

## For Information Only

### 2011 Committed Capital Year End Position and Capital Budget Variance

Presented To:	Audit Committee
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### Recommendation

For information only.

### Background

Council has adopted a pay as you go capital financing strategy directly funding capital projects through the operating budget each year.

The capital fund balance represents the Council approved capital funding for capital projects that is unspent at the end of the year. The committed and unspent funding is for capital projects that have not commenced and/or is in progress. The majority of the projects are underway and funding will be spent in 2012 or shortly thereafter.

### Year End Balance

The 2011 year-end balance in the Capital Fund was \$58.8 million, an increase of \$4.5 million from the 2010 closing balance.

Appendix A is a summary which shows the breakdown of the Fund, by major category as at December 31, 2011, with comparative figures for 2010. Also attached in Appendix B are explanatory notes which include a brief description of the approved capital projects underway at the end of 2011.

The capital fund balance of \$58.8 million is net of the approved internally debt financed expenditures of \$17.2 million that will be funded in future years. These are capital projects approved by Council to be funded by future year's capital envelopes, development charges and Section 391 charges. The projects include: Levack Water Supply, South End Rock Tunnel, Kingsway water project, Countryside Arena, South Branch Library, 1160 Lorne Street and the Lionel E. Lalonde Centre.

### Closed Capital Projects

Also included in this report is the capital project budget variances. Appendix C is a summary of all

#### Signed By

**Report Prepared By**

Apryl Lukezic  
Co-ordinator of Capital  
*Digitally Signed Jun 7, 12*

**Recommended by the Department**

Lorella Hayes  
Chief Financial Officer/Treasurer  
*Digitally Signed Jun 7, 12*

**Recommended by the C.A.O.**

Doug Nadorozny  
Chief Administrative Officer  
*Digitally Signed Jun 12, 12*

completed capital projects over \$200,000 from the period of November 2011 to March 2012.

The Capital Budget Policy was followed and has given authority to staff to reallocate funds between capital projects.

**CITY OF GREATER SUDBURY**  
**Committed Capital**  
**as at December 31, 2011**

2011			2010
Committed Capital	Internal Debt Financing (Note 1)	Net Capital	Net Capital
<b>Executive and Legislative</b>			
(1) <b>Healthy Community Initiatives</b>	<b>0</b>	<b>512,835</b>	<b>450,132</b>
(2) <b>Administrative Services</b>			
Administration	0	1,156,027	1,070,789
Information Technology	0	980,620	1,303,178
ERP Projects	0	1,944,059	1,548,523
<b>Subtotal-Administrative Services</b>	<b>0</b>	<b>4,080,706</b>	<b>3,922,490</b>
<b>Human Resources &amp; Organizational</b>			
(3) <b>Development</b>			
Human Resources & Org Dev	<b>0</b>	<b>74,850</b>	<b>118,657</b>
(4) <b>Growth &amp; Development</b>			
Planning and Development	0	189,988	408,781
Economic Development	0	2,008	37,519
Facilities (excl. Community Development)	0	1,435,301	455,934
Solid Waste	0	3,330,432	3,890,522
Parking	0	406,954	408,324
<b>Subtotal-Growth &amp; Development</b>	<b>0</b>	<b>5,364,683</b>	<b>5,201,080</b>
(5) <b>Community Development</b>			
Health & Social Services	(604,384)	(398,415)	(279,545)
Healthy Community	0	20,235	72,788
Leisure Services	(4,612,556)	(3,267,157)	4,292,372
Leisure Services - Facilities	0	1,315,785	661,381
Library Services	(991,712)	(859,950)	333,015
Cemetery Services	0	64,204	241,280
<b>Subtotal-Community Development</b>	<b>(6,208,652)</b>	<b>(3,125,298)</b>	<b>5,321,291</b>
(6) <b>Infrastructure Services</b>			
Water	(3,404,962)	12,883,418	12,675,184
Wastewater	(3,264,795)	17,785,115	19,172,467
Roadways	0	19,185,630	6,660,808
Fleet	0	435,280	1,113,831
Transit	(903,108)	(903,108)	(2,151,656)
Drains and stormwater management	0	3,181,705	2,509,678
<b>Subtotal-Infrastructure Services</b>	<b>(7,572,865)</b>	<b>52,568,040</b>	<b>39,980,312</b>
(7) <b>Emergency Services</b>			
Emergency Medical Services	0	1,311,717	1,383,831
Emergency Planning	(3,380,021)	(3,266,748)	(3,567,777)
Fire Services	0	737,418	(214,818)
<b>Subtotal-Emergency Services</b>	<b>(3,380,021)</b>	<b>(1,217,613)</b>	<b>(2,398,764)</b>
(8) <b>Police Services</b>	<b>0</b>	<b>595,486</b>	<b>2,054,498</b>
<b>TOTAL - COMMITTED CAPITAL</b>	<b>(17,161,538)</b>	<b>58,853,689</b>	<b>54,434,878</b>

