



## Council Report

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|--------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>Report Number:</b>    | <b>CORP2025-007</b>                                                                                               |
| <b>Meeting Date:</b>     | March 18, 2025                                                                                                    |
| <b>Title:</b>            | <b>Quarter Four 2024 Capital and Special Projects Close</b>                                                       |
| <b>Description:</b>      | To seek Council resolution to close capital projects as required by the Capital and Special Projects Close policy |
| <b>Author and Title:</b> | Carolyn Daynes, Treasurer                                                                                         |

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### Recommendation(s):

**That** Report CORP2025-007, **Quarter Four, 2024 Capital and Special Projects Close**, be received;

**That** the capital projects identified in Table 1 to Report CORP2025-007 be approved for closure;

**That** the balances below and provided in Table 1 to Report CORP2025-007 be transferred to (from) the corresponding reserve to address all project closures listed:

| <b>Reserve</b>                          | <b>Transfer to (from) Reserve</b> |
|-----------------------------------------|-----------------------------------|
| Public Works Fleet Reserve              | \$44,950.33                       |
| Water Infrastructure Reserve            | (43,410.00)                       |
| Special Projects Reserve                | 331,923.23                        |
| General Tax Rate Stabilization Reserve  | 7,721.81                          |
| Capital Contingency Reserve             | 1,063,670.51                      |
| Kawartha Lakes Police Area Rate Reserve | 2,743.53                          |
| <b>Total Reserve Transfers</b>          | <b>\$1,407,599.41</b>             |

**That** the balances below and provided in Table 1 to Report CORP2025-007 be transferred to (from) the obligatory reserve to address project closures listed;

| <b>Obligatory Reserve</b> | <b>Transfer to (from) Reserve</b> |
|---------------------------|-----------------------------------|
|---------------------------|-----------------------------------|

**Department Head:** \_\_\_\_\_

**Financial/Legal/HR/Other:** \_\_\_\_\_

**Chief Administrative Officer:** \_\_\_\_\_

|                                           |                     |
|-------------------------------------------|---------------------|
| Transit Gas Tax Reserve                   | \$15,600.00         |
| Development Charge Reserve                | 199,717.96          |
| City Parkland Reserve                     | 23,411.66           |
| Infrastructure Gas Tax Reserve            | 249,252.97          |
| <b>Total Obligatory Reserve Transfers</b> | <b>\$487,982.59</b> |

**That** the projects recommended for closure below be approved for (additional)/reduced debenture financing;

| <b>Capital Project</b> | <b>Capital Program Description</b>                             | <b>Debenture Financing (Increase)/Reduction</b> |
|------------------------|----------------------------------------------------------------|-------------------------------------------------|
| 950230207              | Dalton Community Centre Parking                                | \$(1,224.85)                                    |
| 983230102              | Hartley Road Bridge                                            | 70,556.83                                       |
| 983230103              | Ballyduff Road Bridge                                          | 24,059.90                                       |
| 983240526              | Simcoe St-CKL Rd 8-CKL Rd 48                                   | (142.63)                                        |
| 998190103              | Bobcaygeon Elevated Storage Tank Coating                       | 52,694.17                                       |
| 998200104              | Bobcaygeon Water Treatment Plant Low Level Pump                | (9,752.81)                                      |
| 998200205              | King's Bay Water and Wastewater Treatment Plant                | 34,549.42                                       |
| 998200312              | Colborne Street Fenelon Falls Sewer Pumping Station Pumps/Pipe | (3,183.18)                                      |
| 998210113              | Southview Estates Water Treatment Plant Pumps                  | 4,254.11                                        |
|                        | <b>Total Reduction in Debenture Needed</b>                     | <b>\$171,810.96</b>                             |

