



Report to: General Committee

Meeting Date: December 3, 2024

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**SUBJECT:** Status of Capital Projects as of September 30, 2024  
**PREPARED BY:** Jemima Lee – Manager, Capital Budgets (Ext. 2963)  
Germaine DSilva – Senior Financial Analyst (Ext. 2964)

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**RECOMMENDATION:**

- 1) That the report dated December 3, 2024, titled “Status of Capital Projects as of September 30, 2024” be received; and,
- 2) That the Projects completed with surplus funds over \$100,000 or with over 50% of Budget remaining, as identified in Appendix 2a, be recommended for closure, and funds associated with these projects in the amount of \$5,744,765 be transferred to the original sources of funding as identified in Appendix 2a; and
- 3) That the Projects Completed without surplus funds or with surplus funds under \$100,000 or with less than 50% of Budget remaining, as identified on Appendix 2b, be recommended for closure, and funds associated with these projects in the amount of \$1,336,725 be transferred to the original sources of funding as identified in Appendix 2b; and
- 4) That the Non-Development Charge Capital Contingency Project be topped up from the Life Cycle Replacement and Capital Reserve Fund by \$2,104,150 to the approved amount of \$250,000; and,
- 5) That the Design Capital Contingency Project be topped up from the Development Charges – Parks Development Reserve by \$118,124 to the approved amount of \$100,000; and,
- 6) That the Waterworks Capital Contingency Project be topped up from the Waterworks Stabilization/Capital Reserve by \$112,004 to the approved amount of \$100,000; and,
- 7) That the Staff approved draws from Other Reserves as part of the Capital Contingency process in the amount of \$1,136,863 be received; and,
- 8) That the following new capital projects, initiated subsequent to the approval of the 2024 capital budget as per the Capital Budget Control Policy, be received:
  - Project 24312 – 2025 Air Cylinders Replacement – Budget of \$76,600 to be funded from the Life Cycle Replacement and Capital Reserve.
  - Project 24321 - Cornell C.C Parking Garage Remote Monitoring and Maintenance - Budget of \$46,762.79 to be funded from the Non-DC Capital Contingency.
- 9) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

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**EXECUTIVE SUMMARY:**

Capital projects are an integral part of the City's operations to ensure City assets are maintained in good condition by performing timely and appropriate capital repairs, rehabilitation, replacements, and preventive maintenance. Capital projects play an important role in meeting the goals and objectives of the City's Strategic Plan.

On a semi-annual basis, Finance consolidates information received from Departments and reports to Council through the Status of Capital Projects report, providing an update on projects and how they are progressing. During the year, the Treasurer may initiate a new capital project to address an emergency situation or unanticipated need, which is then reported to Council for approval as part of the Status of Capital Report.

This Status of Capital Projects report, as of September 30, 2024, is compiled based on a comprehensive analysis of all open capital projects and is organized into the following categories:

Section I: Projects Completed with Surplus Funds over \$100,000 or with more than 50% of Budget Remaining

Appendix 2a provides details of these projects. 14 capital projects have been completed and are recommended for closure, with return of surplus funds in the amount of \$5,744,765.

Section II: Projects Completed without Surplus Funds or with Surplus Funds less than \$100,000 or with less than 50% of Budget Remaining

Appendix 2b provides details of these projects. 97 capital projects have been completed and are recommended for closure, with return of surplus funds in the amount of \$1,336,725.

Section III: Draws from Capital Contingencies

At the conclusion of the procurement process and at the time of contract award, unanticipated costs, emergency purchases or approved scope changes may prompt the need for additional funding. Such top-ups are made per the Capital Budget Control Policy and drawn from contingency funds, which in turn are replenished through the Status of Capital reports submitted to Council. Appendices 3a-f detail the projects and rationale for the draws from the capital contingency projects. The rationale for project funding changes are vetted through and processed in compliance with City policies, including the Expenditure Control Policy.

- Non-DC Capital Contingency: Top-up of \$2,104,150 is required from the Life Cycle Replacement & Capital Reserve Fund.
- Design DC Capital Contingency: Top-up of \$118,124 is required from the Parks Development DC Reserve.
- Waterworks Capital Contingency: Top-up of \$112,004 is required from the Waterworks Stabilization/Capital Reserve.

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- Draws from Other Reserves: Since the last report, the Treasurer and/or CAO have approved draws totaling \$1,136,863 from Other Reserves Contingencies, as per the Capital Budget Control Policy.

#### Section IV: Status of Open Projects

This section identifies that there are 723 open capital projects with a budget of \$935.3M (\$732.7M committed, \$202.6M uncommitted).

#### **PURPOSE:**

The purpose of this report is to provide an update on the status of capital projects as of September 30, 2024, and advise Council of the net transfer of funds to reserves.

