



Council-In-Committee Meeting – September 09, 2025

Subject: Capital Status Report – July 31, 2025
Report Number: CS-25-110
Division: Corporate Services
Department: Finance
Ward: All Wards
Purpose: For Decision

Recommendation(s):

That Report CS-25-110 Capital Status Report – July 31, 2025 be received as information; and

That the recommendations contained within Report CS-25-110 and its appendices be approved; and

Further that the Minor Scope Changes (3) identified within the Finance Comments be received as information.

Executive Summary:

Purpose of the Report: this report is presented to provide updates on capital projects to enhance Council’s decision-making abilities and provide transparency to the public.

Background and Context: Capital Status Reports (CSR) outline the status of all approved capital projects. This is an important function because capital works-in-progress represent a significant portion of the County’s total expenditures in any given year. The attachments also recap all of the capital budget amendments approved by Council since the last CSR and provide an update on the projected balances of the County’s capital reserve and reserve funds.

Key Findings and Analysis: the County has 402 active capital projects with a total budget of \$309.26 million.

Conclusion / Recommendation: a number of capital projects are recommended to be closed within Attachment 1 because they have reached completion. If projects were completed overbudget, a funding source is also recommended to fund the variance.

Financial Implications: the projects recommended to be closed in this report have a surplus of \$6.24 million, meaning that in total they were completed within budget.

Discussions:

Norfolk County has a large number of capital projects that require monitoring on a regular basis. Staff monitor these projects and provide reports to Council on their status, including recommendations concerning revisions to budgets, financing, and/or project closures requiring Council approval.

Projects that have been completed at or under the approved budget will be recommended to be closed. Projects that have been completed over budget will also be recommended to close, and a funding source will be recommended to fund the deficit.

Projects that have been approved but are no longer required will also be recommended to be closed. These closures are normally due to factors such as:

- Project has not been initiated prior to following year's capital budget preparation;
- Material change to the scope of the project;
- Forecasted cost of the project would greatly exceed the approved budget; or
- Project has been removed in order to finance a new project.

Finance staff monitor the status comments for active projects and identify potential items of interest with a yellow highlight in Appendix 1. The following examples are situations warranting a capital project being highlighted as an item of interest;

- Project is closing significantly (\$50,000+) over budget;
- The department's status comment indicates a potential upcoming scope change request will be brought forward to Council (major scope changes are not approved though this report);
- The department's status comments introduce new information which may be deemed important to Council or the public;
- The status comment indicates a project is experiencing a major issue or delays which may impact completion dates; or
- The status comment indicates potential for future budget amendments.

Appendix 1 includes the status comments and life-to-date expenditures for all active projects with an Active Capital Budget at July 31, 2025. The budget figures are reflected as approved by Council through Capital Budget deliberations and all subsequent amendments. A reconciliation of the budget changes since the previous Capital Status Report has been provided in Table 1 below.

Table 1 – Budget Changes Since Previous Capital Status Report

Reconciling Items	Total Budget
Total Active Capital after Previous CSR	\$348,744,000
Add: Budget Amendments since Previous CSR (Listed in Appendix 2)	\$8,976,000
Total Capital as at July 31, 2025 CSR (Listed in Appendix 1)	\$357,720,000

Budget amendments totalling \$8.98 million have been approved since the December 31, 2024 Capital Status Report and are individually listed in Appendix 2. These amendments arose for various reasons, including changes in timing to expedite project design, changes in scope, or market factors resulting in unfavorable tender pricing.

Recommendations listed in Appendix 1 are summarized in Table 2 below. If the recommendations are approved as presented, the County will have 402 active capital projects remaining, with a total budget of over \$309 million; compared to 499 projects with a total budget of \$348 million that remained active after the previous CSR. Approximately 55.9% of the active capital will relate to water and wastewater services while only 44.1% will relate to tax-supported projects.

Table 2 – July 31, 2025 Capital Status Report Summary

Project Status	# of Projects	Approved Budget	Actual Expenditure	Surplus/ (Deficit)
Total Capital as at July 31, 2025 CSR (Listed in Appendix 1)	504	\$357,720,000	\$121,686,148	\$236,033,852
Projects Recommended to Close – Within Budget	85	\$36,631,000	\$29,679,147	\$6,951,853
Projects Recommended to Close – Over Budget	17	\$11,834,000	\$12,540,704	(\$706,704)
Total Active Capital	402	\$309,255,000	\$79,466,297	\$229,788,703

Finance Comments:

As projects are identified for closure, it is expected that the majority should be completed under budget. This is due to budget amendment requirements for projects being brought forward to Council prior to project commencement.

