



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 1, 2022
SUBJECT/REPORT NO:	Capital Project Closing Report as of June 30, 2022 (FCS22079) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Marcin Zukowski (905) 546-2424 Ext. 2162 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 a net amount of \$574,953 to the Unallocated Capital Levy Reserve (108020) and a net draw \$13,393 from other reserves as outlined in Appendix "A" to Report FCS22079;
- (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 FCS22079 in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix "C" to Report FCS22079, Capital Projects Budget Appropriations for the period covering January 1, 2022 through June 30, 2022, be received as information;
- (d) That Appendix "D" to Report FCS22079 Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding Requiring Council Approval, be approved;

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- (e) That Appendix “E” to Report FCS22079 Capital Projects Requiring a Budget Adjustment, be approved;
- (f) That the amended financing plan related to the Increase in Capital Project Expenses Report, initially approved through Report FCS20067, outlined in Appendix “F” to Report FCS22079, be approved.

EXECUTIVE SUMMARY

Report FCS22079 presents the capital projects, which have been completed or cancelled as of June 30, 2022. In addition, Report FCS22079 provides information or seeks approval for appropriations between projects. Recommendation (f) to Report FCS22079 seeks to correct the financing plan previously approved through Report FCS22067.

Appendix “A” to Report FCS22079 summarizes net transfers to and from reserves as a result of completed or cancelled projects for the period covering January 1, 2022 through June 30, 2022, as well as, highlights the net impact on the Unallocated Capital Levy Reserve and other capital reserves.

Appendix “B” to Report FCS22079 lists the individual projects to be closed. A total of 112 projects with a combined budget of \$75,099,083 are being recommended for closure and are summarized as follows:

- \$9,365,457 relating to 14 completed projects funded from the Capital Levy in a net surplus position, which result in a net amount of \$574,953 being returned to the Unallocated Capital Levy Reserve (108020);
- \$26,496,823 relating to 36 completed projects funded from other program specific reserves in a net position, which require a net transfer of \$13,393 to close;
- \$600,000 relating to 4 cancelled or delayed projects; and
- \$38,636,803 relating to 58 projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS22079 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.

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Appendix “C” to Report FCS22079 lists the appropriation of funds between capital projects, totalling \$1,932,623 for the period covering January 1, 2022 through June 30, 2022 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “D” to Report FCS22079 lists all the capital projects budget appropriations of \$250,000 or greater and work-in-progress capital projects requiring funding from reserves that require Council approval.

Appendix “E” to Report FCS22079 lists all the capital projects that require a budget adjustment. The budget adjustments, totalling \$677,342, are for additional revenues received against the project that were previously unaccounted for in the project budget.

Appendix “F” to Report FCS22079 outlines the amended recommended financing plan to address the expected variances in each capital project, initially approved through report FCS20067, “Increase in Capital Projects Expenses”. The amended financing plan results in a net decrease of \$1.2 M in required funding originally approved through Report FCS22067.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS22079 and summarized in Table 1, a total of \$32,503 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 \$607,456 resulting in a net transfer to the Unallocated Capital Levy Reserve of \$574,953. The Unallocated Capital Levy Reserve (108020) will have a projected year-end (2022) uncommitted balance of \$17.0 M once the transfers are completed.

Changes to the financing plan approved through Report FCS22067, “Increase in Capital Projects Expenses, presented as Appendix “F” to Report FCS22079, result in a net decrease of \$1.2 M in required capital funding. The change is the result of the removal of \$1.2 M required for the St. Mark’s Interior Restoration project. Additionally, funding sources have been updated for the Dewitt – Highway 8 to Barton and Marion – Longwood to Dromore projects.

