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## **Council-In-Committee Meeting – April 12, 2022**

Subject: Capital Status Report - December 31, 2021  
Report Number: CS-22-027  
Division: Corporate Services  
Department: Financial Management and Planning  
Purpose: For Decision

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### **Recommendation(s):**

THAT Report CS-22-027 Capital Status Report – December 31, 2021 be received as information;

AND THAT the recommendations as set out in Appendix 2 included with Report CS-22-027 be approved.

### **Executive Summary:**

The December 31, 2021 Capital Status Report outlines the status of all active capital projects within Norfolk County as of December 31, 2021. This report continues to build upon the commitment of providing Council with additional information for decision making.

### **Discussion:**

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

Active projects that have been completed and are at or under the approved budget will be recommended to be closed.

For active projects completed with expenditures over the approved budget, this report will recommend a funding source to fund the deficit and close the projects.

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

1. The project has not been initiated prior to the following year's capital plan preparation;

2. There is a material change in the scope of the project;
3. The projected cost of the project would materially exceed the approved budget; and/or
4. The project has been deleted in order to finance a new project.

Included with this report as Appendix 2 are the status notes and life-to-date costs for all active projects as of December 31, 2021. The budget figures presented reflect the original budgets as approved by Council during Capital Budget deliberations with revisions approved by Council through a specific report and Council Resolution.

Table 1 outlines the total ongoing Capital Projects reported on within the December 31, 2021 Capital Status Report, reconciling all adjustments to the latest status report provided to Council (December 31, 2020).

**Table 1 – Projects Ongoing as at December 31, 2021**

<b>Reconciling Items</b>	<b>Total Budget</b>
Total Approved 2020 Budget as Reported on December 31, 2020 Capital Status	\$212,504,000
Less: Projected Recommended to Close December 31, 2020 Capital Status	(\$19,151,000)
Add: 2021 Approved Capital Plan	\$48,791,000
Add: Approved Budget Adjustments during 2021 (Listed in Appendix 1)	\$1,162,000
<b>Total December 31, 2021 Capital Status Report</b>	<b>\$243,306,000</b>

Budget amendments totaling \$1,162,000 have been approved since the December 31, 2020 Capital Status Report and are further detailed on Appendix 1. Amendments totaling \$(468,000) are the result of projects that were cancelled or adjusted due to 2020 budget options. Amendments of \$940,000 have also been noted that relate to 2020 surplus commitments. Amendments totaling \$2,568,000 are primarily related to market factors borne out through tender or other purchasing processes and have been adjusted accordingly as approved through reports to Council. The balance of the amendments totaling \$(1,878,000) as outlined in Appendix 1 are as a result of projects being cancelled during 2021 budget deliberations and as a result Options approved by Council.

Table 2 summarizes the recommendations set out in the Appendix 2.

**Table 2 – December 31, 2021 Capital Status Report Summary**

<b>Project Status</b>	<b>Total Number of Projects</b>	<b>Approved Budgeted Exp.</b>	<b>Actual Exp. As of Dec. 31, 2021</b>	<b>Variance Surplus/ (Deficit)</b>
Projects Remaining Active - Open	227	\$216,391,000	\$91,941,732	\$124,449,268
Projects Recommended to be Closed – Within Budget	102	\$23,994,000	\$15,753,541	\$8,240,459
Projects Recommended to be Closed – Over Budget	15	\$2,087,000	\$2,228,084	(\$141,084)
Projects to be Cancelled	5	\$136,000	\$0	\$136,000
Projects to be Re-budgeted	6	\$698,000	\$16,956	\$681,044
<b>Total Projects</b>	<b>355</b>	<b>\$243,306,000</b>	<b>\$109,940,314</b>	<b>\$133,365,686</b>

The County has 355 active capital projects as at December 31, 2021, with budgeted expenditures totaling \$243.3 million compared to 175 active projects with budgeted expenditures of \$193.3 million for the Capital Status Report of December 31, 2020. Approximately 49% of the budgeted capital projects relate to water and wastewater services and 51% relate to tax supported projects based on budgeted expenditures.

Council will note that compared to prior years there are a larger number of open projects as at December 31, 2021 which is primarily due to conditions related to COVID-19 affecting internal staff and external availability of certain services and supply chain constraints. Non-COVID-19 related key staff turnover in certain departments has also contributed to delays in some cases. In addition, due to staffing vacancies within the Financial Management and Planning Team, the provision of mid-year status reports did not occur in 2021, as previously reported to Council in staffing updates related to the Department. Therefore, the typical in-year project closures did not occur, unlike under regular operating years. Resumption of regular reporting is anticipated to occur in 2022.

#### **Financial Services Comments:**

As projects are identified for closure, some will be over expended and some will be under expended. Budget-to-actual shortfalls should be addressed and refinanced on an ongoing basis through an effective ongoing project monitoring process.

#### **Interdepartmental Implications:**

Ongoing monitoring of Capital work-in-progress accounts is a very important function since the expenditures taking place through the Capital fund usually represent a significant portion of the County's total expenditures for a year. Responsibility for

monitoring project accounts is shared by the department responsible for managing the project and by Financial Management and Planning.

#### **Consultation(s):**

All capital projects managers responsible for leading capital projects and associated Managers, Directors and General Managers.

#### **Strategic Plan Linkage:**

This report aligns with the 2019-2022 Council Strategic Priority "Build Solid Foundations".

Explanation:

A Capital Plan needs to be developed and integrated with the County's Corporate Strategic Plan and financing policies in order to ensure the ongoing sustainability of corporate assets.

#### **Conclusion:**

As a result of proposed closing and revision of capital projects, recommendations are presented to revise financing from various Reserve and Reserve Funds, as required.

#### **Attachment(s):**

Appendix 1 – Budget Amendments Summary

Appendix 2 – December 31, 2021 Capital Status Report

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