



Staff Report for Audit Committee Meeting

Date of Meeting: June 20, 2023

Report Number: SRCFS.23.033

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.23.033 - Capital Project Financial Status Report**

Purpose:

In accordance with Financial Control By-law 114-16 and the Capital Budget Financial Monitoring Policy, this report provides the status of existing capital projects, proposes budget and funding adjustments, and recommends closure of capital projects that have been completed. The objective is to allocate any surplus funds back to the original funding source.

Recommendation(s):

- a) That all capital projects listed in Appendix "A"
 - i. Be closed
 - ii. Projects with a net surplus of \$1.02 million be returned to sources as identified; and
- b) That Budget and Funding Adjustments in the amount of \$2.53 million funded from sources as identified in Appendix "B" be approved;
- c) That the Status of Capital Projects List in Appendix "F" be received.

Contact Person:

Diana Selicean, Capital and Reserves Financial Management Advisor, Ext. 6427

Lisa Chen, Manager of Fiscal Planning and Strategy, Ext. 6311

Report Approval:

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

Approved by: Darlene Joslin, City Manager

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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.

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 project accounts, as well as recommendations for budget adjustments, consolidations, and project closures with any unspent funds being returned to the original funding sources.

Starting in this year, the City transitioned from annual to semi-annual reporting to provide Council with regular updates on capital projects, for staff to reassess budget estimates, and to release surplus funds for other projects. The next report will be presented to Council in November 2023.

This report is prepared as at April 30, 2023. The six appendices to this report provide the following information:

- **Appendix ‘A’, Capital Projects Closing** - lists 64 completed or closed capital projects with a net unspent amount of \$1.58 million. Staff recommend returning a net surplus of \$1.02 million to the original funding sources after funding two project deficits, and transferring the remaining \$0.56 million to existing capital accounts to streamline project administration.
- **Appendix “B”, Project Consolidations, Budget and Funding Adjustments** - lists capital projects into two sections: project consolidations with no financial impact, and \$2.53 million funding budget adjustments from reserves and reserve funds.
- **Appendix “C”, In-Year Capital Budget Adjustments** - lists budget adjustments approved by Council or delegated authority as authorized by the Capital Budget Financial Monitoring Policy, and are presented here for information purposes.
- **Appendix “D”, Impact on Reserves and Reserve Funds** - provides a summary of funding impacts from the specific reserves and reserve funds.
- **Appendix “E”, Summary of Capital Closures and Budget Adjustments** - summarizes by Department the project closures and budget/funding adjustments outlined in Appendix “A” and “B”.
- **Appendix “F”, Status of Ongoing Capital Projects by Department** - outlines the status of all remaining active projects.

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Financial/Staffing/Other Implications:

Before any adjustments, the City has 559 open capital projects with approved funding of \$305.15 million.

The completion or closure of 64 capital project accounts identified in Appendix “A” and the adjustments recommended in Appendix “B”, result in a net \$1.52 million additional funding from reserves and reserve funds.

The impact of capital closures and budget adjustments on the reserves and reserve funds is outlined in Appendix “C”.

I. Status of Capital Projects

After all the adjustments, as outlined in Appendix “E”, 504 capital projects remain (480 City delivered and 24 Third Party) with a combined \$188.56 million of capital works to be completed or procured.

After all budget adjustments and closures are completed, there will be \$113.43 million (46%) in unspent commitments for City delivered projects:

City Delivered Projects (in millions)	% of Budget in Total Capital program	Approved Budget	Project to Date Actual Expenses	Total Outstanding Commitments	Budget Remaining (\$)	Budget Remaining (%)	Median Open Year	Total Project Accounts
Planning and Infrastructure	64%	160.15	52.14	27.19	80.82	50%	1	272
Community Services	16%	40.47	19.31	4.58	16.58	41%	1	100
Corporate and Financial Services	16%	40.35	25.41	3.68	11.26	28%	1	73
Library	2%	4.66	0.97	0.43	3.26	70%	1	28
Office of the City Manager	1%	3.55	1.71	0.32	1.51	43%	2	7
Total	100%	\$249.18	\$99.55	\$36.20	\$113.43	46%	1	480