**Note 1** - Internal Debt Financing represents capital projects approved by Council to be funded from future years' contribution. The annual debt repayments for this internal debt financing will be funded through operating budgets, future capital envelopes, development charges collected, and/or Section 391 Charges collected.

(1) **Healthy Community Initiatives (HCI) Fund**

Remaining balance is to be spent in future years in support of the corporate goal of creating a Healthy Community as approved by Council on February 23, 2011. These funds are distributed at the discretion of each Councillor for their respective ward, to one specific project or to facilitate a variety of smaller projects in support of the Healthy Community Initiative's four strategic priorities. The unspent funds are reported quarterly to Council with the year-end report presented on May 1, 2012.

(2) **Administration Services**

***Administration***

Projects outstanding include a records management system, mailroom equipment, furniture upgrades, telephone system upgrades, and print shop equipment.

***Information Technology***

The main projects outstanding in this section are Microsoft office conversion, document management, application system upgrades, E-messaging and collaboration and some Hardware and Software costs.

***ERP Projects***

Funds have been approved for the implementation of ERP applications such as Peoplesoft Finance upgrade, new MMMS system, commitment control and other ERP projects. In accordance with the ERP roadmap, it is anticipated that the balance will be largely spent during 2012 to 2015.

(3) **Human Resources**

This balance relates to ergonomic assessment equipment.

(4) **Growth and Development**

***Planning and Development***

The balance includes funding designated for the Official Plan.

***Economic Development***

The balance represents funds for the development of a Tourism Reservation system and will be spent in 2012.

***Facilities***

The balance is for various roofing, interior renovation and building shell projects that were not completed prior to year-end including Tom Davies Square, LEL Centre and several public works depots.

***Solid Waste***

A number of projects remain in progress including Azilda Landfill Site road and stormwater pond, hauled sewage site closure, Sudbury Landfill Site various projects including recycling site and the solid waste management facility at Frobisher.

***Parking***

The available funding is for completion of outstanding projects including the gate arm / cash system for the Tom Davies Square parking garage, replacement of pay and display machines and signage.

**(5) Community Development**

***Health and Social Services***

There is a balance of \$600,000 to be financed from the 2012 capital envelope for the shipping and receiving area project. There are various other Pioneer Manor projects to be completed.

***Health Community***

The balance is for leasehold improvements for the Chelmsford Family Health Team.

***Leisure Services***

There is \$4.6 M in internally debt financed expenditures as approved by Council to be funded in future years for the construction of the second ice pad at Countryside Arena. A number of capital projects have been tendered and will be completed in 2012. Projects to be completed include: purchase of parks equipment, Minnow Lake dog park, Eyre playground, McClelland Arena parking lot/main entrance along with general playground and parks upgrades.

***Leisure Services - Facilities***

The majority of the capital projects have been tendered in 2011 and will be completed in 2012. Projects carried over into 2012 include: various arena health and safety retrofits, playground building roofing projects along with the balance of arena heating, ventilation and dehumidification projects.

