

City of North Bay Report to Council

Report No: CORP-2025-075

Date: July 28, 2025

Originator: Blair Grant

Business Unit: Corporate Services

Department: Financial Services Department

Subject: Capital Variance Report as at June 30, 2025

Closed Session: yes ☐ no ☒

Recommendation

That Council:

- 1) receive the Capital Variance Report as at June 30, 2025, as set out in Report to Council No. CORP 2025-075, dated July 28, 2025 from Blair Grant; and,
- 2) authorize the reserve transfers and budget adjustments as detailed in Report to Council No. CORP 2025-075, dated July 28, 2025 from Blair Grant, inclusive of Appendix B and C; and,
- 3) authorize the creation and transfer of the Housing Accelerator Fund funding to discretionary reserve fund 99605R – Housing Accelerator Fund (HAF)

Background

The purpose of the Capital Variance Report is to provide Council with a summary of open and active capital projects, provide an update on individual budget to actual variances, and to obtain Council authority to transfer budget funds (to) from reserves, to other open projects as at June 30, 2025, and to close completed projects.

Financial/Legal Implications

On-going Project Management

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

- The contingency management section of the Purchasing By-Law, By-Law No. 2013-200.
- Budget and budget reporting prepared in accordance the City's Budget Policy which was approved on November 28, 2023, through Report to Council No. CORP 2023-147 – Long-Term Financial Plan Committee Recommendations.
- Capital Projects are to be managed in accordance with the City's Capital Project Management Process, which was approved on November 28, 2023, through Report to Council No. CORP 2023-147 – Long-Term Financial Plan Committee Recommendations.

- Periodic audits of active project activity listings are reviewed to assess whether expenditure and funding classification 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, 2025

Appendix A summarizes the 282 open and active projects as at June 30, 2025. This appendix reconciles the Life to Date Approved Funding of the 282 open and active projects before and after the reserve transfers and budget adjustments as proposed through Appendix B and C of this report. Projects that will remain open are identified with a "O" and projects set to close are identified with a "C" on Appendix A.

Appendix B summarizes the 22 projects with an estimated balance to be transferred to / from reserves as at June 30, 2025. The net transfer to reserves is estimated to be \$982,131 and the recommendation is to transfer the balances to / from the related Reserve Fund as detailed in Appendix B.

Appendix C summarizes the 22 projects with estimated funds that are recommended to be transferred to other open projects as at June 30, 2025. Please refer to Appendix C for the rationalization of each transfer.

Following the proposed reserve transfers and budget adjustments, the total unspent budget authority for all open and active projects is \$184,161,466. The unspent budget authority, defined as the difference between the approved budget and actual project expenditures, has increased by \$82,478,740 from the \$101,682,726 in unspent budget authority reported in the Summary of Open and Active Capital Projects as at December 31, 2024. This is reasonable as a significant portion of the unspent budget authority relates to the Community and Recreation Centre, and the McKeown Avenue road widening which are well under way as well as the timing of the June 30, 2025 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.

The \$184,161,466 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 and Water and Wastewater operating 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 works. As at December 31, 2024, \$20,603,756 in debenture authority has been carried forward to 2025. As per By-Law No. 2025-27, \$6,798,512 of this debenture authority was utilized in early 2025 which leaves \$13,805,244 of pre-2025 debenture authority to be utilized in the future. 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.

The following table summarizes the open projects that represent the majority of the unspent budget authority as at June 30, 2025 and where plans and commitments are in place:

Project Description	Unspent Budget Authority
<u>3700RD/SS/ST/WS – Seymour St. – Station to Wallace – Widening and Signals</u> The construction contract was awarded in June 2025 as per Report to Council No. 2025-063. Construction is anticipated to be completed in 2026.	10,901,576
<u>3801RD/SS/ST/WS – McKeown Ave. Widening – Gormanville to Cartier</u> The construction contract was awarded in May 2024 as per Report to Council No. 2024-041. Construction is anticipated to be completed in 2025.	10,875,213
<u>3818RD/SS – Premier Pumping Station Replacement</u> The Municipal Class EA has been completed. Request for Proposal for a consultant is expected to go out in 2026 with construction to start in 2026.	3,291,004
<u>3825SS – Wastewater Treatment Plant – Intake Chamber Replacement</u> The design contract was awarded in April 2022 as per Report to Council No. CORP 2022-054 and is anticipated to go out for tender in the fall of 2025 with construction in the spring of 2026.	11,060,258
<u>3912GG/WS – Integrated Software Solution</u> Identification of business process needs and future requirements is being finalized. This work is informing the development of the Request for Proposal for the Enterprise Resource Planning (ERP) software solution.	4,703,467
<u>3919RD/SS/ST/WS – Metcalfe St. – Laurier to End</u> The design Request for Proposal is anticipated to go to market in the summer of 2025 with construction planned in 2026.	4,393,700
<u>3931RD/WS – Ellendale Second Feed</u> The design contract was awarded in October 2024 as per Request for Proposal 2024-038 with construction anticipated to start in 2026/2027.	1,777,585
<u>4003WS – Membrane Module Replacement</u> Purchase of the membrane replacement is anticipated to be awarded in 2025.	3,000,000
<u>4025RD – Booth Road & Lakeshore Drive Intersection Reconstruction</u> The construction contract was awarded in March 2025 as per Report to Council No. 2025-025. Construction started in spring 2025 and will be done in conjunction with Project No. 4510RF – Community and Recreation Centre.	1,995,941

