



Council Report

Report Number: CORP2024-015
Meeting Date: May 21, 2024
Title: 2023 Q4 Capital and Special Project Close
Description: Closure of Capital and Special Projects
Author and Title: Logan Watson, Junior Accountant
Leanne Mitchell, Supervisor, Capital Reporting

Recommendation(s):

That Report CORP2024-015, **2023 Q4 Capital and Special Project Close**, be received;

That the capital and special projects identified in Appendix A to Report CORP2024-015 be approved for closure;

That \$7,703.60 be transferred from the General Contingency Reserve (1.32090) to Deferred Revenue for Kawartha Lakes Arts Council to correct the closure of project 921203801-ED Cultural Centre Feasibility in a prior capital close report;

That \$126,631.82 remaining in project 983221101-Wilson Fields Stormwater Pond be transferred to the Sewer Infrastructure Reserve (1.32030);

That \$240.60 be transferred from the PW Fleet Reserve to the Development Charge Reserve (3.24140) to correct the closure of program 994190300-Fleet and Transit Equipment in a prior capital close report;

That project 997190103-Lindsay Landfill Leachate Pump Station closed in a prior capital close report, be funded \$250,000 from the Capital Contingency Reserve (1.32248) to offset the financing deficit;

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

That \$184,646.54 remaining in project 998160900-Vimy St. W&S Main Replacement with \$84,534.98 transferred to the Water Infrastructure Reserve (1.32050) and \$100,111.56 to the Sewer Infrastructure Reserve (1.32030);

That \$126,469.40 remaining in project 998161001-Russell St. W Watermain Replacement be transferred to the Water Infrastructure Reserve (1.32050);

That program 983240500-Rural Resurfacing remain open and \$600,000 be returned to the Asset Management Reserve (1.32045), and the project be financed from the additional 2024 OCIF Grant Funding of \$600,000;

That project 950240222-Omemee Arena Ice Pad remain open and additional financing of \$90,000 to complete the project be transferred from the Capital Contingency Reserve (1.32248);

That project 921221701-CS-IT Empower Program remain open and \$75,000 be transferred to the Capital Contingency Reserve (1.32248) as these funds are no longer needed to complete the work;

That a new project be created for the City Hall Lindsay Service Centre Renovation and the funds required of \$285,000 be financed from the Capital Contingency Reserve (1.32248);

That project 953180102-M/Y City Hall HVAC remain open and \$210,000 of debenture funding be reduced as the funds are no longer needed to complete the work;

That project 998220303-Murray Street Mains (Elliot St to West End) remain open and additional financing of \$450,000 from: 1) \$112,050 from the Development Charge Reserve (3.24140) and 2) \$337,950 from the Water Infrastructure Reserve (1.32050);

That project 953230106-Fenelon Falls Library Flat Roof Replacement be closed and the \$250,000 debenture funding and expenditures to date be transferred to project 953240108-Fenelon Falls Library HVAC System Replacement and renamed Fenelon Falls Library Roof and HVAC;

That project 921231801-VM Service Management Review remain open and \$130,000 be added to the project to finance further work on the VM Service Management Contract and funded from the General Contingency Reserve committed to Victoria Manor for the Facility Master Plan (1.32248);

That project 983240704-Lifecycle Management (Local Asphalt Paving) remain open and \$1.2 Million be added to the project to finance further work as per Engineering Report ENG2024-008 and funded from the Capital Contingency Reserve (1.32248);

That the balances in the table below and provided in Appendix A be transferred to the corresponding reserves after all the above adjustments have been addressed;

Reserve	Report Closing Balance
Capital Contingency Reserve-Uncommitted	\$1,819,959.10
Capital Contingency Reserve-Committed to Airport	\$2,193,100.00
Capital Contingency Reserve-Committed to Victoria Manor	\$211,438.94
General Contingency Reserve	\$483,719.81
Economic Development Reserve	\$20,000.00
Asset Management Reserve	\$600,000.00
Kawartha Lakes Police Reserve	(\$60,267.30)
Public Works Fleet Reserve	\$879,405.64
Sewer Infrastructure Reserve	\$436,323.66
Water Infrastructure Reserve	\$382,248.71
TOTAL	\$6,965,928.56

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

That the projects being recommended to be closed below, and provided in Appendix A, be approved for additional debenture financing;

Capital Program Number	Capital Program Description	Additional Debenture Funding
953230104	KLPS Building Roof	\$12,417.35
983180104	Bridges – Wellington St. Bridge Rehabilitation	\$3,664.56
983180105	Bridges – 2 nd FF Area Bridge/Crossing	\$51,778.49
983190101	Bridges – Wellington St. Bridge Rehabilitation	\$50,039.16
998180303	George St. E. Mains - Design	\$35,385.36
998180307	St. Paul/Denniston Mains - Construction	\$383,228.13
998190104	FF WTP Membrane/THM/Pump	\$44,610.65
998190305	Caroline St. Mains	\$15,530.00
998190307	Peel St. Mains	\$117,979.98
998200203	Lindsay WPCP Lagoon Aerator	\$6,275.21
998220306	Fairgrounds SPS Pump	\$8,978.27
TOTAL		\$729,887.16

Background:

This report is to provide Council with the closed capital and special projects completed as of December 31, 2023, in accordance with the Capital and Special Project Policy.