#### **OPTIONS/ DISCUSSION:**

To promote timely closure of projects and the return of surplus funds, Staff conducted a status review of all open capital projects as of September 30, 2024.

A detailed list of projects to be closed and the funding amounts to be transferred are included in the following exhibits:

- Appendix 1 - Summary of surplus funds from projects recommended for closure and replenishment of contingency accounts
- Appendix 2a - Projects completed and recommended to be closed, with surplus funds over \$100,000 or with more than 50% of budget remaining
- Appendix 2b - Projects completed and recommended to be closed, without surplus funds or with surplus funds less than \$100,000 or with less than 50% of budget remaining
- Appendices 3a-f - Draws from capital contingencies

#### **SECTION I: PROJECTS COMPLETED WITH SURPLUS FUNDS OVER \$100,000 OR WITH MORE THAN 50% OF BUDGET REMAINING**

**Appendix 2a** provides details of the 14 capital projects completed with return of surplus funds of over \$100,000 or with more than 50% of the approved budget remaining. Surplus funds in the amount of \$5,744,765 will be returned to the applicable funding sources noted in the appendix. Reasons for project budget/funding favourability include:

- Scope of work was reduced upon completion of more detailed condition assessment
- Competitive procurement process resulted in lower-than-estimated budget requirements
- Upon further project planning, provisional items were deemed not to be required
- Efficiency achieved by combining certain project elements with other initiatives
- Grant funding became available to offset City costs
- Project was closed and not or only partially initiated

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**SECTION II: PROJECTS COMPLETED WITHOUT SURPLUS FUNDS OR WITH SURPLUS FUNDS LESS THAN \$100,000 OR WITH LESS THAN 50% OF BUDGET REMAINING**

97 capital projects were completed with budgets fully spent or with surplus funds less than \$100,000 or with less than 50% of the approved budget remaining. Refer to **Appendix 2b** for details on projects recommended for closure under this section.

**Return of Funds to the Life Cycle Replacement & Capital Reserve Fund**

In addition to projects noted in Sections I and II, surplus funding from contract awards greater than \$25,000 are returned to the original funding source(s) at time of award. Since the last Status of Capital Projects report tabled at General Committee in March 2024, \$987,051 has been returned to the Life Cycle Replacement & Capital Reserve Fund from such contract awards.

**SECTION III. DRAWS FROM CAPITAL CONTINGENCIES**

In accordance with the Capital Budget Control Policy, the capital contingency projects are topped up to the maximum approved funding amount through the semi-annual Status of Capital Projects Report to Council. Refer to **Appendices 3a-f** for a list of projects and further details on draws from contingency funds.

**Non-DC Capital Contingency (refer to Appendix 3a)**

The Non-DC Capital Contingency Project was approved to a maximum of \$250,000. Currently, the project has a negative balance of \$1,854,150. Therefore, a top-up of \$2,104,150 is required from the Life Cycle Replacement & Capital Reserve Fund, related to 38 projects.

Of the \$2,104,150 drawn from the Non-DC Capital Contingency Project:

- \$740,470 (35%) related to emergencies or unforeseen repair/replacements
- \$605,708 (29%) related to a combination of pricing and scope changes requiring additional consulting or work
- \$599,498 (28%) related to pricing
- \$158,474 (8%) related to scope changes requiring additional consulting or work

**Engineering DC Capital Contingency (refer to Appendix 3b)**

The Engineering DC Capital Contingency Project was approved to a maximum of \$100,000. It is currently at the maximum balance (no draws have been made since the last report) and as such, no top up is required at this time.

**Planning DC Capital Contingency (refer to Appendix 3c)**

The Planning DC Capital Contingency Project was approved to a maximum of \$50,000. It is currently at the maximum balance (no draws have been made since the last report) and as such, no top up is required at this time.

**Design DC Capital Contingency (refer to Appendix 3d)**

The Design DC Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a negative balance of \$18,124 thereby requiring a top-up of \$118,124 from the Parks Development DC Reserve, related to one project.

**Waterworks Capital Contingency (refer to Appendix 3e)**

The Waterworks Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a negative balance of \$12,004 thereby requiring a top-up of \$112,004 from the Parks Development DC Reserve, related to two projects.

**Draws from Other Reserves (refer to Appendix 3f)**

Since the last report, one draw totaling \$1,136,863 from Other Reserves was made to complete project funding.

**SECTION IV: STATUS OF OPEN PROJECTS**

The term “open” refers to approved projects that have not started or are at various stages of project completion. The term “in warranty” refers to projects that are substantially complete but kept open for a specified period of time to allow for the identification of any potential deficiencies requiring repair.

