
TO: GENERAL COMMITTEE

SUBJECT: CAPITAL PROJECT STATUS REPORT

WARD: ALL

PREPARED BY AND KEY CONTACTS: H. MILLER, SUPERVISOR OF BUDGETS (EXTENSION 4923)
M. JERMEY, MANAGER OF BUSINESS PLANNING & BUDGETS (EXTENSION 4407)

SUBMITTED BY: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER

GENERAL MANAGER APPROVAL: P. ELLIOT-SPENCER, GENERAL MANAGER OF COMMUNITY & CORPORATE SERVICES
R. J. FORWARD, GENERAL MANAGER OF INFRASTRUCTURE & GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That staff be authorized to close the capital projects identified as completed in Appendix "C-1" Projects with Excess Committed Funding, and release the funding commitments in the amount of \$6,420,839.26 as described in Appendix "C-1", and identified in Appendix "C-2" of Staff Report FIN014-17.
2. That staff be authorized to close the capital projects as identified as completed in Appendix "D-1" Projects Requiring Additional Funding, and increase the funding commitments in the amount of \$14,770,178.88 as described in Appendix "D-1", and identified in Appendix "D-2" of Staff Report FIN014-17.
3. That staff be authorized to undertake the new capital projects as well as existing projects with an expanded scope as identified in Appendix "B-1" – New Capital Projects, and add the funding commitments in the amount of \$335,500 as described in Appendix "B-1", and identified in Appendix "B-2" of Staff Report FIN014-17.

PURPOSE & BACKGROUND

6. The purpose of this Staff Report is to describe the status of the City of Barrie's Capital Plan as required by the City's Capital Project Financial Control Policy.
7. Project managers are responsible for ensuring each capital project assigned to them adheres to schedule requirements and financial policies throughout the year.
8. This report provides an update on the progress and performance of the Corporation's Capital Plan.

Capital Project Financial Control Policy

9. A key element of the Capital Project Financial Control Policy is the requirement for a semi-annual Capital Status Report which includes:
 - a) The status of all approved Capital Projects (i.e. not started, design phase, underway, substantially complete, or other);
 - b) Capital Projects to be closed with related recommendations for treatment of project savings and over expenditures which exceed the materiality threshold of the lesser of 10% of the Project Capital Budget or \$250,000;
 - c) Recommendations for the deferral or closure of capital projects to either fund new projects, or over expenditures on other projects;
 - d) Recommendations for financing adjustments when requirements for any anticipated over expenditures exceed the materiality threshold of the lesser of 10% of the Capital Budget or \$250,000; and,
 - e) Recommendations to address substantive changes in the nature or scope of an approved capital project.
10. Any over expenditures below the materiality threshold can be addressed by the Department Head, subject to review by the Director of Finance or delegate, through the use of holding accounts established for each fund (i.e. tax rate, water rate, wastewater rate, and parking rate).
11. The status of the City's capital projects is being presented as of February 28, 2017.

ANALYSIS

Capital Project Status – Appendix “A”

12. Appendix “A” includes approved capital budget information, requested pending adjustments to the approved capital budgets, project spending to date, and spending plans. The ‘Total Spend to Date’ column includes the lifetime activity of the project up to the end of February 28, 2017. The ‘2016 Spending Plan’ column includes actual spending for January and February 2017 and then forecasted spending for March to December 2017.
13. Appendix “A” of the Capital Project Status Report provides a listing of all approved and pending approval projects (665 projects) in the City's 2017 Capital Budget by functional area:
 - a) \$393M of the total capital plan of \$654M has been spent to date;
 - b) \$151M is anticipated to be spent in 2017; and
 - c) \$68M projected to be forecasted to be spent on approved capital projects over the next two years.
14. The total additional funding required is \$15.5M, while the total funding commitments being released are \$6.4M, which amounts to a net \$9.1M increase to the overall Capital Budget. The largest request for additional funding, in the amount of \$4M, is to advance the property acquisition for the Harvie Road Bridge project.

