

Staff Report 2022-0066

Meeting Date: March 22, 2022

Subject: 2021 Q4 Capital Status Update

Submitted By: September Muller, Senior Financial Analyst, Finance

RECOMMENDATION

That the 41 capital projects listed in Schedule A to Staff Report 2022-0066 be closed and the unaudited net capital project surplus of \$1,104,712.13 be transferred back to/(from) the original sources of funding;

That Capital Project 21-125 Emergency Storm Sewer Hickman Drive, in the amount of \$413,172, be funded from the Tax Funded Capital Contingency Reserve;

That Capital Project 21-126 Trail Culvert Emergency Repairs, in the amount of \$197,268, be funded from the Tax Funded Capital Contingency Reserve;

That the funding for Capital Project 21-129 Purchase of 1278 Mayfield Road be adjusted by:

- The Land Sales Reserve funding be increased by \$600,000,
- The Tax Funded Capital Contingency Reserve be reduced by \$600,000;

That Capital Project 20-035 Concept Design Work for the Expansion of the Palgrave, Mono Mills and Alton Fire Stations be increased by \$1,980,000 funded \$1,584,000 from the DC Fire Reserve, and \$396,000 from the Tax Funded Capital Contingency Reserve; and

That Capital Project 21-029 Time Entry Management/Human Resource Information System Replacement – Additional Funding be increased by \$200,000 funded from the Tax Funded Operating Contingency Reserve.

REPORT HIGHLIGHTS

- Staff provided a detailed capital status report on January 18, 2022 which outlined 214 active and open capital projects. Subsequently 3 new capital projects were added as follows:
 1. Emergency work on the Johnson Bush Road culvert
 2. A Healthy Community Initiatives Grant was approved to enhance spaces and accessibility in downtown Bolton
 3. Emergency repair of the basement ceiling at the Inglewood Community Centre.
 4. 1 project was reopened, capital project 21-100 Auto Extrication – 3 Year Upgrade as part of a 3 year program.
- This report outlines the reduction in open capital projects from the beginning of 2021 of 184 open projects reduced to 178 capital projects.
- This report provides a status of the 218 open capital projects at the end of the fourth quarter as of December 31, 2021 of which:

- A summary of the 41 projects that are complete and may be closed is included on Schedule A. As outlined in the schedule, there is a net surplus of \$1,104,712.13 that the Town will transfer back to its original funding sources.
- The detailed status of the 177 active and open capital projects remaining is provided in Schedule B of this report.
 - 149 projects are in progress with 123 of the projects estimated to be completed in 2022 with the remainder being multi-year projects;
 - 19 projects remain open, but progress is on hold due to litigation or involve delays from third parties; and
 - 9 projects are on hold or have not yet started
- Schedule C outlines the changes in estimated completion dates that have occurred and the reason;
- The report also recommends funding emergency procurements Capital Project 21-125 Emergency Storm Sewer Hickman Drive and 21-126 Trail Culvert Emergency Repairs.
- Based on updated reserve activity, this report recommends adjusting the reserve funding for Capital Project 21-129 Purchase of 1278 Mayfield Road.
- Based on updates from departments, this report also recommends funding increased costs to capital project 20-035 Concept Design Work for the Expansion of the Palgrave, Mono Mills and Alton Fire Stations and 21-029 Time Entry Management/Human Resource Information System Replacement – Additional Funding.

DISCUSSION

The purpose of this report is to identify capital projects that can be closed and return any surplus funds to its original source of funding and to update Council of any required in-year changes to capital projects. This report also provides a detailed update on the status of all active and open capital projects as of December 31, 2021. This report excludes the 2022 capital projects that were approved by Council on December 14, 2021 as part of the 2022 budget process. The status of the 2022 capital projects will be captured in the June 2022 Capital Status Staff Report.

The Town of Caledon established By-law 96-97 to regulate the budget process, to establish current and capital budget financial controls, and to establish reserve management financial principles.

Sections 5 f), 5 h) and 5 i) of By-law 96-97 outlines as follows:

- when and how capital budgets may be increased;
- what to do with surplus/deficit balances for completed projects; and
- specific rules on deficits exceeding 10% of the gross expenditure budget to a maximum of \$10,000.

