



Council Report

Report Number: CORP2023-021
Meeting Date: September 26, 2023
Title: 2023 Q2 Capital Program and Special Project Close
Description: Closure of Capital Programs and Special Projects
Author and Title: Logan Watson, Junior Accountant

Recommendation(s):

That Report CORP2023-021, **2023 Q2 Capital Program and Special Project Close**, be received;

That the capital programs and special projects identified in Appendix A to Report CORP2023-021 be approved for closure; and,

That the balances in the table below and provided in Appendix A be transferred to the corresponding reserves;

Reserve	Report Closing Balance
Capital Contingency Reserve	\$211,105.80
General Contingency Reserve	\$163,463.39
Kawartha Lakes Police Reserve	(\$67,689.20)
Public Works Fleet Reserve	(\$28,967.40)
Sewer Infrastructure Reserve	(\$150,346.00)
Water Infrastructure Reserve	\$146,986.06

That the programs and special projects identified in Appendix D be granted an extension as detailed in the "Extension Date Requested";

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

That the programs listed below, and provided in Appendix A, be approved for additional debenture financing; and

Capital Program Number	Capital Program Description	Additional Debenture Funding
998170600	Fenelon Water Treatment	\$20,109.34
998150601	Mariposa Estates Distribution System-Construction	\$6,764.76
998160900	Vimy St W&W Main Replacement-Construction	\$58,574.44
998161001	Russell St W Watermain Replacement-Construction	\$119,833.54
998162500	Bond St W (Adelaide to Sussex) W&S	\$200,000.00
TOTAL		\$405,282.08

That an upset limit of \$100,000 be transferred from the Contingency Reserve (1.32090) - committed to Victoria Manor for the Facility Master Plan, to finance the Service Management Contract review for Victoria Manor.

Background:

This report is to provide Council with the status of the capital program's and special project's actual costs versus the approved budget and to close capital programs and special projects that are complete as of June 30, 2023 in accordance with the Capital and Special Project Policy.

This report also includes capital funding adjustments to address programs that were previously closed and require a funding adjustment.

There are also funding adjustments to address programs that had anticipated full grant financing. This did not materialize and therefore some programs require alternative financing.

Rationale:

The outcome of a capital and special project close report is to bring completed capital programs to a zero balance by providing recommendations for deficits and disposition of a surplus amount. When programs are closed with a surplus, the surplus is typically transferred to the Capital Contingency Reserve. There are some exceptions to this practice. If the program being closed was financed from a source other than the general tax levy, then the surplus is returned to the original source of financing.

This report includes Special Projects for the first time. Special projects are one-time operating projects that require greater than a year to complete. Special projects are treated in the same manner as capital programs in that the project balance will be brought to a zero balance by providing recommendations for surplus and deficits. When special projects are closed with a surplus, the surplus will be transferred to the General Contingency Reserve and if the projects are in a deficit then the deficit will be financed from the same reserve. The same exceptions apply to this practice, as in capital program closures above, in that other sources of funding, other than tax levy, are returned to the original source of funding.

Please see the list of attachments:

Appendix A – Completed programs

Appendix B – Programs remaining after June 30, 2023

Appendix C – Programs requesting an extension

Remaining open programs:

Total Budget to Date	\$311 Million
Total Spending to Date	\$227 Million
Total Capital Spending Remaining	\$84 Million

Of the \$84 Million, 76% is on track and have the capacity and resources to complete the programs on schedule. The remaining 24% of programs have been delayed for various reasons and are requesting extensions.

Capital Funding Adjustments

The grant funding adjustments include two types of grants: 1) Investing in Canada Infrastructure Program (ICIP) – Transit and 2) Small Communities Fund (SCF).

1) Investing in Canada Infrastructure Program (ICIP) - Transit:

Projects under the ICIP – Transit umbrella financing assumptions have historically been inconsistent with the funding allocations as outlined in the Transfer Payment Agreement (TPA). As a result, the financing for these projects require an adjustment to ensure the City is in compliance with the TPA and the Federal/Provincial contributions.

Projects receiving ICIP – Transit financing is as follows:

Federal Contribution	33.14%
Provincial Contribution	27.61%
Municipal Contribution	39.25%

Please refer to Appendix A, Section: Capital Program Funding Adjustments. There are multiple projects where the ICIP Grant contribution was either higher or lower than what was budgeted. The adjustments in the ICIP Grant column of Appendix A are offset by funding to/from Development Charges and Capital Contingency Reserve.

