

**Subject: Outcome of Capital Projects Review Process (greater than \$10M) - 2015 and Prior Capital Budget Amendments****APPROVALS:**

Kola Oladimeji, Director  
Elsie Hutton, Executive Director  
Marcel Ulliac, Chief Administrative Officer

**Administrative Recommendations:**

1. THAT the 2015 and Prior Capital Budget be revised as summarized on Attachments 1 & 2 (Outcome of Capital Projects Review Process (greater than \$10M) – 2015 and Prior Capital Budget) dated May 26, 2015.
2. THAT the cash flow of Capital Projects be approved as summarized on Attachment 3 (Outcome of Capital Projects Review Process (greater than \$10M) – 2015 and Prior Capital Budget), dated May 26, 2015.

**Summary:**

A review of the 2015 Capital Budget was undertaken by Council and Administration to ensure that all capital budget expenditures are still required, show efficiencies and can be resourced adequately. Since Council is the approving authority for the Capital Budget, subject to provisions of Council Policy FIN-160, Fiscal Responsibility Policy, Capital Budget Amendments require Council approval.

This Capital Budget amendment will result in a total net decrease in funding of \$84,436,188 for the 2015 - 2019 Capital Budget as outlined in the Budget Net Change Summary.

**Background:**

Capital Budget amendments are an ongoing process. Some amendments are identified and presented to Council on an individual basis due to the specific nature and timing of the request. The Capital Budget amendments addressed in this report are revisions to the Capital Budget after a comprehensive review by Council and Administration. Included are two cancellations, two budget reductions and five deferrals.

**Budget/Financial Implications:**

The approval of the Capital Budget amendments identified will provide the opportunity through resource reallocation for the backlog of projects to be processed more efficiently. The full budget impact of the amendments of \$84.4M included in this report has been incorporated in the 2015 Budget and 2016 – 2019 Capital plan and is presented in Attachments 1-4.

**Attachments 1 & 2** show the total cost of the projects recommended for amendment. The first section of these attachments present the original budget for the projects requesting revision; the

second section presents the revised budget. The net decrease in capital funding required as a result of amending these projects is \$84,436,188 over five years as shown on Attachment 2.

**Attachment 3** shows changes in cash flow of Capital Projects, by budget year. Since multi-year projects are pre-approved for future years by Council in order to proceed seamlessly, amendments in cash flow of these projects require pre-budget approval by Council.

**Attachment 4** shows the impact of cash flow and source of funding from this proposed amendment by years 2015 and prior, and 2016 and thereafter, as reflected below in the Budget Net Change Summary.

Budget Net Change Summary						
	Total Project Cost (Accumulative)	Federal Grants	Provincial Grants	Reserves	Other Sources	Debenture
2015 & Prior	(118,464,588)	-	-	(109,464,588)	-	(9,000,000)
2016 & Thereafter	34,028,400	-	-	65,028,400	-	(31,000,000)
<b>Reconciled net change</b>	<b>(84,436,188)</b>	<b>-</b>	<b>-</b>	<b>(44,436,188)</b>	<b>-</b>	<b>(40,000,000)</b>

Part of the review process considered the opportunity cost of funding tied to projects that due to changes in strategic direction will not be implemented in the near future, thus releasing such funds to provide funding for current strategic priorities.

#### **Rationale for Recommendations:**

The rationale for amendment of each capital project is included in the attached individual Capital Budget Amendment Forms as prepared by the individual departments responsible (Attachments 5 - 13).

#### **Attachments:**

1. Outcome of Capital Projects Review Process (greater than \$10M) – 2015 and Prior Capital Budget
2. Outcome of Capital Projects Review Process (greater than \$10M) - 2015 and Prior Capital Budget, by year
3. Project Cash Flow Summary
4. Cash Flow by Funding Sources, by Year
- 5-13. 2015 Capital Budget Amendment forms