
DATE: August 9, 2011

REPORT TITLE: **FINANCIAL CONTROL BY-LAW REPORTING REQUIREMENTS AND STATUS OF WORKING FUND RESERVES**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

Whereas the Financial Control By-law requires that staff report to Regional Council twice per year on certain activity related to budget and reserve management;

And whereas, the report of the Chief Financial Officer and Commissioner of Corporate Services, dated August 9, 2011, titled "Financial Control By-law Reporting Requirements and Status of Working Fund Reserves" details the status of these requirements for the period ended June 30, 2011 with the following recommendations;

Therefore be it resolved,

- 1. That the budget for capital project 04-4040 for Queensway/Dixie Rd, be increased by \$1,046,749 to reflect the additional work being undertaken and funded by the City of Mississauga;**
- 2. That Capital Project 12-8696 Communications Centre Management Software in the amount of \$147,000, and Capital Project 12-8697 Communications Centre ACD System in amount of \$600,000 identified in the 2011 10 Year Peel Regional Police Capital budget be advanced to 2011;**
- 3. That the budget for Capital Project 09-5620 for the new OPP Detachment Facility be increased by \$1,000,000 from \$8,000,000 to \$9,000,000 to accommodate a LEED's Silver designation and enhanced architectural design as per the Town of Caledon resolution 2011-499 dated August 16, 2011;**

And further, that the \$1,000,000 increase be financed from the OPP Facilities Reserve R0002 in the amount of \$1,000,000.

August 9, 2011

FINANCIAL CONTROL BY-LAW REPORTING REQUIREMENTS AND STATUS OF WORKING FUND RESERVES

REPORT HIGHLIGHTS	
•	75 capital projects were closed with returns to reserves and reserve funds of \$10.6 million and 12 projects (11 existing, one new) were presented to Council for a total increase of \$21.9 million during the six months ended June 30, 2011, resulting in an overall net increase to the capital plan of \$11.3 million
•	As at June 30, 2011, both the Tax supported working fund reserve balances and the Utility Rate supported working fund balances are in compliance with the Financial Control By-law at nine per cent and five per cent respectively
•	A review of the Financial Control By-law is now underway with the intention of bringing a new Financial Control By-law to Council by June of 2012 for approval

DISCUSSION

The Financial Control By-law stipulates that certain activity related to budget and reserve management be tracked and reported to Regional Council at a minimum of twice annually. This report details the status of these requirements for the period ended June 30, 2011.

FINANCIAL CONTROL BY-LAW REPORTING REQUIREMENTS

Authorization to Increase Project Commitments

The Financial Control By-law requires that staff report activity related to all budget adjustments made to previously approved capital projects which are the lower of 10 per cent of the Council approved budget or \$250,000. The requests for the six months ended June 30, 2011 total \$91 thousand. These requests are presented in Appendix I. Projects requiring budget increases beyond these parameters require Council reports.

Closed Capital Projects

During the 6 month period ended June 30, 2011, 75 projects were closed. As a result of these closures, \$10.6 million was returned to reserves and reserve funds for these projects. The chart below displays results broken down by tax rate and utility rate funding sources.

Program	# of Projects	\$ Millions			Funds Returned to Reserves	
		Net Budget	Net Expenditure	Difference	Internal Reserves	DC Reserve Funds
Tax Rate	59	25.8	20.4	5.4	4.5	0.9
Utility Rate	13	5.0	4.0	1.0	0.6	0.4
Sub Total	72	30.8	24.4	6.4	5.1	1.3
Unallocated *	3	4.2	0	4.2	4.2	0
Total Region	75	35	24.4	10.6	9.3	1.3

* Note: Unallocated category in the chart above is budgeted to address emergencies if they should arise.

Although closing projects has returned \$10.6 million dollars to Reserves and Reserve Funds, in-year approvals which have been presented to Council via individual reports has increased the Tax capital program by \$14 million for seven capital projects and the Utility Rate capital program by \$ 7.9 million for five capital projects resulting in an overall net increase to the capital plan of \$11.3 million.