**That** the remaining Building Faster Funds (BFF) of \$735,720.00 be allocated to the Ellice St Watermain Replacement (998240411) and as a result the project funding from other sources be adjusted as follows, Water Debenture of \$96,012.00 and Wastewater Debenture of \$514,660.00 be reduced and Water Development Charges of \$125,048.00 returned to the Development Charges Reserve (3.24140 A331179);

**That** \$100,000.00 for the Corporate Services Modernization (921242001) be allocated from the Sewer Infrastructure Reserve (1.32030);

**That** funding of \$144,000.00 for the Housing Needs Assessment (921242002) project be allocated from the Sewer Infrastructure reserve (1.32030);

**That** funding of \$250,000.00 for the Development Software Operational Efficiency (921242201) project be allocated from the Sewer Infrastructure reserve (1.32030);

**That** funding of \$50,000.00 for the Human Services Modernization initiative (16480) be allocated from the Water Infrastructure Reserve (1.32050);

**That** \$500,000.00 be transferred to the Public Works Fleet Reserve (1.32070 A-331184) from the Capital Contingency Reserve (1.32248) to fund growth related fleet projects.

**Background:**

This report is to provide Council with a list of capital projects completed as of December 31, 2024. This capital close is being done as a component of the fiscal year end Tangible Capital Asset Reporting. The Senior Management Team is working on developing Key Performance Indicators (KPIs) around the capital close process with a particular focus on closing older projects that have been open longer than the two years allowed in the Capital and Special Project Close Policy. In addition, they will be working on a more consistent way to handle capital and special project closing throughout the year rather than at quarterly intervals.

**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.

Tax Funded Capital projects closed with a surplus typically transfer to the Capital Contingency Reserve. Special Projects closed with a surplus typically transfer to the Special Projects Reserve. Finally, Water and Wastewater Projects closed with a surplus typically transfer to the Water and Wastewater Infrastructure Reserves. There are exceptions to these practices. A project being closed that was financed from a source other than the general tax levy or Water and Wastewater user rates, are returned to the original source of financing. This report is a necessary step in the completion of the City’s financial statements and the recognition of Tangible Capital Assets on the Balance Sheet.

**Table 1**

**Total Projects Closing in this Report**

| <b>Department/Division</b>                         | <b>Surplus (Deficit)</b> |
|----------------------------------------------------|--------------------------|
| Community Services – Building and Property         | 34,145.36                |
| Community Services - Cemetery                      | 849.24                   |
| Community Services – Parks and Recreation          | 113,862.30               |
| Corporate Services – Information Technology        | (1,430.98)               |
| Corporate Services – Treasury                      | (12,001.19)              |
| Development Services – Economic Development        | (67,556.99)              |
| Development Services - Planning                    | 369,379.03               |
| Engineering - Airport                              | (3,929.83)               |
| Engineering – Development Engineering              | 66,129.90                |
| Engineering – Infrastructure, Design, Construction | 2,032,220.94             |
| Engineering – Technical Services                   | (5,617.28)               |

|                                 |                     |
|---------------------------------|---------------------|
| Fire Services                   | (3,895.36)          |
| Victoria Manor                  | (103,355.78)        |
| Paramedics                      | 98,302.16           |
| Public Works – Fleet            | 159,950.33          |
| Public Works – Roads Operations | (7,367.63)          |
| Kawartha Lakes Police Services  | 2,743.53            |
| <b>TOTAL</b>                    | <b>2,672,427.75</b> |

**Table 2**

**Projects in Progress 2024 and prior**

Total Projects still in progress are \$59.2 Million. The total open projects, by department are illustrated below. A 2025 project is an early start project where spending has occurred in 2024.

