

# Municipality of Lakeshore – Report to Council

## Finance & Technology

### Financial Planning & Analysis



**To:** Mayor & Members of Council

**From:** Jessica Gaspard, Division Leader – Financial Planning & Analysis

**Date:** September 8, 2021

**Subject:** 2020 Capital Variance Report Update.docx

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#### Recommendation

Approve the net capital transfer to/from projects of (\$295,531) as identified in Appendix A of the 2020 Capital Variance Report for the year ended December 31, 2020 and approve the transfer of \$14,861,791 to the encumbrance reserve.

#### Background

Council approved the 2020 Capital budget on December 10, 2019 through resolution 568-12-2019. Each year, new capital projects that require funding are approved by Council through the annual budget process and added to the list of existing open/active projects that have not yet been completed from prior years.

Departments continue to administer their respective project portfolios and ensure they are completed on a timely basis and on budget. Any year end variance are reported to Council. Beginning in 2020, a separate Capital variance report is being presented to Council which includes a summary of open/active projects that are being carried over to the following year.

#### Comments

Administration will report to Council annually on the status of all open/active capital projects as well as projects that have been completed in the year. Project leads are encouraged to report any potential significant variances as soon as they can be projected.

This report is intended to bring to Council's attention the overall status of the active capital projects at December 31, 2020 that have been encumbered into 2021 and highlight those projects that have been completed and have surplus or deficit variance.

Appendix A provides a summary status of all projects that are completed and closed out at the end of 2020 as well as the surplus/deficit that needs to be transferred to/from the reserve or reserve funds.

Appendix B provides a summary of projects that are still active and carried over into 2021. With the exceptions of the Renovations to the Former Rourke Line Area- EIS Operations Centre, County Road 31 Sidewalk and the Stoney Point Water Clarifier Project all other projects are expected to be completed on budget

## **Financial Impacts**

In 2020 the Municipality closed out 29 projects with an overall net deficit of (\$295,531). This is primarily due to the close out of a majority of projects in 2020 and unexpected increase in costs of construction and material. The pedestrian crossings on Notre Dame were funded through the original Notre Dame Phase 4 project budget and therefore this project (19-6272) was not needed.

It is recommended that projects identified in Appendix A be closed and that any deficits be funded from the original funding source and that any surplus be transferred back to the original funding source.

A total of 70 projects are being carried over into 2021 as incomplete. The total of encumbered projects carried over to 2021 is \$14,861,791.

It should be noted that the following projects being carried over into 2021 are projected to be in a deficit position at the end of the project.

Former Rourke Line Arena – At the end of 2020 this project was in a surplus of \$14,700. Cost of \$34,291 have been incurred in 2021. The total deficit for this project is expected to be \$20,000. This deficit was incurred during construction with two unexpected costs:

- The floor drains of the old building were connected to the storm sewer system and had to be rerouted to the sanitary; and
- The old Arena roof sheeting was rotted and had to be replaced.

County Road 31 Sidewalk – At the end of 2020 this project was in a surplus of \$69,490. Cost of \$100,460 has been incurred in 2021. The total deficit for this project is expected to be \$30,970. The original approved budget did not include engineering fees and on-site inspection. This was expected to be completed by Lakeshore staff, resources were limited to complete this work. These services were contracted out to a third party.

Stoney Point Water Clarifier - At the end of 2020 this project is in a deficit of \$192,587. Cost of \$67,356 have been incurred in 2021. The total deficit for this project is expected to be approximately \$259,945.

The Ministry guidelines would not allow the Municipality to take the clarifier completely offline to fully assess the overall condition for repairs. Therefore, during the preliminary investigation not all components were identified for replacement. During the course of the repairs, it was evident that more components needed replacing. The Stoney Point clarifier was originally built in 1965 with the clarifier bowl being rehabilitated in 1982. As such, this asset was beyond repairing. Also, contributing to the deficit was the additional costs required to maintain a temporary filter mechanism in place at a cost of \$10,000/month

until the clarifier was commissioned back on line. The additional repairs required this filter to be in place longer than anticipated.

### **Attachments**

Appendix A: Summary of 2020 Year End Capital Variance

Appendix B: Summary of Active Projects Encumbered to 2021

### **Report Approval Details**

Document Title:	2020 Capital Variance Report Update.docx
Attachments:	- 2020 Capital Variance Report.docx - Appendix A Summary of 2020 Year End Capital Variance.xlsx - Appendix B Summary of Active Projects Encumbered to 2021.xlsx
Final Approval Date:	Sep 9, 2021

This report and all of its attachments were approved and signed as outlined below:

Krystal Kalbol

Kristen Newman

Truper McBride