
HALDIMAND COUNTY

Report FIN-12-2025 Capital Status Report as at December 31, 2024

For Consideration by Council in Committee on May 20, 2025



OBJECTIVE:

To provide Council with an update on all approved Capital Projects, as at December 31, 2024, including recommendations for changes to project budgets, revised financing and/or the closure of projects.

RECOMMENDATIONS:

1. THAT Report FIN-12-2025 Capital Project Update as at December 31, 2024, be received;
2. AND THAT the recommendations for individual capital projects, as outlined in Attachment 3 to Report FIN-12-2025, be approved.

Prepared by: Cliff Burke, Senior Financial Analyst

Reviewed by: Heather Love, CPA, CGA, Supervisor, Budgets & Financial Planning

Reviewed by: Tareq El-Ahmed, CPA, Treasurer

Respectfully submitted: Mark Merritt, CPA, CA, General Manager, Financial & Data Services

Approved: Cathy Case, Chief Administrative Officer

EXECUTIVE SUMMARY:

Staff propose that the recommendations provided in Attachment #3 to this report, for amendments to funding and/or closure of completed Capital Projects, be approved. This comprehensive project summary includes all recommended revisions including the following specific amendments:

- Summary of projects not started and recommended to close (Attachment #1 – 34 projects)
- Projects requiring financing amendments – mainly administrative in nature. All projects requiring financing amendments are included in Attachment #2 (24 projects)
- Projects complete within revised budget and recommended to close (included in Attachment #3 – 410 projects)

Improved project management and budget monitoring, along with the delegated authority given by the County's Procurement Policy, have led to limited reports on individual capital project budget amendments to be approved directly by Council. Accordingly, this report provides a status update on all active capital projects, as well as addresses a number of housekeeping matters related to budget amendments and/or closure of completed projects.

BACKGROUND:

This report provides an update on the status of all approved capital projects, as at December 31, 2024. The status report includes year to date actuals and recommendations to close projects that are

complete, as well as some revisions to existing financing. The previous capital project status report, as at December 31, 2023, was presented at the June 19, 2024 Council in Committee meeting.

Active capital projects will be recommended to be closed if any one of the following criteria are met:

- The project is completed at or under the approved budget; or
- The project is completed and over its original budget, and a subsequent budget revision was completed under the terms outlined in the Procurement Policy.

As well, at year end, unless amounts are committed and carried forward into 2025, all annual capital projects will be closed out at December 31st since there is no current intent to activate such works under the approved parameters. Inactive capital projects, which are capital projects that have been previously approved but not initiated, will be recommended to be closed and re-budgeted (as necessary) if any one of the following criteria is met:

- The projected cost of the project would materially exceed the original budget;
- There is a material change in the nature or scope of the project; or
- The following year's capital budget and forecast preparation has begun, the capital project has remained dormant and there are no immediate plans or formal commitments to initiate the project within the following six (6) months.

In the case where existing, inactive projects will be closed and re-budgeted, the ultimate decision to proceed with the project will be based on the project's new assumptions and its subsequent ranking as measured by Haldimand's current business plans and priorities (i.e. through subsequent budget deliberations with Council). Projects meeting these requirements have been evaluated during preparation and deliberation of the 2025 Tax Supported or Rate Supported Capital Budgets.

This report summarizes the status of capital projects to an appropriate level of detail, given the accountability and transparency requirements necessitated for this level of spending of public funds. The intention is to create a report that is easy to follow, and still provides all critical project details for Council review. Although the amount of information has been reduced, the action required by Council is significant as it affects 468 of the 917 active projects, with the vast majority of recommendations (410) related to the closing of projects that are completed within budget, unless otherwise explicitly noted. The approval of the 2025 Capital Budgets has resulted in an additional 469 projects being activated. These, in conjunction with the remaining 453 active projects after the recommendations in this report are considered, totals 922 projects currently being administered by staff in 2025.

Revisions to Procurement Policy 2023-02 as a result of report LSS-23-2023 took effect as of January 1, 2024 and includes some amendments to the previous delegated authority. This capital status report now follows the amended policy.