***Library Services***

There is \$1 M in internally debt financed expenditures as approved by Council to be funded in future years for the construction of the South End Library. The balance represents funds relating to the Archives building and the library automated system.

***Cemetery Services***

The balance represents unexpended funds for data management equipment.

(6) **Infrastructure**

***Water***

There are internally debt financed expenditures as approved by Council that will be funded in future years in the amount of \$3.4 M for the Levack Water System. There are a number of multi-year projects which have been budgeted for and funded such as numerous watermain replacements for Robinson Drive, Sellwood Street, Bancroft Drive and Levesque Street, well upgrades and inspections, mandated operating manuals, SCADA and safety/security upgrades at facilities and tank inspections. Also, there are upgrades in progress at the Wanapitei and David Street water treatment plants. In addition, there are multi-phase projects such as the Valley East Water Supply Systems (Looping and Storage), Val Caron Booster and New Valley Wells. These projects will be completed over the next few years as staffing resources are available.

***Wastewater***

There are internally debt financed expenditures as approved by Council of \$1.8M for the Kingsway Wastewater and Water that is to be recovered from Section 391 charges. In addition, there was \$1.475M of projects internally debt financed expenditures for the South End Rock Tunnel as approved by Council that will be funded from the 2012 capital envelopes. There are a number of ongoing projects such as the Biosolids project, Gatchell Outfall Sewer, numerous sewer replacements and rehabilitations such as Charette Street, mandated operating manuals, upgrades at wastewater facilities including Sudbury, Chelmsford, Valley East, Walden, Azilda and Lively Wastewater Treatment Plants as well as the St. Charles Street, Jacob Street and O'Neil Drive lift stations. In addition, an ongoing project is the W / WW master plan. These projects will be completed over the next few years as staffing resources are available.

***Roadways***

Balance includes outstanding roads projects such as LaSalle and Notre Dame intersection improvements, Maley Drive extension, Bancroft Drive, Champlain Street, Winchester Drive, Levesque Street as well as various property acquisitions in relation to road construction projects. In addition, there are several outstanding bridge projects budgeted in 2011 that have not commenced during 2011 due to shortage of staffing resources including Balsam St Bridge, MR 15 Bridge, Bowlands Bay Bridge, Government Road Bridge, William Avenue Bridge, and Little Panache Lake Narrows Bridge.

***Fleet***

Starting in 2011, funds are not transferred from reserve funds until purchases are incurred. Therefore, there are no unspent approved funds in capital for fleet in 2011. The balance represents unspent approved funds from prior to 2011 capital budget year for equipment/vehicle purchases. Since year end, a portion of this balance has been identified as surplus and will be transferred back to the reserve during 2012. The reason for the surplus is better tender pricing than budgeted.

***Transit***

Balance represents unfinanced expenditures as approved by Council that will be funded in future years for the purchase and renovations for the new Transit/Fleet maintenance facility located at 1160 Lorne St.

***Municipal and Agricultural Drains and Storm Water Management***

The balance outstanding is for various storm and trunk sewer projects including the East Branch Junction Creek, Horizon Stormwater Facility, Mountain Street storm outlet and Capreol storm drainage improvements. Also outstanding are various municipal and agricultural drains as the construction spans a number of years, from the initial planning stage to the completion and billing stage. Active projects at the end of 2011 were the Joannette, Val Caron, Lavallee, Horizon and Whitson Paquette drains.

**(7) Emergency Services**

***Emergency Medical Services (EMS)***

The available funding in EMS is primarily for station development, penless technology and various equipment and supplies. It is anticipated that the balance of the funds will be spent during 2012, while funding for station development will be spent within the next few years.

***Emergency Planning***

There are unfinanced expenditures of \$3.4 M for the Lionel E Lalonde Centre which will be recovered through capital envelope commitments until 2021. The remaining balance is for public washrooms at LELC, site improvements and equipment upgrades.