August 9, 2011

FINANCIAL CONTROL BY-LAW REPORTING REQUIREMENTS AND STATUS OF WORKING FUND RESERVES

Redeployments

Redeployments are processed to facilitate effective management of various programs and projects. In order to better manage existing projects, 33 redeployments were processed for the capital budget during the six months ended June 30, 2011. These redeployments fell into three categories. Six projects were merged, 25 projects were broken out into smaller more specific projects, and two projects were funded from the unallocated portfolio. The majority of these redeployments (31) represent the typical activity which occurs when a new capital plan is approved whereby projects are merged for ease of contract management and others are separated into smaller more manageable size projects.

Reserve and Reserve Fund Changes

Section 4 of the Financial Control By-law requires Council authority to create new Sub Reserves, to transfer funds between Sub Reserves for purposes of reclassification and to transfer reserve balances between reserves. For the period ending June 30, 2011 there is no activity to report.

Unallocated Capital Financing

The Financial Control By-law Section 3(f) iii requires that the financial report discloses the activity and available balances for the unallocated capital projects. Appendix II provides Council with a summary for the period ended June 30, 2011.

Required Balance in Working Fund and Stabilization Reserves

The Financial Control By-law requires that the Working Fund Reserve and the Rate Stabilization portfolio balances be maintained between five and ten percent of each of the respective budgets.

Currently both the Tax Supported working fund reserve balances and the Utility Rate supported working fund balances are in compliance with the Financial Control By-law at nine per cent and five per cent respectively. The Tax Supported working fund balance at June 30, 2011, inclusive of the GO Transit liability of \$36.9 million, is \$119.6 million, nine per cent of the tax supported operating budget. The Utility Rate Supported working fund balance as at June 30, 2011 is \$14 million, five per cent of the utility rate supported operating budget.

Budget Changes

In accordance with the Financial Control By-law and the Purchasing By-law, staff are required to report to Council any transactions that change budgets, affect transfers to and from reserves and disclose purchasing decisions. These changes are presented below.

1. The budget for Capital project 04-4040 for Queensway/Dixie Rd (resolution 2004-68) within the Transportation capital portfolio requires a budget adjustment to reflect the cost to construct a multi-use trail and the additional funding from the City of Mississauga to support this additional work. Staff are seeking Council approval to increase the budget in project 04-4040 by \$1,046,749 to recognize the additional work and the additional revenue from the City of Mississauga. The increase of \$1,046,749 will be fully funded from the City of Mississauga.
2. The 2011 Peel Regional Police 10-year Capital Plan totaling \$271.8 million includes two capital projects in 2012, Project 12-8696, Communications Centre Management Software for \$147,000 and Project 12-8697, Communications Centre ACD System for \$600,000. It has become necessary to bring these two projects forward to 2011 to enable staff to commence the replacement/upgrade of required components of 9-1-1 emergency system and backup centre to reduce the possibility of failure/service

August 9, 2011

FINANCIAL CONTROL BY-LAW REPORTING REQUIREMENTS AND STATUS OF WORKING FUND RESERVES

interruptions to legacy systems that support processing of incoming 9-1-1 calls for emergency assistance from citizens of Peel. To comply with capital project numbering, the first two digits of these projects will be changed to reflect the in-year budget approval (11-8696 and 11-8697 respectively).

3. The budget for Capital Project 09-5620 for the OPP Detachment Facility requires a budget increase of \$1.0 million. A copy of the Town of Caledon report CS-2011-045 is attached as Appendix III. The budget increase of \$1.0 million will be funded entirely from the OPP Facilities Reserve R0002.