More recently, Report LSS-14-2025 Procurement Policy Amendments - Strengthening Procurement Strategies in Response to U.S. Tariff Challenges was presented to Council in April 2025. Changes to the Procurement Policy from the report are set to take effect on June 1, 2025, and contain measures focused on minimizing the potential impacts of tariffs where possible. As this report is an update to the year ending December 31, 2024, changes to the policy from the above report are not reflected.

Accounting for Capital Projects

All capital projects for Tax Supported and Rate Supported (Water and Wastewater) functions are accounted for and administered through the Capital Fund (irrespective of the size or funding source for the specific projects). This allows for monitoring of the actual costs of capital projects, in relation to the approved capital budget, on a regular basis.

Whereas accounts in the General Operating Fund and Water/Wastewater Operating Funds are used for current year revenues and expenditures and are closed at year-end, accounts in the Capital Fund

remain active beyond the current fiscal year and are carried forward from year to year. The “closing of a capital project” is based on the criteria noted above. The Public Sector Accounting Board (PSAB) requires all municipalities to report tangible capital assets in their audited financial statements. The County’s current budgeting principles for capital projects are premised on a “long range financing approach”. As there is currently no direct relationship between the amortization of capital assets and the financing requirements associated with the replacement of existing infrastructure, there are limited impacts on annual capital budgeting. For annual audited financial reporting purposes, the Capital Budget, as approved by Council, will be converted to meet the PSAB reporting requirements and details provided with the annual audited financial statements.

Capital Project Approvals

A capital project receives Council approval to be initiated in a given year through the budget process or through a separate report to Council for exceptional situations. Once approval is given to initiate the project, staff proceed to get pricing from external parties. Section 8.3.1 of Procurement Policy 2023-02 outlines the conditions where a staff report to council is required to award competitive bids/contracts. In all other cases, staff have the delegated authority to award contracts for capital works that have been approved in the annual budgets.

Managing and Reporting on Capital Projects

During the procurement process for a capital project (or components of an overall project), there may be shortfalls or surplus funding realized. For budget shortfalls, additional funding sources must be identified, which is typically accommodated by one of the following (or a combination thereof):

- deferral of other projects with similar funding sources;
- change in scope of original project or deferral of certain components;
- utilization of realized/anticipated savings from other projects; or
- alternative funding from available reserves/reserve funds.

As there are numerous projects ongoing at any given time, it is critical to manage and monitor these commitments in aggregate in relation to the funding sources to ensure the County’s long range financial plan is maintained. Council has delegated the authority to reallocate budgets under specific circumstances. Budget amendments falling outside these parameters must be approved by Council.

Although there may be anticipated savings based on a specific tender result, there will inevitably be requirements for additional unforeseen expenditures on other projects funded from the same source(s); as a result, project savings should be left unspent. The exception to this practice is related to within specific programs or technical functional areas, notably capital road programs. In these cases, procurement procedures allow exceptions where provisional projects can be awarded at the time of procurement, to ensure the annual funding allocation for these programs is fully utilized. As such, on an annual basis, the intent is to complete all the approved projects within these programs and, if there are excess funds available (in excess of \$100,000), the surplus would be used to complete the provisional items. This provides the ability to accelerate the implementation of these programs. The individual projects are often processed and managed as one tender award for each program. As a result, the total annual funds allocated to these programs are allocated between the individual projects to ensure any shortfalls/savings are utilized to complete the required projects, as well as any provisional projects as the case may be.

This report also contains projects that include a community funding financing component, most of which falls under the Community Partnership Program Policy. Under this Policy, a project cannot be initiated until funding has been received in full from the community group in order to ensure there is no risk to County resources or funding. As of December 31, 2024, there were no projects in violation of this Policy. Community Development and Partnership Division staff continue to work closely with community

groups to ensure all applicable projects are in compliance with the Policy.

Budget Reallocations

Procurement Policy 2023-02 allows managers to have increased flexibility to manage their projects with respect to budget revisions within certain parameters, including delegated authority for most budget reallocations, which has minimized the requirement for revised budget recommendations to be considered by Council. A revised budget for the purpose of this report would include the original budget or a change to the original budget as permitted by the Procurement Policy.