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Table 1
City of Hamilton
Capital Project Closings
As of June 30, 2022

Unallocated Capital Levy Reserve (108020)			Surplus/ (Deficit)
Year	ProjectID	Description	
Projects requiring funds			
2018	4661817125	2018 On Street Bike Facilities in Co-ordination	(32,502.98)
			\$ (32,502.98)
Projects returning funds			
2020	7202058200	Heritage Resource Strategies and Initiatives	\$ 13.95
2017	6301751700	Wentworth Lodge - Building Automation System	\$ 18.44
2019	4401952100	CSA Safety Material Replacement Program	\$ 19.54
2019	4401956903	Stonechurch Road Trail Link @ Dartnall	\$ 121.55
2021	4402145800	Urban Park Parking Lot Paving Program	\$ 631.10
2015	7101558502	PublicArt-Battlfield IntrPanel	\$ 1,907.09
2020	4402055600	Parks Testing and Reporting	\$ 2,221.82
2019	4031955622	Active Transportation Benchmarking	\$ 4,602.24
1999	8109955004	SC Highway 8 Urban Design	\$ 6,407.04
2020	4032011017	Beach Boulevard - Woodward to Eastport	\$ 12,323.15
2020	4032011224	Sidewalk Rehabilitation Program	\$ 35,165.44
2019	4451953444	Tree Planting Program	\$ 76,128.88
2016	4031617642	Sherman Access Retaining Wall Replacement	\$ 467,895.86
			\$ 607,456.10
Net impact to the Unallocated Capital Levy Reserve			\$ 574,953.12

As outlined in Appendix "A" to Report FCS22079 and summarized in Table 2, a net total of \$13,393 in funding is required from other sources 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 June 30, 2022
Impacting Reserves and Capital Projects

Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2014	4141446102	Summerlea West Phase 4	(64,720.68)
2017	7101754508	Public Use Feasibility Needs & Study	(1,835.94)
2012	4031280289	RR 56 - Binbrook Rd to Cemetery	(455,015.04)
2013	4031380383	RR 56 - Southbrook to Binbrook Rd	(30,710.58)
2013	4401356124	William Connell Community Park	(683,612.44)
2016	4031680684	Upper Mount Albion - Stone Church to Rymal	(41,309.22)
2019	4031218228	Bridge 248 - King St W, 145m w/o Bond to Woodleys Lane - DESIGN	(199,961.81)
			\$ (1,477,165.71)
Projects returning funds			
2021	4242109805	Ward 8 Native Trees	1,096.25
2021	7501857201	Events Management Software	2,221.20
2020	4242009121	A/R - Fiddlers Green Sidewalk (W12)	5,634.62
2021	4242109703	A/R - Speed Cushion Delancey (W7)	6,649.42
2021	4242109502	A/R - Greenford - Queenston to south end (W5)	7,840.98
2012	7642051101	Annual Equipment Replacement	8,495.87
2020	4242109702	A/R - Speed Cushion Brigade (W7)	14,298.18
2021	4242009301	North Central Prk Pedestrian L	15,255.49
2016	4242009406	Play Structure - Parkdale Park	28,409.17
2021	4402156122	HRTMP Initiatives #4-4 and 5-6 - Hydro Corridor: Barton Street to Greenhill Avenue	31,000.00
2021	4242109202	A/R - Traffic Calming (W2)	37,562.27
2021	4242109111	A/R - Traffic Calming (W1)	45,056.20
2018	4241909502	A/R - Traffic Calming (W5)	52,570.50
2020	4402156001	Leash Free Dog Park Program	80,000.00
2021	4242109801	A/R - Inverness & Arcade (within Southam Neighbourhood) (W8)	84,997.01
2020	7101654603	Beverly Recreation Centre/School	314,423.04
2017	4401756612	Up Country Estates Proposed Park (Developer)	74,317.58
2017	4401756824	William Connell Community Park	64,000.00
2013	4031380391	North Service Road/Green Road Intersection	103,648.43
2013	4031380392	North Service Road/Millen Road Intersection	106,202.87
2019	5141970010	Parkdale - Burlington to north end & Steel City Crt - Coordinated Road Restoration	1,457.99
2019	5141971310	Parkdale - Burlington to north end & Steel City	1,939.53
2021	5142101999	Lakeside Litigation	116,229.05
2021	5142160073	Structural Watermain Lining - Charlton Ave	34,674.99
2021	5142171304	Strachan - James to east end	60,718.43
2021	5142171309	Inverness Court & Arcade Crescent (within Southam Neighbourhood)	10,091.32
2016	5161660610	Binbrook Manhole and Sewer Rehabilitation	93,472.72
2008	5180880855	Cathcart - Barton to approx. 150m s/o Barton	57,866.13
2018	5181880872	Flanders Drive Flooding	3,643.22
			\$ 1,463,772.46
Net impact to Other Program Specific Reserves			\$ (13,393.25)

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.

