



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn and Michele Kerswill

Position: Director of Finance and Deputy Treasurer

Title / Subject: Capital Projects Status Report – December 2023

Date of Report: March 13, 2024

Date of Meeting: March 25, 2024

Report No: 2024-FI-009

1.0 Issue / Origin

The purpose of this report is to provide Council a status of capital projects and to request approval of reserve fund transfers for projects that require additional funding. The report summarizes capital projects approved in previous years that will carry forward into 2024.

In addition, this report also summarizes two operating items that will be transferred to the Committed Projects Reserve for year-end 2023 and request Council approval for the transfer.

2.0 Background

Capital projects are an integral part of the Township's operations to ensure assets are in a good state or repair by performing capital repairs, rehabilitation, replacements, and preventive maintenance. Projects are usually approved by Council part of the annual budget process and occasionally staff may request projects during the middle of the year.

Due to the long-term nature of capital projects, expenditures may have been incurred over more than one year. This may be due to the construction season, delivery timelines / product availability, complexity of the project, and resource availability.

Department Heads undertook a comprehensive review of all open capital projects along with a preliminary review of December financial results (pending year-end adjustments). The report summarizes the capital program over three sections:

1. Capital Projects Completed or Closed – Appendix A
2. Ongoing projects – Appendix B
3. Review of Committee Projects Reserve – Appendix C

3.0 Analysis

At the end of 2024, the available capital budget carried forward to 2024 is \$10.3 million (pending any year end adjustments). This represents the workplan that can be spent next year, prior to any new 2024 Capital Budget requests are approved (see Appendix B, attached). The balance is a result of the following activities:

Description	Amount
2023 Approved Capital Budget	\$ 5,519,700
2022 and Prior Projects	3,672,403
Sunderland Arena Expansion	7,779,481
Thorah Public Works Depot	2,682,653
Total Capital Program	\$ 19,654,237
Expenditures incurred in 2022 or prior	4,023,286
Available Capital Budget Carried forward to 2023	\$ 15,630,951
Expenditures incurred in 2023	4,587,957
Net surplus budget returned to source	786,114
Available Capital Budget Carried Forward to 2024	\$ 10,256,880

From the \$19.6 million of the Capital Program, \$4 million was spent in 2022 or prior, leaving \$15.6 million of available budget to spend in 2023. From this amount \$4.6 million, or approximately 30% was completed in 2023. After returning \$786,114 surplus budgets to the original funding source, \$10.3 million of the capital workplan will be carried forward into 2024.

a) Capital Projects Completed or Closed – Appendix A

During 2023, 55 projects were completed (Appendix A), with \$786,114 (pending any year end adjustments) of surplus funds available for future projects.

From the 55 projects, 16 projects were over budget by \$75,938. This requires Council approval to transfer funds from the following reserve funds:

Description	Amount	Reserve Fund
Truck Replacement #13	1,884	Capital R/F - Roads (Fleet)
Thorah Beaverton Patrol Yard Gate	15,188	Capital R/F - Admin Equip
HL2 Ultra Thin Resurfacing	28,773	Capital R/F - Roads
Uxbridge Town Line/Kydd Lane	880	Capital R/F - Roads
3/4 Ton - 4wd/Extended Cab Replacement	3,052	Capital R/F - Roads
SCBA Replacement	5,000	Capital R/F – Fire
Fire & Emergency Rescue Boat Replacement	2,238	Capital R/F – Fire
AC Replacement (Office - Sunderland)	103	Federal Gas Tax R/F (CCBF)
Window Replacement & Insulation of Apparatus Area Roof (Beaverton)	314	Federal Gas Tax R/F (CCBF)
Beaverton-Thorah Health Centre - Replace Windows	1,243	Capital R/F - Public Buildings
Beaverton Town Hall -Kitchen Cabinets and Counters	73	Capital R/F - Public Buildings
Sunderland Historical Soc Building - Replacement of A/C Unit	1,040	Federal Gas Tax R/F (CCBF)
Core Services Review	1,218	Tax Rate Stabilization
Recreation Master Plan	7,485	Capital R/F - Parks
Rick MacLeish Arena - Replace Zamboni	3,426	Capital R/F - Arenas
Foster Hewitt Memorial - Refrigeration System Control Panel Replacement	4,021	Federal Gas Tax R/F (CCBF)
Total	\$75,938	

b) Ongoing Capital Projects Carried Forward to 2024 – Appendix B

Appendix B lists 40 projects that are still active and ongoing, representing \$10.3 million of capital workplan into the future.

From the 40 projects, 2 projects are over budget by \$38,589. This requires Council approval to transfer funds from the following reserve funds:

Description	Amount	Reserve Fund
Culvert #344 - Con7 Thorah west of Hwy 12	\$ 26,492	Capital R/F - Roads
Road Rehabilitation & Repair (Year 1 of 4)	12,097	Capital R/F - Roads
Total	\$38,589	

c) Committed Projects Reserve – Appendix C

Prior to 2022, a portion of the capital budget was funded through the annual tax levy. At year-end the budgeted and unspent funds for were transferred to the Committed Projects Reserve. The funds are then used in a future budget year. Council direction was to retain the funding only for projects that are expected to be completed within the next five years. At the beginning of 2023, the reserve balance was \$306,615. All previously committed projects are listed in Appendix C and the total remaining at year-end 2023 is \$98,500.

d) Operating Projects – Transfer to Reserve

While is not a preferred practice and generally not done, there are two projects within the 2023 budget which have been carried forward to 2024. It is difficult and time consuming for staff to keep track of carry forward projects, therefore, staff tend to just permit the carry over of capital projects and traditionally not the carryover of operating budget items.

However, for 2023 year-end, staff would like to request the carry forward of the following two projects:

- \$5,000 in the Tourism – Economic Development Initiatives Budget (to be used in 2024); and
- \$10,000 in the Parks and Recreation Budget for the Breakfast of Champions/Hall of Fame Event.

These two projects, totalling \$15,000, will be transferred to Committed Projects Reserve as part of the 2023 year-end.

4.0 Related Policies / Procedures

Budget approval process, Reserve and Reserve Fund, Procurement By-Law, and expenditure control policies.

5.0 Financial / Budget Assessment

All transfers to and from Reserves and Reserve Funds must be approved by Council. Budgets may be exceeded due to unforeseen circumstances, market conditions, scope definition or supply chain issues.

5.1 Asset Management

All capital assets attract both maintenance/rehabilitation and replacement costs. These costs will form part of the Asset Management Plan and will be included in the Asset Management Financing Plan being prepared during 2024.

6.0 Climate Change Impacts

N/A

7.0 Communications

N/A

8.0 Conclusion

There is a large volume of previously approved capital projects that remain to be completed in 2024 and beyond. Prior to approving additional capital budget requests for 2025, resource availability must be considered and whether the ongoing projects can be completed within a reasonable time frame.

9.0 Recommendation

THAT the report titled “Capital Projects Status Report – December 2023” be received; and,

THAT the projects as identified in Appendix B be approved for closure and any surplus funds be transferred to the original funding source; and

THAT \$75,938 be transferred from Reserves and Reserve Funds to the projects identified under section 3 a) of this report:

THAT \$38,589 be transferred from Reserves and Reserve Funds to the projects identified under section 3 b) of this report:

THAT \$15,000 be transferred from the 2023 Operating Budget to the Committed Projects Reserve for use in 2024; and

THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.