

Background

The capital fund balance represents the capital funding approved by previous Councils for capital projects that are unspent at the end of the year. The committed and unspent funding is for capital projects that have not commenced and/or are in progress. The majority of the projects are underway and funding will be spent within the next few years depending on the extent/timing of individual capital projects.

This report includes the following:

1. Capital Projects in Progress as of December 31, 2017. This includes the remaining budget for the respective capital projects which includes all funding sources including: capital envelopes from the tax levy or "capital fund"; future financing from future capital envelopes; City reserve funds; obligatory reserve funds (ie. Federal and Provincial gas taxes); Federal and Provincial grants; and other miscellaneous recoveries/cost sharing/donations.
2. Completed Capital Projects (and cancelled capital projects) from October 2017 to March 2018.

1. Capital Projects in Progress as of December 31, 2017

As shown on Appendix A, the overall balance of funds previously approved for capital projects that are in progress is approximately \$187.7 million which will be spent in the coming years based on the timing and extent of the capital projects. For example, some water and wastewater plant projects and road projects require several years for completion. In addition, this balance also includes committed obligatory reserves funds including Federal and Provincial Gas Taxes as well as other development related deposits.

Appendix A is a summary which shows the breakdown of the unspent capital funds/committed reserve funds previously approved by department/division and Appendix B provides a list of those significant capital projects in progress as of December 31, 2017. There are some projects with an amount in brackets under "Capital Fund" column on Appendix A, as these are repaid from future envelopes as explained below for internally debt financed projects.

Committed Capital Fund (= Unspent Capital Envelopes)

The Committed Capital Fund (unspent capital envelopes) balance as of December 31, 2017 was \$122.6 million which represents funds approved but not yet spent as projects are in progress or to be commenced. There are internal borrowings of \$21.3 million resulting in a capital fund balance of \$101.3 million.

The internally debt financed expenditures of \$21.3 million will be repaid to the Capital Fund with interest (charged at 1% above the average investment rate at the time the internal financing is approved in accordance with the City's Investment Policy) and funded in future years from capital envelopes, development charges and Section 391

charges. This balance consist of the following capital projects approved by Council: Kingsway water and wastewater project, Gerry McCrory - Countryside Sports Complex, South Branch Library, Mausoleum Phase 5 at Civic Cemetery, Communications Infrastructure, Lionel E. Lalonde Centre, Sudbury WWTP Phase 2 project, and Tom Davies Square Parking Garage Roof/Courtyard project. The balance also includes a few projects that obtained future financing that will be repaid in the one to two years without interest as per Capital Budget Policy, such as Kingsway Sidewalk, MR 15 Bridge, and Minnow Lake Treatment Station.

Committed Reserve Funds

As of December 31, 2017, the balance in the committed reserve funds for capital projects is approximately \$56 million with another \$8.9 million included within obligatory reserve funds.

The committed reserve funds are set aside when approved by Council and transferred out of the reserve fund when the costs have been incurred. The funds within obligatory reserve funds are set aside to be spent for specific areas/projects in accordance with various agreements and contracts (ie. Federal Gas Tax).

2. Completed Capital Projects from October 2017 to March 2018

Also included in this report are the completed capital projects in excess of \$200,000 as per the Capital Budget Policy.

The Capital Budget Policy was followed and has given authority to staff to reallocate funds between capital projects or transferred to the respective Capital Financing Reserve Fund.

Appendix C is a summary of all completed capital projects over \$200,000 and cancelled capital projects from the period of October 2017 to March 2018 including explanations for variances greater than \$50,000.