**Agenda – Standing Policy Committee on Infrastructure Renewal and Public Works – February 27, 2018**

## REPORTS

**Item No. 7** **Transfer Funds to the Inkster Boulevard – Keewatin Street to Brookside Boulevard Project from the Public Works Non-Specified Account**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

To approve transfer of cash to capital in the amount of $519,584 from the Public Works department's Non-Specified Capital Account (account #18970000NS) to the Inkster Boulevard – Keewatin Street to Brookside Boulevard project (Project #1804000508).

# ADMINISTRATIVE REPORT

**Title:** **Transfer Funds to the Inkster Boulevard – Keewatin Street to Brookside Boulevard Project from the Public Works Non-Specified Account**

**Critical Path: Standing Policy Committee on Infrastructure Renewal and Public Works**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| J. Ruby | J. Berezowsky<br>Acting Director<br>of Public Works | M. Ruta | D. McNeil |

## EXECUTIVE SUMMARY

The Inkster Boulevard – Keewatin to Brookside Boulevard project (Inkster Project) was originally budgeted in the 2008 Capital Budget with funding to be authorized over a 3 year period from 2008 to 2010. As the project progressed, there were significant changes in both funding sources and project costs.

The project is complete and this report is requesting approval to transfer $519,584 from the department's Non-Specified Capital Account to address the shortfall in recoveries under development agreements. In retrospect, the shortfall in amounts recoverable should have been identified earlier in the process and surpluses removed from the project should have been less.

Amounts recoverable under development agreements were less than budget due to two factors, the first being that not all land in the area was developed and this resulted in only 59.3% of costs incurred being recoverable at this time and the second being that actual costs incurred were less than original estimate.

If and when the remaining land in the area were to be developed, subject to appropriate Council approvals at that time, remaining costs incurred of approximately $400 thousand would be recoverable under development agreements at that time.

## RECOMMENDATIONS

To approve transfer of cash to capital in the amount of $519,584 from the Public Works department's Non-Specified Capital Account (account #18970000NS) to the Inkster Boulevard – Keewatin Street to Brookside Boulevard project (Project #1804000508).

## REASON FOR THE REPORT

Approval of the Standing Policy Committee on Infrastructure Renewal and Public Works is required to transfer funds from the Public Works Non-Specified Capital Account to the Inkster Boulevard – Keewatin Street to Brookside Boulevard Project.

## IMPLICATIONS OF THE RECOMMENDATIONS

Recoveries of costs under development agreements have come in less than budget and will be replaced by surplus funds from other projects residing in the Public Works department's Non-Specified Capital Account.

Once this 2008 project that has completed construction is funded, the project can be closed.

## HISTORY/DISCUSSION

The Inkster Project was originally budgeted in the 2008 Capital Budget with the project to be funded over a 3 year period from 2008 to 2010. As the project evolved, there were significant changes in both funding sources and project costs.

The following table is a summarization of the changes that occurred as the project progressed.

| **Inkster Boulevard - Keewatin to Brookside Boulevard (#1804000508)** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Summary of Capital Budget Detail Sheets** | | | | | | | |
| *(in thousands)* | | | | | | | |
| | Initial Capital Budget 2008 | Changes in 2009 Capital Budget | Changes in 2010 Capital Budget | Changes in Report to SPCIRPW July 3, 2012 | Changes from Capital Closure Processes (*) | Changes This Report | Actual |
| Project Cost | $ 32,102 | $ - | $ - | $ (2,500) | $ (6,278) | $ - | $ 23,324 |
| *Funded by* | | | | | | | |
| City - cash to capital | $ 31,518 | $ (10,122) | $ (15,770) | $ (2,500) | $ (1,750) | $ 520 | $ 1,896 |
| Provincial Funding | $ - | $ 9,000 | $ 7,100 | $ - | $ (4,473) | $ - | $ 11,627 |
| Federal Gas tax | $ - | $ - | $ 8,670 | $ - | $ - | $ - | $ 8,670 |
| Developer | $ 584 | $ 1,122 | $ - | $ - | $ (55) | $ (520) | $ 1,131 |
| | $ 32,102 | $ - | $ - | $ (2,500) | $ (6,278) | $ - | $ 23,324 |

(*) - A total of $6,314 of project surplus was identified in the 2012, 2013 and 2016 capital review process. $43K was transferred to the Strategic Municipal Infrastructure Research (SMIR) budget in accordance with Council direction. An additional $79K was transferred into the project from the department's non-specified account with Director approval.

In summary, the project was delivered $8.8 million below initial budget. City cash to capital was reduced from an initial amount of $31.5 million to $1.9 million. Provincial funding was increased from $Nil in the initial budget to $11.6 million. Federal Gas tax funding was increased from $Nil in the initial budget to $8.7 million.

The $2.5 million in surplus removed from the project in 2012 was transferred to the Pembina Highway Northbound – Crescent Drive to Bishop Grandin Boulevard ($1.2 million) and Grassie Boulevard and Molson Street Roundabout ($1.3 million).

The 2012, 2013 and 2016 capital review processes removed a total of $6.314 million in project surplus.

Cost recoveries from development agreements on the project are final at $1.1 million, which is $519,584 less than the current budget. See a detailed analysis is shown in Appendix A.

As detailed in Appendix A, the majority of the shortfall related to Developer Agreement AG 56/85 that came in $675 thousand less than budget.

Developer funding on AG 56/85 came in less than budget due to two factors as follows:

- Budgeting was based on all land in the area being developed. In fact, only 59.3% of the land was developed. Therefore, only 59.3% of costs incurred are recoverable at this time. This accounts for approximately $515 thousand of the variance.
- The work cost less than anticipated. The remainder of the variance (approximately $160,000) was due to actual costs incurred by the City being less than estimate.