<u>4040RF – Omischl Field C Replacement</u>	2,055,200
Request for Proposal for the Omischl Field C rehabilitation is being drafted and is anticipated to be done in 2026.	
<u>4302RD/ST – Pearson St. and Bank St. Culvert Replacements</u>	1,235,512
The construction is anticipated to be tendered in winter of 2025 with work to be done in spring of 2026.	
<u>4310RD/SS/ST/WS – Pearce St. Extension to Tower Dr.</u>	4,675,400
Work is anticipated to be started in 2026 following finalization of outstanding agreements.	
<u>4330TR – Construction of Sidewalks for Transit Routes – Phase 2</u>	2,438,273
The construction contract was awarded in February 2025 as per Report to Council No. CORP 2025-018. Work started in spring of 2025.	
<u>4340ST – Laurentian Heights Stormwater Management Pond</u>	1,896,181
A cost share agreement was executed in April 2024 as per Report to Council No. CSBU 2024-019. Construction is anticipated to be completed in the summer of 2025.	
<u>4361SL – Marshall Park & Lakeshore Drive Traffic Signals</u>	1,186,822
The tender for the construction closed in July 2025 and is anticipated to start in the late summer/ early fall of 2025 with completion in 2026.	
<u>4498PD – North Bay Police Services Electrical & Generator Replacement</u>	1,878,462
Design is underway with construction anticipated to be tendered in the summer of 2025 with construction to begin in the fall of 2025.	
<u>4510RF – Community and Recreation Centre</u>	50,061,049
The project development services for the progressive design build contract was awarded in May 2024 as per Report to Council No. CAO 2024-004. The execution of the change order for the Guaranteed Maximum Price was authorized in November 2024 through Report to Council No. CAO 2024-008. Project is anticipated to be completed in 2026.	
<u>4513PD – North Bay Police Service Radio System Replacement</u>	1,143,166
An agreement for the upgrade of the K-Core system has been signed, which is the first step of the radio system replacement.	
<u>4515TR – Construction of Sidewalks for Transit Routes – Phase 1 Stage 3</u>	4,344,140
The construction contract was awarded in March 2025 as per Report to Council No. CORP 2025-029. Work started in spring of 2025.	
<u>4528ST – Ski Club Drainage</u>	1,200,000
Tender package is being prepared with construction planned in 2025/2026.	

<u>4530SS – Clarifier Mechanism Replacement</u> Design for the clarifier mechanism replacement is complete. Construction is anticipated to be tendered in 2025/2026 with work to be done in 2026.	1,563,801
<u>6483AA – Cassellholme Redevelopment</u> This project represents the City’s estimated share of annual financing costs associated with the Cassellholme Redevelopment.	8,497,270
<u>6836RD – Asphalt Resurfacing 2025 On-going</u> The construction contract was awarded in June 2025 through Report to Council 2025-061 and is anticipated to be completed in 2025.	3,720,862
<u>6844RD/SS/ST/WS – City Share of Development Costs 2025 On-going</u> This project is available for the City to respond to various development requests. In July 2025, the City entered into a cost-share agreement as per CSBU 2025-043 which represents one plan for this budget.	1,310,264
<u>6866PD – North Bay Police Services 2025 On-going</u> Three patrol vehicles have been ordered in 2025 and are expected to arrive in 2025/2026.	1,450,611
<u>6867LB – North Bay Public Library 2025 On-going</u> The North Bay Public Library is reviewing options to replace the elevator in the building for which the majority of these funds are planned.	1,142,695
<u>6898SS – Wastewater Treatment Plant Exterior Rehab 2025 On-going</u> The design for phase two of the Administration Building exterior rehabilitation is now complete. Construction is anticipated to be awarded in 2025/2026 with work to take place in 2026.	1,529,239
<u>6908WS – Watermain Rehabilitation Program 2025 On-going</u> Design for this project is currently in progress with construction anticipated to be tendered in 2025.	2,728,246
Total	\$146,055,937

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 annual Capital Budget process, Senior Management will review all on-going projects with pre-2024 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, 2025 Capital Variance Report.

Housing Accelerator Fund Funding

In December 2024, the City signed a contribution agreement with the Canada Mortgage and Housing Corporation (CMHC) to receive funding through the Housing Accelerator Fund. This funding is intended to create more supply of housing at an accelerated pace and to enhance certainty in the approvals and building process. The City is working through the Approved Action Plan as set out in Schedule A of the signed contribution agreement and in January 2025, the first instalment was received. To efficiently track and manage the spending on the initiatives as set out in the Approved Action Plan, it is recommended to create and transfer this funding to discretionary reserve fund 99605R – Housing Accelerator Fund (HAF).

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:

- 1) receive the Capital Variance Report as at June 30, 2025, as set out in Report to Council No. CORP 2025-075, dated July 28, 2025 from Blair Grant; and,
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- 3) authorize the creation and transfer of the Housing Accelerator Fund funding to discretionary reserve fund 99605R – Housing Accelerator Fund (HAF).

Respectfully submitted,

Name: Blair Grant, CPA, CA

Title: Coordinator, Financial Reports

I concur with this report and recommendation

Name Laura Boissonneault, CPA, CGA

Title: Director, Financial Services / Deputy Treasurer

Name Ian Kilgour, MCIP, RPP

Title: Director, Community Services

Name Alan Korell P.Eng.

Title: Interim City Engineer

Name Jason Whiteley

Title: Fire Chief

Name Shannon Saucier, CPA, CA

Title: Director, Strategic Initiatives

Name Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Name John Severino, P.Eng., MBA

Title: Chief Administrative Officer

Personnel designated for continuance:

Blair Grant, CPA, CA

Coordinator, Financial Reports

Attachments:

Appendix A – Summary of Open and Active Projects as at June 30, 2025

Appendix B – Transfer (to) from Reserve Funds

Appendix C – Transfer to Other Open Projects