



AUDIT AND BUDGET COMMITTEE REPORT

Meeting Date May 19, 2015

Subject: 2015 and Prior Capital Budget Amendments – Revised and New Project

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 Attachment 1 (2015 and Prior Capital Budget Amendments – Revised and New Project), dated May 19, 2015.
2. THAT the cash flow of Capital Projects be approved as summarized on Attachment 2 (2015 and Prior Capital Budget Amendment – Revised and New Project – Project Cash Flow Summary), dated May 19, 2015.

Summary:

One existing and one new capital project identified by Administration are hereby submitted for amendment and approval. Since Council is the approving authority for the Capital Budget, subject to provisions of the Council Policy (FIN-160), Fiscal Responsibility Policy, capital budget amendments require Council approval.

This capital budget amendment will result in a total net increase in funding of \$1,800,000 for 2015, as outlined in the Budget Net Change Summary.

All of the amendments were reviewed and recommended by the Capital Projects Steering Committee on April 29, 2015.

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 includes one new capital project and one requiring additional funding due to an administration oversight during the 2015 Capital budget preparation.

Budget/Financial Implications:

The approval of the Capital Budget amendments identified will allow the design of Fort Chipewyan Water Treatment Plant to continue and proceed as scheduled and enable an existing south access off the former Highway 69 to be relocated due to safety concerns. The full budget impact of the amendments of \$1,800,000 included in this report has been incorporated in the

Regional Municipality of Wood Buffalo
2015 and Prior Capital Budget Amendment - Revised and New Projects
May 19, 2015

| | |
|---------|---|
| Legend: | First year of a multi year project |
| | Other than first year of a multi year project |
| | Single year project |

| S/N | Project Description | Type | Department | Year of original approval | Total Budget | Federal Grants | Provincial Grants | Reserves | Other Sources | Debenture | Att. |
|--------------------------------|--|---------|-------------|---------------------------|------------------|----------------|-------------------|------------------|---------------|-----------|------|
| ORIGINAL PROJECT BUDGET | | | | | | | | | | | |
| 1 | Fort Chipewyan Water Treatment Plant Upgrade - Design | Revised | Engineering | 2013 | 1,100,000 | - | - | 1,100,000 | - | - | 4 |
| 2 | South Leg, Range Road at 83 Highway 69 - Design & Construction | New | Engineering | 2015 | - | - | - | - | - | - | 5 |
| | | | | | - | - | - | - | - | - | |
| | Total Original Capital Project Budget | | | | 1,100,000 | - | - | 1,100,000 | - | - | |

| | | | | | | | | | | | |
|-------------------------------|--|---------|-------------|------|------------------|----------|----------|------------------|----------|----------|---|
| REVISED PROJECT BUDGET | | | | | | | | | | | |
| 1 | Fort Chipewyan Water Treatment Plant Upgrade - Design | Revised | Engineering | 2013 | 2,500,000 | - | - | 2,500,000 | - | - | 4 |
| 2 | South Leg, Range Road at 83 Highway 69 - Design & Construction | New | Engineering | 2015 | | - | - | 400,000 | - | - | 5 |
| | | | | | | - | - | - | - | - | |
| | Total Revised Capital Project Budget | | | | 2,500,000 | - | - | 2,900,000 | - | - | |

| | | | | | | | | | | | |
|--------------------------|--|---------|-------------|------|------------------|----------|----------|------------------|----------|----------|---|
| NET BUDGET IMPACT | | | | | | | | | | | |
| 1 | Fort Chipewyan Water Treatment Plant Upgrade - Design | Revised | Engineering | 2013 | 1,400,000 | - | - | 1,400,000 | - | - | 4 |
| 2 | South Leg, Range Road at 83 Highway 69 - Design & Construction | New | Engineering | 2015 | 400,000 | - | - | 400,000 | - | - | 5 |
| | | | | | | | | | | | |
| | Net Increase/(Decrease) Required on Existing Projects | | | | 1,800,000 | - | - | 1,800,000 | - | - | |

Regional Municipality of Wood Buffalo
2015 and Prior Capital Budget Amendment - Revised and New Projects
Project Cash Flow Summary
February 10, 2015


Legend:

| |
|---|
| First year of a multi year project |
| Other than first year of a multi year project |
| Single year project |

