



TO: GENERAL COMMITTEE

SUBJECT: CAPITAL PROJECT STATUS REPORT

WARD: ALL

PREPARED BY AND KEY CONTACTS: A. CESCHIA, SUPERVISOR OF BUDGET
C. GILLESPIE, SENIOR MANAGER OF CORPORATE FINANCE AND INVESTMENTS

SUBMITTED BY: C. MILLAR, CHIEF FINANCIAL OFFICER

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES
B. ARANIYASUNDARAN, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT
M. BANFIELD, EXECUTIVE DIRECTOR OF DEVELOPMENT SERVICES
R. JAMES-REID, GENERAL MANAGER OF ACCESS BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That staff be authorized to close projects with the “Cancelled”, “Deferred”, or “Completed” status as described in Appendix “A” (Capital Plan Project Status).
2. That staff be authorized to release funding commitments in the amount of \$30.1M and adjust funding plans as described in Appendix “B” (Projects Returning Funding) and Appendix “F” (Summary of Funding Adjustments).
3. That staff be authorized to increase funding commitments in the amount of \$3M and adjust funding plans as described in Appendix “C” (Projects Requesting Funding) and Appendix “F” (Summary of Funding Adjustments).
4. That staff be authorized to reallocate funding commitments within projects resulting in a net zero overall budget change and adjust funding plans as described in Appendix “D” (Projects Reallocating Funding) and Appendix “F” (Summary of Funding Adjustments).
5. That staff be authorized to release funding commitments within capital program projects in the amount of \$9.8M, reallocate funding commitments between capital program projects, and adjust funding plans as described in Appendix “E” (Capital Program Project Closures) and Appendix “F” (Summary of Funding Adjustments).

PURPOSE & BACKGROUND

6. The purpose of this report is to describe the status of the City of Barrie's Capital Plan as required by the City's Capital Project Financial Control Policy.
7. Project managers are responsible for ensuring each capital project assigned to them adheres to schedule requirements and financial policies throughout the year.
8. This report provides an update on the progress and performance of the Corporation's Capital Plan.

Capital Project Financial Control Policy

9. A key element of the Capital Project Financial Control Policy is the Capital Status Report which includes:
 - a) The status of all approved Capital Projects (i.e. active, completed, cancelled, deferred);
 - b) Capital Projects to be closed with related recommendations for treatment of project savings and over expenditures which exceed the materiality threshold of the lesser of 10% of the Project Capital Budget or \$500,000;
 - c) Recommendations for the deferral or closure of capital projects to either fund new projects, or over expenditures on other projects;
 - d) Recommendations for funding adjustments when requirements for any anticipated over or under expenditures exceed the materiality threshold of the lesser of 10% of the Capital Budget or \$500,000; and,
 - e) Recommendations to address substantive changes in the nature or scope of an approved capital project.
10. Any over or under expenditures below the materiality threshold can be addressed by the Department Head, subject to review by the Chief Financial Officer (CFO) or delegate, through the use of holding accounts established for each fund (i.e. tax rate, water rate, wastewater rate, and parking rate).
11. The status of the City's capital projects is being presented as of March 31, 2024.

ANALYSIS

Capital Plan Project Status – Appendix “A”

12. Appendix “A” of the Capital Project Status Report provides a listing of all approved projects in the City’s Capital Budget by status.
13. As of March 31, 2024 active projects in the capital plan have \$598.2M of unspent approved capital budget. Of this amount, \$246.1M (41%) is forecast to be spent in the remainder of 2024 with the balance to be spent in future years.
14. The total additional funding required is \$3M, while the total funding commitment being returned is \$39.9M, which amounts to a net \$36.9M decrease to the overall Capital Budget. The following table summarizes the budget adjustments by appendix.

Staff Report Appendix	Pending Adjustment
Appendix B - Projects Returning Funding	\$ (30,087,618)
Appendix C - Projects Requesting Funding	\$ 3,032,918
Appendix D - Projects Reallocating Funding	\$ 0
Appendix E – Capital Program Project Closures	\$ (9,827,937)
Total Capital Budget Request / (Return)	\$ (36,882,637)

15. Developer-built approved projects have been grouped together by status within Appendix “A” of the Capital Project Status Report. In 2014, a Memorandum of Understanding (MOU) was executed by the City and the Landowners Groups for the Salem and Hewitt’s Secondary Plan Areas. The MOU provided the City with some tools to assist in financing the infrastructure required to service these areas, including the ability for developers to construct certain projects in exchange for development charge (DC) credits. Several of these developer-build projects have been included in the approved capital plan. As identified in appendix “A”, active developer projects have \$34.6M in unspent approved budget in the 2024 Capital Plan. Of this amount, \$13.8M is forecast to be spent in 2024.

Projects Returning Funding – Appendix “B”

16. Appendix “B” identifies capital projects by status that are either completed, cancelled, or deferred and have excess funds or are still active but excess funds have been identified based on tender results. All completed, cancelled, and deferred projects will be formally closed upon approval of the motions within this staff report.
17. Generally, excess funds are the result of several factors. The common reasons include:
 - a) Releasing previously approved Capital Budgets to reflect updated timing of infrastructure projects;
 - b) Economies of scale and competitive bid process;
 - c) The City includes contingencies in contracts, which in some cases are not utilized. The contingencies are required because of project risks, such as unknown underground installations or soil conditions that cannot be determined prior to construction; and

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- d) Projects are cancelled or deferred.
18. The total returned funding represents \$30.1M, of which \$21.7M is for active projects and \$8.4M is for completed, cancelled, or deferred projects with details provided on Appendix "B".