|                             | <b>2020 &amp; prior</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>TOTAL</b>      |
|-----------------------------|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <b>Community Services</b>   | 330,708                 | 213,624     | 1,906,306   | 2,614,070   | 7,696,558   | -           | <b>12,761,266</b> |
| <b>Corporate Services</b>   | -                       | 95,000      | -           | 282,943     | 1,033,643   | -           | <b>1,411,586</b>  |
| <b>Development Services</b> | (38,654)                | -           | 66,406      | (1,088)     | 233,000     | -           | <b>259,664</b>    |
| <b>Engineering &amp; CA</b> | 1,461,367               | 1,118,951   | 6,321,576   | 5,926,814   | 12,454,179  | 2,050,000   | <b>29,332,887</b> |
| <b>Fire Services</b>        | 328,484                 | 104,156     | 120,993     | 539,507     | 1,719,070   | -           | <b>2,812,210</b>  |
| <b>Human Services</b>       | -                       | -           | -           | 39,362      | 991,562     | -           | <b>1,030,924</b>  |
| <b>Paramedics Services</b>  | -                       | -           | 192,940     | 313,921     | 7,136,934   | -           | <b>7,643,795</b>  |
| <b>Public Works</b>         | (111,900)               | 101,865     | -           | 470,365     | 2,875,119   | -           | <b>3,335,449</b>  |
| <b>KLPS</b>                 | 588,354                 | -           | -           | -           | 9,971       | -           | <b>598,325</b>    |
| <b>TOTAL</b>                | 2,558,359               | 1,633,596   | 8,608,221   | 10,185,894  | 34,150,036  | 2,050,000   | <b>59,186,106</b> |

**Building Faster Fund Re-Alignment**

The Building Faster Fund (BFF) grant was received from the Provincial Government in 2024 to support Municipalities in streamlining the building process to achieve the goal of building 1.5M new homes in Ontario by 2031. Eligible expenditures include:

- Capital expenditures on housing-enabling core infrastructure and site servicing to accommodate future residential development.
- Operating or capital expenditures that support the creation of new affordable housing.
- Operating or capital expenditures that support the creation of attainable ownership housing, including through modular construction.
- Capital expenditures for homelessness services centers.

The spending plan had to be approved by the Provincial Government for BFF funds to be utilized. In July 2024, the City of Kawartha Lakes (CKL) submitted the following proposed activity:

| <b>Proposed Activity</b>                 | <b>Amount to be spent</b> |
|------------------------------------------|---------------------------|
| Integrated Care Hub                      | \$972,177.00              |
| Streamline Development Approvals Process | \$450,000.00              |
| Housing Needs Assessment                 | \$144,000.00              |
| <b>Total Activity Submitted</b>          | <b>\$1,566,177</b>        |

The Provincial Government only approved the Integrated Care Hub as eligible funding under the BFF program.

The government did not approve the “Streamline Development Approvals Process” which included several projects involving modernizing many areas of CKL to meet the increased demand in processing development approvals. These projects were as follows:

**Streamline Development Approvals Process Projects:**

| <b>Proposed Activity</b>                  | <b>Amount to be Spent</b> |
|-------------------------------------------|---------------------------|
| Operational Efficiencies – Human Services | \$100,000                 |
| Corporate Services Modernization          | 100,000                   |
| Development Software                      | 250,000                   |
| <b>Total Activity Not Approved</b>        | <b>\$450,000</b>          |

All these activities are essential in order improve the speed and efficiency in which CKL processes development proposals. These projects will enable CKL to respond to Affordable Housing initiatives quicker as well as allow a Finance lens on the calculation of development agreements. The Development Software will be integral in providing background as to the timelines of development approvals and tracking the activity.

In addition, the government did not approve the Housing Needs Assessment for \$144,000 which is critical for CKL to understand the need for affordable housing in the future.