Capital Projects are managed by a Project Manager, Finance Staff and other staff across the Town. On a quarterly basis, Town staff conducts a complete review of all open capital projects. The purpose of this exercise is to:

- ensure departments are fulfilling their capital project commitments;
- monitor capital project spending to anticipate surpluses or deficits; and

Staff Report 2022-0066

On a semi-annual basis, Town staff close completed capital projects in order to return any surplus funding back into Town reserves for future uses or funding requirements.

Completed and Closed Capital Projects (Schedule A)

Schedule A to this report details 41 completed capital projects, identified by departments/project managers to be closed, with surplus funds of \$1,104,712.13 to be returned to the original funding sources as detailed in the financial implications section of this report.

Status of Active Capital Projects (Schedule B)

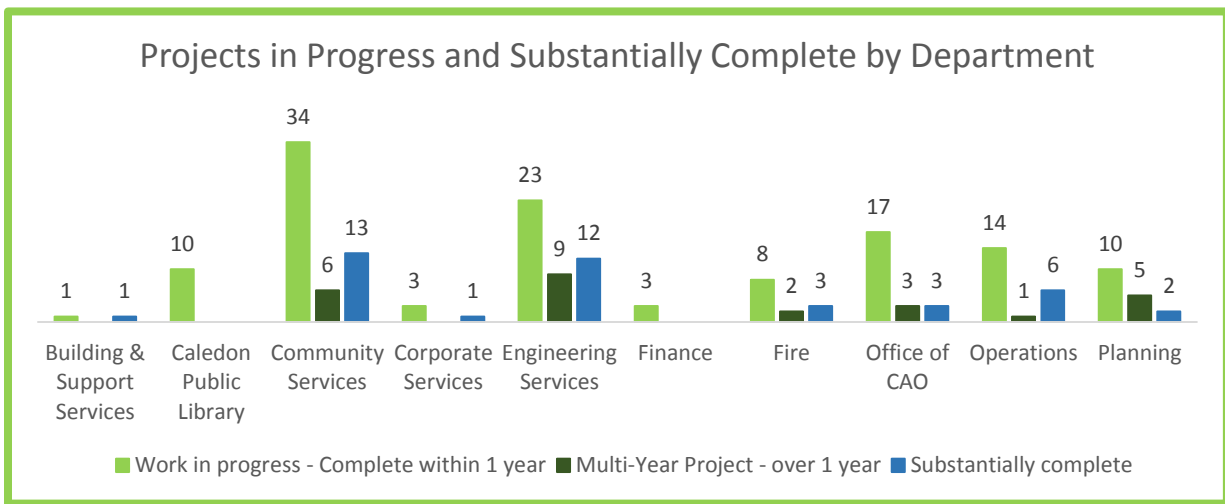
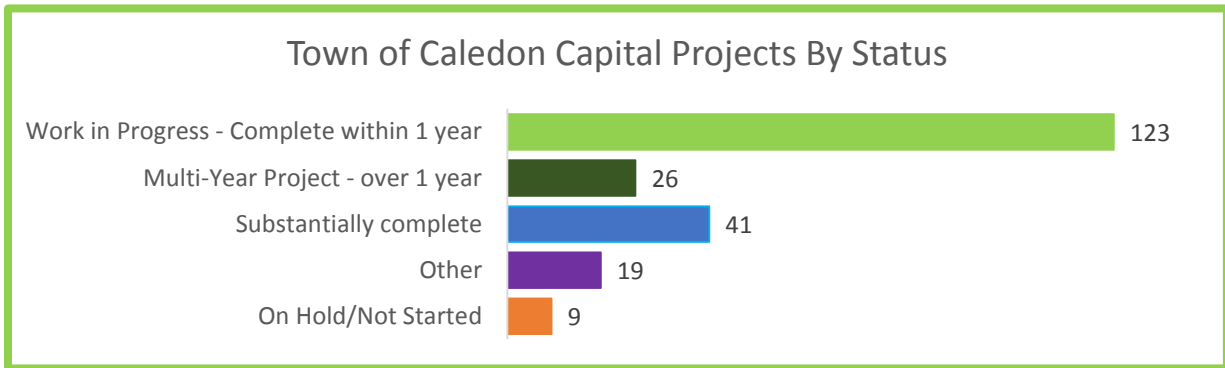
In the March 2021 report, there were 184 active and open capital projects. As summarized below, the 184 capital projects have been reduced to 177 active and open capital projects:

Town of Caledon - # of Capital Projects	
# of Projected Carried Forward into 2021 from prior years	184
# of New Projects Approved in 2021 Capital Budget	90
# of New Projects Added in 2021, Approved by Council/Treasurer	16
- 21-100 Auto Extrication - 3 Year Upgrade	
- 21-123 Strawberry Hill Court Retaining Wall	
- 21-124 Coleraine Storm Sewer DC Renewal	
- 21-125 Emergency Storm Sewer Repair Hickman Drive	
- 21-126 Emergency Culvert Repair Caledon Trailway	
- 21-127 Energy Revolving Fund 2021 Projects	
- 21-128 MW2 Marketing & Community Building	
- 21-129 Purchase of 1248 Mayfield Road	
- 21-130 Old Bolton Fire Hall Reno	
- 21-131 Library Automatic Doors	
- 21-132 Land Acquisition Orangeville-Brampton Rail	
- 21-133 Government Relations Advisory Services	
- 21-134 Southfields Branch Reading Garden	
- 21-135 Johnson Culvert Repair	
- 21-136 Enhanced Spaces and accessibility Downtown Bolton	
- 21-137 Inglewood Community Centre Basement Ceiling repair	
# of Projects Closed in 2021, as per Staff Report 2021-0284	-72
# of Projects Closed in 2021, as recommended in this report	-41
Balance of Current Active Projects	177

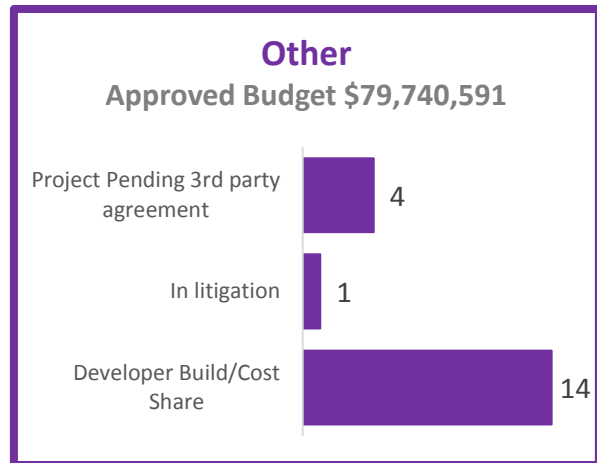
Of the 177 open capital projects, 136 are expected to be complete at the end of 2022.

At a summary level, the December 31, 2021 status of the 177 active capital projects and 41 projects recommended to be closed as per schedule A are shown below:

Exhibit 1: Town of Caledon Capital Projects by Status:



On Hold/Not Started
Approved Budget \$480,000
16-164 Pioneer Cemetery Restoration
18-135 Alton Village Heritage Conservation Plan
19-143 Heritage Designation Studies
20-053 Building Services Fees Review
20-072 Bolton Leash Free Park Improvements
20-123 Heritage Designation Studies
21-026 Sustainable Energy Project
21-032 Corporate Asset Management
21-081 Caledon Village Place - Exterior Restoration



Capital Project Status Changes Since January 2022 (Schedule C)

In January of 2022 a Q3 2021 Detailed Capital Status update was provided to Council. There are 71 capital projects that are experiencing delays or changes from what was

reported in January 2022. Details of the projects experiencing delays or changes are noted in Schedule C of this report. Rationale on why projects are taking longer than expected include projects delayed due to COVID-19 (e.g. supply chain delays for manufacturing and construction materials, construction sites/projects shut down to comply with Provincial Orders meant to stop the spread of the Coronavirus), and staff capacity to complete due to vacancies and turnover.

Surpluses

During the capital status review process, no projects were identified as having a known surplus. As part of the 2nd Tri-annual Capital Status Update and Closed Capital projects with large surpluses will be identified to reduce the budget.

FINANCIAL IMPLICATIONS

Part 1 - Capital Update

Grant Funding

Capital Project 21-136 Enhanced Spaces Accessibility Downtown Bolton in the amount of \$60,000 was created to capture the works for The Healthy Communities Initiative Grant which was awarded to install outdoor fitness equipment at Dick's Dam Park in Downtown Bolton. The scope of the grant also includes the installation of bike friendly signage and a bike repair station near the Downtown Bolton area. The project is underway with a request for quotation issued and is expected to be complete for June 2022.