Section 4.6.3 of Procurement Policy 2023-02 states the following related to capital projects:

In order to allow a Procurement to proceed which exceeds the approved budget, the User Division Manager shall have the authority to reallocate funds without exceeding the aggregate budget within their control under the following conditions:

.2 Capital Budget

.1 Where offsetting the Same Source Funding is:

- .1 Available and the funding shortfall is less than 20% of the project budget, up to a maximum of \$100,000 (net tax); or
- .2 Available and the funding shortfall is in excess of 20% of the project budget, but less than \$20,000 (net tax) or 50% of the project budget, whichever is less; or
- .3 Not available and the funding shortfall is less than \$15,000 (net tax) or 50% of the project budget, whichever is less. As this option will be increasing the User Division Manager's aggregate budget, advice from Finance must be sought in advance.

.2 If reallocating funds from a capital project, the capital project in which funds are being transferred from must already be Awarded;

.3 Reallocations within specific programs or technical functional areas are permitted, as outlined in the Procurement Procedures, as amended;

.4 Reallocations between operating and capital budgets is not permitted under any circumstances; and

.5 Altering the general nature of the scope of work is not permitted.

Additionally, Delegated Authority By-Law 2473-33 states the following on Schedule B: Delegation of Powers and Duties, Chief Administrative Officer/General Managers related to the acceptance of grant funding:

2. Enter into agreements for receipt of transfer payments or grants from federal and provincial governments and other granting organizations.

Delegate: Chief Administrative Officer or Treasurer, plus General Manager (2 signatures), as required

Conditions/Restrictions: No net levy or FTE impacts

As a result, any of the above situations which resulted in budget changes have been incorporated in the Revised Budget for each project and have been detailed and reviewed within the budget system. If a budget shortfall exists and falls outside of the delegated authority parameters outlined above, then the applicable Manager is required to obtain Council approval before the expenditure is incurred. The required report to Council will: outline the anticipated shortfall; suggest a plan of action to rectify the overrun if available; and identify additional funding sources to offset any remaining shortfall.

Required Action as per Attachments

Report FIN-09-2024 identified a total of 517 projects (516 within budget and one over budget) that were still ongoing at the end of 2023 and required carrying forward into 2024, with a total budget of approximately \$191.8 million. The 2024 combined (tax-supported and rate-supported) council approved capital budgets totaled approximately \$120.1 million. Additionally, another \$6.6 million in capital expenditures were approved during 2024 through a combination of council reports throughout the year, and funding amendments allowed under Procurement Policy 2023-02.

Attachment #3 provides the status updates for all projects as at December 31, 2024, as well as all of the required individual recommendations needing Council approval that affect current capital projects.

FINANCIAL/LEGAL IMPLICATIONS:

Legislation requires that Council approve all transfers to or from Reserves and Reserve Funds. The recommendations outlined in Attachment #3 provide for the closure of projects and/or amendments to approved financing budgets of individual projects, where required.

As shown in the Attachments, the County has 917 active capital projects as at December 31, 2024, with budgeted expenditures of \$318.5 million. About 51% of the budgeted capital funds relate to tax supported capital projects, with the remaining 49% for water and wastewater services. The following table provides a high level summary of active capital projects as at December 31, 2024, by recommendation category.

Table 1 - Projects Summary

| Project Status | # of Projects | LTD Actuals | Revised Budget | Variance |
|---|---------------|--------------------|--------------------|--------------------|
| Project Complete within Revised Budget and Recommended to Close | | | | |
| Rate Supported | 113 | 13,864,085 | 17,633,279 | 8,772,863 |
| Tax Supported | 297 | 24,115,791 | 29,119,460 | 3,769,194 |
| Project Complete within Revised Budget and Recommended to Close with Funding Amendment | | | | |
| Rate Supported | 2 | 93,434 | 78,500 | (14,934) |
| Tax Supported | 18 | 1,111,885 | 1,159,370 | 47,485 |
| Project Not Started and Recommended to Close | | | | |
| Rate Supported | 3 | - | 12,800 | 12,800 |
| Tax Supported | 31 | - | 898,650 | 898,650 |
| Project Ongoing within Revised Budget | | | | |
| Rate Supported | 127 | 33,620,422 | 137,742,479 | 104,122,057 |
| Tax Supported | 322 | 83,506,485 | 129,514,801 | 46,008,316 |
| Project Requiring Funding Amendment | | | | |
| Tax Supported | 4 | 2,535,504 | 2,344,000 | (191,504) |
| Total | 917 | 158,847,606 | 318,503,339 | 159,655,733 |
| Summary of Projects | | | | |
| Rate Supported | 245 | 47,577,941 | 155,467,058 | 107,889,117 |
| Tax Supported | 673 | 120,177,325 | 171,943,941 | 51,766,616 |
| Total | 917 | 158,847,606 | 318,503,339 | 159,655,733 |

(*) Note: See Attachment #3. Projects completed within budget and recommended to close have anticipated savings as indicated above. The total savings at time of project closure may change slightly as expenses are finalized and final payments are released. As these projects are within budget, the applicable approved budgets do not require amendment. Savings will be returned to the original funding sources for the projects.

