

	THE CORPORATION OF THE TOWN OF GRAVENHURST	
	To:	Committee of the Whole
	From:	Val Sequeira, Director of Corporate Services and Chief Financial Officer
	Date:	May 17, 2022
	Subject:	2021 Capital – Year End Report No. COR 2022-08

RECOMMENDATIONS

The Director of Corporate Services and Chief Financial Officer recommends:

THAT Report No. COR 2022-08 re: 2021 Capital – Year End be received for information;

AND THAT Administration continues to proactively manage capital spending in 2022 within the funding envelope approved by Council through the Capital Budget.

PURPOSE

The purpose of the 2021 Capital – Year End Report is to provide Committee with an update on the status of the Town of Gravenhurst Capital Program as of December 31, 2021.

BACKGROUND

Each year Council approves a Capital Budget and Multi-Year Plan. This program is intended to maintain and, where possible, extend the useful lifecycle of core Town assets; minimize long term asset degradation; and represent prudent investments to ensure continuity of access and service delivery to the community. The program is actively managed to ensure value for money and timely project completion. However, for a variety of reasons, it is not uncommon for projects to extend beyond the budget year. In these instances, the funding approved by Council is set aside to allow the project to progress to the close out stage.

With so many variables at play, it is not unusual for some capital projects to come in under budget while others may exceed budget. Where necessary, and in accordance with existing financial control policies and practices, appropriate reporting and recommendations are brought forward to Council to ensure these projects are appropriately funded within the funding envelope approved by Council.

A Mid-Year Capital Program update and a Year-End Capital Program Report are brought forward each year to keep Council apprised of progress.

ANALYSIS

The Town of Gravenhurst Capital Program is projected to be within budget at Year End 2021. Total expenditures, which include carry-forward amounts for on-going projects, are approximately 7% under budget as per Attachment A.

Following are a few comments on the Capital Program:

- **The Town Capital Program is gradually improving the Town asset base and service delivery.** This year, while the pandemic continued to hinder operations it allowed capital works to take place without disruption of programming. The investment in capital works once again is projected to exceed the annual amortization which is the rate at which the town “uses up” its assets. Projects that were successfully completed include:
 - The Opera House received an interior facelift with new flooring, repaired and recovered seating, and new drapes in time for the 2022 season.
 - The 2021 Group Roads project has directed continued investment to address the substantial infrastructure deficit that exists within the Town road network.
 - Cemetery fencing has been replaced at 5 cemeteries,
 - The Aerial fire truck to enhance fire protection and safety has been ordered and will be delivered later this year.
 - The new Records Management System (EDRMS) has been rolled out and has been in service since early 2021.
 - Two new half ton pick-up trucks were delivered in 2021 with a replacement 1 ton truck and replacement single axel truck arriving early in the new year.
- **There were 128 (150 – 2020) active capital projects in 2021** and at year end 46 (74 – 2020) of them were completed or closed. Completed projects are projects deemed substantially complete by the respective Project Manager. In some cases, the warranty period is on-going or invoices for completed work are still pending; however, for our purposes these projects are considered complete and accessible to the public.
- **Changes in Project costs.** In 2021 some projects ran over budget due to unforeseen circumstances encountered during the course of the capital work. Conversely, there were several projects that were under budget due to bids coming in lower than expected. Any budget overages in the 2021 capital program can be offset by savings in other capital projects throughout the year. Where these overages are material, appropriate recommendations will be made to Council upon completion of the project.
- **Projects closed / on hold in 2021** – One project was cancelled in 2021, George St (from Mary St to Sarah St) following receipt of additional infrastructure data that fundamentally changed the original scope of works.

- **There are a few projects from 2021** and prior that show no expenses in 2021. They may be part of a multi-year project budget where the current year invoicing has not been received, or they may be projects that have not yet been tendered due to operational reasons. In all cases, unless stated otherwise, these projects are still proceeding.

- **There are 81 ongoing projects from the 2021 Budget Year and Prior.** Many capital projects are completed within 12-18 months of being initiated by staff. However, delays may occur for several reasons including change in scope and delays in delivery or completion of projects. As well, in some cases additional approvals or external factors, e.g., negotiations with other parties can impact on timely project completion. Some examples of on-going projects are:
 - Winhara Rd – Jones Rd to Langford Drive. This road section is part of the 2021 Group Roads project. The project is substantially complete but will not be closed pending completion of the maintenance period at which point the holdback will be released and the final contract administration costs will be paid.
 - Asset Management software implementation. The software was purchased in 2021 and implemented in 2021. It is presently in use. Training has been scheduled to take place in 2022 and it is anticipated the project will be completed by year-end 2022.
 - The Aerial Fire truck for Fire and Emergency Services was ordered in 2021 with delivery expected to take place in 2022

- **2021 Unplanned/In-Year Projects** – In 2021 \$95,000 was budgeted for unexpected capital expenditures. This allocation provides flexibility to address priority in-year issues in a timely manner. In-year projects / expenditures funded from this budget include:
 - Discovery Centre HVAC unit
 - Segwun Ticket Office (HISSO) flood damage
 - CN Train Station AC replacement
 - YMCA pumping chamber 5hp pump

In summary the Town Capital Program was progressing well as of the end of 2021.

Looking ahead, a number of challenges are anticipated in 2022 and beyond. These issues will be raised and addressed more appropriately through the 2022 Variance Reporting and 2023 Budget processes. With continued Council support, the sustained investment in our assets over time will allow the Town to transition to a capital program that assures the community of reasonable levels of service while reducing spending on costly maintenance and repair because of more timely replacement and rehabilitation of Town assets.

CONSULTATION

The following individuals / community groups were consulted:

- Senior Leadership Team
- Manager of Facilities
- Pahapill and Associates Chartered Accountants Professional Corporation

CORPORATE FINANCIAL IMPACT

The capital program is within the funding envelope approved by Council.

COMMUNICATIONS - NIL

FUTURE CONSULTATIONS - NIL

CONCLUSIONS

Administration concludes that the Town Capital spending program is proactively managed, and at this time, all completed and on-going capital projects are fully funded within the overall funding envelope approved by Council.

CLIMATE CHANGE IMPLICATIONS

This Report does not contribute to meeting the intentions of the Climate Change Declaration, though many projects that are funded by this program put the Town in a substantially better environmental stead.

RELATION TO STRATEGIC PLAN

This Report advances and supports the following elements of the Town of Gravenhurst Strategic Plan by:

Goal 5: Provide Better Municipal Service

5B: Exceptional municipal management and operational excellence

The Town Capital Program is proactively managed with approved capital funding to ensure Town assets are appropriately maintained thereby ensuring operational service continuity and accessibility.

RELATION TO OTHER MUNICIPAL REPORTS, PLANS OR APPLICABLE LEGISLATION

This Report related to other municipal reports, plans or applicable legislation including:

1. 2021 Capital Budget and Multi-Year Plan
2. Prior Year Capital Budgets (for multi-year projects carried forward)
3. Town Asset Management and Long-Term Sustainability Plan (AMLTSP)

ATTACHMENTS

1. Attachment A – 2021 Capital – Year End Summary of Capital Projects

RESPECTFULLY SUBMITTED BY:

Author: Theresa Trott, Manager of Accounting and IT

Approved by: Ross Jeffery, Treasurer

Approved by: Val Sequeira, Director of Corporate Services and Chief Financial Officer

Approved by: Scott Lucas, Chief Administrative Officer