)

Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2015	7101557502	CLASS Software Upgrades	\$ (57.94)
2016	3541641013	Firestations Facility Upgrade	(1,887.00)
2016	3541641402	MTC - CNG Facility Upgrades	(33,804.19)
2018	3541841013	Firestations Facility Upgrade	(299.61)
2018	7101841706	Program - Recreation Centre Retrofits	(261.98)
			<b>\$ (36,310.72)</b>
Projects returning funds			
2012	4031218225	Bridge 391 - Governor's Rd, 275m w/o Weir Rd	\$ 147,236.51
2016	3541641010	Facility Upgrades Libraries	472.80
2016	3541641412	Roof Management Program	891.02
2016	4401656605	Upper Stoney Creek Splash Pad #2	23,729.56
2017	2051759701	HR Self Service Enhancements	2,213.51
2017	3541741412	Program - Roof Management	878.57
2017	3541741604	Binbrook Town Hall Skylights	2,260.64
2017	3541741605	HAMILTON Sign	4,699.31
2017	7101754705	Turner Park Washroom	12,630.91
2018	3541841010	Facility Upgrades Libraries	867.04
2018	3541841412	Roof Management	591.63
2018	4041811351	Roads - Alleyway Rehabilitation - 2018	9,397.74
2019	4031918433	Bridge 433 - Westbrook Road, 135m n/o Regional Rd 9A	722.76
2019	4031919118	Roxborough - Kenilworth to Strathearn (Homeside Neighbourhood)	367.50
2019	4031955962	Road Network Pavement Inspection	301.72
2019	4031980941	New Signal - Dundas @ Pamela	3,260.34
2019	4031980942	New Signal - Dundas @ Mallard	3,685.15
2019	4401956921	Johnon Tew Planting	430.60
2020	5122094920	Env Services LegComplianceProg	43,110.62
			<b>\$ 257,747.93</b>
Net impact to the Unallocated Capital Levy Reserve			<b>\$ 221,437.21</b>

As outlined in Appendix "A" to Report FCS20079(b) and summarized in Table 2, a net total of \$97,064 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.

Table 2  
City of Hamilton  
Capital Project Closings  
As of December 31, 2020  
Impacting Reserves and Capital Projects

Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2019	5141961341	Pineland-Teal-Community etc	\$ (2,255.07)
2019	5141971303	Brampton - Parkdale to Strathearn	(426.03)
2020	5142060072	Structural WM Lining Program - 2020	(22,160.68)
2020	5142061302	Barton Locke to Caroline	(4,094.09)
2020	5142070018	Roxborough - Strathearn to Kenilworth - Road Restoration	(68,128.30)
Net impact to Other Program Specific Reserves			<b>\$ (97,064.17)</b>

Appendix “C” to Report FCS20079(b) details the appropriations between capital projects during the period covering October 1, 2020 to December 31, 2020. A total of \$1,646,951 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 December 31, 2020  
Transfers by Department

Department	Amount
Tax Supported Capital Budget	
Corporate Services	\$ -
Corporate Projects	-
Planning & Development	41,989.08
Health & Safe Communities	-
Public Works - Tax Funded	<u>1,471,797.71</u>
	<b><u>\$ 1,513,786.79</u></b>
Rate Supported Capital Budget	
Public Works - Rate Funded	<u>\$ 133,163.98</u>
Total	<b><u>\$ 1,646,950.77</u></b>

Appendix “D” to Report FCS20079(b) lists all the capital projects (COCHI Repairs YR2, OPHI – Rental Housing YR2, Parks North Yard at Bayfront Park and Watermain Dundas – Spring Crk to Skinner) 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.

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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
<b>Corporate Projects Department</b>			
Councillor Infrastructure Program	3	3	\$ 250,000.00
<b>Healthy &amp; Safe Communities</b>			
Social Housing Program	3	3	\$ 1,346,692.00
<b>Public Works (Tax)</b>			
Recreation Facilities	1	1	\$ 801,000.00
<b>Planning &amp; Development (Rate)</b>			
Growth Management Program	1	1	\$ 410,000.00
Total			<u>\$ 2,807,692.00</u>

Appendix “E” to Report FCS20079(b) seeks approval to transfer funding from the Unallocated Capital Reserve to the listed capital projects to fund expenses that are ineligible for Federal Gas Tax. Federal Gas Tax funding from these projects will be returned to reserve.

Appendix “F” to Report FCS20079(b) seeks approval to re-open the listed capital projects that were closed inadvertently during the last capital review. These projects have committed funding against them and are required to remain open until those initiatives are complete.

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 that 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 are closed 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(b) 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 \$2,807,692.

## **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(b) - Capital Project Closings as of December 31, 2020 - Projects Impacting the Unallocated Capital Levy Reserve and Other Sources

Appendix “B” to Report FCS20079(b) - Capital Projects Closing Schedule as of December 31, 2020

Appendix “C” to Report FCS20079(b) - Capital Projects Budget Appropriation Schedule for the Period Covering October 1, 2020 through December 31, 2020

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

Appendix “E” to Report FCS20079(b) – Appropriation of Federal Gas Tax Funding

Appendix “F” to Report FCS20079(b) – Capital Projects to be Re-opened

MH/DR/dt