To ensure that CKL could fund these important activities and still satisfy the BFF project requirements a list of capital projects was reviewed as to following within the BFF guidelines above. The project for Ellice Street Watermain Replacement was identified as a qualifying project. This project is financed as follows:

| <b>2024 Capital Budget Financing/Reports</b> | <b>Funding Budget</b> |
|----------------------------------------------|-----------------------|
| Water Debenture                              | \$536,887             |
| Sewer Debenture                              | 1,731,894             |
| Water Development Charge Reserve             | 1,195,007             |
| <b>Total 2024 Capital Budget</b>             | <b>\$3,463,788</b>    |

Staff are proposing to remove debenture funding as well as DC funding in order to use the remaining BFF funding of \$735,720 for this project, which will create financing room for the other projects that were denied BFF funding above. The proposal included in the resolution is to remove \$735,720 of financing from this project and then replace this with equivalent BFF funding. The reduction in Debenture funding and DC funding will be recorded and will be used to finance the other projects that were denied funding. This will come from the Water and Wastewater Infrastructure Reserves to keep the reduction of funding in the Water and Wastewater area. The resolutions that need to be approved are as follows:

**That** the Building Faster Funds (BFF) of \$735,720 be allocated to the Ellice St Watermain Replacement (998240411) and as a result the project funding from other sources be adjusted as follows, Water Debenture of \$96,012 and Wastewater Debenture of \$514,660 be reduced and Water Development Charges of \$125,048 returned to the Development Charges Reserve (3.24140 A331179);

**That** \$100,000 for the Corporate Services Modernization (921242001) be allocated from the Sewer Infrastructure Reserve (1.32030);

**That** funding of \$144,000 for the Housing Needs Assessment (921242002) project be allocated from the Sewer Infrastructure reserve (1.32030);

**That** funding of \$250,000 for the Development Software Operational Efficiency (921242201) project be allocated from the Sewer Infrastructure reserve (1.32030);

**That** funding of \$50,000 for the Human Services Modernization initiative (16480) be allocated from the Water Infrastructure Reserve (1.32050);

**Public Works Fleet Reserve**

The Public Works (PW) Fleet Reserve is a key tool in financing replacement vehicles for the City of Kawartha Lakes. A capital fleet recovery is charged to each department that utilizes the Fleet Department for vehicle purchases. This recovery is transferred to the PW Fleet Reserve to purchase replacement vehicles at the end of the useful life of the vehicle. The current growth environment is requiring the purchase of expansionary new vehicles, that are outside of this replacement framework. These vehicle purchases were not calculated into the fleet reserve balance and are eroding the ability of the PW Fleet Reserve to fund replacement vehicles. Therefore, Staff are recommending a top up of \$500,000 to the PW Fleet Reserve to account for these new vehicle purchases that are outside of the replacement schedule. This top up will come from the Capital Contingency Reserve which has sufficient funds due to the accelerated closing of projects over the 2024 reporting period. A more detailed analysis needs to be done, with the calculation of new vehicle purchases for future staffing, factored into the balance of the Public Works Fleet Reserve, with appropriate expansionary funding committed within this same Reserve. . This will come about through the next iteration of the Long-Term Financial Plan due in Q2 2025.

### **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.

In addition, Council may choose an alternative capital project to reduce current financing and replace with BFF grant funding. This is not recommended as Staff have reviewed all eligible projects and this has been determined to be the best candidate.

Finally, Council may choose not to top up the PW Fleet Reserve to replace financing of new vehicles. This is not recommended as Staff have seen significant price increases for all vehicle purchases and need these additional funds to buffer the impact of these increases for both replacement and new expansionary fleet.

### **Alignment to Strategic Priorities**

This report aligns with the strategic priority of Good Government. By ensuring that capital projects are closed on a timely basis staff can ensure that reserves are replenished to provide stable funding for future projects.