This report also includes capital funding adjustments to address projects that were previously closed and require a funding adjustment. There are also funding adjustments to address projects that require additional funding for various circumstances.

Rationale:

The goal of a capital and special project close report is to bring completed capital projects to a zero balance by providing recommendations to finance deficits and to dispose of a surplus amount. Projects closed with a surplus typically transfer to the Capital Contingency Reserve. There are exceptions to this practice. A project being closed that was financed from a source other than the general tax levy, are returned to the original source of financing.

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 projects in that the project balance will be brought to a zero balance by providing recommendations for surplus and deficits. Special projects closed with a surplus will be transferred to the General Contingency Reserve and if the projects are in a deficit, it will be financed from the same reserve. The same exceptions apply to this practice, as in capital project closures above, in that those sources of funding other than tax levy, are returned to the original source of funding.

Please see the list of attachments:

Appendix A – Completed projects

Appendix B – Projects Remaining after December 31, 2023

Appendix C - Projects requesting an extension

Remaining open projects:

Total Budget to Date	\$192 Million
Total Spending to Date	\$145 Million
Total Capital Spending Remaining	\$47 Million

59% of the outstanding \$47 Million is progressing and have the capacity and resources to complete the programs on schedule. The remaining 41% of projects have been delayed for several reasons and are requesting extensions.

Capital and Special Project Funding Adjustments

Project 921203801-Economic Development Cultural Centre Feasibility

The project was closed in a prior capital close report and the remaining surplus of \$7,703.60 was transferred to the Capital Contingency Reserve. After further review, the surplus should have been transferred to Deferred Revenue with an accompanying reimbursement to the Kawartha Lakes Arts Council.

Project 983221101-Wilson Fields Stormwater Pond

This project received an additional \$126,631.82 in Watershed Grant funding and therefore, this amount can be transferred to the Sewer Infrastructure Reserve. The project was funded by the Sewer Infrastructure Reserve through report PUR2023-032, and the funding should be returned to that same original funding source.

Program 994190300-Fleet and Transit Equipment

There was an error when this program was closed in a prior capital close report. In that report \$240.60 should have been returned to the Development Charge Reserve but instead was placed back into the Public Works Fleet Reserve in error.

Project 997190103-Lindsay Landfill Leachate Pump Station

This project was closed in a prior capital close report with a \$250,000 insurance proceeds receivable. After further review, it was discovered that the funds were received by the City but applied to project 997166101-Pump Chamber Construction in error. Therefore, project 997190103 has a deficit of \$250,000 and requires additional funding from the Capital Contingency Reserve.

Project 998160900-Vimy Street W&S Main Replacement

This project was closed in a prior capital close report but received additional Small Community Fund (SCF) Grant funding. Therefore, staff recommend the surplus funding

of \$84,534.98 be transferred to the Water Infrastructure Reserve and \$100,111.56 to the Sewer Infrastructure Reserve for a total of \$184,646.54.

Project 998161001-Russell Street West Watermain Replacement

This project was closed in a prior capital close report but received additional SCF Grant funding. Therefore, staff recommend the surplus funding of \$126,469.40 be transferred to the Water Infrastructure Reserve.

Program 983240500-Rural Resurfacing

The 2024 Ontario Community Infrastructure Fund (OCIF) allocation came in approximately \$600,000 higher than staff were expecting at the time of the 2024 Capital Budget. Staff recommend that it be applied to the 2024 capital program for Rural Resurfacing and return the current funding of the same amount to the Asset Management Reserve.

Project 950240222-Omemee Arena Ice Pad

An error was made in the 2024 capital budget submission wherein \$10,000 was budgeted for this project in lieu of \$100,000. Therefore, staff recommend an additional \$90,000 be financed from the Capital Contingency Reserve.

NEW Project-City Hall Lindsay Service Centre Renovation

Staff recommend a new project be created for the City Hall Lindsay Service Centre Renovation with a budget of \$285,000 and be financed from the Capital Contingency Reserve. The project includes upgrading the Lindsay Service Centre now located at City Hall with barrier free stations, private interview space and a modernization of the area including customer display screens and optimal utilization of the space. Staff also recommend reducing the budget in project 921221701-CS-IT Empower Program by \$75,000 to the Capital Contingency Reserve to assist in financing this project.

