



Town of Niagara-on-the-Lake

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REPORT #: CS-25-013 **COMMITTEE DATE:** 2025-07-15
REPORT TO: COTW-General **DUE IN COUNCIL:** 2025-07-22
SUBJECT: 2024 Capital Project Closure Report

1. RECOMMENDATION

It is respectfully recommended that:

- 1.1 Council receive the Capital Project Closure Report effective December 31, 2024, attached as **Appendix I** to this report;
- 1.2 Council receive the Capital Project Expenditure Status Report effective December 31, 2024, attached as **Appendix II** to this report;
- 1.3 Council approve the transfer of the favourable variance for capital projects of \$3,537,996.40, as identified in **Appendix I** in the column identified "Under/(Over) Budget," net of internal financing and debenture projects;
- 1.4 Council approve the transfer of surplus capital funds to projects C00974, C01140, C01141, C02402 and C02248 as outlined in section 5.1 of this report; and
- 1.5 Council approve a new capital budget for Hydrant Replacements as outlined in section 5.1 of this report.

2. EXECUTIVE SUMMARY

- Finance Staff report annually on the status of all capital projects as part of year-end processes.
- Projects are closed when considered complete (which includes all expenses being incurred or accrued) and related assets have been constructed or delivered.
- Assets are placed into service, depreciated over their useful lives, and recorded on the Town's balance sheet.
- A total of 81 capital projects were completed in 2024. These projects came in under budget by \$3,537,996.40.
- As of December 31, 2024, 96 approved capital projects remain ongoing.

3. PURPOSE

This report provides Council with a summary of completed and eligible capital projects and recommends sources for disposing of funding variances. A Capital Project Status Report (Appendix II) summarizes all ongoing capital projects as of December 31, 2024.

4. BACKGROUND

Each year, Corporate Services Staff review the status of all capital projects as part of the year-end process and identify completed projects that may be closed in the Town's financial system. Projects are eligible for closure when the work is complete, all expenditures have been

processed, and construction holdbacks have been recorded. Once closed, capital projects become tangible capital assets (TCA) and are amortized as per the Town's TCA Policy. Staff continue to review all incomplete capital projects.

5. DISCUSSION / ANALYSIS

Since capital projects can be ongoing for several years and may not be completed at the end of a calendar year, a formal process has been established to provide better disclosure and ensure sufficient funds are available to address any project variances when these projects are closed. Funding must be in place to match the final expenditures incurred and bring the final account to \$0.00 (Project Funding = Project Expenses). Due to various factors, capital project expenditures seldom exactly match the approved budget estimates. These variances are reported to Council annually through the capital projects close-out process.

5.1 Transfer of Funds to New Projects

Occasionally, recurring projects (such as annual replacements for equipment) or projects with multiple phases will have a small balance of funding remaining at the end of the year, with the project balance substantially complete. Closing the project and moving related assets into service can be more beneficial in these cases. The balance of funding is sometimes moved to the following year or the project's next phase and disclosed in the Capital Project Closure Report. For 2024, these projects include:

- C00860 – 2024 Corporate PC Replacement – transfer balance to C00974 – 2025 Corporate PC Replacement to cover purchases that were unable to be completed in 2024
- C02116 – 2024 Protective Equipment – transfer balance to C01141 – 2025 Protective Equipment to cover purchases that were unable to be completed in 2024 due to the delay in acquiring the equipment from the manufacturer.
- C02117 – 2024 Misc Firefighting Equipment – transfer balance to C01140 – 2025 Misc Firefighting Equipment. The intent of the Miscellaneous Firefighting Equipment capital project is to ensure readiness for purchasing equipment that may fail throughout the year. By maintaining a state of readiness, the department can quickly replace equipment, ensuring that the level of emergency service provided to the community always remains consistent. If equipment does not fail, this project will be underbudget for the year. A transfer to the 2025 project is requested to cover equipment that was expected to need replacement in 2024.
- C02118 – 2024 Hoses, Nozzles & Appliances - transfer balance to C02402 – 2025 Hoses, Nozzles & Appliances. The purpose of the Hoses, Nozzles and Appliances capital project is to be ready to purchase Hoses, Nozzles and Appliances that may fail throughout the year. All equipment is tested annually to ensure it is operational with no leaks or failures. By maintaining a state of readiness, the department can

ensure that equipment is replaced quickly, thereby maintaining the level of emergency service always provided to the community. When Hoses, Nozzles and Appliances do not fail, this project will remain underbudget for the year. A transfer to the 2025 project is requested to cover equipment that was expected to need replacement in 2024.

