



Report to: General Committee

Date Report Authored: November 12, 2015

SUBJECT: Status of Capital Projects as of September 30, 2015
PREPARED BY: Andrea Tang – Manager, Financial Planning (Ext. 2433)
Jemima Lee – Senior Financial Analyst (Ext. 2963)

RECOMMENDATION:

- 1) THAT the report dated November 12, 2015 entitled “Status of Capital Projects as of September 30, 2015” be received; and
- 2) THAT the amount of \$5,504,458 from the closure of capital projects be transferred to the sources of funding as listed on Exhibit A; and
- 3) THAT the closure of projects as outlined in Exhibit B and C be approved; and
- 4) THAT the Non-Development Charge Capital Contingency Project be topped up from the Life-Cycle Replacement and Capital Reserve Fund by \$304,711 to the approved amount of \$250,000; and
- 5) THAT the Engineering Capital Contingency Project be topped up, from the City-Wide Hard Development Charges Reserve, by \$86,631 to the approved amount of \$100,000; and
- 6) THAT the Design Capital Contingency Project be topped up, from the Development Charges Reserve, by \$63,318 to the approved amount of \$100,000; and
- 7) THAT the Waterworks Capital Contingency Project be topped up, from the Waterworks Stabilization/Capital Reserve, by \$19,144 to the approved amount of \$100,000; and
- 8) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide a status update of capital projects as of September 30, 2015, and obtain Council approval for the transfer of funds to and from Reserves and Reserve Funds.

DISCUSSION/OPTIONS:**CAPITAL PROJECTS TO BE CLOSED**

In an effort 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, 2015. As a result, 133 projects are identified for closure, with a total budget remaining of \$5,504,458 to be returned to the original sources of funding.

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

Exhibit A – Summary of funding from closed capital projects to be returned to original funding sources as of September 30, 2015

Exhibit B – Details of capital projects to be closed with funding to be returned to original funding sources as of September 30, 2015

Exhibit C – Summary of capital projects to be closed that are fully expended as of September 30, 2015

Details within Exhibit A include the following:

Life-Cycle Replacement & Capital Reserve Fund

The closure of capital projects identifies funds in the amount of \$853,587 to be returned to the Life-Cycle Replacement & Capital Reserve Fund.

There are four (4) projects listed in Exhibit B with surplus funds of more than \$500,000 or 50% of the approved budget that will be returned to the Life-Cycle Replacement & Capital Reserve Fund. Details are outlined below.

a) Financial Services

Project 13861 – DC Soft Services Appeal – Budget of \$341,852 with remaining funds of \$248,694 (73% of project budget). \$108,153 of remaining will be returned to the Life-Cycle Replacement & Capital Reserve Fund while \$140,542 will be returned to DC Reserves. The actual incurred was less than budgeted.

b) Operations – Roads

Project 14185 – Don Mills Storm Channel – Budget of \$18,700 with remaining funds of \$9,628 (51% of project budget). Less debris clean up from the channel resulted in a lower price than what was originally estimated for the project.

c) Recreation

Project 15192 – Unionville Train Station Painting – Budget of \$25,500 with remaining funds of \$12,984 (51% of project budget). The actual incurred was less than budgeted.

Thornill CC & Library Recreation

Project 12425 – Thornhill Community Centre & Library Renovation Potential Deficiencies – Budget of \$80,000 with remaining funds of \$49,608 (62% of project budget). Funds were set aside to cover deficiencies after the renovation work at the Thornhill Community Centre which were not required

Development Charges (DC) Reserves

Funds in the amount of \$2,577,949 will be returned to the DC Reserves from the closure of capital projects.

There are seven (7) projects listed in Exhibit B with surplus funds of more than \$500,000 or 50% of the approved budget that will be returned to original sources and represent approximately 72% of the total funds to be returned to the DC Reserves, details of which are outlined below. Unspent funds from these projects represent approximately 45% of the total funds to be returned to this funding source.

a) Design

Project 12371 – Milne Dam Conservation Area Master Plan – Budget of \$25,000 with remaining funds of \$25,000 (100% of project budget): This project was contingent on the Milne Dam Conservation Area being considered as part of the Rouge National Urban Park under the City's request to the Federal Government. Project was not started due to delay in Rouge Park Implementation Review. Project will be requested as part of a future budget process.

b) Engineering

Project 14037 – Hwy 404 – Midblock Crossing – Buttonville Airport - EA – Budget of \$203,100 with remaining funds of \$203,100 (100% of project budget). The environmental assessment is being deferred pending finalization of the Ontario Municipal Board hearing and infrastructure requirements. Project will be requested as part of a future budget process.

