



**Staff Report for Audit Committee Meeting**

**Date of Meeting: November 12, 2024**

**Report Number: SRCFS.24.048**

**Department: Corporate and Financial Services**

**Division: Financial Services**

**Subject: SRCFS.24.048 - Capital Project Financial Status Report**

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**Purpose:**

In accordance with the 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 staff report SRCFS.24.048 be received;
- b) That all capital projects listed in Appendix "A"
  - i. Be closed
  - ii. Projects with a net surplus of \$2.98 million be returned to sources as identified; and
- c) That Budget and Funding Adjustments in the net amount of \$4.19 million returned to source as identified in Appendix "B" be approved.

**Contact Person(s):**

Diana Selicean, Capital and Reserves Financial Management Advisor, Ext. 6427  
Muhammad Raza, Manager of Fiscal Strategy and Long-Term Planning, Ext. 6307  
Gigi Li, Director Financial Services and Treasurer, extension #6435  
Sherry Adams, Commissioner Corporate and Financial Services, extension #2521

**Report Approval:**

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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### Key Messages:

- The Capital Project Financial Status Report provides a status update of all existing capital project accounts.
- Before any adjustments, the City has 581 open capital projects with approved funding of \$353.09 million.
- The completion or closure of 62 capital project accounts identified in Appendix “A” and the adjustments recommended in Appendix “B”, result in a net \$7.17 million returning to reserves and reserve funds.
- After closing and adjustments, the City has 523 open capital projects with approved funding of \$319.44 million.

### 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 2023, 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 capital projects. The last report informed Council on the Capital Project Status as of April 30, 2024, and received Council approval in June 2024.

This report is prepared as of September 30, 2024. The six appendices to this report provide the following information:

- **Appendix ‘A’, Capital Projects Closing** - lists 62 completed or closed capital projects with a net unspent amount of \$4.87 million. Staff recommend returning a net surplus of \$2.98 million to the original funding sources and transferring the remaining \$1.89 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 \$4.19 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 on 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”.

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- **Appendix “F”, Status of Ongoing Capital Projects by Department** - outlines the status of all remaining active projects.

### Discussion:

#### I. Status of Capital Projects

After all the adjustments, as outlined in Appendix “E”, 523 capital projects remain (491 City delivered and 33 Third Party) with a combined \$197.38 million of capital works to be completed out of which \$56.87 has already been procured. Within the budget remaining, there will be \$94.33 million (35%) in unspent commitments for City delivered projects and \$46.18 million (88%) in third party delivered projects.

Third party delivered projects have a median open period of 5 years and due to their complexity, dependencies and billing received when projects are substantially completed the unspent commitments is 88%.