**Fire Services**

The available balance is for the purchase of a pumper, small fleet vehicles and other fire equipment.

**(8) Police Services**

The capital balance relates to renovation costs and police equipment and supplies.

**Appendix C - Completed Capital Projects over \$200,000 between November 2011 and March 2012**

**City of Greater Sudbury  
Completed Capital Projects over \$200,000  
Completed between November 2011 and March 2012**

Note - For all projects below any under (over) expenditure has been funded from other completed (underspent) projects or from contingencies. Only variances greater than \$50,000 have been explained below.

<b>Division</b>	<b>Department</b>	<b>Project Description</b>	<b>Year Started</b>	<b>Total Original Budget</b>	<b>Final Cost</b>	<b>Variance</b>	<b>Notes</b>
<b>Community Development</b>	<b>Leisure</b>	<b>ISF Grace Hartman Amphitheatre</b>	2010				
		2010 Capital Budget		1,666,667			
		ISF Funding - Provincial		1,665,000			
		ISF Funding - Federal		1,665,000			
		NOHFC Grant		835,000			
				5,831,667	6,178,713	(347,046)	<b>Note 1</b>
		<b>RINC James Jerome Sports Complex</b>	2010				
		2010 Capital Budget		1,000,000			
		2008 Capital Budget - Accessibility		80,000			
		RINC Funding - Provincial		990,000			
		RINC Funding - Federal		990,000			
		NOHFC Grant		525,598			
				3,585,598	3,571,731	13,867	
<b>Citizen Services</b>	<b>Archive Projects</b>	2009 Capital Budget	2010	153,192			
		2011 Capital Budget		143,858			
				297,050	305,890	(8,840)	
<b>Senior Services</b>	<b>Pioneer Manor - Shipping &amp; Receiving</b>	Council Report (April 14, 2010)	2010	500,000			
		- Municipal Infrastructure Investment Initiative		150,000			
		- Reserve Fund		340,000			
		2011 Budget		990,000	1,005,304	(15,304)	



Appendix C - Completed Capital Projects over \$200,000 between November 2011 and March 2012

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Community Development	Senior Services	Pioneer Manor - York Wing Interm Beds Council Report (Sept 15, 2010) LHIN Funding	2010	888,000			
				70,000			
				958,000	894,258	63,742	Note 2
Emergency Services	EMS	Ambulance Type III 2011 Capital Budget	2011	426,240	394,633	31,607	
Infrastructure Services	Roads	Downing / Picard 2010 Capital Budget 2011 Capital Budget	2010	90,000			
				80,000			
				170,000	266,074	(96,074)	Note 3
		Radar Road 2011 Capital Budget	2011	1,500,000	2,316,549	(816,549)	Note 4
		Sellwood 2011 Capital Budget	2011	200,000	246,234	(46,234)	
		Regent St (Armstrong to Loach's Road) 2011 Capital Budget	2011	1,650,000	1,996,108	(346,108)	Note 4
		MR 8 2011 Capital Budget	2011	2,900,000	1,715,009	1,184,991	Note 4
		Panache Lake Road 2010 Capital Budget	2010	1,000,000	992,135	7,865	
		Crack Sealing 2011 Capital Budget	2011	200,000	188,737	11,263	
		Tributary 8A Drain 2006 Capital Budget 2007 Capital Budget 2008 Capital Budget 2009 Capital Budget 2010 Capital Budget	2007	425,000 200,000 500,000 200,000 105,000			
				1,430,000	1,408,073	21,927	

Appendix C - Completed Capital Projects over \$200,000 between November 2011 and March 2012