Project 15038 – Allstate Parkway Extension Highway 7 to 16th Ave (EA) – Budget of \$247,900 with remaining funds of \$247,900 (100% of project budget). The environmental assessment is being deferred pending finalization of the Ontario Municipal Board hearing and infrastructure requirements. Project will be requested as part of a future budget process.

Project 15054 – Markham Centre – 3 Bridges over GO Line (EA) – Budget of \$725,600 with remaining funds of \$725,600 (100% of project budget). The environmental assessment is being deferred pending completion of the Mobility Hub study and Secondary Plan update. Project will be requested as part of a future budget process.

Project 10550 – SWM Ponds Thermal Cooling - Wismer Commons/Aitken – Budget of \$241,000 with remaining funds of \$183,778 (76% of project budget). The project is currently deferred until further discussions take place with the Region of York.

c) Financial Services

Project 13861 – DC Soft Services Appeal – Budget of \$341,852 with remaining funds of \$248,694 (73% of project budget). \$140,542 will be returned to DC Reserves while \$108,153 of remaining will be returned to the Life-Cycle Replacement & Capital Reserve Fund. The actual incurred was less than budgeted

d) Planning

Project 14010 – Urban Growth Centre Planning & Approvals – Budget of \$240,000 with remaining funds of \$240,000 (100% of project budget). The work was done in-house, and did not require funding from this project.

Waterworks Stabilization/Capital Reserve

Funds in the amount of \$1,006,867 will be returned to the Waterworks Stabilization/Capital Reserve resulting from the closure of capital projects.

There are two (2) projects listed in Exhibit B with surplus funds of more than \$500,000 or 50% of the approved budget that will be returned to the Waterworks Stabilization/Capital Reserve and represent approximately 96% of the total funds to be returned to this funding source, details of which are outlined below.

a) ITS

Project 12104 – DARTS Phase 2 of 2 (Waterworks) – Budget of \$152,600 with remaining funds of \$96,276 (63% of project budget). Project entailed consolidating data collected in Phase 1 into an Enterprise Asset Management Application which has not been approved for implementation to date.

b) Waterworks

Project 14315 – Sanitary Trunk Sewer and Manhole Inspection – Budget of \$156,700 with remaining funds of \$112,781 (72% of project budget). The actual incurred was less than budgeted.

Other Reserves and Reserve Funds

Funds in the amount of \$1,066,055 will be returned to other Reserves and Reserve Funds resulting from the closure of capital projects.

a) Corporate Wide Initiatives

Project 13878 Surplus School Site – Greensborough South Elementary School Site – Budget of \$2,600,000 with remaining funds of \$849,681 (33% of project budget). Project was initially budgeted to purchase 5.4 acres of land, and later revised to 3.8 acres of land.

CAPITAL CONTINGENCY PROJECTS

In accordance with the Capital Budget Control Policy, the five (5) Capital Contingency Projects are topped up to the maximum approved funding amount through the semi-annual Status of Capital Projects report to Council.

1. Non-DC Capital Contingency

The Non-DC Capital Contingency Project was approved to a maximum of \$250,000. Currently, the account has a negative balance of (\$54,711). Therefore a top up of \$304,711 is required from the Life-Cycle Replacement & Capital Reserve Fund.

The use of the contingency account was necessitated by various projects as follows:

- LED Street Lighting Task Force - \$82,833 – Increase in project scope to include consultant review;
- Angus Glen CC Emergency Repair - \$42,560 – Fund emergency HVAC installation repair;
- Cat Adoption and Education Centre - \$35,150 – Per Council report “Animal Storefront (Cat Adoption and Education Centre)” dated Jun 23, 2015, a Centre was established and shortfall identified in the amount of \$35,150 to be funded from Non-DC Contingency;
- 98-85 Steelecase Avenue Slope Failure on Don Mills Channel - \$24,972 – Unbudgeted erosion of site required emergency repair.
- Culverts Rehabilitation (9 Structures) - Design & Construction - \$12,929 – The contract of award was higher than budgeted.