Other Priority Projects – Appendices “B-1” and “B-2”

15. It is recommended that the following project be added to the Capital Budget and funded as outlined in Appendices “B-1” and “B-2”:

a) **Landfill Hydraulic Tailgate Pickup**

Approved Budget: \$0

Additional Funding Required: \$35,000 - Tax Capital Reserve

The administration of a Multi-Unit Residential Sector Program, as per Council Resolution 15-G-223, required a dedicated staff member to oversee, transition, and manage the program. This permanent position would take over responsibility of all waste and diversion program services related to the multi-unit residential sector. It was also identified that a vehicle would be required for this position, as regular site visits to the properties are required and there is no excess capacity of existing Environmental Operations Vehicles.

This request is for the budget to purchase a vehicle for the above mentioned position. The type of vehicle required has now been determined to be a truck with a lift gate due to the following reasons: to deliver and replace 95 gallon carts for recycling, and 60 gallon carts for organics, to over 2,000 multi-residential units; to safely accommodate the weight of carts requiring the use of a lift gate; and, to enable delivery of information kits and display units for lobby displays at multi-residential complexes. These are all part of implementing the Multi-Residential Front End Bin Program and the Multi-Residential Source Separated Organics Program.

b) **East Bayfield Community Centre Swim Blocks**

Approved Budget: \$0

Additional Funding Required: \$90,000 (\$55,000 Tax Capital Reserve, and \$35,000 Donations)

The present starting blocks are not meeting the swim organization requirements to compete at the FINA standard. The equipment is too low to compete at the highest level and they do not have the proper hardware for backstroke. We have been experiencing some intermittent issues with wiring for these units as the system is over 14 years old. The blocks should be replaced now as the Trojans Swim Club has raised \$35,000 toward the replacement of the starting system with the understanding that the blocks will become the property of the City of Barrie once installed. The best time to complete installation is during the pool shutdown in August. Revenues associated with this request exceed \$160,000 annually.

c) **Parkview Seniors Centre – Electronic Road Signage**

Approved Budget: \$0

Additional Funding Required: \$15,000 - Donation

The Parkview Seniors group approached Recreation staff with an idea of a new electronic sign at the Parkview Centre. They want to have messages about their events and trips to increase awareness of the great events they have at the Centre. Staff investigated costs for such a sign and determined a \$10,000 to \$15,000 budget would be required for this installation. The seniors group is interested in moving forward with this initiative and has

offered to fund the cost of installation. If Council approves this project request, then staff would enter into a memorandum of understanding with the Parkview Seniors group to provide 100% of the cost of the electronic sign project.

d) **Operations Centre Bulk Water Station Heating Pad**

Approved Budget: \$0

Additional Funding Required: \$90,000 - Tax Capital Reserve

This project is necessary to address a health and safety issue that was first brought up in the December 2015 Joint Health and Safety Committee Meeting. In the winter, water that is spilled from trucks using the filling freezes creating a slip hazard. In order to correct this, a drainage system for this spilled water has been designed which also incorporates a heated pad to prevent the water from freezing in the winter. The heated pad is operated using moisture and temperature controls in order to minimize energy consumption and operation costs. The budget of \$90,000 will go towards construction, contingency, and soft costs including staff recoverable time. The design was completed and paid for in a separate allocated budget from 2016 approval.

e) **Fire Prevention SUV - BFES**

Approved Budget: \$0

Additional Funding Required: \$32,500 - Tax Capital Reserve

The existing Fire Prevention Van was deemed unsafe and unfit for the road and was pulled out of service by Fleet Services in 2016. A budget of \$65,000 was approved for 2017 to replace the out-of-service vehicle in order to enable staff to resume normal activities, and to provide expected service to the community. The original intended purpose of the Fire Prevention Van has since changed and it has been determined that an all-wheel drive SUV type vehicle should be purchased. As the chosen SUV is considerably less in price than the current approved budget of \$65,000, the excess funds (\$32,500) are being returned to the Tax Capital Reserve on Appendix C-1. Staff are requesting approval to use the budget savings to purchase a second SUV for Fire Prevention.

