



Town of Newmarket
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2017 Capital Carry-overs Information Report

Report Number: 2018-14

Department(s): Financial Services

Author(s): Mike Mayes, Director, Financial Services

Date: April 30, 2018

In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Executive Summary

See below

Purpose

The purpose of this report is to provide information related to the 2017 Capital Carry-overs.

Background

The 2017 capital expenditures budget including carry-overs totaled \$65,792,834. The actual expenditures were \$17,362,883; including \$1,202,568 for fire vehicle and equipment replacement, \$2,149,425 for RJT facility improvement, \$1,106,673 for artificial turf, \$2,009,377 for stormwater management projects and \$5,293,382 for road projects. A balance of \$46,247,084 is to be carried over: \$43,614,420 into 2018, and \$2,632,664 into 2019. A net amount of \$2,182,867 is not being carried over due to cancelled projects and project savings. Total carry-over requests to 2018 amount to \$51,401,709, of which \$7,787,289 was carry-over requests to 2018 allocated at the end of year 2016.

Carry-overs are the transfer of the unspent portion of capital budgets, to the following year. As such, the expenditures and financing already have Council approval. The budget amounts carried over are combined with the "new" budget amounts and are reported on the financial statements.

Capital projects may be incomplete for a number of reasons, such as:

- 1) A multi-year project may have had all of its' budget allocated to one year
- 2) There can be delays in getting approvals, external funding, utility or Regional clearances, or in awarding tenders
- 3) Re-prioritization

To begin the transition towards multi-year budgeting, carry-overs have been assigned to the year in which the project is reasonably projected to be undertaken. For this reason, starting in 2017, carry-overs have been allocated to multiple future years.

Major projects carried over to 2018 include:

- Road pavement, rehabilitation, and reconstruction projects - \$11,544,714;
- Water meter replacement program - \$9,845,966;
- Water & wastewater servicing study implementation- \$1,295,283;
- New parks development - \$2,967,579;
- Community splash pad - \$1,023,761;
- Fire Station 4-5 Design & Construction \$3,687,761;
- Fire trucks replacement - \$1,746,000;
- Fire Station 4-1 barrier and renovation - \$1,206,494;
- Land use and building tracking system - \$1,000,000

Major projects carried over to 2019 include:

- Fire Station 4-5 construction - \$2,449,056

Discussion

Based on the carryovers, the capital program for 2018 would be over \$106 million. \$29 million of this relates to the Mullock Farm land purchase. Staff will give its best effort to deliver on the remaining \$77 million in a timely manner, but to do it all within the current calendar year is problematic.

Measures to implement multi-year capital budgeting are being developed but are not in place yet. These measures include more detailed Asset Management Plans and an Asset Replacement Fund Strategy (see Financial Services Report 2018-12).

Although it is foreseeable that the \$106 million program will not be completed in 2018, the tools are not in place to determine which projects will go forward and which will not. For this reason, a blanket unallocated deferral of a further \$50 million is being applied to 2018. This should make the capital program more achievable and in line with historical capacity trends. The blanket deferral does not negate previously approved funding.

As a result, better-informed investment decisions can be made.

Conclusion

Throughout the year, there will be quarterly reports to keep Members of Council and SLT apprised of the Capital Carry-over figures.

Business Plan and Strategic Plan Linkages

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

Consultation

The 2018 capital carry-over amounts are recommended by the departments that are managing the specific capital projects. The Strategic Leadership Team (SLT) has done a review of the carry-over requests.

Human Resource Considerations

Not applicable to this report.

Budget Impact

Capital Budget

An amount of \$51,401,709 is to be carried over into 2018 (\$7,787,289 from 2016 and \$43,614,420 from 2017) and \$2,632,664 is to be carried over to 2019. Funding is available for these carry-overs in accordance with the original budget.

The following table summarizes the approved capital budgets allocated by year:

Budget Year	2018	2019	2020	2021	Total
Original 2018 capital budget	\$ 25,933,120				\$ 25,933,120
Supplementary Budget: Mulock Farm purchase	28,850,000				28,850,000
Carried over from 2016	7,787,289				7,787,289
Carried over from 2017	43,614,420	2,632,664			46,247,084
Subtotal	\$ 106,184,829	2,632,664			\$ 108,817,493
Blanket unallocated deferral	(50,000,000)	20,000,000	15,000,000	15,000,000	0
Total	\$ 56,184,829	\$ 22,632,664	\$ 15,000,000	\$ 15,000,000	\$ 108,817,493

Attachments

2017 Capital Variances & Carry-overs Summary

Contact

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Approval



Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer



Esther Armchuk, LL.B
Commissioner, Corporate Services

Town of Newmarket

2017 Fourth Quarter

CAPITAL EXPENDITURES

Commission / Department / Area	2017 Actual	2017 Budget	Variance	Cancel / Offset	Carryover to 2018	Carryover to 2019
General Government						
	377,485	511,129	133,644	(333,485)	467,129	-
Total	377,485	511,129	133,644	(333,485)	467,129	-
Corporate Services						
Information Technology	1,222,432	3,093,387	1,870,955	(38,420)	1,725,767	183,608
Legislative Services	-	10,771	10,771	10,771	-	-
Total	1,222,432	3,104,158	1,881,726	(27,649)	1,725,767	183,608
Community Services						
Recreation & Culture Services	297,996	937,755	639,759	(80,894)	720,653	-
Total	297,996	937,755	639,759	(80,894)	720,653	-
Development & Infrastructure Services						
Planning & Building	125,664	1,968,288	1,842,624	-	1,842,624	-
Roads	5,293,382	14,686,018	9,392,636	247,922	9,144,714	-
Water	516,269	15,047,742	14,531,473	209,141	14,322,332	-
Wastewater	29,167	175,000	145,833	(4,167)	150,000	-
Storm Water	2,009,377	2,944,627	935,250	(58,525)	993,775	-
Facilities	3,287,927	5,367,719	2,079,792	(207,584)	2,287,376	-
Parks	2,069,659	8,718,559	6,648,900	872,477	5,776,423	-
Trails	192,071	2,277,241	2,085,170	815,731	1,269,439	-
Other	587,811	4,427,629	3,839,818	1,053,801	2,786,017	-
Total	14,111,327	55,612,823	41,501,496	2,928,796	38,572,700	-
Library Services						
	151,075	646,212	495,137	-	495,137	-
Total	151,075	646,212	495,137	-	495,137	-
Central York Fire Services						
	1,202,568	4,980,757	3,778,189	(303,901)	1,633,034	2,449,056
Total	1,202,568	4,980,757	3,778,189	(303,901)	1,633,034	2,449,056
GRAND TOTAL	17,362,883	65,792,834	48,429,951	2,182,867	43,614,420	2,632,664