Emergency Procurements

Capital Project 21-125 Emergency Storm Sewer Hickman Drive was created to capture works procured under the emergency provisions of the Town's Purchasing By-law. The work is now complete and the cost of \$413,173 is recommended to be funded from the Tax Funded Capital Contingency Reserve.

Capital Project 21-126 Trail Culvert Emergency Repairs was created to capture works procured under the emergency provisions of the Town's Purchasing By-law. The work is now complete and the cost of \$197,268 is recommended to be funded from the Tax Funded Capital Contingency Reserve.

Reserve Funding Adjustment

Capital Project 21-129 Purchase of 1278 Mayfield Road was funded \$4,409,242 from DC Public Works, \$2,550,000 from the Land Sales Reserve and \$1,182,459 from the Tax Funded Capital Contingency Reserve. The Tax Funded Capital Contingency Reserve was used as there was not sufficient funding in the Land Sales Reserve to fully fund the non-growth portion of the project.

Staff recommend that the funding for Capital Project 21-129 Purchase of 1278 Mayfield Road be adjusted as follows:

- funding from the Land Sales Reserve be increased by \$600,000

- the Tax Funded Capital Contingency Reserve be reduced by \$600,000 to replenish the Tax Funded Capital Contingency Reserve to fund unexpected, unanticipated or emergency capital expenses if required.

The current uncommitted balance in the Land Sales Reserve is \$626,820.26 and after the proposed adjustment will be \$26,820.26 ($\$626,820.26 - \$600,000 = \$26,820.26$).

Additional funding

Expansion of the Palgrave, Mono Mills and Alton Fire Stations

In the 2020-2022 budgets Council approved Capital Project 20-035 Concept Design Work for the Expansion of the Palgrave, Mono Mills and Alton Fire Stations in the amount of \$8,662,500. Upon approval of the Capital Budget Staff completed a tendering process and engaged in March 2021 with Percon Construction as the lead for design and construction of the expansions.

Staff and Percon met with the Fire Administrations as well as the Volunteer Fire Fighters at all 3 stations to go over the expectations, issues at the current stations and final goals of the project prior to completing the design. With the agreed scope of work Percon completed design and it was presented to both Fire Administration and Staff at the fire stations to ensure the project will meet the long-term requirements of fire and emergency services in the three communities. Detailed design was completed in the fall of 2021 and submitted for building permit in December 2021. With the project design phase completed; Percon provided the final Class 'B' cost estimate for the project. Based on the estimate the Town requires an additional \$1,980,000 to complete the project as intended in the original capital project.

The cost increase can be attributed to a few contributing factors, including a requirement for an Archaeological Assessment and well as various supply chain challenges increasing costs as well as the requirement to use different materials due to the unavailability of some products.

Staff believe that continuing the project and the expansion of the three stations as one project is the most cost effective and recommend that the additional costs be funded increasing Capital Budget 20-035 by \$1,980,000 funded \$1,584,000 from the DC Fire Reserve Fund and \$396,000 from the Tax Funded Capital Contingency Reserve. The funding reflects increased costs of \$5,920,880 over the last Development Charge amendment, which is based on the detailed design class "D" estimate. The additional costs will be included in the next development charge background study update.

Time Entry Management/Human Resource Information System Replacement

The Town had identified the need to replace the Human Resources Information System/ Time Entry Management (HRIS/TEMS) as part of the IT Strategy as both limit the ability to produce reports and utilize the data held within the systems and are time consuming for staff from across the corporation to use. This is one of the few corporate technology solutions that impacts all employees from storing the employee files, capturing employee data and tracking employee time in order process their pay. A new system will reduce duplication of work and streamline processes for all staff in how they enter their human

Staff Report 2022-0066

resources and pay information, and support corporate leaders and people services in data driven decision making going forward.

Council approved 2021 capital project 21-029 Time Entry Management/Human Resource Information System Replacement for a total budget of \$400,000. In going out through the Request for Proposal's process, it was determined that the allocated budget of \$400,000 is not sufficient based on the current market conditions with proposals coming in as much as three and half times this. In looking at the range of systems, in order to secure a system that will best service the Town moving forward, an additional \$200,000 in budget is required for a total of \$600,000 of budget.