f) **Deputy Chief Vehicle Replacement - BFES**

Approved Budget: \$0

Additional Funding Required: \$33,000 - Tax Capital Reserve

The 2017 budget includes funds to replace two Deputy Chief Vehicles with a budget of \$50,000 for each. BFES staff would like to purchase 3 Chief Officer Vehicles instead of the 2 previously planned, using the budget provided for Cars 2 and 3. Cars 2 and 3 were originally purchased with a department direction requiring emergency response capabilities that met or exceeded NFPA requirements. It is important to ensure each Deputy Chief and Fire Chief has the ability to respond to emergencies or to the EOC as required. Further research has revealed there are more cost effective vehicle options available that have the necessary response capabilities. This would also allow BFES to take advantage of the new vehicles currently available that meet our needs within the budgeted amount of the previous plan for 2 vehicles. The result will be such a significant savings that an additional vehicle can be considered to be provided for the Deputy Chief in order to ensure all Chief Officers have the required vehicles needed to perform their duties. The budget of \$50,000 for each approved replacement vehicle is being reduced by \$16,500 on Appendix C-1.

g) **Traffic and Parking Van Replacement**

Approved Budget: \$0

Additional Funding Required: \$40,000 (\$20,000 Parking Reserve, and \$20,000 Tax Capital Reserve)

A recent investigation of the traffic van identified that the floor panels were rotten and missing. The rust and metal fatigue have also affected the unibody frame to the point the van was deemed unfit for the road and parked as it is not economically viable to repair, if it could be done at all. Staff are requesting permission to purchase a light duty van to replace the one taken off the road due to the important role the van plays in the daily functions of the traffic and parking collections team. On a daily basis the van is used for the following tasks:

- i) Parking technicians use the vehicle every morning for collections. An average of 40 to 50 individual empty cash boxes are loaded for exchange of monies from Pay and Display parking machines collections along with single space meter collections;
- ii) Is used for secure transportation of monies to the Transit coin room in the south end of Barrie;
- iii) Is stored with all tools, paper, batteries, spare parts, auditing equipment, just to mention a few, that is used on a daily basis;
- iv) Is also used on a regular basis for traffic and parking lots studies;
- v) Is used for complaints investigations from M.L.E.O.;
- vi) Is used for regular everyday maintenance of parking assets;
- vii) Is used for bagging off machines and meters for special events and winter snow removal; and
- viii) Is used for the auditing of monies for assets in the Parking Branch.

Projects with Excess Funding – Appendices “C-1” and “C-2”

- 16. Appendix “C” of the Staff Report identifies capital projects by functional area that are either completed and have excess funds, or are still underway, but excess funds have been identified based on tender results. All completed projects will be closed.
- 17. Generally, excess funds are the result of several factors. The common reasons include:
 - a) Economies of scale and competitive bid process. Studies were grouped resulting in expedited approvals, economies of scale and further savings through the competitive bid process;
 - b) Better than expected market conditions. These are very hard to predict at the capital planning stage, well in advance of the actual tendering and construction. The market conditions can fluctuate a number of times throughout the year, and can be affected by what other municipalities are doing, or not doing;
 - c) The City includes contingencies in contracts, which in some cases are not utilized. The contingencies are required because of project risks, such as unknown underground installations or soil conditions that cannot be determined prior to construction; and
 - d) Projects are cancelled.

