

Report from Financial Management Services/Director

Date of Report: August 4, 2016

Date of Meeting: August 29, 2016

Report Number: FMS-B009-2016

File: 10.57.10

Subject: Second Quarter Capital Project Report

Recommendation

That the Budget Standing Committee (BSC) receive for information the second quarter capital project report.

Background

At the February 29, 2016, Council approved the following motion:

That staff report quarterly to Council on all completed infrastructure projects detailing expected budgeted costs, amounts the contract was awarded for, and then final project costs that are over \$100,000 in awarded costs.

The report on capital projects over \$100,000 completed will come forward to the BSC on a quarterly basis.

Report

Capital projects are capital expenditures for the City's linear and non-linear assets and are funded by debentures, operating fund contributions, water and wastewater contributions, infrastructure levy, grants, reserves and donations. City staff expertise, market trends, industry and past experience, as well as various studies are used by staff to determine project budgets.

The purpose of this report is to provide information to the BSC and to Council of the capital projects over \$100,000 that have been completed in the past quarter. If a project exceeds its approved budget amount, then a report is written to Council to explain why the project is more than estimated and to obtain approval to on how the overage will be funded. This report will focus more on the projects that are completed within the approved budget. The details of the projects completed in the first two quarters of 2016 are attached as Appendix 1.

There were 10 capital projects completed in the first half of 2016 and seven were completed within their approved budget. The other three projects were over budget and reports were presented to Council for approval in the first two quarters of 2016.

When capital projects are completed within their approved budget the following occurs with the unused budget dollars.

- Lower debenture amount is borrowed
- If funds were allocated from a reserve fund they are left in that reserve to fund future projects, in addition for the water/wastewater reserve, funds remain in reserve to support the operation of the water and wastewater systems, and to assist in maintaining reasonable water and wastewater rates
- Funds may be transferred to another project within the same infrastructure category that has an overage, with Council approval
- If funds were from the operating budget, the funds remain in the operating budget and would be part of the year end surplus.

Therefore, the completion of these projects under the approved budget amount does not necessarily mean that there are additional funds available. When staff develop the annual capital budget for the City, they consider excess funds that have become available with projects that have been completed within the past year under the approved budget amount.

Financial Implications

There are no financial considerations associated with the preparation of the quarterly capital project report.

Relationship to Strategic Plan

Economic Sustainability is enhanced through regular quarterly reporting of capital projects completed, which leads to optimization of capital infrastructure through effective asset management and sustainable investment. This financial reporting assists in achieving the goal to be an affordable city for young people, families and retired older adults.

Conclusion

FMS and TES Staff have work collaboratively to complete the capital project report for capital projects over \$100,000 for the first two quarters of 2016. It is recommended that BSC receive for information purposes the second quarter capital project report.

Prepared and Submitted by:

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Approved by:

Shelley Chemnitz, Commissioner, Corporate Services

City of St Catharines
Completed Projects in excess of \$100,000
For Second Quarter 2016

Location	Asset	Approved Budget	Final Project Cost	Construction Award	Final Construction Cost	Budget Variance	Comments
P14-104 Village Road	watermain	\$450,000.00	\$291,731.13	\$260,204.68	\$259,619.50	\$158,268.87	
P14-102 Niagara Street	watermain	\$ 1,100,000.00	\$ 879,466.32	\$ 658,280.35	\$ 811,095.44	\$220,533.68	report to Council September 28, 2015
RN14-09 Main Street	watermain	\$ 525,000.00	\$ 511,789.87			\$13,210.13	Region contract
P14-001 Catherine Street	roads/storm sewer/watermain	\$ 1,163,000.00	\$ 982,022.40	\$ 973,514.82	\$ 909,339.00	\$180,977.60	substantial completion, top course completed in 2016, not yet paid for
P14-068 Forest Hill Road	watermain/sewers/roads/sidewalk	\$ 1,105,000.00	\$ 804,557.18	\$ 779,521.55	\$ 752,035.66	\$300,442.82	
P14-065 McGuire St	watermain/roads/walkway	\$ 2,455,000.00	\$ 2,256,785.59	\$ 2,012,988.84	\$ 1,963,740.58	\$198,214.41	maintenance holdback
P14-105 Vine Street	watermain	\$ 650,000.00	\$ 798,196.18	\$ 589,831.49	\$ 740,703.15	-\$148,196.18	substantial completion - report to Council July 2016 overage accommodated from water/wastewater
P12-065 Hartzel/Lincoln	traffic signal	\$ 200,000.00	\$ 242,713.41			-\$42,713.41	Region contract - report to Council February, 2016
P12-122 Arthur Street culvert	culvert	\$ 375,000.00	\$ 421,306.39	\$ 387,356.50	\$ 371,410.95	-\$46,306.39	report to Council March 31, 2014 to use additional funds from Culvert Rehab program
P14-099 Victoria Lawn	Cemetery roadway/drainage improvements	\$ 800,000.00	\$ 790,420.16	\$ 784,152.00	\$ 780,630.41	\$9,579.84	