

## **Staff Report 2019-0121**

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Meeting Date: September 17, 2019

Subject: 2019 Capital Status Update Report

Submitted By: September Muller, Senior Financial Analyst, Finance

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### **RECOMMENDATION**

That the 41 capital projects listed in Schedule A to Staff Report 2019-0121 be closed and the unaudited net capital project surplus of \$308,045.87 be transferred back to/(from) the original sources of funding; and

That Capital Project 19-163 Lloyd Wilson Centennial Arena Soil Remediation, in the amount of \$50,000, be funded from the Tax Funded Capital Contingency Reserve.

### **REPORT HIGHLIGHTS**

- Finance and Infrastructure has reviewed with departmental staff from across the corporation all open capital projects with the focus of closing all completed capital projects, where possible closing the 2016 and prior capital projects and assessing the progress and spending of each project.
- A total of 41 projects with a net surplus of \$308,045.87 can be closed.
- The Town will transfer the net surplus back to its original funding sources according to the proportion in which the projects were originally funded, except for any surplus pertaining to bridge replacement capital project which will be transferred to the Bridge Replacement Reserve Fund as per By-law 2013-042
- Technical adjustments to approved projects, provided for in the delegated authority by-law, are detailed in Schedule B of this report.
  - Technical adjustments to approved capital projects allow for the timely delivery of capital projects that require scope and/or funding adjustments.
  - As outlined in Schedule B, one of the technical adjustments includes increasing the scope of an existing capital project also handle the one appeal the Town received related to the 2019 Development Charges (DC) By-law 2019-031
- Capital Project 19-163 Lloyd Wilson Centennial Arena Soil Remediation was created to capture works procured under the emergency provisions of the Town's Purchasing By-law. These emergency works, estimated to be \$50,000, are now recommended to be funded.

### **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.

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 Project Manager, Finance Staff and other staff across the Town. On a semi-annual basis, Town staff conducts a complete review of all open capital projects, once at mid-year and again at year-end. 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
- close completed capital projects in order to return any surplus funding back into Town reserves for future uses or funding requirements.

## **FINANCIAL IMPLICATIONS**

### **Part 1 – Capital Update**

Capital Project 19-163 Lloyd Wilson Centennial Arena Soil Remediation was created to capture works procured under the emergency provisions of the Town's Purchasing By-law. Soil contamination was identified while completing some plumbing repairs to the exterior of Lloyd Wilson Centennial Arena. Work was stopped with involvement from the Region of Peel and the Ministry of Environment. An environmental consultant was secured to lead through the investigative process, testing and site remediation. These emergency works, estimated to be \$50,000, are now recommended to be funded from the Tax Funded Capital Contingency Reserve.

The Town's delegated authority by-law (Schedule D to BL-2016-106) delegates authority to the Treasurer to "make technical adjustments to the annual approved capital and operating budget based on business needs and good accounting practices". Schedule B of this report details the technical adjustments to the approved capital budget that were made following concurrence from the CAO and respective General Manager for the project that the adjustment makes good business sense, and following Finance's confirmation of budget (remaining budget) information.

The technical adjustments outlined in Schedule B of this report were made within the approved budgets, so no additional funding is required for these projects. Included in Schedule B is an increase in the scope of Capital Project 15-160 Development Charges Appeal. The scope for this project was increased to include the defence of the Town's 2019 Development Charges (DC) By-law. Originally established for the defence of two DC by-law appeals against the Town's 2014 DC by-law, capital project 15-160's scope was increased to also include the one appeal the Town received for the 2019 DC by-law, by-law # 2019-031, which was approved by Council on May 28, 2019. The project will be used to fund expert representation at meetings, pre-hearing conferences, and in order to properly defend the DC By-law at the Local Planning Appeal Tribunal (LPAT). Again, this technical adjustment/scope change was made with no requirement for additional funding.

**Part 2 – Closed Capital Projects**

The Town currently has 283 active capital projects as outlined in the Table below.

**Town of Caledon - # of Capital Projects**

# of Projected Carried Forward into 2019 from prior years	317
# of New Projects Added in 2019, Approved by Council/Treasurer	7
- 19-160 Modernize Service Delivery	
- 19-161 Corporate Energy Projects	
- 19-162 Emergency Repair Humberlea Sewer	
- 19-163 Lloyd Wilson Centennial Arena Soil Remediation	
- 19-164 Supplementary Funding Enhanced Roads	
- 19-165 Fire Station 302 Signage	
- 19-166 Rehabilitation Town Roads	
# of Projects Closed in 2019, as recommended in this report	-41
<b>Balance of Current Active Projects</b>	<b>283</b>

In accordance with By-law 96-97, staff are recommending closing of 41 projects as identified in Schedule A: 2019 Capital Status Update Report and surplus funds of \$308,045.87 to be returned to the original funding sources as listed below.

<b><u>Funding Source</u></b>	<b><u>Amount of Transfer to/(from) Reserve</u></b>
Tax Funded Capital Contingency Reserve Fund	\$220,975.72
Reserve and Reserve Funds:	
DC Parkland	\$2,309.41
DC Roads	\$444.58
Fleet Equipment Reserve	\$37,830.61
Fire Equipment Reserve	\$23,833.12
Bridge Replacement Reserve	\$21,533.27
Corporate Energy Reserve	\$6,579.61
Animal Shelter Contingency Reserve	\$32.86
Surplus Land Sales	(\$10,990.52)
Mayfield West C.A.M.P. Reserve	\$5,497.21
Reserve and Reserve Funds	\$87,070.15
<b>Total</b>	<b>\$308,045.87</b>

**Surpluses & Deficits**

The 41 projects to be closed are shown in Schedule A with the surplus or deficit balance of the individual project as at August 31, 2019. 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, except for capital project 14-114 Bolton Fire Station – Land which has a deficit of \$10,990.52 due to non-refundable HST being incurred on the land exchange with TRCA. The current, unaudited and uncommitted Surplus Land Sales Reserve Fund balance is \$2,220,909.45 with the transfer of the deficit of \$10,990.52 the Surplus Land Sales Reserve Fund balance will be \$2,209,918.93 (= \$2,220,909.45 - \$10,990.52).

The current unaudited and uncommitted Tax Funded Capital Contingency Reserve Fund balance is \$6,413,403.62 with the staff recommendations as per Staff Report 2019-0121 the Tax Funded Capital Contingency Reserve Fund balance will be \$6,584,379.34 as outlined below:

	<b><u>Transfer to/(from)</u></b>
<b><u>Tax Funded Capital Contingency Reserve</u></b>	<b><u>Reserve</u></b>
Beginning Reserve balance	\$6,413,403.62
Schedule A - 41 Capital Projects	\$220,975.72
19-163 Lloyd Wilson Centennial Arena Soil	
Remediation	-\$50,000.00
Ending Reserve balance	\$6,584,379.34

**COUNCIL WORK PLAN**

Subject matter is not relevant to the Council Workplan.

**ATTACHMENTS**

Schedule A: 2019 Capital Status Update Report

Schedule B: 2019 Technical Adjustment Summary