Unbudgeted One-time Funding

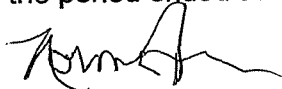
During the course of any budget year, Peel is provided opportunities to access additional funding for one-time initiatives. In the six months ended June 30, 2011 Peel received a total of \$4.4 million in unbudgeted one-time funding from the Ministry of Health and Long Term Care and the Ministry of Health Promotion and Sport. Appendix IV (as attached) provides the details of the funding received during the six months ended June 30, 2011.

Update to the Financial Control By-law

The current Financial Control By-law was passed in June 2004. Clause 5 of the FCBL states that: "The Treasurer shall undertake a review of this by-law not less frequently than once every seven years and report to Council the results of such review." To meet this requirement, staff have initiated the review of the Financial Control By-law and are proposing to present the results to Regional Council in 2012. The review will also include the Financial Control By-law for both Peel Regional Police and Peel Living as these programs are governed by a similar financial control by-law.

CONCLUSION

The report as presented satisfies the reporting requirements of the Financial Control By-law for the period ended June 30, 2011.



Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact Stephen VanOfwegen at extension 4759 or via email at stephen.vanofwegen@peelregion.ca

c. Legislative Services

MA- A4-5

- 1 -

APPENDIX I
 August 9, 2011
 FINANCIAL CONTROL BY-LAW REPORTING REQUIREMENTS AND STATUS OF WORKING FUND RESERVES

Region of Peel
Authorization to Commit a Project to Over Budget Expenditure (\$'000)
For the Six Months Ended June 30, 2011

Program	From Reserve	To Project		Additional Funds
Transportation	Cap Fin Stab - Roads	10-4615	Pavement Management System	10
Transportation	Cap Fin Stab - Roads	06-4454	King/Olde King Signals	10
Wwastewater	DC Regional - Wastewater	10-2108	Wanless/Creditview	31
Wastewater	DC Regional - Wastewater	08-2101	Reconstruction Wanless Drive	38
Wastewater	Cap Fin Stab - Wastewater	08-2101	Reconstruction Wanless Drive	2
			Total	\$ 91

Note:

These transactions meet the requirements of Clause 3.(n), Schedule C of the Financial Control By-law, within 10 % of approved budget

**Regional Municipality of Peel
Unallocated Capital Financing Project Status (\$'000)
As at June 30, 2011**

	Roads	Region Water	Region Wastewater
Balance at December 31, 2010	\$ 1,150	\$ 1,450	\$ 1,741
2011 Budget Allocation	1,500	1,500	2,000
Previous year's unallocated projects closed and funding returned to reserve	(1,050)	(1,450)	(1,741)
Less: Reallocations under \$250,000 (approved under Treasurer Authority of Financial Control By-law 2004-45)	(350)	(25)	-
Less: Reallocations over \$250,000 (approved by Council reports)	-	-	-
Balance at June 30, 2011	\$ 1,250	\$ 1,475	\$ 2,000

MA-A4-7
-1-

RBMa



2011-499

Date: August 16, 2011

Moved by: *J. N. Morrison* Seconded by: *Kathleen Foley*

That Report CS-2011-045 regarding Caledon East OPP Detachment Capital Project Update, be received; and

That Council approve the request for additional funding in the amount of \$1.0M for the Caledon East OPP Detachment Capital Project, funded from the capital reserve funds at the Region of Peel; and

That the Region of Peel be requested to increase the funding of the Caledon East OPP Detachment project by \$1.0M from the OPP facilities reserve fund and the OPP development charges reserve fund for Caledon policing; and

That the additional funding be utilized to accommodate a LEED's Silver designation and enhanced architectural design features for this building project; and

That the CAO and Deputy CAO/Director of Corporate Services/CFO be authorized to negotiate amendments to the contracts with the Ventin Group Ltd. and Maple Reinders Constructors Ltd. for this project.