| S/N | Project Description | Original Approval Year | Funding Source | Total Budget (Accumulative) | Cash flow | | | | Att |
|---|--|------------------------|----------------|-----------------------------|--------------|------|------|------------|--------|
| | | | | | 2015 & Prior | 2016 | 2017 | Thereafter | |
| ORIGINAL PROJECT BUDGET | | | | | | | | | 4 5 |
| 1 | Fort Chipewyan Water Treatment Plant Upgrade - Design | 2013 | Reserves | 1,100,000 | 1,100,000 | - | - | - | |
| 2 | South Leg, Range Road at 83 Highway 69 - Design & Construction | 2015 | Reserves | - | - | - | - | - | |
| | | | | | | | | | |
| Total Original Capital Project Budget (a) | | | | 1,100,000 | 1,100,000 | - | - | - | |
| REVISED PROJECT BUDGET | | | | | | | | | 4 5 |
| 1 | Fort Chipewyan Water Treatment Plant Upgrade - Design | 2013 | Reserves | 2,500,000 | 2,500,000 | - | | | |
| 2 | South Leg, Range Road at 83 Highway 69 - Design & Construction | 2015 | Reserves | 400,000 | 400,000 | | - | - | |
| | | | | | | | | | |
| Total Revised Project Budget (b) | | | | 2,900,000 | 2,900,000 | - | - | - | |
| NET BUDGET IMPACT | | | | | | | | | 4 5 |
| 1 | Fort Chipewyan Water Treatment Plant Upgrade - Design | 2013 | Reserves | 1,400,000 | 1,400,000 | - | - | - | |
| 2 | South Leg, Range Road at 83 Highway 69 - Design & Construction | 2015 | Reserves | 400,000 | 400,000 | - | - | - | |
| | | | | | | | | | |
| Net Increase/(Decrease) Required on Existing Projects | | | | 1,800,000 | 1,800,000 | - | - | - | |

Regional Municipality of Wood Buffalo
Cash Flows by Funding Sources, by Year
May 19, 2015

| | | Funding Sources | | | | |
|------------------------------------|--------------------------------------|-----------------|-------------------|----------------|---------------|------------|
| | Total Project Cost (Accumulative) | Federal Grants | Provincial Grants | Reserves (CIR) | Other Sources | Debentures |
| Original Funding Sources | | | | | | |
| 2015 and prior | 1,100,000 | - | - | 1,100,000 | - | - |
| 2016 | - | - | - | - | - | - |
| 2017 | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - |
| Original Funding Sources Total (a) | 1,100,000 | - | - | 1,100,000 | - | - |
| Revised Funding Sources | | | | | | |
| 2015 and prior | 2,900,000 | - | - | 2,900,000 | - | - |
| 2016 | - | - | - | - | - | - |
| 2017 | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - |
| Revised Funding Sources Total (b) | 2,900,000 | - | - | 2,900,000 | - | - |
| Revision / Difference (b) - (a) | | | | | | |
| | 1,800,000 | - | - | 1,800,000 | - | - |
| Net Change by year | | | | | | |
| 2015 and prior | 1,800,000 | - | - | 1,800,000 | - | - |
| 2016 | - | - | - | - | - | - |
| 2017 | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - |
| Reconciled net change | | | | | | |
| | 1,800,000 | - | - | 1,800,000 | - | - |

| | | | | | | |
|---|--|---------------------------------|--------------------|------------------|----------------------|----------------------------|
|  | REGIONAL MUNICIPALITY OF WOOD BUFFALO | CAPITAL BUDGET AMENDMENT | | | | |
| CURRENT PROJECT NAME: Fort Chipewyan WTP Upgrade - Design | | | | | | |
| AMENDED PROJECT NAME: | | | | | | |
| | Group I/O | Revenue I/O | | | | |
| | 0702013 | 700468 | | | | |
| | Expense I/O | Project Amendment | | | | |
| | 600831 | | | | | |
| ORDER CODES (if assigned): | | | | | | |
| CURRENT PROJECT BUDGET | | | | | | |
| <i>Year</i> | <i>Annual Cost</i> | <i>Fed Grants</i> | <i>Prov Grants</i> | <i>Reserves</i> | <i>Other Sources</i> | <i>Debtenture Financed</i> |
| 2014 & Prior | 1,100,000 | | | 1,100,000 | | |
| 2015 | - | | | | | |
| 2016 | - | | | | | |
| 2017 | - | | | | | |
| Thereafter | - | | | | | |
| TOTAL | 1,100,000 | - | - | 1,100,000 | - | - |
| CURRENT COST AND COMMITMENT | | | | | | |
| <i>As at</i> | <i>Current Budget</i> | <i>Actual to Date</i> | <i>Commitments</i> | <i>Available</i> | | |
| February 6, 2015 | 1,100,000 | 534,753 | 996,170 | (430,923) | | |
| DESCRIPTION/RATIONALE FOR BUDGET AMENDMENT | | | | | | |
| <p>This capital budget amendment is for the detailed design of the upgrades required for the Fort Chipewyan Water Treatment Plant (WTP). These upgrades include a raw water pipeline, a new treated water storage reservoir and the existing WTP will be refurbished and expanded. This project was originally approved by Council for \$2.5M during the 2014 capital budget process, as a multi-year project. The budget for 2014 was \$1.1M and 2015 was \$1.4M. As of October 2014 this project had commitments of \$1,500,923. During the 2015 budget process, the continuation of this project was inadvertently missed and the previously approved \$1.4M was not recorded. The construction phase was approved since the design was in progress and commitments in place. The design element is necessary to be completed in order to proceed with construction.</p> | | | | | | |
| AMENDED PROJECT BUDGET | | | | | | |
| <i>Year</i> | <i>Annual Cost</i> | <i>Fed Grants</i> | <i>Prov Grants</i> | <i>Reserves</i> | <i>Other Sources</i> | <i>Debtenture Financed</i> |
| 2014 & Prior | 1,100,000 | | | 1,100,000 | | |
| 2015 | 1,400,000 | | | 1,400,000 | | |
| 2016 | - | | | | | |
| 2017 | - | | | | | |
| Thereafter | - | | | | | |
| TOTAL | 2,500,000 | - | - | 2,500,000 | - | - |
| Budget Change | | | | | | |
| TOTAL | 1,400,000 | - | - | 1,400,000 | - | - |
| FISCAL RESPONSIBILITY POLICY CRITERIA: | | | | | | |
| Will the change result in an efficient administrative and project delivery process? | | | | | | Yes |
| Will the change result in an addition or cancellation of a capital project? | | | | | | No |
| Will the underlying scope change alter the nature and type of capital project? | | | | | | n/a |
| Where additional funding is required, are the funds from a combination of savings from fully tendered projects, other uncommitted sources such as grants and offsite levies, and cash flow management with other capital projects? | | | | | | Yes |
| Will the change result in Council set debt and debt service limits being exceeded? | | | | | | No |
| In order for this to be a Fiscal Management Policy Amendment the questions above must answer, Yes, No, No, Yes, No, respectively. | | | | | | |