If and when the remaining 40.7% of the land in the area were to be developed, subject to appropriate Council approvals at that time, remaining cost incurred by the City of approximately $400,000 would be recoverable under the development agreement at that time.

In retrospect, the shortfall in developer funding should have been identified earlier in the process and surpluses removed from the project should have been less. Nevertheless, the project is complete and needs to be fully funded in order to close the project.

This report is recommending that the shortfall in budgeted developer funding be funded by a transfer from the Public Works department Non-Specified Capital Account.

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** November 8, 2017

**Project Name:**

Transfer Funds to the Inkster Boulevard - Keewatin Street to Brookside Boulevard Project from the Public Works Non-Specified Account

**First Year of Program** **2017**

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants | - | - | - | - | - |
| Cash to Capital | 519,584 | - | - | - | - |
| Other - Developer Funding | (519,584) | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Approval of this report will transfer funds from the department's Non-Specified account to the Inkster Boulevard - Keewatin Street to Brookside Boulevard (Project #180400508) to fund the shortfall in budgeted Developer Funding. The project is complete and funding the project will allow the project to be closed.

"Original signed by J. Ruby, CPA, CA"
J. Ruby, CPA, CA
Manager of Finance and Administration

## CONSULTATION

This Report has been prepared in consultation with: Planning, Property & Development

## OURWINNIPEG POLICY ALIGNMENT

## SUBMITTED BY

Department: Public Works Department
Division: Finance Division
Prepared by: Jason Ruby, Manager of Finance and Administration
Date: January 6, 2018
File No:

Attachments:

Appendix A – Detailed Analysis of Developer Funding
Appendix B – Available Public Works Non-Specified Capital Account Balance

## Appendix A:

| | | | | | | |
|---|---|---|---|---|---|---|
| **Inkster Boulevard - Keewatin/Brookside Boulevard (#1804000508)** | | | | | | |
| **Detailed Analysis of Developer Funding** | | | | | | |
| **(in thousands)** | | | | | | |
| | | | | | **Additional** | |
| | | | **Amended** | | **Funding** | |
| | | | **Budget** | **Actual** | **Required** | |
| | | | | | | |
| Buhler Developer Agreement | | AG 56/85 | $ 1,266 | $ 591 | $ 675 | AA |
| Qualico Developer Agreement | | AG 45/87 | $ 348 | $ 331 | $ 17 | |
| Qualico | | AG 60/86 | $ - | $ 172 | $ (172) | BB |
| DAZ 208/01 | | DAZ 208/01 | $ 37 | $ 37 | $ - | |
| | | | | | | |
| | | | $ 1,651 | $ 1,131 | $ 520 | |
| | | | | | | |
| | | | | | | |
| AA | AG 56/85 - Actual costs recoverable by the City are $675,000 less than budget due to two factors, (1) less land being developed and (2) costs incurred being less than estimate. Only 59.3% of land was developed when the budget anticipated 100% development. As a result, only 59.3% of costs are recoverable at this time, accounting for approximately $515,000 of the variance. The remainder of the variance (approximately $160,000) was due to actual costs incurred by the City being less than original estimate. | | | | | |
| BB | Unbudgeted item. | | | | | |
| | | | | | | |

**Appendix B:**

## Public Works Department

**Non-Specified Capital Account - 18970000NS**

**as at November 8, 2017**

| | Transfers In | Transfers Out | Balance |
|---|---|---|---|
| Balance at January 1, 2017 | | | $0 |
| 3/31/17 - Capital Review | $1,569,028 | | $1,569,028 |
| 4/30/17 - Capital Review - 1831100216 - Traffic Signals Loops | $1,215 | | $1,570,243 |
| 5/1/2017 - Director approved transfer to 1807000117 - Developer Payback for land purchase at Peguis and Ravelston | | $85,000 | $1,485,243 |
| 6/9/2017 - Director approved transfer to 1804000508 - Inkster-Keewatin/Brookside to correct invoice charged to 1804002608 - PR221 - Inkster Blvd project in error | | $79,655 | $1,405,588 |
| 6/29/2017 - SPCIRPW approved transfer to 1815000112 - Sand/Salt Storage Facility | | $325,000 | $1,080,588 |
| 8/17/2017 - Director approved transfer to 1853000217 - Community and Neighborhood Parks - New for Halter Park purchase | | $15,938 | $1,064,650 |
| 9/15/2017 - 2017 Capital Review Closures (Note 1) | $1,751,273 | | $2,815,923 |
| 9/20/2017 - Transfer to Corporate Non-Specified Capital Account | | $330,923 | $2,485,000 |
| 9/27/2017 - Council approved transfer to the 2017 Tache Promenade Project | | $1,965,000 | $520,000 |
| Funds Available November 8, 2017 | | | $520,000 |

Note 1

| | |
|---|---|
| 1803000112 - Plessis Road Twinning and Grade Separation | 820,000 |
| 1831000115 - Traffic Engineering Improvements | 370,138 |
| 1831300115 - Traffic Signals - Jefferson & Adsum | 185,355 |
| 1857000111 - Community Park Amenities | 173,969 |
| 1801000114 - Chief Peguis Trail Roundabout | 87,062 |
| 1855000111 - Playground Structures | 63,417 |
| 1807000215 - Developer Payback AG 30/12 | 46,840 |
| 1816010315 - SMIR - Curing Efficiency | 4,492 |
| | $ 1,751,273 |