RECORDED VOTE	YES	NO	CONFLICT	ABSENT
Councillor Beffort	✓			
Councillor deBoer	✓			
Councillor Foley	✓			
Councillor McClure	✓			
Mayor Morrison	✓			
Councillor Paterak				✓
Councillor Mezzapelli	✓			
Councillor Thompson	✓			
Councillor Whitehead	✓			
TOTAL	8			1

MAYOR: *Marilyn Morrison*

CARRIED LOST



**CORPORATE SERVICES DEPARTMENT
Capital Projects & Property Management**

Report CS-2011-045

To: Mayor and Members of Council

From: Ronald H. Kaufman, Deputy CAO/Director of Corporate Services/CFO

Meeting: August 16, 2011

Subject: CALEDON EAST OPP DETACHMENT CAPITAL PROJECT - UPDATE

RECOMMENDATION

That Report CS-2011-045 regarding Caledon East OPP Detachment Capital Project Update, be received; and

That Council approve the request for additional funding in the amount of \$1.0M for the Caledon East OPP Detachment Capital Project, funded from the capital reserve funds at the Region of Peel; and

That the Region of Peel be requested to increase the funding of the Caledon East OPP Detachment project by \$1.0M from the OPP facilities reserve fund and the OPP development charges reserve fund for Caledon policing; and

That the additional funding be utilized to accommodate a LEED's Silver designation and enhanced architectural design features for this building project; and

That the CAO and Deputy CAO/Director of Corporate Services/CFO be authorized to negotiate amendments to the contracts with the Ventin Group Ltd. and Maple Reinders Constructors Ltd. for this project.

ORIGIN/BACKGROUND

Council approved a revised budget of \$8.0M in March 2011 as per report CS-2011-017. Since that time the Town has reached a point in the project where prices of various components of the building have been solidified and decisions on certain aspects of the project are required.

DISCUSSION

There are five main overriding principles that are driving the design and construction of this building. They are as follows:

1. OPP functional requirements
2. Seismic soil conditions
3. ABES standards (accessibility)
4. LEED Silver Certification
5. Architectural significance



**CORPORATE SERVICES DEPARTMENT
Capital Projects & Property Management**

There are competing demands for the budget dollars allocated to this project. At this time, Town staff have confirmed that items 1 to 3 are incorporated in the costs. Items 4 and 5 have had dramatic program reductions to achieve budget. LEED certification will *not* be possible and architectural significance has been immensely altered. Town staff believe that both of these principles are vitally important to this project. Town Council has indicated and the CBSP confirms a leadership role in "green" and LEEDS Silver was the level of achievement to show leadership to our community and potential commercial/industrial investors in Caledon.

Caledon East has architectural significance today and Town Council desired a building that shows something more than an "institutional" type building in the village.

FINANCIAL IMPLICATIONS

Budget Approved March 22, 2011	\$8.0M
LEEDS Silver	0.4M
Architectural Significance	0.3M
Contingency	0.3M
Budget Revised	<u>\$9.0M</u>

Funding is available in the reserve funds held at the Region of Peel.

Current projections of funding available in the reserve funds are:

Facilities Capital	\$1,009,000
Policing Cost Stabilization	2,166,000
OPP Development Charge	302,000
Total	<u>\$3,477,000</u>

Commitments against the reserve funds today as per the 2011 budget presentation for the four year operating budget projections:

2012	\$690,000
2013	340,000
Total	<u>\$1,030,000</u>

There is also an outstanding commitment for a Mayfield West store front OPP location in 2015 for \$250,000.

There are sufficient funds today held at the Region of Peel to fund this \$1.0M request.



CORPORATE SERVICES DEPARTMENT
Capital Projects & Property Management

LEGAL IMPLICATIONS

The Ventin Group Ltd.

On May 4, 2010, pursuant to By-law 2010-064, Caledon entered into a contract with The Ventin Group Ltd. ("Ventin") for the architectural services in regard to the construction of the new OPP Detachment building in Caledon East. Due to the issues outlined in this report, the agreement will require amendments.

Maple Reinders Constructors Ltd.