- C01916 – Crack Sealing – transfer to C02248 – 2025 Crack Sealing to cover additional repairs that may be needed in 2025.
- C02084 Water Infrastructure Improvements and C02251 Hydrant Replacements – Transfer to New Hydrant Replacement Project (C02599) – The 2025 hydrant replacement project was inadvertently missed in the 2025 Capital Program. The surplus funds from these projects will fund the new project and allow the Town to continue with water infrastructure replacements.

6. STRATEGIC PLAN

The content of this report supports the following Strategic Plan initiatives:

Pillar

2. Good Governance

Priority

2.1 Financially Sustainable Future

Action

2.1 c) Efficiencies & Cost Reductions/Avoidances

7. OPTIONS

Not applicable. There are no other options available for capital project closures.

8. FINANCIAL IMPLICATIONS

Attached to this report as **Appendix I** is a listing of projects detailing the original funding source, project budget, actual expenditures for the project, budget-to-actual variance, and recommended disposition of project over or under variances. A total of 81 projects have been identified as complete as of December 31, 2024.

A summary of the recommended disposition of project variances is as follows:

Summary of Recommended Reserve Disposition of Project Variances	Amount of Transfer to/(from)	Account #
Capital Levy	593,851.75	063-0901
Federal Gas Tax	128,567.90	061-0827
Parking Revenue	72,970.69	063-0965
DC: Library Facilities	3,635.47	061-0817
Library Development	20,403.94	062-0860
Park Dedication	50,000.00	061-0807
DC: Parkland	500,000.00	061-0815
NOTL Donation	26,492.80	063-0802

Summary of Recommended Reserve Disposition of Project Variances	Amount of Transfer to/(from)	Account #
Water Capital Improvements	754,795.22	063-0904
Wastewater Capital Improvements	113,453.22	063-0905
Storm Water Management	320,506.51	063-0903
Grants & Other	29,999.79	063-0981
Expensed to Operating	217,617.35	
Total excluding debt	2,832,294.64	
Debt	754,939.94	
TOTAL	3,537,996.40	

While most budget variances are minor, a few are quite significant compared to the size of their respective budgets. These projects, along with brief explanations for the discrepancies, are as follows:

PROJECT	VARIANCE UNDER/(OVER)	EXPLANATION
C00736 Aerial Ortho Imagery	\$7,500.00	Aerial Photography was used by the Region instead of Swoop Imagery, resulting in a lower price.
C00860 2024 Corporate PC Replacement	\$8,802.56	Not enough time to complete within the year. Outstanding devices to be replaced in 2025.
C00946 Network Server Uninterrupted PS	-\$1,282.81	Additional APC and surge protectors were required, which were not included in the original budget.
C01897 Payroll Conversion	-\$5,645.10	Implementation issues impacted timelines and required additional staff and resources to complete the conversion
C02128 Mail Folder/Inserter Machine	\$2,333.96	Different makes and models purchased for a lower price with similar features.
C02131 Council Chamber Chairs	\$15,502.38	Favourable pricing on chairs selected.
C02075 Diesel Exhaust Removal System	\$99,593.37	Lower tender price than the price estimated by industry sources.
C02076 Diesel Exhaust Removal System	\$97,661.62	Lower tender price than the price estimated by industry sources.
C02081 2023 Staff Vehicle	\$18,470.29	Purchased a smaller suitable vehicle as the original model budgeted for was unavailable.
C02116 2024 Protective Equipment	\$58,765.98	Delays in acquiring equipment from the manufacturer. Funds are proposed to be added to the 2025 project.
C02117 2024 Misc Firefighting Equipment	\$12,350.00	Less equipment to be replaced than anticipated. Funds are proposed to be added to the 2025 project.

