



## **Staff Report for Budget Committee of the Whole Meeting**

**Date of Meeting:** January 26, 2021

**Report Number:** SRCFS.21.002

**Department:** Corporate and Financial Services

**Division:** Financial Services

**Subject:** **SRCFS.21.002 – Capital Project Financial Status Report**

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### **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, Financial Management Advisor Capital and Reserve Funds, Ext 6427

Gigi Li, Manager of Fiscal Planning and Strategy, Ext 6435

### **Report Approval:**

**Submitted by:** Sherry Adams, Commissioner of Corporate and Financial Services

**Approved by:** Mary-Anne Dempster, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner and City Manager. 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. For the purpose of this report the capital projects amount spent is as at November 30, 2020.

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 or timing constraints for projects done in conjunction with the Region, 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 November 30, 2020:

Period	Number of Projects	Unspent Commitments (millions)
2016 and Prior	70	\$18.51
2017	48	40.71
2018	67	15.48
2019	113	27.48
2020	93	31.29
<b>Total:</b>	<b>391</b>	<b>\$133.46</b>

Some significant unspent commitments date to projects from 2016 and prior. As noted, some of the projects may remain open for an extended time period, due to various factors outlined above. Some of the major projects that remain open from 2016 and prior include:

- Highway 404 Flyover – Unspent commitment of \$1,970,733
- Ed Sackfield Arena – Unspent commitment of \$3,117,760
- Viva Next YRT Yonge Street – Unspent commitment of \$1,600,017

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 114 capital projects that staff have reviewed and recommend for closure as of December 31, 2020. The net unspent funds of approximately \$3.39 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 13 capital project accounts that require budget and funding adjustments and 12 capital project

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accounts to be consolidated into existing or new accounts by closing the related accounts. The net unspent funds of approximately \$0.44 million will be returned to their original funding sources and the \$0.67 million shortfalls also funded from the original funding sources.

- **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, 2020, and their respective status

### **Financial/Staffing/Other Implications:**

Before any adjustments, the City has 505 open capital projects with total funding received of \$358.8 million of which, as of November 30, 2020, there is \$136.6 million unspent. Staff are recommending the closure of 114 capital projects, consolidation of 12 capital projects with similar scope and budget adjustments of 13 capital projects.

The closure of these projects as identified in Appendix “A” and the adjustments recommended in Appendix “B”, will yield a net surplus of \$3.2 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 391 open capital projects with a combined funding received of \$296.3 million of which \$133.5 million is unspent. See details in Appendix “E”.

#### **I. Status of Capital Projects**

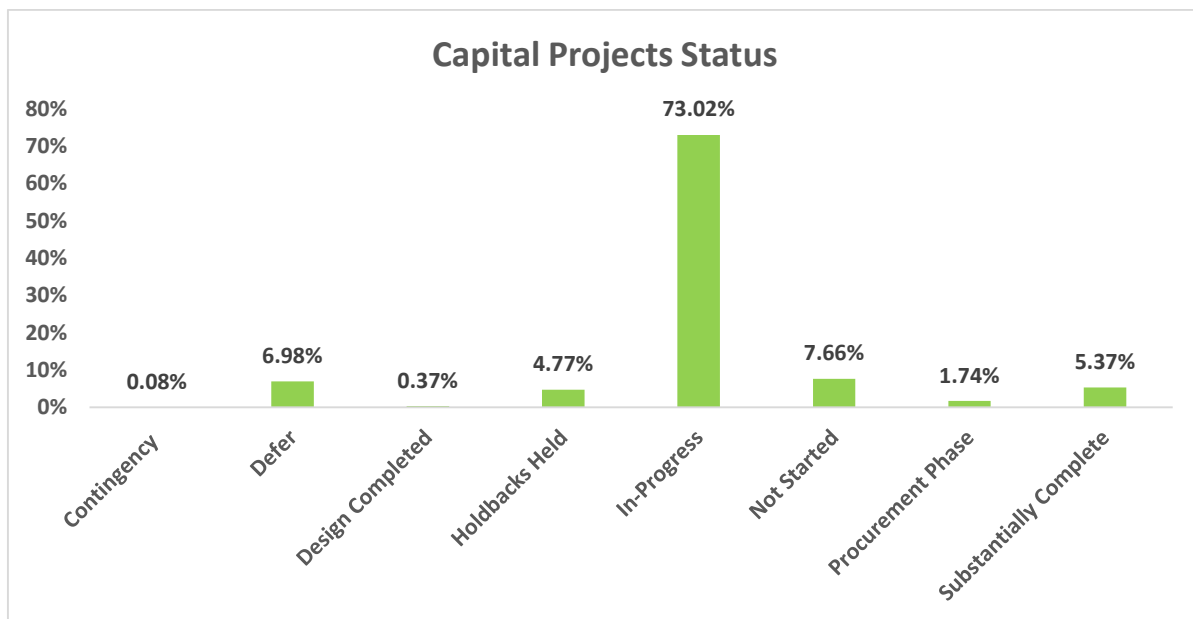
Capital projects have been reviewed by staff to assess their progress in one of the following established categories: Not Started, Procurement Phase, Contingency, In Progress, Design Complete, Substantially Complete, Holdbacks Held, Defer, and Complete.

After all budget adjustments and closures are completed, there will be \$133.46 million in unspent commitments in below listed categories:

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Project Status	Unspent Commitments (millions)
Contingency	0.11
Design Completed	0.49
Procurement Phase	2.32
Holdbacks Held	6.37
Substantially Complete	7.17
Defer	9.32
Not Started	10.23
In-Progress	97.46
<b>Total:</b>	<b>\$133.46</b>

The below graph illustrates the status of capital projects as of November 30, 2020 after all budget adjustments and closures are completed.



### II. Capital Projects to be Closed

As identified in Appendix “A”, staff have reviewed and recommend closure of 114 capital projects. The net unspent funds of \$3.4 million will be returned back to their original funding sources with any shortfalls also funded from the original funding sources.

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### **III. Project Funding and Budget Adjustment**

Appendix “B” lists a total of 25 capital projects that are recommended to be consolidated or require various funding or budget adjustments. The consolidation of 12 projects, budget and funding adjustments for 13 projects will result in \$0.2 million net shortfall to be funded from original funding sources.

Amongst the funding adjustments there is a total of \$137,023 in recoveries from third parties from sale of assets that are returned to the original funding sources of the corresponding projects.

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 \$3.2 million to original sources of funding.

### **Attachments:**

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format, please call the 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 Adjustment
- Appendix E: Status of Capital Projects by Departments

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### Report Approval Details

Document Title:	SRCFS.21.002 Capital Project Financial Status Report.docx
Attachments:	<ul style="list-style-type: none"><li>- SRCFS.21.002 Appendix A - Completed Capital Project to be Closed.pdf</li><li>- SRCFS.21.002 Appendix B - Project Consolidations, Budget and Funding Adjustments.pdf</li><li>- SRCFS.21.002 Appendix C - Impact on Reserves and Reserve Funds.pdf</li><li>- SRCFS.21.002 Appendix D - Summary of the Capital Closures and Budget Adjustments.pdf</li><li>- SRCFS.21.002 Appendix E - Status of Capital Budget by Department.pdf</li></ul>
Final Approval Date:	Jan 14, 2021

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

**David Dexter - Jan 13, 2021 - 3:15 PM**

**Sherry Adams - Jan 13, 2021 - 3:37 PM**

**MaryAnne Dempster - Jan 14, 2021 - 2:20 PM**