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

CAPITAL BUDGET AMENDMENT

CURRENT PROJECT NAME: South Leg, Range Road 83 at Highway 69 - Design & Construction

AMENDED PROJECT NAME:

Group I/O

Revenue I/O

Expense I/O

New Project

ORDER CODES (if assigned):

CURRENT PROJECT BUDGET

| Year | Annual Cost | Fed Grants | Prov Grants | Reserves | Other Sources | Debenture Financed |
|--------------|-------------|------------|-------------|----------|---------------|--------------------|
| 2014 & Prior | - | | | | | |
| 2015 | - | | | | | |
| 2016 | - | | | | | |
| 2017 | - | | | | | |
| Thereafter | - | | | | | |
| TOTAL | - | - | - | - | - | - |

CURRENT COST AND COMMITMENT

| As at | Current Budget | Actual to Date | Commitments | Available |
|-------|----------------|----------------|-------------|-----------|
| | - | | | - |

DESCRIPTION/RATIONALE FOR BUDGET AMENDMENT

The design plans for Saprae Industrial Park, a new industrial subdivision east of Fort McMurray Airport, identified offsite improvements at the Highway 69 and Range Road 83 intersection to accommodate the increase in traffic to the north. An existing access, for unsanctioned development to the south of Highway 69, must be relocated due to safety concerns. This work is not the responsibility of the developer of Saprae Industrial Park yet their required improvements cannot be safely undertaken unless the existing access is relocated. Relocation of the access, including design and construction, will cost \$400,000. Cost recovery through cost sharing by future developers to the south is possible. Construction to be completed in 2015.

AMENDED PROJECT BUDGET

| Year | Annual Cost | Fed Grants | Prov Grants | Reserves | Other Sources | Debenture Financed |
|--------------|-------------|------------|-------------|----------|---------------|--------------------|
| 2014 & Prior | - | | | | | |
| 2015 | 400,000 | | | 400,000 | | |
| 2016 | - | | | | | |
| 2017 | - | | | | | |
| Thereafter | - | | | | | |
| TOTAL | 400,000 | - | - | 400,000 | - | - |

Budget Change

| | | | | | | |
|-------|---------|---|---|---------|---|---|
| TOTAL | 400,000 | - | - | 400,000 | - | - |
|-------|---------|---|---|---------|---|---|

FISCAL RESPONSIBILITY POLICY CRITERIA:

| | |
|--|-----|
| Will the change result in an efficient administrative and project delivery process? | Yes |
| Will the change result in an addition or cancellation of a capital project? | Yes |
| Will the underlying scope change alter the nature and type of capital project? | n/a |
| Where additional funding is required, are the funds from a combination of savings from fully tendered projects, other uncommitted sources such as grants and offsite levies, and cash flow management with other capital projects? | n/a |
| Will the change result in Council set debt and debt service limits being exceeded? | No |

In order for this to be a Fiscal Management Policy Amendment the questions above must answer, Yes, No, No, Yes, No, respectively.

2015 Budget and is presented in Attachments 1-3 to be funded from Capital Infrastructure Reserve.

Attachment 1 shows the total cost of the existing and new projects recommended for approval. The first section of this attachment presents the original budget for the projects requesting approval; the second section presents the requested budget. The net increase in capital funding required as a result of amending this project is \$1,800,000.

Attachment 2 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 flows of these projects require pre-budget approval by Council.

Attachment 3 shows the impact of cash flows 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 | - | - | - | 1,800,000 | - | - |
| 2016 & Thereafter | - | - | - | - | - | - |
| Reconciled net change | - | - | - | 1,800,000 | - | - |

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 Recommendation(s):

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 4-5).

Attachments:

- 1-2. 2015 and Prior Capital Budget Amendments – Revised and New Project
- 3. Cash Flow by Funding Sources, by Year
- 4-5. 2015 Capital Budget Amendment forms