After the closure of 111 projects, there are 723 open capital projects consisting of 655 active projects and 68 projects in warranty, with a total budget of \$935.3M, as of September 30, 2024. In comparison, the September 2023 status update reported 700 open projects with a total budget of \$895.8M.

Of the 723 open capital projects as of September 30, 2024, 77% of the projects were approved in 2022, 2023 and 2024. (Refer to Table A).

**TABLE A**

<b>Project approval year</b>	<b># of open projects</b>	<b>% of open projects</b>	<b>Unencumbered \$ in M</b>
2024	293	41%	\$102.5
2023	173	24%	\$49.7
2022	87	12%	\$27.6
2021	34	5%	\$9.5
2020 and prior	68	9%	\$10.6
<b>Total Active</b>	<b>655</b>	<b>91%</b>	<b>\$199.9</b>
Warranty	68	9%	\$2.7
<b>Total Open</b>	<b>723</b>	<b>100%</b>	<b>\$202.6</b>

**Table B** summarizes the status of open capital projects broken down by Encumbered/Committed and Unencumbered/Uncommitted funds:

**TABLE B**

(in millions)	<b>Q3 2024</b>		<b>Q3 2023</b>	
Encumbered/Committed	\$ 732.7	78%	\$ 585.6	65%
Unencumbered/Uncommitted	\$ 202.6	22%	\$ 314.4	35%
<b>Total Open Capital</b>	<b>\$ 935.3</b>		<b>\$ 900.0</b>	

**Unencumbered/Uncommitted**

The terms “unencumbered/uncommitted” refers to budgeted funds that have not yet been spent nor committed.

Major projects, defined as multi-year, one-time projects, account for \$129.2M (64% of \$202.6M) of the total unencumbered amount and include:

- Road Design and Construction, including Hwy 404 Midblock Crossing North of 16<sup>th</sup> Avenue, Hwy 404 Collector Road Design, and other Hwy 404 related improvements
- Parks and Trails Construction, including Markham Centre Parks and Trails
- Intersection, Streetlights and Illumination Design and Construction
- Secondary Plan and Engineering studies
- Victoria Square Boulevard Phase 1 Construction
- Stormwater Management, Sanitary Sewer System Projects and Downstream Improvements
- City-wide facility improvements
- Energy projects, including Near Net-Zero Retro-fit pilots at City facilities
- Corporate Wide ITS Initiatives
- Mount Joy Artificial Turf and Grade Beam Replacement
- Main Street Unionville Reconstruction
- Corporate Fleet Replacements

**Encumbered/Committed**

The terms “encumbered/committed” refers to budgeted funds that have been spent or committed to a purchase/purchase order.

The total 2024 encumbered amount of \$732.7M includes expenditures of \$577.9M (79%) and commitments of \$154.8M (21%). Expenditures refer to payments issued for goods/services received and commitments refer to purchase orders on file with the Procurement Division.

**FINANCIAL CONSIDERATIONS**

The net amount of \$3,610,349, as summarized in **Appendix 1**, will be transferred to Reserves and Reserve Funds after the recommended capital projects closures, return of surplus funds from open projects, top-ups of capital contingency projects and funding for existing projects. The returned funds help ensure availability of funding for planned future capital projects.

For closed projects included in this report, return of funds totaling \$7,081,490 represents 6.7 percent of the total budget of projects identified for closure. This is consistent with returned amounts reported in past Status of Capital reports. Return of funds as a result of project closures fluctuate due to a number of factors, including type of projects (e.g., more complex projects may result in greater budget variance). Over the past four years, reported returns have fluctuated anywhere between approximately 3 percent of the total project budget to 15 percent of the total project budget.

**HUMAN RESOURCES CONSIDERATIONS**

Not applicable

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable

**BUSINESS UNITS CONSULTED AND AFFECTED:**

All business units managing capital projects have been consulted in the development of this report.

**RECOMMENDED BY:**

Joseph Silva  
Treasurer

Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

- Appendix 1 - Summary of surplus funds from projects recommended for closure and replenishment of contingency accounts
- Appendix 2a - Projects completed with surplus funds over \$100,000 or with more than 50% of budget remaining
- Appendix 2b - Projects completed without surplus funds or with surplus funds under \$100,000 or with less than 50% of budget remaining
- Appendix 3a - Draws from Capital Contingencies – Non-DC Capital Contingency
- Appendix 3b - Draws from Capital Contingencies – Engineering Capital Contingency
- Appendix 3c - Draws from Capital Contingencies – Planning Capital Contingency
- Appendix 3d - Draws from Capital Contingencies – Design Capital Contingency
- Appendix 3e - Draws from Capital Contingencies – Waterworks Capital Contingency
- Appendix 3f - Draws from Capital Contingencies – Contingency from Other Reserves