### Financial/Operation Impacts:

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

#### Completed Projects:

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

| <b>Reserve</b>                          | <b>Transfer to (from) Reserve</b> |
|-----------------------------------------|-----------------------------------|
| Public Works Fleet Reserve              | \$44,950.33                       |
| Water Infrastructure Reserve            | (43,410.00)                       |
| Special Projects Reserve                | 331,923.23                        |
| General Tax Rate Stabilization Reserve  | 7,721.81                          |
| Capital Contingency Reserve             | 1,063,670.51                      |
| Kawartha Lakes Police Area Rate Reserve | 2,743.53                          |
| <b>Total Reserve Transfers</b>          | <b>\$1,407,599.41</b>             |

#### 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.

| <b>Obligatory Reserve</b>                 | <b>Transfer to (from) Reserve</b> |
|-------------------------------------------|-----------------------------------|
| Transit Gas Tax Reserve                   | \$15,600.00                       |
| Development Charge Reserve                | 199,717.96                        |
| City Parkland Reserve                     | 23,411.66                         |
| Infrastructure Gas Tax Reserve            | 249,252.97                        |
| <b>Total Obligatory Reserve Transfers</b> | <b>\$487,982.59</b>               |

#### Debenture proceeds

The net impact of debenture financing adjustments provided below will decrease the overall debenture room used by \$171,810.96. The resolution above details the projects affected by the changes required in debenture financing to close the project.

| <b>Capital Project</b> | <b>Capital Program Description</b> | <b>Debenture Financing (Increase)/Reduction</b> |
|------------------------|------------------------------------|-------------------------------------------------|
| 950230207              | Dalton Community Centre Parking    | \$(1,224.85)                                    |
| 983230102              | Hartley Road Bridge                | 70,556.83                                       |
| 983230103              | Ballyduff Road Bridge              | 24,059.90                                       |
| 983240526              | Simcoe St-CKL Rd 8-CKL Rd 48       | (142.63)                                        |

|           |                                                                |                     |
|-----------|----------------------------------------------------------------|---------------------|
| 998190103 | Bobcaygeon Elevated Storage Tank Coating                       | 52,694.17           |
| 998200104 | Bobcaygeon Water Treatment Plant Low Level Pump                | (9,752.81)          |
| 998200205 | King's Bay Water and Wastewater Treatment Plant                | 34,549.42           |
| 998200312 | Colborne Street Fenelon Falls Sewer Pumping Station Pumps/Pipe | (3,183.18)          |
| 998210113 | Southview Estates Water Treatment Plant Pumps                  | 4,254.11            |
|           | <b>Total Reduction in Debenture Needed</b>                     | <b>\$171,810.96</b> |

In addition, there will be \$66,129.90 returned to security deposits and an additional \$538,904.89 in grant funding (primarily Ontario Community Infrastructure Fund) put in deferred revenue to be used on future eligible capital projects. In summary, a total of \$2,672,427.76 is recommended for closure and returned to either the original budget funding sources or the various reserves as per the Capital and Special Projects Policy.

Please find below a summary of the balances in the reserves affected by this capital close report.

| <b>Reserve</b>                                | <b>Balance 2025</b> |
|-----------------------------------------------|---------------------|
| Public Works Fleet Reserve                    | \$1,549,358         |
| Water Infrastructure Reserve                  | 10,991,866          |
| Special Projects Reserve                      | 339,080             |
| General Tax Rate Stabilization Reserve-Ec Dev | 237,465             |
| Capital Contingency Reserve – Uncommitted     | 7,167,523           |
| Kawartha Lakes Police Area Rate Reserve       | 143,444             |

| <b>Obligatory Reserve</b>      | <b>Balance 2025</b> |
|--------------------------------|---------------------|
| Transit Gas Tax Reserve        | \$335,131           |
| Development Charge Reserve     | (17,247,582)        |
| City Parkland Reserve          | 1,143,452           |
| Infrastructure Gas Tax Reserve | 1,505,264           |

### **Servicing Implications:**

Capital projects contained within this close are to address servicing.

**Consultations:**

Senior Management Team

Executive Assistants

Managers

**Attachments:**

**Department Head email:** [sbeukeboom@kawarthalakes.ca](mailto:sbeukeboom@kawarthalakes.ca)

**Department Head:** Sara Beukeboom

**Department File:** Corporate Services