Projects Requiring Additional Council Approved Funding – Appendices “D-1” and “D-2”

18. Appendix “D” identifies capital projects by functional area that exceed their materiality threshold (the lesser of 10% of the Capital Budget or \$250,000) or where there are insufficient funds available in the holding accounts. In these instances, Council approval is required for additional funding. The projects are identified as either those that are still active and require additional funds in order to complete or projects that have been completed but require additional funding in order to close them. Staff have provided detailed comments/explanations in the appendix for each project where an over expenditure occurred.
19. The total anticipated over expenditure represents \$14.8M on 39 projects with varying reasons requiring additional funding as described in further detail in Appendix “D”.
20. Staff is recommending that the funding for the Marina Bayfield Basin Project be changed from 100% funding from the Marina Reserve to 50% from the Marina Reserve, and 50% from the Tax Capital Reserve. The outcome of this project will benefit not only marina patrons but also the community as it will bring more business to the downtown core.
21. In 2017 Facilities staff had to proceed with two emergency purchases to address equipment failure and non-compliance issues. The first emergency purchase was to address the catastrophic failure of the City Hall rooftop emergency power generator that is required for backup power for City hall, the 5th floor data centre and 911 communications. A budget request of \$65,000 to cover this cost is included in Appendix D-1. The second emergency purchase was the services of a contractor to inspect, report, rectify and provide compliance certification and reports for various Technical Standards & Safety Authority non-compliance issues of the City’s fuel systems and appliances. Due to the City’s current non-compliance state, the City’s fuel service provider has refused to deliver fuel to a number of City sites. Many of these sites include equipment and appliances that are critical to the continuing safe, uninterrupted provision of essential services. A budget request of \$384,000 to cover this cost is included in Appendix “D-1”.

Projects Requiring Additional Funding (Delegated Authority) – Appendix “E”

22. Appendix “E” includes capital projects that have been over spent but are within the materiality threshold established in the Capital Project Financial Control Policy. As per the Capital Project Financial Control Policy, Department Heads, subject to the review by the Director of Finance or delegate, have delegated authority to transfer the required funds from the appropriate holding accounts established for this purpose. This information is being provided for information purposes only.

Holding Accounts:

23. As per the Capital Project Financial Control Policy, holding accounts are to be established for the following program areas with balances not to exceed the following:
 - Tax Rate Holding Account \$3,000,000
 - Water Rate Holding Account \$1,000,000
 - Wastewater Rate Holding Account \$1,000,000
 - Parking Rate Holding Account \$ 100,000

The purpose of these holding accounts is to provide Department Heads, subject to the review by the Director of Finance or delegate, with some flexibility to authorize adjustments to a Capital Project Budget in an amount not to exceed a Council approved materiality threshold. This facilitates effective project management and reduces the need for Council to become engaged in routine project administration matters that not only consumes valuable time at Council meetings, but also

risks slowing the project down and generating increased costs due to delay claims, price escalations, or other factors.

24. The table below indicates the status of the holding accounts as at March 31, 2017 and year to date activity. With the adjustments proposed in this report, the balance in the holding accounts will be available in order to deal with future financing needs. The following chart depicts the impact on the holding accounts as a result of the transactions in Appendices “B”, “C”, “D” and “E”:

Holding Accounts				
	Tax Rate	Water Rate	Wastewater Rate	Parking Rate
Opening Balance	2,603,877	989,228	1,000,151	17,763
Transfers Out	(323,022)	(126)	(52,888)	-
Transfers In	486,934	10,898	52,737	-
Closing Balance	2,767,789	1,000,000	1,000,000	17,763

ENVIRONMENTAL MATTERS

25. There are no environmental matters related to the recommendations.

ALTERNATIVES

26. There is one alternative available for consideration by General Committee:

Alternative #1 General Committee could choose alternative financing plans to fund the over expenditures, such as increasing debt financing.

This alternative is not recommended given Barrie’s objective of minimizing debt, and the fact that reserves and reserve funds have sufficient funds available to address the net funding requirements.

LINKAGE TO 2014-2018 STRATEGIC PLAN

27. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 City Council Strategic Plan:

Responsible Spending

28. The Capital Project Financial Policy is a key element of the City’s Financial Policy Framework. The transparency and accountability that it requires will support Council’s Strategic Goal of responsible spending.