2) Small Communities Fund (SCF):

Project 998170300 (Water Distribution and Wastewater Collection), previously closed by Council, with a surplus and as a result, financing should be reduced to close the program with a net zero balance. Therefore, the Federal and Provincial contributions should be reduced to the amount recovered through the SCF grant and the remaining surplus reduce the debenture budgeted for the program.

Please refer to Appendix A, Section: Capital Program Funding Adjustments. The funding is moved from the SCF Grant funding to show as Debenture funding.

	Contribution Rates (Claims)	Current Project Funding	Increase (Decrease) Funding
Municipal			
Debenture	577,713.24	577,713.24	-
Water Infrastructure Reserve	477,573.58	493,205.00	(15,631.42)
Sewer Infrastructure Reserve	477,573.58	493,205.00	(15,631.42)
Total Municipal Contribution	1,532,860.40	1,564,123.24	(31,262.84)
Federal Contribution	921,594.33	925,502.59	(3,908.26)
Provincial Contribution	565,668.51	569,576.77	(3,908.26)
Total Project Revenue	3,020,123.24	3,059,202.60	(39,079.36)

Project 998180101, previously closed by Council, prior to final claim approval. As a result, some expenses were deemed ineligible and the Provincial and Federal financing contribution requires a reduction.

Please refer to Appendix A, Section: Capital Program Funding Adjustments. Project 998180101-Caroline St Water Main-Replace shows the SCF Grant Funding balance and the funding be requested under Water Infrastructure Reserve.

3) Victoria Manor Contingency Reserve Financing

In June 2022 Council approved the transfer of \$500,000 from the 2021 Surplus to the General Contingency Reserve committed for the completion of Victoria Manor’s Facility Master Plan. In October, 2022 the CAO Report CAO-DA 2022-016 was approved recommending Collier’s Project Leaders to be awarded the Request for Proposal 2022-93-OP Facility Master Plan for Victoria Manor in the amount of \$229,832. This amount included HST and a \$50K contingency should project management supports be required by City staff to complete the plan. To date, the Master Plan project is on time and on budget. Upon completion of this Facility Master Plan there will be approximately \$270,000 remaining in the Contingency Reserve committed to the Manor.

The work done by Colliers to support the final recommendations for the Facility Master Plan provides foundational information that pertains to the development of a Request for Proposal in 2024 for the Service Management Contract of the City’s Long-Term Care Home, as per Council report PUR2023-10. Collier’s Project Leaders will continue to work with the City to establish a best practice review for the creation of a procurement

request to form the basis of a future service management agreement for Victoria Manor. This work is estimated at an upset limit of \$100,000. Staff are requesting that Council resolve that \$100,000 of the funds remaining in the Capital Contingency Reserve for Victoria Manor be used to finance this work. The remaining funds in the reserve (\$170,000) will be used to fund any future capital considerations that may arise from the master plan recommendations.

Other Alternatives Considered:

Council may choose an alternative direction with respect to the surplus/deficit disposition being recommended. Staff’s recommendations are in accordance with the Capital and Special Project Policy CORP2023-018.

Financial/Operation Impacts:

The status of each program has been reviewed by Directors and appropriate management staff. The table below illustrates the results of the program closures to/from the various Reserves and Deferred Revenue accounts.

Appendix A: Completed Programs

The table below is a listing of the reserves that require Council approval to transfer funds.

Reserve	Report Closing Balance
Capital Contingency Reserve	\$211,105.80
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Obligatory Funds

Below is a table listing the return of obligatory funds that does not require Council approval. A deficit requires Council approval to withdraw from the obligatory fund and are included in the Council resolutions.

Obligatory Reserves and Development Charge Reserve	Report Closing Balance
Development Charge Reserve	\$133,314.00
Deferred Revenue	\$158,648.27
Transit Gas Tax Reserve	\$16,000.00
Parkland Reserve	\$100,000.00
SCF Grant	\$3,359.94
ICIP Grant	\$276,027.23
Watershed Grant	(\$110,924.65)
Other Municipal Accounts Receivable	\$42,725.56

Debenture Proceeds

The net impact of debenture financing adjustments provided in Appendix A, will decrease by \$14,665 for programs closing.

In summary, a total of \$870,000 is being recommended for closure and returned to the original budget funding sources. There are 102 programs closing and 213 remaining.

Consultations:

Directors, Managers and Executive Assistants
 Senior Accountant
 Supervisor – Cost Accounting

Attachments:

Appendix A: Completed Programs



Attachment A -
 Closing Projects.xlsx

Appendix B: Programs Remaining after June 30, 2023



Appendix B -
Programs Remaining

Appendix C: Programs Requesting an Extension



Appendix C -
Programs Requestin

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Department Head: Sara Beukeboom