



TO: GENERAL COMMITTEE

SUBJECT: CAPITAL PROJECT STATUS REPORT

WARD: ALL

PREPARED BY AND KEY CONTACTS: A. CESCHIA, SUPERVISOR OF BUDGET
J. KUEHL, MANAGER OF BUSINESS PLANNING & 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 & CORPORATE SERVICES
B. ARANIYASUNDARAN, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT
R. JAMES-REID, EXECUTIVE DIRECTOR OF ACCESS BARRIE

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

RECOMMENDED MOTION

1. The staff be authorized to close projects with the “Cancelled” or “Completed” status as described on pages 7 to 10 of Appendix “A” (Capital Plan Project Status) to Staff Report FIN013-23 .
2. That staff be authorized to release funding commitments in the amount of \$30,307,673 and adjust funding plans as described in Appendix “B” (Projects Returning Funding) and Appendix “E” (Summary of Funding Adjustments) to Staff Report FIN013-23 .
3. That staff be authorized to increase funding commitments in the amount of \$4,256,027 and adjust funding plans as described in Appendix “C” (Projects Requesting Funding) and Appendix “E” (Summary of Funding Adjustments) to Staff Report FIN013-23.
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 “E” (Summary of Funding Adjustments) to Staff Report FIN013-23.
5. That staff be authorized to undertake the new capital project “New Vacuum Truck” as described in paragraph 22 of the staff report and presented within Appendix “C” (Projects Requesting Funding) to Staff Report FIN013-23. The project is requesting \$700K of development charge funding.

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.

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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);
 - 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, 2023.

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, 2023 active projects in the capital plan have \$596.4M of unspent approved capital budget. Of this amount, \$197.1M (33%) is forecast to be spent in the remainder of 2023 with the balance to be spent in future years.
14. The total additional funding required is \$4.3M, while the total funding commitment being returned is \$30.3M, which amounts to a net \$26.1M 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	\$ (30,307,673)
Appendix C - Projects Requesting Funding	\$ 4,256,027
Appendix D - Projects Reallocating Funding	\$ 0
Total Capital Budget Request / (Return)	\$ (26,051,646)

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 \$82.8M in unspent approved budget in the 2023 Capital Plan. Of this amount, \$24.0M is forecast to be spent in 2023.
16. Staff are currently reviewing the approach of using developers to build growth projects. While developer build projects have provided some benefits, such projects are not without their challenges and risk.

Projects Returning Funding – Appendix “B”

17. Appendix “B” identifies capital projects by status that are either completed or cancelled and have excess funds or are still active but excess funds have been identified based on tender results. All completed and cancelled projects will be formally closed upon approval of the motions within this staff report.
18. Over the last few budget cycles, staff have developed costing processes to improve estimates for capital budgets. It is expected these improvements will result in more accurate budget to actual results.
19. 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
 - d) Projects are cancelled.
20. The total returned funding represents \$30.3M, of which \$18.1M is for active projects and \$12.2M is for completed or cancelled projects with details provided on Appendix “B”.

Projects Requiring Additional Funding – Appendix “C”

21. 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 or cancelled but require additional funding in order to close them.
22. It is recommended that the following new project be added to the Capital Budget and funded as outlined in appendix “C”:

New Vacuum Truck
Approved Budget: \$0

Additional Funding Required: \$700,000 (DC: Public Works Facilities and Fleet)

The Wastewater Operations Branch (WWOB) currently owns one vacuum truck and rents a vacuum truck. The trucks are primarily used for flushing and excavation services. The hydro-excavation work includes sanitary lateral repair and replacements, spot repairs in the local sanitary sewers, tank and well cleanouts at the Wastewater Treatment Facility and Sewage Pumping Stations, along with other maintenance work. The flushing services includes flushing of sanitary sewer lines, and removal of blockages from the wastewater collection system. This project is included as part of the 2023 to 2032 Capital Plan with forecasted expenditures in 2025. Budget pre-approval is required so that procurement can commence in 2023 for anticipated delivery in 2025.

23. The total anticipated over expenditure requiring additional funding represents \$4.3M. Projects requesting funding that exceed their materiality threshold for delegated authority include explanations within Appendix “C”.

Projects Reallocating Budget Amounts Among Phases – Appendix “D”

24. 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.
25. 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.

Summary of Funding Adjustments – Appendix “E”

26. Appendix “E” 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 Director of Finance 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, 2023. As a result of the budget adjustments included in the appendices, the maximum balance for the tax and wastewater 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. While the parking holding account reached a zero balance, as a result a small portion of the budget request from the parking rate could not be funded from the parking holding account.

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	\$ 2,674,294	\$ 975,563	\$ 962,063	\$ 19,778
Addition	\$ -	\$ (487,145)	\$ -	\$ (24,667)
Returns	\$ 324,935	\$ (354,001)	\$ 239	\$ 4,889
Transfer	\$ -	\$ 320,356	\$ 36,870	\$ -
Closing Balance	\$ 2,999,229	\$ 454,772	\$ 999,171	\$ 0

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 2024 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

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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.