

Report from Financial Management Services, Director

Date of Report: November 3, 2017

Date of Meeting: November 20, 2017

Report Number: FMS-B058-2017

File: 10.57.10

Subject: Capital Project Report for 3rd quarter ending September 30, 2017

Recommendation

That the Budget Standing Committee (BSC) receive for information the capital project report for the third quarter ending September 30, 2017.

Background

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

That staff report quarterly to Council on all completed infrastructure projects detailing budgeted costs, amounts the contract was awarded for, and the 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 third quarter of 2017. 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 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 third quarter of 2017 are attached as Appendix 1.

There were four capital projects completed in the third quarter of 2017. All were subjects of reports to Council as the construction award and/or the final construction

costs exceeded the approved budget. Upon completion of the projects, three were completed within the approved budget.

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 the 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 worked collaboratively to complete the capital project report for capital projects over \$100,000 for the third quarter of 2017. It is recommended that BSC receive for information purposes the capital project report.

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Submitted/Approved by:

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City of St Catharines
 Completed Projects in excess of \$100,000
 2017

Location	Asset	Approved Budget	Final Project Cost	Construction Award	Final Construction Cost	Budget Variance	Comments
to September 30,2017							
P15-102 Geneva St. Watermain Replacement	Watermain	\$ 725,000.00	\$ 796,560.39	\$ 642,289.84	\$ 707,777.22	-\$71,560.39	Dec19/2016 Rpt TES-325-2016 to Council
P16-102 Croydon Dr/Bogart St watermain replacement	Watermain	\$ 577,000.00	\$ 454,012.28	\$ 671,259.33	\$ 409,414.61	\$122,987.72	\$200,000 transferred from Clover/Heywood/Sandy Cove P16-101, rebudgeted in 2017.
P16-100 Broadway Avenue watermain replacement	Watermain	\$ 233,000.00	\$ 197,427.94	\$ 272,085.89	\$ 177,271.64	\$35,572.06	March27/17 Report to transfer funds
P15-131 Happy Rolphs waterfront pathway improvement	PRCS amenities	\$107,135.00	\$106,805.95	\$82,747.16	\$83,787.31	\$329.05	Report to Council September 11,2017