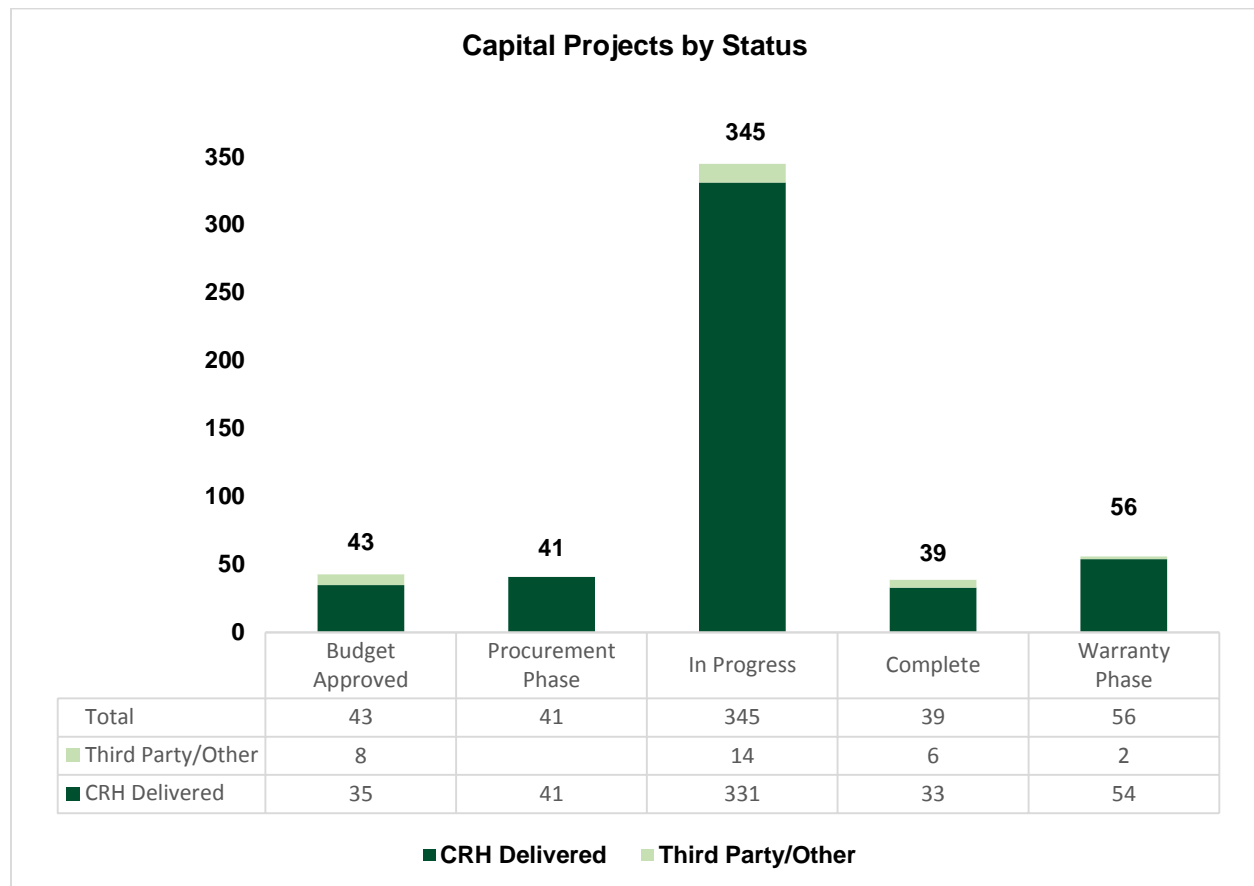
Project Delivery	No of Project Accounts	Approved Budget	Project to Date Expenses	Outstanding Commitments	Budget Remaining (\$)	Budget Remaining (%)
<b>City Delivered Projects</b>	<b>491</b>	<b>\$266.61</b>	<b>\$116.01</b>	<b>\$56.26</b>	<b>\$94.33</b>	<b>35%</b>
Infrastructure Engineering Services	269	180.66	70.56	48.24	61.86	34%
Community Services	87	34.04	15.77	2.82	15.45	45%
Corporate and Financial Services	76	35.64	23.19	3.37	9.08	25%
Planning and Building Services	21	7.36	2.76	1.28	3.32	45%
Office of the City Manager - Other	9	3.82	1.91	0.09	1.83	48%
Richmond Hill Public Library	28	5.09	1.84	0.46	2.79	55%
<b>Third Party Delivered and Other Projects</b>	<b>33</b>	<b>\$52.64</b>	<b>\$5.85</b>	<b>\$0.60</b>	<b>\$46.18</b>	<b>88%</b>
Infrastructure Delivery	13	39.83	3.66	0.08	36.09	91%
Facility Management	3	1.39	0.40	0.00	0.99	71%
Infrastructure Planning and Dev Eng.	14	10.23	1.30	0.00	8.94	87%
Policy Planning	3	1.18	0.49	0.52	0.16	14%
<b>Total Ongoing Projects</b>	<b>523</b>	<b>\$319.25</b>	<b>\$121.87</b>	<b>\$56.87</b>	<b>\$140.51</b>	<b>44%</b>

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.

The graph below illustrates the status of the 523 open capital projects as of September 30, 2024, after all budget adjustments and closures are completed. The majority of projects are “In Progress” followed by “Procurement Phase” and “Budget Approved”.