On March 22, 2011, pursuant to By-law 2011-032, Council authorized the Mayor and Clerk to enter into a contract for the services of a construction manager. The form of contract used is the Canadian Construction Documents Committee CCDC5B and was supplemented by additional clauses prepared by the Town. The contract has not yet been signed by Maple Reinders Constructors Ltd. Further clauses shall be added to the contract as a result of the issues outlined in this report.

NEXT STEPS

Request additional funding for the Caledon East OPP Detachment project from the Region of Peel reserve funds.

COMMUNITY BASED STRATEGIC PLAN

The construction of the OPP Detachment building will meet the following objectives of the Community Based Strategic Plan:

Goal 1 Objective C: Support Green Energy and Energy Reduction. Promote technologies that reduce emissions, protect the natural environment and conserve energy and water.

- Conserve energy through means including community design, land use planning, transportation planning and the design and retrofitting of public and private buildings.

Goal 1 Objective D: Promote Green Living and Build Community Capacity. Transform behaviour and develop a green culture that supports a more sustainable way of living.

- Strive to achieve LEED or applicable sustainable construction standards in all building development.

Goal 2 Objective A: Ensure Accessibility is the Standard (facilitate the provision of a universally accessible public realm).

Goal 2 Objective G: Maintain Caledon as a Safe, Secure Community (continue to be a community where all are safe, secure and welcome).

POLICIES/LEGISLATION

Ontario Building Code
Accessibility for Ontarians with Disabilities Act, 2005



CORPORATE SERVICES DEPARTMENT
Capital Projects & Property Management

CONSULTATIONS

Douglas Barnes, Chief Administrative Officer
Fuwing Wong, Treasurer
Patricia De Sario, Solicitor
The Ventin Group Ltd.
Maple Reinders Constructors Ltd.

ATTACHMENTS

Not applicable.

CONCLUSION

Due to competing demands for the budget dollars allocated to this project we have reached a point where additional funding is required in order to maintain a LEED's Silver designation component and a significant architectural design feature in the scope for the Caledon East OPP Detachment project. The additional funding is available from Region of Peel reserve funds.

The Town of Caledon will request the Region of Peel to increase the funding of the Caledon East OPP Detachment project by \$1.0M from the Caledon OPP Facilities Reserve Fund and the Development Charges Reserve Fund for Caledon policing.

Prepared by:
Name: Ron Kaufman,CA
Title: Deputy CAO/Director of Corporate Services/CFO

Approved by:
Name: Douglas Barnes
Title: Chief Administrative Officer

2011 Unbudgeted Funding (Additional One-time Funding)
As of June 30, 2011

Ministry	Program	Funding Purpose	Approved Maximum Funding
MOHLTC	Public Health	Vaccine Storage/Handling - 100%	31,200
MOHLTC	Public Health	World TB Day - 100%	2,000
MOHLTC	Public Health	Obesity Prevention - 75%	201,746
MOHLTC	Public Health	iPHIS/CRN Symposium - 100%	120,000
MOHLTC	Public Health	Promotion of Healthy Sexuality - 100%	7,000
MHPS	Public Health	Smoke Free Enforcement and Prosecution - 100%	15,208
MOHLTC	Public Health	2010 H1N1 Costs - 100%	164,109
MOHLTC	Public Health	Bed Bugs Program - 100%	439,989
MOHLTC	Public Health	Assessment of Eating Behaviours - 75%	202,500
MOHLTC	Public Health	Food Safety Program - Haines Funding - 100%	247,201
MOHLTC	Public Health	PHI Practicum - 100%	8,000
MOHLTC	Public Health	Needle Exchange Program - 100%	34,875
MOHLTC	Public Health	Safe Water - 100%	74,346
MOHLTC	Public Health	Healthy Smiles	2,484,171
MOHLTC	Long Term Care	Retro Funding - Sherida Villa	163,000
MOHLTC	Long Term Care	Home Safety Funding	173,000
			\$ 4,368,345