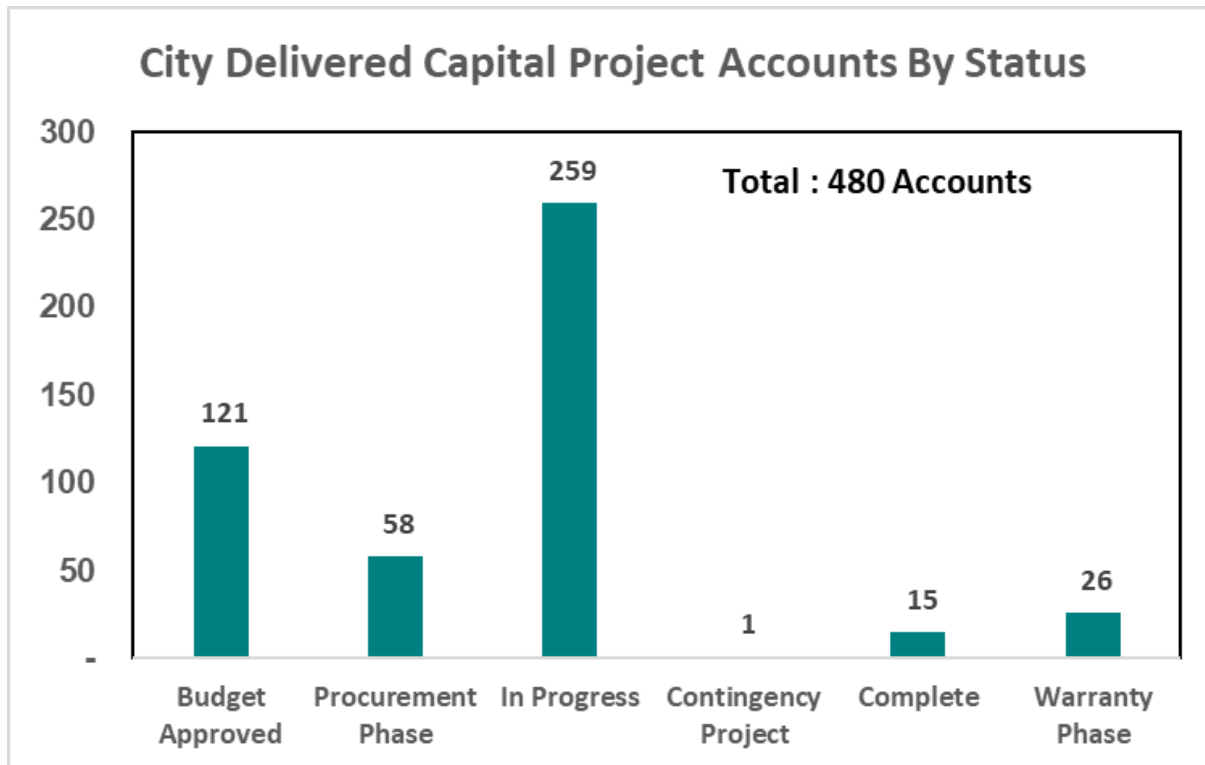
Third party delivered projects have a median open period of 2 years and due to their complexity and dependencies the unspent commitments is 78%:

Third Party Delivered Projects (in millions)	Approved Budget	Project to Date Actual Expenses	Total Outstanding Commitments	Budget Remaining (\$)	Budget Remaining (%)	Median Open Year	Total Project Accounts
Developers	7.11	0.61	0.00	6.50	91%	1	6
York Region	40.86	9.05	0.43	31.38	77%	3	15
Other	0.63	0.00	0.38	0.25	40%	0	3
Total	\$48.60	\$9.66	\$0.81	\$38.13	78%	2	24

Capital projects have been reviewed by staff to assess their project status and categorized as: Budget Approved, Procurement Phase, In Progress, Contingency Project, Warranty Phase or Complete.

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The graph below illustrates the status of capital projects as of April 30, 2023 after all budget adjustments and closures are completed. Majority of the projects are “In Progress” followed by “Budget Approved”. The latter category is higher than typical years due to the timing of this semi-annual report and the delayed approval of 2023 Capital Budget following an election year.