Budget deficits are addressed by identifying appropriate funding sources available through the ongoing project monitoring process. Per Table 2, this Capital Status Report resulted in 102 projects being closed with a combined surplus of approximately \$6.24 million. When projects are closed, the commitment to fund the portion that resulted in a surplus will be eliminated, freeing up balances in the projects’ respective reserves which will be re-optimized through the next 10-Year Capital Plan. Appendix 3 includes a summary of the forecasted capital reserve balances for reference.

Table 3 summarizes how the budget for total active capital (the sum of all projects remaining open following this report) are approved to be funded. **An imbalance continues to exist between the use of debt for tax-supported projects compared to rate-supported projects.**

Table 3 – Funding for Open Capital Projects

Approved Funding Source	Levy	Rate
Debentures (Partially Issued)	\$7,500,000	\$4,745,000
Debentures (Not Yet Issued)	\$13,797,000	\$105,890,000
Reserves & Reserve Funds	\$86,178,000	\$26,295,000
OCIF & CCBF	\$12,039,000	\$6,126,000
Development Charges	\$2,779,000	\$9,642,000
Other (Grants, Donations, etc.)	\$14,096,000	\$20,168,000
Subtotal	\$136,369,000	\$172,866,000
Total Active Capital	\$309,255,000	

Funding Swaps

On the previous Capital Status Report, staff closed Project 2132003 Parking Study. The project was completed under budget but one of the funding sources erroneously included external recoveries where no external recoveries were forthcoming. As a result, a portion of the expenditures needed to be funded from a different internal source. The Treasurer exercised their authority under the *FS-06 Capital Program Policy* to fund variances of less than \$50,000, and approved funding the \$32,445.98 variance from the New/Incremental Capital Reserve. The projected reserve balance was sufficient to accommodate this amendment, as seen in Appendix 3.

On Report EIS-25-001, presented at the January 14th, 2025 Council-in-Committee meeting, Council approved an amendment to Project 5831435 Port Rowan WTP and Intake Upgrades. Upon further review, staff discovered they did not administer provisions under the *Development Charges Act, 1997*, correctly when making funding recommendations on this project. This has led to the following:

- Requiring Council approval to return to compliance with the legislation by reducing the budgeted funding from the Water Development Charge Reserve Fund by \$2,343,000 and increasing the budgeted funding from the Water Post DC Reserve Fund by \$1,680,000 and increasing budgeted funding from the Water Reserve by \$663,000.
- Requiring a resolution to incorporate the project into the upcoming development charges background study update.
- An opportunity for debt avoidance by using excess reserve funding while remaining above target uncommitted balances, exercised by the Treasurer under their delegated authority granted through Policy GP-029, to reduce budgeted DC Debt by \$1,170,000, reduce budgeted Rate Debt by \$3,839,000, and increase budgeted funding from the Water Reserve by \$5,009,000.

The benefits of these changes, such as the impact on the County’s Rate-Supported Repayment Target and avoidance of debt servicing charges, will be highlighted in the upcoming Draft 2026 Rate Budget along with any other efficiencies identified during the Capital Planning Process.

Minor Scope Changes

Within Appendix 1, there are three (3) minor scope changes to approved projects which are being disclosed through this report:

- 8432403 – Shelters & Accessible Concrete Pads: Due to successful funding under the Rural Transit Solutions Fund (RTSF), and the County’s Transportation Master Plan not recommending the purchase of County-Owned Fleet, a scope change request to the grant agency has been requested. If Approved, this project would also include the scope for additional signage and information at stops across the County, funded 80% through federal funding.
- 8232202 – Two-Zone Floodplain Study/Options – Simcoe: The location for this project is being recommended to be changed to Port Dover, with Simcoe to commence in 2030 (included in Draft 2026-2035 Levy Capital Plan). This area is recognized as more sensitive to flooding and of higher priority for investigation.
- 5532576 – Sommerset (SWM7) & Other Pond Maintenance: Due to favourable pricing received through the incumbent contractor on site, additional work is being proposed to enhance the cleanout work at Pine Ridge Estates. Taking advantage of favourable pricing and completing this additional work in 2025 will result in financial savings for the County and the removal of a budget planned for submission in the Draft 2026-2035 Levy Capital Plan.

Interdepartmental Implications:

Responsibility for monitoring projects’ progress towards their budgets is shared by the managing department and Finance.

Consultation(s):

All project managers that lead capital projects are responsible for adhering to budgetary constraints and have provided status comments for projects included within this report.

Strategic Plan Linkage:

Sustaining Norfolk - Creating a sustainable community and a positive legacy

Explanation: Capital projects must be managed and reported on to ensure ongoing sustainability of corporate assets.

Attachment(s):

- Appendix 1 – July 31, 2025 Capital Status Report
- Appendix 2 – Summary of Budget Amendments
- Appendix 3 – Reserve Forecast

Approval:

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