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Infrastructure Services	Roads	<b>Pilon Municipal Drain</b> Council Report (July 27, 2009)	2009	271,325	260,585	10,740	
	Water	<b>Ramsey Lake Watermain Looping</b> 2009 Capital Budget 2011 Capital Budget	2011	850,000 100,000			
				950,000	631,108	318,892	Note 5
		<b>Maley Drive Watermain</b> 2011 Capital Budget	2011	325,000	489,317	(164,317)	Note 6
		<b>Picard / Downing Watermain</b> 2010 Capital Budget 2011 Capital Budget	2011	145,000 155,000			
				300,000	243,846	56,154	Note 7
		<b>Ash Street Water Tank Demolition</b> 2009 Capital Budget	2011	250,000	208,082	41,918	
	Wastewater	<b>Picard / Downing</b> 2010 Capital Budget 2011 Capital Budget	2011	35,000 285,000			
				320,000	124,130	195,870	Note 8
		<b>Sudbury WWTP - Aeration Tank, Pumps and Lift Station Upgrades</b> 2008 Capital Budget 2009 Capital Budget 2010 Capital Budget Approval from August 11, 2010 Council Report	2010	1,045,782 750,000 2,000,000 2,499,302			
				6,295,084	6,336,520	(41,436)	
		<b>Walden WWTP - Clarifier #1 Upgrades</b> 2007 Capital Budget 2011 Capital Budget	2008	70,000 550,000			
				620,000	644,927	(24,927)	

# Appendix C - Completed Capital Projects over \$200,000 between November 2011 and March 2012

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
		All transfers have been completed in accordance with the Capital Policy. For all projects above any under (over) expenditure has been funded from other completed (underspent) projects or from contingencies. Only variances greater than \$50,000 have been explained below.					
1		Actual costs were higher than budgeted due to the challenges experienced during the construction of the Grace Hartman Amphitheatre included: unforeseen geotechnical issues, infrastructure requirements and the cost for the performance system. These change orders resulted in additional costs for design and consultation from the architect. The over-expenditure was funded from approved budgets for Bell Park - Contract Costs, Bell Park - Bike Path, contingency general parks capital as well as a grant from Greater Sudbury Utilities.					
2		Actual costs were lower than budgeted due to favourable pricing. The surplus of funds will be used in accordance with the Capital Budget Policy.					
3		Actual costs were higher than budgeted due to poor soils in the road base encountered during construction that were not anticipated during design. Additional cost was required to over excavate poor soils and replace with suitable granular material. The over-expenditure was funded from the surplus for the Roy Avenue project as well as Roads Contingency.					
4		The tenders for these three contracts (Radar Road, Regent Street from Armstrong to Loach's Road, and MR 8) received favourable pricing due to the current economic climate regarding commodity pricing which resulted in lower prices for asphalt and granulars that were unexpected. As these roads had additional needs, staff extended the limits in each contract to spend within the total budget allocation for the three combined projects. These three capital projects had a net under-expenditure of approximately \$22,000 as of March 2012. The extension of the contract limits is in compliance with the Purchasing By-Law and the Capital Policy at that time.					
5		This project was awarded to the lowest tender at \$767,000, including a \$150,000 contingency allowance. The variance in tender price to the original budget price was due to favourable unit prices. Field conditions did not vary significantly from what was anticipated during detailed design, so the majority of the contingency allowance was not utilized. The surplus will be used in accordance with the Capital Budget Policy.					
6		Actual costs were higher than budgeted amount because the budgeted amount was based on a conceptual design and accurate estimates were not available at the time. Unexpected ground conditions also caused additional expense as an alternative had to be found. The over-expenditure was funded from 2011 Watermain Rehab account.					
7		The original capital budget of \$300,000 was based on a conceptual design whereas the tender price was comparable to the detailed design estimate. As field conditions did not vary significantly from what was anticipated during detailed design, some of the contingency was not utilized. The surplus will be used in accordance with the Capital Budget Policy.					
8		The original capital budget of \$285,000 was based on a conceptual design whereas the tender price was comparable to the detailed design estimate. As field conditions did not vary significantly from what was anticipated during detailed design, some of the contingency allowance was not utilized. The surplus will be used in accordance with the Capital Budget Policy.					