



Staff Report for Budget Committee of the Whole Meeting

Date of Meeting: January 22, 2019

Report Number: SRCFS.19.001

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.19.001 - 2018 Capital Project Financial Status Report**

Purpose:

In accordance with Financial Control By-law #114-16, the purpose of this report is to provide an overview of the status of existing capital projects, to propose budget and funding adjustments, and to recommend closure of capital projects that have been completed for the purpose of allocating surplus funds back to source.

Recommendation(s):

- a) That all capital projects listed in Appendix "A";
 - i. Be closed;
 - ii. Projects with unexpended funds be returned to source(s) as identified; and
 - iii. Projects with overspent funds be funded as identified.
- b) That Budget and Funding Adjustments, as noted in Appendix "B", be approved; and
- c) That the Status of Capital Projects List in Appendix "E" be received.

Contact Person:

Diana Selicean, Capital and Reserves Management Advisor, Extension 6427

Gigi Li, Manager of Capital and Development Financing, Extension 6435\

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, Chief Administrative Officer

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), Town Solicitor (as required), Commissioner, and Chief Administrative Officer. Details of the reports approval are attached.

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Background:

The Capital Project Financial Status Report is prepared in consultation with staff responsible for managing departmental capital projects. This report provides a status update of all existing capital projects, as well as recommendations for budget adjustments, consolidations, and project closures with any unspent funds being returned to their original funding sources.

It is normal business that the life of a capital project may span over a number of years. Due to the on-going and/or grant funding nature of some capital initiatives, some projects may remain open for a longer period of time. Following the adjustments recommended in this report, the table below summarizes the total number of projects and outstanding commitments as of December 31, 2018:

Period	Number of Projects	Unspent Commitments (millions)
2014 and Prior	43	4.28
2015	36	11.96
2016	73	56.00
2017	93	36.72
2018	144	44.37
Total:	389	\$153.33

There are five appendices to this report, which provide an overview, status and recommended adjustments of all capital projects. These appendices are:

- **Appendix ‘A’, Capital Projects to be Closed** - lists 138 capital projects that staff have reviewed and recommend for closure as of December 31, 2018. The net unspent funds of approximately \$5.1 million will be returned to their original funding sources with any shortfalls also funded from the original funding sources.
- **Appendix “B”, Budget and Funding Adjustments** - lists 65 capital project accounts that require budget and funding adjustments, 17 capital project accounts to be consolidated into existing or new accounts by closing the related accounts, as well as establishing 1 new project account.
- **Appendix “C”, Impact on Reserves & Reserve Funds** - provides a summary of funding returned to or withdrawn from the specific Reserves and Reserve Funds.
- **Appendix “D”, Summary of Capital Closures and Budget Adjustments** - summarizes the results arising from the various project closures and budget/funding adjustments as outlined in Appendix “A” and “B” by Departments and Divisions.
- **Appendix “E”, Status of Capital Projects by Department** - outlines all remaining active projects as of December 31, 2018, and their respective status

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Financial/Staffing/Other Implications:

Before any adjustments, the Town has 543 open capital projects with total funding received of \$396.8 million of which, as of December 31, 2018, there is \$166.1 million unspent. Staff are recommending the closure of 138 capital projects, consolidation of 17 capital projects with similar scope, budget adjustments of 65 capital projects and 1 new capital project account to be established.

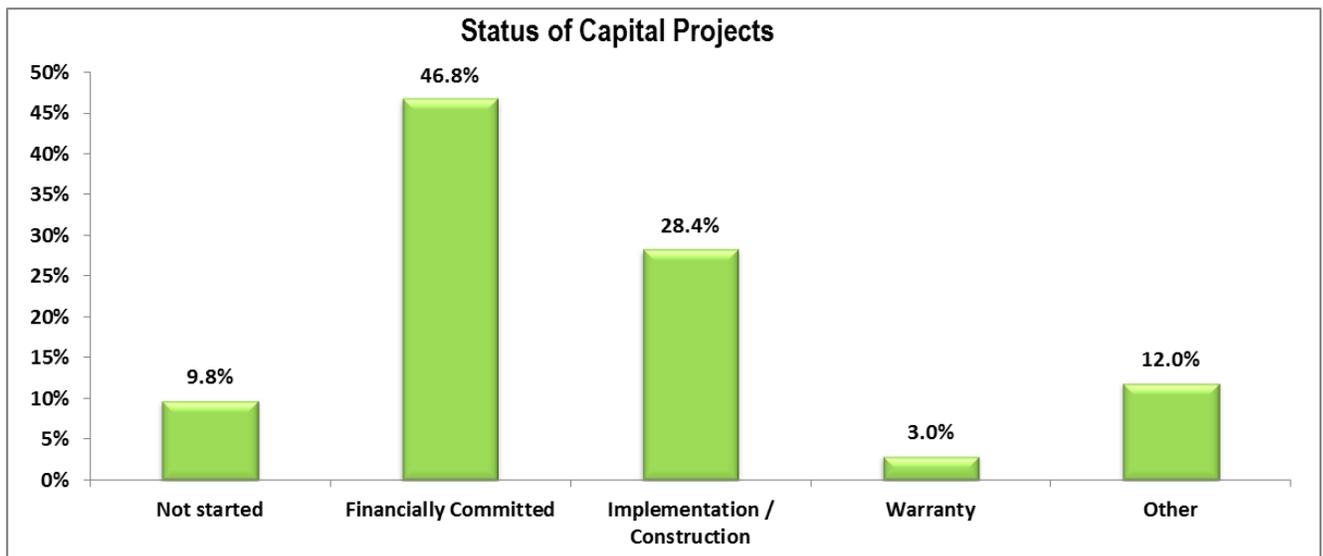
The closure of these projects as identified in Appendix “A” and the adjustments recommended in Appendix “B”, will yield a net surplus of \$12.8 million that will be returned to their original sources of funding.