This additional budget request can be funded by a return of reserve funds earmarked for group benefit costs from the Town's previous benefits provider. These funds were not utilized in 2021 and is no longer required since the Town's contract has ended with that provider. Therefore, Staff recommend that the budget for capital project 21-029 Time Entry Management/Human Resource Information System Replacement – Additional Funding be increased by \$200,000 funded from the Tax Funded Operating Contingency Reserve. The current uncommitted balance in the Tax Funded Operating Contingency Reserve is \$6,717,772.04 and after the proposed draw will be \$6,517,772.04 (\$6,717,772.04 - \$200,000 = \$6,517,772.04). The return of funds from the Town's previous benefit provider will flow through the Town's 2021 year-end operating surplus report and is not currently reflected in the above reserve balance.

Part 2 – Closed Capital Projects

In accordance with By-law 96-97, staff are recommending closing of 41 projects as identified in Schedule A: 2021 Capital Status Update Report and surplus funds of \$1,104,712.13 to be returned to the original funding sources as listed below.

<u>Funding Source</u>		<u>Amount of Transfer to/(from) Reserve</u>
Tax Funded Capital Contingency Reserve Fund		\$519,793.55
Reserve and Reserve Funds:		
DC Parkland	\$6,370.39	
DC Roads	\$545,244.37	
DC Fire	\$432.82	
Fleet Equipment Reserve	(\$5,223.58)	
Cash in Lieu Parkland	\$3,345.02	
Comprehensive Adaptive Management Plan (CAMP) Agreement Reserve	(\$9.44)	
Reserve and Reserve Funds		\$550,159.58
Ontario Cannabis Legalization Implementation Fund Grant		\$34,759.00
Total		\$1,104,712.13

Surpluses and Deficits

The 41 projects to be closed are shown in Schedule A with the surplus or deficit balance of the individual project as at December 31, 2021. The figures shown are unaudited and may change as a result of final invoices, internal cost recoveries, or accruals. In accordance with By-law 96-97, the projects in a surplus position will offset the projects in a deficit position.

All projects in a deficit position/with a budget shortfall have a variance below 10% of the gross expenditure budget and/or have a variance less than \$10,000.

The current unaudited and uncommitted Tax Funded Capital Contingency Reserve Fund balance is \$157,688.60 with the recommendations in this report outlined below the balance will be \$275,405.15:

<u>Tax Funded Capital Contingency Reserve</u>	<u>Transfer to/(from) Reserve</u>
Beginning Reserve balance	\$157,688.60
Schedule A - 41 Capital Projects	\$519,793.55
21-129 Purchase of 1278 Mayfield Road	\$600,000.00
20-035 Concept Design Work for the Expansion of the Palgrave, Mono Mills and Alton Fire Stations	(\$396,000.00)
21-125 Emergency Storm Sewer Hickman Drive	(\$413,172.00)
21-126 Trail Culvert Emergency Repairs	(\$192,905.00)
Ending Reserve balance	\$275,405.15

Next Steps:

June 2022

In 2022, Capital Status Reports will be provided to Council tri-annually due to the timing of the election. A T1 (Jan – April) detailed capital status report will be provided to Council in June. This report will include the addition of the 104 projects approved by Council in the 2022 budget. As part of the 2022 budget process, estimated completion timelines were provided for all capital projects. These tri-annual status reports will also identify whether any projects are expected to have a large surplus in order to reduce the budget in advance of the project being closed, where possible. Below is a high-level summary of the expected completion dates of the capital projects included in the 2022 budget.



December 2022

A T2 (May – August) detailed capital status report and closed capital will be provided to the new Term of Council in December. This report will include the closure of capital projects that are completed or marked for closure and return any surplus funds to the original source of funding or fund any open projects that require additional funding.

COUNCIL WORK PLAN

This report provides an update of capital projects that addresses a myriad of topics within the Council Work Plan.

ATTACHMENTS

- Schedule A: Closed Capital Projects
- Schedule B: Status of Active Capital Projects
- Schedule C: Changes in the Status of Capital Projects