

City of North Bay Report to Council

Report No: CORP-2021-137

Date: November 16, 2021

Originator: Monique Seguin-Russell

Business Unit:

Department:

Corporate Services

Financial Services Department

Subject: Capital Variance Report as at October 31, 2021

Closed Session: yes ☐ no ☒

Recommendation

- 1) That the Capital Variance Report as at October 31, 2021, Report to Council No. CORP 2021-137 be received; and
- 2) That Council authorize the reserve transfers and budget adjustments as detailed in Report to Council No. CORP 2021-137 inclusive of Appendix A and B.

Background

The purpose of the Capital Variance Report is to provide Council with a listing of projects that have been completed or substantially completed during the reporting period and that are recommended to be closed. The report also includes recommended adjustments to project funding based on the status of the project.

Financial/Legal Implications

Long-Term Capital Funding Policy

The City's Long-Term Capital Funding Policy stipulates that projects must begin incurring substantial costs within a two year period. To the extent that a project does not incur substantial costs within the two-year period, the project shall be considered cancelled and will need to be reconsidered as part of the allocation of the capital expenditure limit in subsequent years. A review of all open and ongoing projects was completed as part of the 2022 Capital

Budget review.

Summary of Review

In anticipation of the additional debt requirements that are expected as a result of future transformational projects, a review of open and active projects was undertaken in an effort to identify projects that were either complete or are expected to finish under budget and for which unissued debt could be cancelled. Cancellation of unutilized debt authority will assist in managing the overall debt burden of the municipality. The results of the review and corresponding recommended adjustments are summarized in Appendix A attached to this report. A total of \$4,293,070 in unutilized debt authority is recommended to be cancelled. Forecasted principal and interest payments that form part of the 2022 General and Water and Wastewater Operating and Capital Budgets have been calculated on the basis that the recommended debt to be cancelled will be approved.

A significant portion of the surplus funds allocated to the Completed Capital Reserves in Appendix A have been reallocated to other projects in the 2022 Capital Budget and 2023 to 2031 Forecast Plan. A total of \$196,954 from the North Bay Jack Garland Airport Property Development Reserve, \$240,000 from the Water Completed Capital Reserve and \$350,000 from the Sewer Completed Capital Reserve Fund has been allocated to future projects.

Appendix B summarizes the 3 projects with estimated surplus funds that are recommended to be transferred to other open projects as at October 31, 2021. Please refer to Appendix B for the rationalization of each transfer.

Corporate Strategic Plan

- | | |
|--|--|
| <input type="checkbox"/> Natural North and Near | <input type="checkbox"/> Economic Prosperity |
| <input checked="" type="checkbox"/> Affordable Balanced Growth | <input type="checkbox"/> Spirited Safe Community |
| <input type="checkbox"/> Responsible and Responsive Government | |

Specific Objectives

- Maintain infrastructure across the city in a good state of repair
- Consider all aspects of decisions to fund new infrastructure

Options Analysis

- Option 1: That Council receive the Capital Variance Report as at October 31, 2021 and authorize the reserve transfers and budget adjustments. This is the recommended option.
- Option 2: That Council not receive the Capital Variance Report as at October 31, 2021 and not authorize the reserve transfers and budget adjustments. This option is not recommended.

Recommended Option

- 1) That the Capital Variance Report as at October 31, 2021, Report to Council No. CORP 2021-137 be received; and
- 2) That Council authorize the reserve transfers and budget adjustments as detailed in Report to Council No. CORP 2021-137 inclusive of Appendix A and B.

Respectfully submitted,

Name: Monique Seguin-Russell, CPA, CA

Title: Coordinator, Financial Reports

I concur with this report and recommendation

Name Ian Kilgour, MCIP, RPP

Title: Director, Community Development and Growth

Name John Severino, P.Eng., MBA

Title: City Engineer – Infrastructure and Operations

Name Domenic Schiavone

Title: Director Public Works and Parks

Name Jason Whiteley

Title: Fire Chief

Name Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Name David Euler, P.Eng., PMP

Title: Chief Administrative Officer

Personnel designated for continuance:

Monique Seguin-Russell, CPA, CA

Coordinator, Financial Reports

Attachments: Appendix A - Capital Funding to be Cancelled
 Appendix B – Transfer to Other Open Projects