Project 953180102-M/Y City Hall HVAC

Staff recommend the project remain open and \$210,000 of debenture funding be reduced, as it is no longer required to complete the project.

Project 998220303-Murray St. Mains (Elliot St to West End)

This project is currently reflecting a deficit of \$423,192.86, which includes all outstanding commitments. Staff recommend additional financing of 1) \$112,500 from

the Development Charge Reserve and 2) \$337,950 from the Water Infrastructure Reserve for a total of \$450,000 to complete the project.

Project 953230106-Fenelon Falls Library Flat Roof

This project along with project 953240108-Fenelon Falls Library HVAC System were tendered together. The work for both projects will be completed. Staff recommend that project 953230106-Fenelon Falls Library Flat Roof be closed and combined as one project under project 953240108 and renamed as Fenelon Falls Library Roof and HVAC. Staff recommend the debenture funding and spending for project 953230106 be moved to project 953240108.

Project 921221801-VM Facility Master Plan

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 June 2022. In October 2022, the CAO Report CAO-DA 2022-016 was approved recommending Collier's Project Leaders be awarded the Request for Proposal 2022-93-OP Facility Master Plan for Victoria Manor in the amount of \$229,832. The Master Plan has been completed and presented to Council. This Special Project will be closed in a subsequent Capital Close as expenses are still pending.

In the Q2, 2023 Capital Close further funds were requested from the original \$500,000 for the Facility Master Plan to finance a Service Management contract review for Victoria Manor in the upset limit of \$100,000. This leaves approximately \$170,168 left in the General Contingency Reserve for the Manor. Staff are requesting an extension of this contract review and require an additional \$130,000 to coordinate and execute a refreshed Service Contract with Sienna Senior Living Services. Expertise is needed to re-establish a new contracted partnership agreement with Sienna and an external consultant will be hired to guide City Staff through this process.

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 project closures to/from the various Reserves and Deferred Revenue accounts.

Appendix A: Completed Projects

The table below lists the reserves that require Council approval to transfer funds.

Reserve	Report Closing Balance
Capital Contingency Reserve-Uncommitted	\$1,819,959.10
Capital Contingency Reserve-Committed to Airport	\$2,193,100.00
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TOTAL	\$6,965,928.56

Obligatory Funds

The table below represents the return of obligatory funds that do not require Council approval. Only deficits require 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	\$353,335.93
Deferred Revenue	\$407,407.15
Federal Gas Tax Reserve	\$148,952.46

Obligatory Reserves and Development Charge Reserve	Report Closing Balance
Parkland Reserve	\$778.45
OCIF Grant	(\$600,000.00)
ICIP Grant	\$37,572.01
Other Municipal Accounts Receivable	\$48,431.93
TOTAL	\$396,477.93

Debenture Proceeds

The net impact of debenture financing adjustments provided in Appendix A, will decrease by \$2,764,955.32 for projects closing.

In summary, a total of \$10,127,361.81 is recommended for closure and returned to the original budget funding sources. There are 580 projects closing and 483 remaining.

The total of \$1,819,959.10 is being recommended to be transferred Capital Contingency Reserve - uncommitted. Staff, through the Reserve Strategy research, is recommending an optimal balance of approximately \$4 Million in this reserve, given past and future predictions of increased pricing in the market for many goods and services related to the City’s capital budget. The uncommitted portion of the Capital Contingency Reserve is used to fund capital project tenders that result in a price higher than the approved budget. It is not a reserve that should be used to finance new projects or be used in the capital budget to finance projects where funding is scarce.

In the past 5 years this reserve has funded approximately \$2 Million/annum in tenders that have come in over budget. However, in 2023 alone, Staff saw a marked increase in the use of this reserve with over \$2.68 Million transferred from the uncommitted portion to finance overages in capital project budgets. In 2024, over \$1Million has been utilized to finance tender overages and the City is only 4 months into the year. The balance of the uncommitted portion of this reserve is currently at a balance of \$1.5 Million. The addition of over \$1.8 Million is needed to deal with the increased pricing in the market and to ensure that the City can move ahead on current capital projects that are planned for in the Asset Management Plan (AMP). This brings the balance in the reserve to slightly more than the \$3 Million.

Consultations:

Directors, Managers and Executive Assistants
 Budget and Financial Planning

Attachments:

Appendix A: Completed Projects



Appendix A -
Completed Projects.

Appendix B: Projects Remaining after December 31, 2023



Appendix B -
Projects Remaining :

Appendix C: Projects Requesting an Extension



Appendix C -
Projects Requesting

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