Projects Requiring Additional Funding – Appendix "C"

19. Appendix "C" identifies capital projects by status that require additional funding. The projects are either those that are still active and require additional funds to complete or projects that have been completed, cancelled, or deferred but require additional funding in order to close them.
20. The total anticipated over expenditure requiring additional funding represents \$3M. Projects requesting funding that exceed their materiality threshold for delegated authority include explanations within Appendix "C".

Projects Reallocating Budget Amounts Among Phases – Appendix "D"

21. Appendix "D" identifies capital projects that are reallocating funding between phases/assets or are changing approved funding sources which resulted in a net zero overall budget change within each project. The reallocation of funds is based on the actual costs for completed phases/assets, updated estimates for phases/assets in progress, new phases/assets requests, or projects that require a funding source change. This budget reallocation ensures that each asset component is sufficiently funded from its respective funding source. It is normally the City's policy to return or request funds based on the phase and/or asset within a project. However due to the volume of budget changes by phase and/or asset within individual projects on this report it is more direct to show these adjustments consolidated on a single appendix.
22. The net result of the budget allocation requests is zero since the fund reallocations result in a net zero budget overall change for each project identified.

Capital Program Project Closures – Appendix "E"

23. Capital projects where the City makes annual capital investments to assets in a broad category, or where the assets are located within various areas across the City, are referred to as "Capital Programs". Examples of capital program projects are the Pavement Management Program, Water Meter Replacement Program, and the Fleet Replacement Program.
24. In the past these ongoing capital program projects would not be closed which resulted in the total project budget increasing indefinitely as new funds were allocated and spent each year. As part of the 2024 Business Plan and Budget the City changed how capital program projects were managed. They can now only be active for a maximum of four years and must be aligned to the current Council term. This resulted in new capital program projects being approved as part of the 2024 Business Plan and Budget and requires the closure of the old capital program projects as part of this year's Capital Status report.
25. Appendix "E" identifies the old capital program projects that are being closed. In some cases, unspent budget is being requested to be transferred to the new, active capital program project. The new capital project for the program has been included to highlight those programs transferring unspent budgets. The total net funding being returned is \$9.8M.



Summary of Funding Adjustments – Appendix “F”

26. Appendix “F” identifies the net funding impact of the budget adjustments proposed in each appendix by funding grouping and the individual reserve or funding source.

27. As per the Capital Project Financial Control Policy, Department Heads, subject to the review by the Chief Financial Officer or delegate, have delegated authority to transfer the required funds to or from the appropriate holding accounts. The purpose of these holding accounts is to provide staff with some flexibility to authorize adjustments to a Capital Project Budget in an amount not to exceed a Council approved materiality threshold. This facilitates effective project management and reduces the need for Council to become engaged in routine project administration matters that not only consumes valuable time at Council meetings, but also risks slowing the project down and generating increased costs due to delay claims, price escalations or other factors. Holding accounts are to be established for the following program areas with balances not to exceed the following:

- a. Tax Rate Holding Account \$3,000,000
- b. Water Rate Holding Account \$1,000,000
- c. Wastewater Rate Holding Account \$1,000,000
- d. Parking Rate Holding Account \$ 100,000

28. The following table indicates the status of the holding accounts as of April 30, 2024. As a result of the budget adjustments included in the appendices, the maximum balance for the tax, water, wastewater, and parking holding accounts was reached. Therefore, the holding accounts were not used for all the delegated authority budget adjustments impacting those rates and instead the applicable capital reserve was used in place of the holding accounts for a portion of the budget adjustments.

The following chart depicts the impact on the holding accounts as a result of the transactions in appendices:

Holding Accounts	Tax Rate	Water Rate	Wastewater Rate	Parking Rate
Opening Balance	\$ 3,057,971	\$ 545,585	\$ 1,070,104	\$ 8,814
Addition	\$ (62,871)	\$ -	\$ (23,260)	\$ -
Returns	\$ -	\$ -	\$ -	\$ -
Transfer	\$ 4,900	\$ -	\$ -	\$ -
Capital Program Closures	\$ -	\$ 454,415	\$ (46,844)	\$ 91,186
Closing Balance	\$ 3,000,000	\$ 1,000,000	\$ 1,000,000	\$ 100,000

ENVIRONMENTAL AND CLIMATE CHANGE MATTERS

29. There are no environmental or climate change matters directly related to the recommendation.

ALTERNATIVES

30. There is one alternative available for consideration by General Committee:

Alternative #1

General Committee could choose alternative financing plans to fund some of the over expenditures such as increasing debt financing.

This alternative is not recommended as overall funding of the Capital Plan will be considered as part of the 2025 Business Plan and Budget process.

FINANCIAL

31. The financial impacts are identified in the analysis section of the report.

LINKAGE TO 2022-2026 STRATEGIC PLAN

32. The recommendations included in this Staff Report support the following goals identified in the 2022 - 2026 Strategic Plan:

- Affordable Place to Live
- Community Safety
- Thriving Community
- Infrastructure Investments
- Responsible Government

33. The Capital Project Financial Policy is a key element of the City's Financial Policy Framework. The transparency and accountability that it requires will support Council's Strategic Goals.