The remaining draws totaling \$106,267 were each under \$10,000.

It is the City’s practice to return all surplus funds to the original funding source at time of contract of award. Since the last report on Status of Capital Project tabled at General

Committee in June, \$1,552,427.18 has been returned to the Life-Cycle Replacement & Capital Reserve Fund from surplus funds from awards of contracts.

2. Engineering DC Capital Contingency

The Engineering DC Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$13,369 therefore requiring a top up of \$86,631 from the City-Wide Hard DC Reserve.

3. Design DC Capital Contingency

The Design DC Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$36,682 therefore requiring a top up of \$63,318 from the Design DC Reserve.

4. Planning DC Capital Contingency

The Planning DC Capital Contingency Project was approved to a maximum of \$50,000. It is currently at the maximum balance and as such, no top up is required at this time.

5. Waterworks Capital Contingency

The Waterworks Capital Contingency Project was approved to a maximum of \$100,000. The project currently has a balance of \$80,856 therefore requiring a top up of \$19,144 from the Waterworks Stabilization/Capital Reserve.

STATUS OF OPEN CAPITAL PROJECTS

After the closure of 133 projects, there are 562 open capital projects/project groups with a total budget of \$561.5M as of September 30, 2015. (The term “open” refers to projects which have been approved but have not started or are at various stages of completion.)

The following table summarizes the status of open capital:

Encumbered/Committed	\$420.9M	75%
Unencumbered/Uncommitted	<u>\$140.6M</u>	25%
Total Open Capital	\$561.5M	

Encumbered/Committed

The total encumbered amount of \$420.9M includes expenditures of \$339.1M and commitments of \$81.8M. (Expenditures refer to payments issued for goods/services received and commitments refer to purchase orders on file with the Purchasing Department.)

Unencumbered/Uncommitted

Of the unencumbered/uncommitted amount of \$140.6M, approximately 50% were approved in 2015 while 40% were approved between 2012 to 2014.

Major projects, defined as a multi-year one-time project, account for \$122.8M (87.4%) of the total unencumbered amount, include: Pan Am Facility, Southeast Markham Community Centre, Rodick Road Reconstruction, Rodick Extension – Phase 2 of 3 – Miller Phase II – Miller to 14th, Hwy. 7 Streetscape (Verclaire to Sciberras), Hwy 404 Mid-Block Crossing, North of Hwy 7, Wismer Community Park and Maintenance Building Construction, Kirkham Drive Park Phase 2 Construction, and Official Plan & Secondary Plan Engineering Studies.

Compliant non-major projects for the remaining \$17.8M (12.7%) of the total unencumbered amount.

Staff will continue to monitor the status of all capital projects to promote the timely closure and return of surplus funds, and will report to Council in May 2016.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

The net amount of \$5,030,654 as summarized in the following table will be transferred to Reserves and Reserve Funds as a result of closing capital projects and top up of capital contingency projects.

	Return to Reserves / Reserve Funds from Closed Projects (A)	Top up Contingency Projects from Reserves / Reserve Funds (B)	Net Change to Reserves / Reserve Funds (C)=(A)+(B)
Life-Cycle Replacement & Capital Reserve	\$853,587	(\$304,711)	\$548,876
Development Charge Reserves	\$2,577,949	(\$149,949)	\$2,428,000
Waterworks Stabilization/Capital Reserve	\$1,006,867	(\$19,144)	\$987,723
Other Reserves & Reserve Funds	\$1,066,055	-	\$1,066,055
Net Change to Reserves & Reserve Funds	\$5,504,458	(\$473,804)	\$5,030,654

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 the capital status update.

RECOMMENDED BY:

17/11/2015

X 

Joel Lustig
Treasurer

17/11/2015

X 

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

[Exhibit A – Summary of funding from closed capital projects to be returned to original funding sources as of September 30, 2015](#)

[Exhibit B – Details of capital projects to be closed with funding to be returned to original funding sources as of September 30, 2015](#)

[Exhibit C – Summary of capital projects to be closed that are fully expended as of September 30, 2015](#)