PROJECT	VARIANCE UNDER/(OVER)	EXPLANATION
C02118 2024 Hoses, Nozzles & Appliances	\$24,557.34	Less equipment to be replaced than anticipated. Funds are proposed to be added to the 2025 project.
C02119 Diesel Exhaust Removal System	\$66,244.59	Lower tender price than the price estimated by industry sources.
C00450 Speed Limit Sign Install Program	\$26,019.39	Identified as operating costs and will be budgeted in the operating budget in the future. Open since 2014.
C00710 Dorchester/Gage Culvert Design	-\$20,947.85	Unexpected design changes due to Bell utility conflicts.
C01626 Engineering Concession 6	-\$35,612.97	Unexpected design changes are required due to the excess rock removal required.
C01916 Crack Sealing	\$30,852.48	Less volume required than anticipated.
C01918 One Mile Creek Culvert Inspection	-\$2,043.88	A more detailed report is required.
C02053 Line 3 Reconstruct FMC-Con 6	\$762,215.04	Favourable unit prices at the time of tendering and reduced unit quantities on some items.
C02055 Glendale @ York Streetscape En	\$163,335.22	Grant received from Niagara Region Public Realm Investment Program reducing total costs.
C02057 Lincoln Ave Culvert Replacement	\$37,678.76	Favourable construction bids at the time of tendering.
C02157 Dorchester St Culvert @ Gage	-\$126,643.03	Higher costs due to unexpected watermain valve replacements and Bell Utility conflicts.
C02214 Con 6 Resurface - Line 6-7	\$27,732.28	Budget estimates were increased as the costs of materials and labour were expected to rise.
C02242 Con 6 Resurface - Line 8- Queen	\$22,204.63	Budget estimates were increased as the costs of materials and labour were expected to rise.
C02243 Dorchester Resurface-William	\$59,524.36	Budget estimates were increased as the costs of materials and labour were expected to rise.
C02490 Line 8 rehab - conc 1-NRP	\$19,106.63	Budget estimates were increased as the costs of materials and labour were expected to rise.
C02121 Handheld Ticketer Replacement	\$1,526.14	Lower than expected pricing.
C02125 Parking Machines	\$88,518.74	Lower tender price than the price estimated by industry sources.

PROJECT	VARIANCE UNDER/(OVER)	EXPLANATION
C01403 Stander Mower	\$6,817.21	Favourable pricing from local dealer.
C02122 2024 Staff Vehicle	\$11,494.35	Unexpected rebates when purchasing the vehicle.
C02284 Cemetery Golf Cart	-\$2,206.11	Higher than expected pricing.
C00787 Library Collection Development	\$4,039.41	Purchased less materials to minimize expenditures from the Development Charge Reserve.
C01605 Pumphouse - Paint Exterior	\$19,420.81	Favourable pricing from the local painter.
C01752 Centennial Arena Parking Lot	-\$15,548.05	The scope of construction was larger than expected, including substantial grading requirements.
C01891 Eng: Hunter Rd Watermain Replace	\$10,732.97	No major changes in design requirements.
C01946 Hunter Rd Watermain - FMC-Conc4	\$327,860.26	Favourable construction bids at the time of tendering.
C02067 Line 5 Road Water Replacement	\$268,494.72	Favourable construction bids at the time of tendering.
C01953 CSO Flow Monitoring Old Town	\$11,867.70	Sufficient information was gathered in a shorter time than anticipated.
C01954 CSO I/I Study - Old Town	\$94,599.69	Sufficient information was gathered in a shorter time than anticipated.
C02089 Garrison Village Sanitary Lateral	\$82,495.68	Reduced the number of properties requiring open-cut repairs, which were completed by trenchless methods.
C02093 Garrison Village Storm Rehab	\$95,506.51	Reduced scope and quantity of storm sewers requiring full relining.

A Capital Project Expenditure Status Report (**Appendix II**) has been prepared and attached to provide information on outstanding capital projects. This report contains 96 approved incomplete capital projects as of December 31, 2024, or projects that have not been placed into service because they are preliminary engineering work for future years' construction or new development work that has not been assumed.

9. ENVIRONMENTAL IMPLICATIONS

Not applicable.

10. COMMUNICATIONS

Departmental Staff have worked with Finance to identify projects that may be closed. They will be informed of the Council's approval of this report.

11. CONCLUSION

Capital project closures are part of the regular accounting cycle. Approving the transfer of funds to and from capital projects upon project closure is a process that helps to provide transparency and accountability in the Town's capital budgeting process.

12. PREVIOUS REPORTS

- Not applicable

13. APPENDICES

- **Appendix I** – Capital Project Closure Report
- **Appendix II** – Capital Project Expenditure Status Report

Respectfully submitted:

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Recommended by:



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Submitted by:



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