Note: In Progress includes Environmental Assessment in Progress, Design in Progress, Construction in Progress and In Progress Purchases and Consulting.

II. Capital Projects to be Closed

As identified in Appendix “A”, staff recommend closure of 64 capital project accounts. The net capital surplus of \$1.02 million will be returned back to their original funding sources after funding project deficits.

It is normal business that the lifecycle of a capital project may span over multiple years. On average, the majority of City projects close within 2 to 3 years, which coincide with the average project lifecycle. Due to the on-going and/or grant funding nature of capital initiatives or timing constraints for projects partnered with the Region or a third party, some projects may remain open longer.

The table below summarizes capital projects completed or closed during this period by department by: percentage of budget used, percentage of projects closed and the median close time for City delivered projects. There are no third party delivered projects closing at this time.

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Department (in millions)	Approved Budget	Project to Date Actual Expenses	Budget Remaining	Budget Used %	Project Closed %	Median Close Time
Planning and Infrastructure	4.99	3.58	1.41	71.75%	32.81%	2
Corporate and Financial Services	2.79	2.57	0.22	92.08%	15.63%	7
Richmond Hill Public Library	0.97	0.95	0.02	97.87%	21.88%	4
Economic Development and Richmond Hill Centre	0.51	0.51	0.00	100.00%	1.56%	1
Community Services	1.21	1.28	-0.07	105.98%	28.13%	2
Total	\$10.47	\$8.89	\$1.58	84.90%	100.00%	3

III. Project Budget and Funding Adjustments

Appendix “B” lists the open capital project accounts that require budget and funding adjustments. Staff recommend consolidation of 11 projects with no financial impact, 4 capital project accounts that require budget reductions, 8 accounts that require additional budget and 7 accounts that require funding re-allocations with no impact to the project budget.

The net funding of \$2.53 million will be funded from the sources identified in Appendix “B” and results from:

- \$1.49 million net surplus funds from budget reductions to be returned to the original funding source
- \$4.02 million funding from development charges for existing projects advanced from the 2023 capital forecast.

IV. In-Year Capital Budget Adjustments

Previously approved In-Year Capital Budget Adjustments approved in accordance with the Capital Budget Financial Monitoring Policy are detailed in Appendix “C” for information purposes.

Relationship to Council Strategic Priorities 2020 to 2023:

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 fiscal responsibility in wise management of resources in Richmond Hill to serve as a role model for municipal management.

Climate Change Considerations:

Climate change considerations are not applicable to this staff report.

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Conclusion:

This report provides a capital status update for the first four months of the year with:

- 64 capital projects delivered – surplus of \$1.02 million transferred to reserves and reserve funds
- 4 capital project budget reductions – \$1.49 million returned to the original funding source
- 8 capital budget funding adjustments – \$4.02 million transfer from reserves and reserve funds.

The net impact of all adjustments is a \$1.53 million draw from reserve and reserve funds and 480 active capital projects remaining. The available budget of remaining projects represent \$188.56 million of capital works to be completed, with \$37.01 million already procured.

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: Capital Projects Closed
- Appendix B: Budget and Funding Adjustments
- Appendix C: In Year Capital Budget Adjustments
- Appendix D: Impact on Reserves and Reserve Funds
- Appendix E: Summary of Capital Closures and Budget Adjustments
- Appendix F: Status of Ongoing Capital Projects by Departments

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Report Approval Details

Document Title:	CFS.23.033 Capital Project Financial Status Report.docx
Attachments:	<ul style="list-style-type: none">- Appendix A - Capital Projects Closed.pdf- Appendix B - Budget and Funding Adjustments.pdf- Appendix C - In Year Budget Adjustments.pdf- Appendix D - Impact on Reserves and Reserve Funds.pdf- Appendix E - Summary of Capital Closures and Budget Adjustments.pdf- Appendix F - Status of Ongoing Capital Projects by Department.pdf
Final Approval Date:	Jun 14, 2023

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

Gigi Li - Jun 14, 2023 - 2:15 PM

Sherry Adams - Jun 14, 2023 - 4:23 PM

Darlene Joslin - Jun 14, 2023 - 4:37 PM