

City of North Bay Report to Council

Report No: CORP-2022-086

Date: July 22, 2022

Originator: Blair Grant

Business Unit:

Department:

Corporate Services

Financial Services Department

Subject: Summary of Open and Active Capital Projects as at June 30, 2022

Closed Session: yes ☐ no ☒

Recommendation

That Council receive for information purposes the Summary of Open and Active Projects as at June 30, 2022, as set out in Report to Council CORP 2022-086, dated July 22, 2022 from Blair Grant.

Background

The purpose of the Summary of Open and Active Projects is to provide Council with an update on individual project budget to actual variances and to provide an estimate of the final projected surplus/deficit position.

Financial/Legal Implications

Ongoing Project Management

Project managers are responsible for ensuring that their respective projects are progressing as planned and to monitor the ongoing financial status of their projects in accordance with the following:

- Purchasing By-Law, By-Law No. 2013-200, outlines that any overage to an individual contract of 10% to 15%, and remains within the total approved project budget, must be approved by the CAO. Where the expenditure limit of an individual contract that required Council approval is expected to exceed the awarded amount by 15% or greater the matter is referred to Council for consideration.
- As best practices, business units will report any overall project deficits to the CAO or Council in accordance with criteria outlined in the Purchasing By-Law for individual contracts.

- Major Capital Projects are to be managed in accordance with the City's Capital Project Management Process (Report to Council No. CAO 2014-01) approved February 3, 2014.
- Periodic audits of active project activity listings are reviewed to assess whether expenditure and funding classifications are reasonable. Large expenditures are validated, traced to original invoice or certificate of payments and projections are recalculated to test whether total projected actuals are reasonable.

Summary of Results as at June 30, 2022

Appendix A summarizes the 221 open and active projects as at June 30, 2022. The total unspent budget authority for all open and active projects is \$116,441,513. A significant portion of the unspent budget authority relates to the timing of the June 2022 Capital Variance Report. Peak construction, particularly for major capital projects, is late May to October with a one month lag occurring between the timing of the construction and receipt of the related invoice. As such, there is minimal spending that typically occurs between January and June of each year with the majority of expenditures occurring in the second half of the year. Additionally, approximately \$21.5 million of the unspent budget relates to funds earmarked for the City of North Bay Community and Recreation Centre. Further direction from Council is required for this project following tender issuance and receipt of the final financing plan.

The full amount of the current unspent budget authority will not be spent by year end as some major projects will continue into 2023.

The \$116,441,513 in unspent budget authority does not translate into an equal amount in excess cash in the City's bank account. The City uses a combination of the capital levy in the General Operating and Water and Wastewater budgets, debt, grants, and reserve funds (such as development charges) to finance capital projects. Effort is taken to align financing for projects with the expected timing of the capital work. As at December 31, 2021, \$12,385,824 in debenture authority from 2021 has been carried forward to 2022. In addition, grants and certain cost sharing arrangements for projects are typically provided on a cost reimbursement basis so the City does not receive funding until the related project costs have been incurred.

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. As part of the 2023 Budget process, Senior Management will review all on-going projects with pre-2021 budgets to identify those projects that have unspent budget dollars and have no definitive plans. The review will identify unspent capital

budget dollars recommended for cancellation or to be transferred to an appropriate reserve and the results of the review will form part of the December 31, 2022 Capital Variance Report.

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 checked="" type="checkbox"/> Responsible and Responsive Government | |

Specific Objectives

- Maintain infrastructure across the city in a good state of repair
- Maximize funding opportunities with other governments

Recommended Option

That Council receive for information purposes the Summary of Open and Active Projects as at June 30, 2022, as set out in Report to Council CORP 2022-086, dated July 22, 2022 from Blair Grant.

Respectfully submitted,

Name: Blair Grant, 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 Steven W. Melnichuk

Title: Director, Information Systems

Name Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Name David Euler, P.Eng., PMP

Title: Chief Administrative Officer

Personnel designated for continuance:
Blair Grant, CPA, CA
Coordinator, Financial Reports

Attachments: Appendix A – Summary of Open and Active Capital Projects