The impact of Capital Closures and Budget adjustments on the Reserves & Reserve Funds is outlined in Appendix “C”.

After these projects have been closed and budget and/or funding adjustments completed as listed on Appendix “A” and “B”, there will be a total of 389 open capital projects with a combined budget of \$326.0 million of which \$153.3 million is unspent. See details in Appendix “E”.

I. Status of Capital Projects

Capital projects have been reviewed by staff to assess their progress in one of the five established categories: Not Started, Financially Committed, Implementation/Construction, Warranty and Other. After all budget adjustments and closures are completed, there will be \$71.8 million of capital projects in the Financially Committed Phase, \$43.5 million in the Implementation/Construction Phase, \$4.6 million in the Warranty period, \$18.4 million in Other (mostly projects led by the Region of York) and \$15.0 million relates to projects in the Not Started category. The below graph illustrates the status of capital projects as of December 31, 2018, after all budget adjustments and closures are completed.



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II. Capital Projects to be Closed

As identified in Appendix “A”, staff have reviewed and recommend closure of 138 capital projects. The net unspent funds of \$5.1 million will be returned back to their original funding sources with any shortfalls also funded from the original funding sources.

III. Project Funding and Budget Adjustment

Appendix “B” lists a total of 65 capital projects that are recommended to be consolidated or require various funding or budget adjustments. The consolidation of 34 projects, budget and funding adjustments for 30 projects as well as establishment of 1 new project account result in \$7.7 million net funds to be returned to source.

Amongst the funding adjustments there is a total of \$176,422 in recoveries from third parties that will increase the corresponding capital projects’ budget and a total of \$299,895 from sale of assets, various grants and local improvements that are returned to the original funding sources of the corresponding projects. An additional \$915,908 funding adjustment is done to account for operating resources allocation for projects funded from Development Charges (mostly related to parks and recreational facilities) for 2017 and 2018.

Appendix “E” provides details of each ongoing capital project.

Relationship to the Strategic Plan:

Presentation of the Capital Project Status Report demonstrates responsible municipal management in which the following objectives are being met:

Stronger connections in Richmond Hill to improve access to local information and services; and wise management of resources in Richmond Hill to serve as a role model for municipal management.

Conclusion:

This report identifies capital projects to be closed, consolidated, or adjusted, and will return a net total of \$12.8 million to original sources of funding.

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Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call contact person listed in this document.

- Appendix A: Completed Capital Projects to be closed
- Appendix B: Budget and Funding Adjustments
- Appendix C: Impact on Reserves and Reserve Funds
- Appendix D: Summary of Capital Closures and Budget Adjustments
- Appendix E: Status of Capital Projects by Departments

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Report Approval Details

Document Title:	19.001 2018 Capital Project Financial Status Report.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.19.001 Appendix A - Completed Capital Projects to be Closed.pdf- SRCFS.19.001 Appendix B - Budget and Funding Adjustments.pdf- SRCFS.19.001 Appendix C - Impact on Reserves and Reserve Funds.pdf- SRCFS.19.001 Appendix D - Summary of Capital Closures and Budget Adjustments.pdf- SRCFS.19.001 Appendix E - Status of Capital Projects by Departments.pdf
Final Approval Date:	Jan 14, 2019

This report and all of its attachments were approved and signed as outlined below:

David Dexter - Jan 14, 2019 - 12:24 PM

MaryAnne Dempster - Jan 14, 2019 - 2:50 PM

Neil Garbe - Jan 14, 2019 - 3:10 PM