



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 2, 2023
SUBJECT/REPORT NO:	Capital Project Closing Report as of September 30, 2022 (FCS22079(a)) (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 \$289,205.62 to the Unallocated Capital Levy Reserve (108020) and a net amount of \$5,347,466.43 to other reserves as outlined in Appendix "A" to Report FCS22079(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 FCS22079(a) in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix "C" to Report FCS22079(a), Capital Projects Budget Appropriations for the period covering July 1, 2022 through September 30, 2022, be received as information;
- (d) That Appendix "D" to Report FCS22079(a) Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding Requiring Council Approval, be approved.

EXECUTIVE SUMMARY

Report FCS22079(a) presents and recommends closure of the capital projects which have been completed or cancelled as of September 30, 2022. In addition, Report FCS22079(a) provides information or seeks approval for appropriations between projects.

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

Appendix “B” to Report FCS22079(a) lists the individual projects to be closed. A total of 100 projects with a combined budget of \$164,414,414 are being recommended for closure and are summarized as follows:

- \$4,266,100 relating to 10 completed projects funded from the Capital Levy, which result in a net amount of \$289,205.62 being returned to the Unallocated Capital Levy Reserve (108020);
- \$26,893,364 relating to 36 completed projects funded from other program specific reserves, which results in a net amount of \$5,347,446 being returned to reserves;
- \$554,000 relating to one cancelled or delayed project; and
- \$132,700,950 relating to 53 projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS22079(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 FCS22079(a) lists the appropriation of funds between capital projects, totalling \$5,876,834.28 for the period covering July 1, 2022 through September 30, 2022 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

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

Alternatives for Consideration – Not Applicable

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FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS22079(a) and summarized in Table 1, a total of \$9.66 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 \$289,215.28 resulting in a net transfer to the Unallocated Capital Levy Reserve of \$289,205.62. The Unallocated Capital Levy Reserve (108020) will have a projected year-end (2022) uncommitted balance of \$21 M once the transfers are completed.

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

		Unallocated Capital Levy Reserve (108020)		
Year Approved	ProjectID	Description		Surplus/ (Deficit)
Projects requiring funds				
2015	4031580588	Gordon Dean Avenue	\$	(9.66)
			\$	(9.66)
Projects returning funds				
2015	4031518360	Bridge 360 - Blackheath Rd, 360m n/o Haldibrook	\$	2,318.95
2018	4031818441	Bridge 441 - Harrison Rd - 665m n/o Hall Rd	\$	2,080.95
2018	4031818150	Bridge 150 - Tapleystown Rd, 550m n/o Green Mountain Rd E	\$	5,312.88
2018	7201841805	Dundurn Sm Dinning RM Conser	\$	234.23
2019	7101963101	Binbrook Mem Sewer Connection	\$	155,467.80
2019	4401956925	City Hall Peace Garden	\$	3,559.78
2020	4402049004	Parkside Cemetery Development	\$	3,629.23
2021	4032111025	Charlton - Sherman Access to Wentworth	\$	7,826.09
2021	4402156801	Binbrook Conservation Improv	\$	108,785.37
			\$	289,215.28
Net impact to the Unallocated Capital Levy Reserve			\$	289,205.62

As outlined in Appendix “A” to Report FCS22079(a) and summarized in Table 2, a net total of \$5,347,446 in funding will be returned to other reserves for projects that were submitted for closure in a surplus position.

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Table 2
City of Hamilton
Capital Project Closings
As of September 30, 2022
Impacting Reserves and Capital Projects

Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2015	4031518405	Bridge 405 - Blackheath Rd, 225m n/o Haldibrook Rd	(5,890.51)
2016	4031655522	State of the Infrastructure - Asset Management	(2,862.96)
			\$ (8,753.47)
Projects returning funds			
2019	2051959901	HFF-91st Highlanders Athletic	566.21
2017	3301709400	Ward 4 Capital Reinvestment	12,961.15
2018	3301809400	Ward 4 Capital Reinvestment	33,244.09
2019	3301909400	W5 Kentley Rd Etc Resurfacing	41,539.56
2013	4031380377	Arvin Avenue - McNeilly Road to 350m westerly	40,000.00
2016	4241609210	185 Jackson Hallway Reno	10,000.00
2018	4241809701	Area Rating - Mall Road - Limeridge Mall private road to Mohawk	54,930.47
2018	4241809702	Area Rating - Thorne Neighbourhood (North Section)	92,056.34
2019	4241909505	W5 Kentley Rd Etc Resurfacing	581,558.71
2020	4242009401	A/R - Greenhill / Dundonald / Montrose / Erindale	799,424.18
2020	4242009601	A/R - Quinn / Ridley / Quail / Quaker	254,998.21
2021	4242109501	A/R - Albright - Quigley to 190nm w/o Nicklaus Ellingwood Sidewalks	122,052.34
2021	4242109507	A/R - Monarch & West 2nd (within Bonnington Neighbourhood)	23,297.40
2021	4242109802	A/R - Monarch & West 2nd (within Bonnington Neighbourhood)	326,918.21
2022	4242209204	Corktown Park Fence	3,796.24
2022	4242209208	CHH Key Card	1,054.96
2015	4401556503	Heritage Green Community Sports Park Implementation	112,827.84
2018	4401856806	Bookjans West Proposed Park (25T 200725) - Ancaster Glen	13,496.10
2019	4401951700	Small Equipment Replacement (Reserve) Program	3,462.37
2020	4402056015	McQuesten Urban Fitness Trail	82,809.95
2020	4402056024	Summit Phase 10 (Parkette)	20,248.98
2021	4902157202	Coin Sorter	7,205.00
2019	5141970007	Haddon - Sterling to Marion - Coordinated Road Restoration	61,957.65
2019	5141971305	Cheever - Barton to Birge and Birge - Cheever to Wentworth	40,991.56
2019	5141971307	Haddon - Sterling to Marion	2,196.29
2021	5142161302	Jackson - Catherine to Walnut	7,347.41
2021	5142161306	Afton - Cedar to Balsam	26,386.40
2009	5160966912	Waterdown WWTP - Decommissioning (WW-08)	2,043,034.54
2015	5161560591	Barton St. Trunk Sewer Rehab - Strathearne to Weir	74,379.73
2018	5161860830	Windemere Rd Sewer Extension, Municipal Act	36,139.59
2019	5161971905	Cheever - Barton to Birge and Birge - Cheever to Wentworth	69,115.58
2012	5181206222	West Harbour (Setting Sail) Main Basin - New Floating Breakwater	231,817.13
2019	5181972291	Haddon - Sterling to Marion	121,197.30
2020	5182018101	Old Guelph Rd - Culvert Replacement	3,188.41
			\$ 5,356,199.90
Net impact to Other Program Specific Reserves			\$ 5,347,446.43

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(a) details the appropriations between capital projects that have been processed during the period covering July 1, 2022 to September 30, 2022 in compliance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy.

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).

The following appropriations greater than \$250,000 were approved during the period:

- \$3,000,000 appropriation from ESI Rehab @ South Service Rd (5162262250) to Wellington St Outfall (5162262251) was approved through Report PW22030
- \$500,000 appropriation from Contam Soil and Rock Removal (4032114405) to Southcote-Garner to Hwy 403 BR (4032011028) was approved through Report PW22063
- \$500,000 appropriation from Brock-Concession 4 W to Safari (4032111021) to Safari Kirkwall to Valens (4032219321) was approved through August 10, 2022 Motion
- \$325,600 appropriation from City Wide Road Priorities (4031811017) to Southcote-Garner to Hwy 403 BR (4032011028) was approved through Report PW22063

A total of \$5,876,834.28 was moved between capital projects, as summarized in Table 3.

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

Department	Amount
Tax Supported Capital Budget	
Corporate Services	\$ 41,180.00
Planning & Economic Development	\$ 37,735.22
Public Works - Tax Funded	\$ 2,266,919.06
	<u>\$ 2,345,834.28</u>
Rate Supported Capital Budget	
Public Works - Rate Funded	\$ 3,531,000.00
Total	<u>\$ 5,876,834.28</u>

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Appendix “D” to Report FCS22079(a) lists all the capital projects requiring Council approval to transfer funds from other capital projects of \$250,000 or greater. 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
Planning & Economic Development	1	1	\$ 942,152.78
Total			\$ 942,152.78

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.

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- 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.
- 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(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 \$942,152.78 for the period July 1, 2022 to September 30, 2022.

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(a) – Capital Project Closings as of September 30, 2022 – Projects Impacting the Unallocated Capital Levy Reserve and Other Sources

Appendix “B” to Report FCS22079(a) – Capital Projects Closing Schedule as of September 30, 2022

Appendix “C” to Report FCS22079(a) – Capital Projects Budget Approved Appropriation Schedule for the Period Covering July 1, 2022 through September 30, 2022

Appendix “D” to Report FCS22079(a) – Capital Projects Budget Appropriations of \$250,000 or Greater and Capital Project Reserve Funding Requiring Council Approval for the Period Covering July 1, 2022 to September 30, 2022

MZ/dt