As noted above, of the 917 active capital projects, project managers have identified three (3) projects that are anticipated to be over budget, thus requiring a future Council report.

Projects Not Started and Recommended to Close (Attachment #1)

As of December 31, 2024, there are 34 projects which had not been started. As a result, these projects are recommended to be closed and re-budgeted as necessary in future years. All projects noted in this attachment have not incurred any actual expenditures to date.

Projects Requiring Funding Amendments (Attachment #2)

There are 24 projects identified that require a funding amendment to be closed; 21 through this report and three (3) that are currently ongoing and will require a future report prior to closing.

Of the 21 projects to be closed, only six projects require additional funds as a result of a lack of appropriate options available through Procurement Policy 2023-02. These project overages are not overly significant financially. The majority of projects in this category are amending funding sources only; examples of which include changes in eligibility of grant-funded costs, and changes as a result of legislative updates to development charge eligible costs. Attachment #2 provides an explanation of funding changes for each of these projects.

Additionally, updates on the three (3) ongoing projects requiring future amendments are as follows:

- Project 212401 – Rotary Riverside Trail Structure Repair is currently ongoing and over budget, which was approved as an emergency repair in 2024. A future report to council will amend this budget to address the overage.
- Project 222202 – Frank Marshall Business Park Stormwater Management Pond Upgrade is currently over budget, but is still ongoing. Staff have been meeting regularly to discuss this project, as the scope of work falls under the Haldimand’s Local Servicing Policy which requires recovery of the associated costs from the benefitting property owners. As a result, staff will be coming back Council in order to pass a Capital Levy by-law to effectively apportion the share of costs to be recovered from each benefitting land owner, where applicable. The final budget for this project will be presented for Council at this time as well.
- Project 932111 - Recreation Facility Development Strategy is awaiting final invoicing in 2025, and is currently over budget. Once all costs have been finalized, the necessary budget amendment will be addressed in a future report to council.

Projects Completed within Revised Budget and Recommended to Close

There are 410 projects that have been completed, within budget, and are recommended to close, that, based on actual expenditures to date, will have a projected surplus of approximately \$8.8 million. Of the \$8.8 million surplus, approximately \$5.0 million relates to Tax Supported capital projects with the remaining \$3.8 million being Rate Supported. The surplus is retained within the original funding source, if internally financed by reserves/reserve funds. A number of the current open projects are considered annual projects in that they have a budget each year in the 10 year forecast. For these projects, only funds committed at the end of the year are to be carried forward. Given the annual nature of these projects, it is implied with the projects themselves that they will also close on an annual basis, therefore, recommendations to close have not been included in the detailed project notes for these specific projects in Attachment #3.

Projects Ongoing within Revised Budgets

All other projects (449 in total) are to remain open and active and are within their approved budgets. The details of all projects can be found in Attachment #3 of this report.

Debt Related Capital Projects:

Any capital project that is to be fully or partially funded from debt proceeds will incur fees as a result of the actual debt issuance. These debt related expenses are to form an integral part of the overall budget for any projects with approved debt financing. Though these items are budgeted for during the capital budgeting process, they are estimated based on the total project value and the anticipated timing of project construction. Given these are estimates, from time to time budget amendments to these components may be required and will form a part of future capital status updates, as required. As of December 31, 2024, no such budget amendments are necessary.

STAKEHOLDER IMPACTS:

All Divisions that manage Capital Projects are involved with monitoring the actual spending on an ongoing basis, and have provided input for this report to Council.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

REFERENCES:

None.

ATTACHMENTS:

1. Summary of Projects Not Started and Recommended to Close
2. Projects Requiring Funding Amendment
3. Capital Project Details at December 31, 2024