

## **Supplemental Information to the 2011 Capital Projects Recommended for Closure Report**

<b>Date:</b>	June 5, 2012
<b>To:</b>	City Council
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2012\Internal Services\Fp\Cc12018Fp (AFS15540)

### **SUMMARY**

---

The purpose of this report is to provide Council with supplemental information to the 2011 capital projects recommended for closure regarding the total number and value of projects under and over expenditures. This report details additional information requested by Budget Committee at its meeting on April 27, 2012.

As part of the 2011 Year-End Capital Variance Report, 145 capital projects comprised of 270 sub-projects were reported as fully completed and recommended for closure. The total under-spending of the fully completed projects/sub-projects is \$114.131 million. In addition, 429 other capital sub-projects were reported as completed. However the capital projects within which they reside will remain open until such time as all remaining sub-projects are complete.

### **RECOMMENDATIONS**

---

The Deputy City Manager and Chief Financial Officer recommend that Council receive this report for information.

### **FINANCIAL IMPACT**

---

There are no financial impacts arising from the adoption of this report.

## **ISSUE BACKGROUND**

The City's Financial Control By-Law authorizes Deputy City Manager and Chief Financial Officer to close completed capital projects after consultation with Division Heads and stipulates that the CFO must submit a report to Council on an annual basis detailing all capital projects closed during the year.

To comply with this requirement, a list of completed projects and sub-projects is included in the 2011 Year End Capital Variance Report (Appendix 4) submitted to the Budget Committee on April 27, 2012.

This report serves as the supplemental information to address the Budget Committee request that the Deputy City Manager and Chief Financial Officer report directly to City Council for consideration with this item, on capital projects recommended for closure including total numbers of projects and total numbers of dollars in the under-spent category, total numbers of projects and numbers of dollars in the over-spent category and any possible recommended courses of action emerging from these totals.

## **COMMENTS**

The City's Capital Budget and Plan is comprised of capital projects which may be stand alone, or may have sub-projects that represent discrete phases of capital work. In many cases, approved capital projects represent capital programs in which each sub-project relates to a location or particular component of work. For example, in Parks, Forestry, & Recreation, Council approves a Community Centre capital project with each capital sub-project representing a discrete budget for a particular community centre location, in which the accumulative approved cash flow represents the total project cost approved for the capital project.

A capital project is considered partial closed when only some of the sub-projects are completed, remaining funding is required to complete other subsidiary projects that are still active.

A capital project is considered fully closed when all its subsidiary projects are completed. Capital project financing may have various funding sources. Projects are normally funded based on actual expenditures in the following order: third-party funding, reserves or reserve funds, and lastly debt. In accordance with the Finance Control By-Law, after a project is fully completed and closed, the unspent funding, if any, will be treated as follows:

- Third party funding will be returned to the source as they are generally for specific purposes and can only be used for the specific projects
- Reserve funds are drawn based on actual expenditure within the Council approved limit. Any undrawn portion will remain in the same reserve or reserve fund
- Debt is applied only lastly and for the purposes for which the debt was issued. The unspent debt portion will generally not be issued.

## **Fully Completed 2011 Capital Projects for Closure**

As detailed in Appendix 1, 145 capital projects, comprised of 270 sub-projects, are fully completed and recommended for closure at 2011 year-end. These fully completed projects have total approved project costs of \$731.305 million and actual spending of \$617.173 million, representing a total under-spending of \$114.131 million, with \$4.972 million funded by debt, \$101.978 million funded by various reserve and reserve funds and \$7.181 million funded by federal, provincial and other funding sources.

Of these 145 capital projects, 102 are in Tax Supported Programs which have 156 sub-projects fully completed. Total under-spending of \$33.659 million comprised of \$4.972 million funded by debt, \$21.506 million funded by various reserves or reserve funds and \$7.181 million fund by other funding sources.

43 completed projects are for Rate Supported Programs comprised of 114 sub-projects with total under-spending of \$80.472 million funded by reserve and reserves funds.

None of the 145 fully completed projects is over-spent.

## **Partially Completed 2011 Capital Projects**

As detailed in Appendix 2, 429 capital sub-projects are completed within 88 Council approved projects. These projects will remain open to allow continuation of capital work and residual funds will be used to complete remaining phases or sub-projects of the approved capital projects. Actual spending on the 2011 completed capital activities is \$434.288 million. These partially closed capital projects had a combined approved total project cost of \$4.577 billion and total life-to-date spending of \$3.269 billion. The remaining Council approved funding available for outstanding phases or sub-projects is \$1.308 billion.

Accounting Services staff will ensure that all expenditures for the identified capital projects/sub-projects are fully funded prior to closure.

## **CONTACT**

Josie La Vita, Director  
Financial Planning  
Tel: 416 397-4229, Fax: 416 397-4465

Andy Cui, Manager  
Financial Planning  
Tel: 416 397-4207, Fax: 416 397-4465

## **SIGNATURE**

---

Cam Weldon  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

Appendix 1 Fully Completed 2011 Capital Projects/Sub-projects for Closure  
Appendix 2 Partially Completed 2011 Capital Projects/Sub-projects