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The latter category is comprised mostly of 2024 capital projects that were approved in December 2023 with the majority expected to be committed by the end of the 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 62 capital project accounts. The net capital surplus of \$2.98 million will be returned 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 3 years, which coincide with the average project lifecycle. Due to the on-going and/or grant funding nature of certain capital initiatives or timing constraints for projects partnered with the Region or a third party, some projects may remain open for a longer period.

The table below summarizes the capital projects completed or closed during this period by the delivering departments.

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Project Delivery	No of Project Accounts Closed	Approved Budget	Project to Date Expense	Budget Remaining	Returned to Source (\$)	Returned to Source (%)	Transferred to Other Project Phase
<b>City Delivered Projects</b>	<b>60</b>	<b>\$29.89</b>	<b>\$25.08</b>	<b>\$4.81</b>	<b>\$2.91</b>	<b>10%</b>	<b>\$1.89</b>
Infrastructure and Engineering Services	32	16.71	13.06	3.64	2.38	14%	1.27
Community Services	18	2.82	2.11	0.71	0.47	17%	0.24
Planning and Building Services	1	0.20	0.18	0.02	0.02	10%	0.00
Corporate Financial Services	3	9.05	8.66	0.39	0.00	0%	0.39
Richmond Hill Public Library	6	1.12	1.08	0.05	0.05	4%	0.00
<b>Third Party Delivered and Other Projects</b>	<b>2</b>	<b>\$0.86</b>	<b>\$0.80</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>7%</b>	<b>\$0.00</b>
Infrastructure Delivery	1	0.73	0.73	0.00	0.00	0%	0.00
Infrastructure Planning and Dev Eng	1	0.13	0.07	0.06	0.06	48%	0.00
<b>Total Ongoing Projects</b>	<b>62</b>	<b>\$30.75</b>	<b>\$25.88</b>	<b>\$4.87</b>	<b>\$2.98</b>	<b>10%</b>	<b>\$1.89</b>

### III. Project Budget and Funding Adjustments

Appendix “B” lists the open capital project accounts that require budget and funding adjustments. Staff recommend consolidation of 34 projects with no financial impact and 8 capital project accounts that require budget adjustments.

The net funding of \$4.19 million will be returned to the original funding sources as identified in Appendix “B” and results from:

- \$3.97 million net surplus funds from project budget reductions
- \$0.02 million additional funding for existing projects; and
- \$0.24 million from proceeds received from sale of assets

### IV. In-Year Capital Budget Adjustments

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

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### Financial Implications:

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

- 62 capital projects delivered and closed – surplus of \$2.98 million transferred to reserves and reserve funds
- 8 capital project budget adjustments – \$4.19 million returned to the original funding source

The net impact of all adjustments is a \$7.17 million returned to reserves and reserve funds and 523 active capital projects remaining. The available budget of remaining projects represents \$197.38 million of capital works to be completed, with \$56.87 million already procured.

### Relationship to Council's Strategic Plan 2024-2027:

Presentation of the Capital Project Status Report demonstrates responsible management of resources, and it touches on the Strengthening our Foundations Pillar 3 and supports making decisions that are evidence based and data driven to enable the City's long term financial sustainability, as well as social, environmental, and economic sustainability.

### 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 Closing
- Appendix B: Project Consolidations, 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:	SRCFS.24.048 Capital Project Financial Status Report.docx
Attachments:	<ul style="list-style-type: none"><li>- SRCFS.24.048 - Appendix A - Projects Closing.pdf</li><li>- SRCFS.24.048 - Appendix B - Project Consolidations, Budget and Funding Adjustments.pdf</li><li>- SRCFS.24.048 - Appendix C - In-Year Capital Budget Adjustments.pdf</li><li>- SRCFS.24.048 - Appendix D - Impact on Reserves and Reserve Funds.pdf</li><li>- SRCFS.24.048 - Appendix E - Summary of Capital Closures and Budget Adjustments.pdf</li><li>- SRCFS.24.048 - Appendix F - Status of Ongoing Capital Projects by Department.pdf</li></ul>
Final Approval Date:	Nov 3, 2024

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

**Gigi Li - Oct 31, 2024 - 3:28 PM**

**Sherry Adams - Oct 31, 2024 - 3:47 PM**

**Darlene Joslin - Nov 3, 2024 - 9:07 AM**