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Appendix “C” to Report FCS22079 details the appropriations between capital projects that have been processed during the period covering January 1, 2022 to June 30, 2022. The list includes transfers that are below \$250,000 and can be approved by either the General Manager (up to \$100,000) or the City Manager (up to \$250,000) or, in the case of the Housing Services appropriation in the amount of \$650,000, have been approved by Council through staff reports (Report HSC19042(a)) during the period. A total of \$1,932,623 was moved between capital projects in compliance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy, as summarized in Table 3.

Table 3
City of Hamilton
Capital Project Appropriations
As of June 30, 2022
Transfers by Department

Department	Amount
Tax Supported Capital Budget	
Healthy & Safe Communities	\$ 735,703.58
Planning & Economic Development	\$ 362,384.48
Public Works - Tax Funded	\$ 517,835.25
	\$ 1,615,923.31
Rate Supported Capital Budget	
Public Works - Rate Funded	\$ 316,699.99
Total	\$ 1,932,623.30

Appendix “D” to Report FCS22079 lists all the capital projects requiring Council approval to transfer funds from other capital projects of \$250,000 or greater or fund from reserves in the amount of \$274,779.88. 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 requiring approval and Reserve Funding

Description	Projects/ Transfers From	Projects/ Transfers To	Amount
Energy Fleet and Facilities	1	1	\$ 274,779.88
Total			\$ 274,779.88

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Appendix “E” to Report FCS22079 seeks approval to increase the budget for all the listed projects. The increases are required as the projects have received additional revenues that were previously unaccounted for. The requested increases are summarized in Table 5.

Table 5
City of Hamilton
Capital Project Budget Increases
As of June 30, 2022
Increases by Department

Department	Amount
Tax Supported Capital Budget	
Planning & Economic Development	\$ 207,644.31
Public Works - Tax Funded	\$ 469,697.34
	<u>\$ 677,341.65</u>
Total	<u>\$ 677,341.65</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 July 8, 2022, Council approved the Governance Review Sub-Committee recommendation to disband Capital Projects Work In-Progress Review Sub-Committee (Report FCS22056) and that future status updates on capital works in progress be communicated through Information Updates to Council and that Capital Closing Reports be submitted through the Audit, Finance and Administration Committee.

Preparation of the Capital Projects Closing Report is the responsibility of the Financial Planning, Administration and Policy Division with the objective of ensuring suitable controls are maintained, projects are appropriately closed and to centralize the function.

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 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 Audit, Finance and Administration 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.

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- 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 FCS22079 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 \$274,779.88.

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Appendix “F” to Report FCS22079 outlines the amended recommended financing plan to address the expected variances in each capital project, initially approved through Report FCS22067, “Increase in Capital Projects Expenses”. The amended financing plan results in a net decrease of \$1.2 M in required funding originally approved through Report FCS22067. Amendments to financing sources are summarized as follows:

- Development Charges of \$1,813,500 (change from \$1,570,650);
- Development Charges Supported Debt \$13,098,000 (no change);
- Area Rating Special Capital Reserves \$125,000 (no change);
- Internal Loans from Investment Stabilization Reserve \$1,313,050 (no change);
- Unallocated Capital Levy Reserve \$1,383,757 (change from \$2,581,052);
- Other Reserves \$6,446,887 (no change);
- Rates Reserves \$747,850 (additional).

ALTERNATIVES FOR CONSIDERATION

Not applicable.

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 FCS22079 – Capital Project Closings as of June 30, 2022 - Projects Impacting the Unallocated Capital Levy Reserve and Other Sources

Appendix “B” to Report FCS22079 – Capital Projects Closing Schedule as of June 30, 2022

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Appendix “C” to Report FCS22079 – Capital Projects Budget Appropriation Schedule for the Period Covering January 1, 2022 through June 30, 2022

Appendix “D” to Report FCS22079 – Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding Requiring Council Approval

Appendix “E” to Report FCS22079 – Capital Projects Requiring a Budget Adjustment

Appendix “F” to Report FCS22079 – Financing Plan Amendment to Increase in Capital Projects Expenses in Appendix “B” to Report FCS22067

MZ/dt