

Capital Project #1615 – Water Distribution - Budget Adjustment Request

ISSUE

City Council approval is required to fund an over expenditure in Capital Project #1615 – Water Distribution.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

That the transfer of \$1,911,402.89 from the IS – Water & Sewer Reserve to Capital Project #1615 – Water Distribution, be approved.

BACKGROUND

An annual review of the Infrastructure Levy Reserve has resulted in the closure of 64 General Ledgers (GLs).

The following GLs are being closed in:

- Capital Project #1615 – Water Distribution
- Capital Project #1616 – Sanitary Collection
- Capital Project #1617 – Primary Water Mains
- Capital Project #1618 – Waste Water Trunks

Capital Projects #1616, #1617, and #1618 are under spent and funds will be returned to the IS – Water & Sewer Reserve (Reserve).

Capital Project #1615 – Water Distribution is overspent by an amount that requires City Council approval to fund the amount over-expended.

DISCUSSION/ANALYSIS

Capital Project #1615 - Water Distribution was overspent due to costs that were incurred as part of the Clean Water and Waste Water Funding (CWWF) program, carried out in 2017 and 2018, which were deemed ineligible for reimbursement in the program.

The CWWF funding totalled \$31.6M for water and sewer infrastructure replacements and upgrades. The CWWF funding for the program was distributed as per the following;

- 50% by the federal government;
- 25% by the provincial government; and
- 25% by the City of Saskatoon (City).

The City's internal costs for design, tendering, inspection and contract management were not eligible for federal or provincial funding. In order to receive the entire \$31.6M

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of infrastructure work, the City's internal costs required funding from another source. The IS – Water & Sewer Reserve had sufficient funding to cover the expenditure. Transfer of funding from the reserve to the capital project for the over expenditure was delayed until the work was completed, final federal/provincial payments were received and the capital projects GLs were to be closed.

Due to the expected non eligible funding, the final costs following the CWWF projects resulted in over expenditures on some capital projects. The net effect of the GL closures in Capital Project #1615 – Water & Distribution is an over expenditure of \$1,911,402.89. When taking into account the under expenditures in the other three capital projects, the net funding impact from the Reserve to close out the Capital Projects GLs is \$1,260,505.56.

The closures are summarized as follows;

Capital Project #	Under(Over) Expenditure
1615	\$ (1,911,402.89)
1616	\$ 32,250.75
1617	\$ 63,419.08
1618	\$ 555,227.50
Total	\$ (1,260,505.56)

Taking the above over expenditure into account, the Reserve is projected to have a positive balance of \$1,680,000 at the end of 2019.

NEXT STEPS

No follow up is required.

Report Approval

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Reviewed by: Todd Grabowski, Acting Engineering Manager of Asset
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Reviewed by: Rob Frank, Interim Director of Major Projects & Preservation

Approved by: Terry Schmidt, General Manager of Transportation & Construction
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