



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: September 8, 2025

Report No: ES-043-25

Subject: Capital Variance Report - June 2025

Recommendation: THAT the new budget adjustments that amount to a net increase of \$6,427,707 to approved capital projects, including the transfers to/from reserves and reserve funds as summarized in the Financial Impact section of report ES-043-25, be approved;

THAT the capital projects identified as pending closure in Appendix B, with an approved budget totalling \$27,822,767 be closed;

THAT a budget amendment be approved on previously closed capital project C46010322 - Tandem Axel Truck to increase budgeted expenditures by \$10,341, funded from development charges.

THAT \$9,500,000 be transferred from the Project Variance Reserve with \$5,000,000 allocated the Infrastructure Renewal - Roads and Structures Reserve, \$2,000,000 to the Vehicles and Equipment Replacement Reserve, \$1,500,000 allocated to the Infrastructure Renewal - Stormwater Reserve and \$1,000,000 allocated to the Infrastructure Renewal - Recreation, Facilities Reserve.

EXECUTIVE SUMMARY

- This report summarizes the position of the Town's \$595 million capital program as of June 30, 2025. It also outlines the capital budget adjustments that have been required since January 1, 2025 including those previously approved by Council or the Treasurer/CAO, as well as new adjustments that have been identified through the June 2025 capital budget variance meetings.
- During the first half of 2025, net budget adjustments amounted to a \$1.1 million increase, representing 0.2% of the approved capital program.



EXECUTIVE SUMMARY

- This report is being presented in accordance with Corporate Policy No. 113 Budget Management.

REPORT

Background

Corporate Policy No. 113: Financial Management - Budget Management identifies that detailed variance reports relating to the Capital Budget will be submitted to Council twice annually for the periods ending June 30th and December 31st. This report satisfies the requirement as set out in that policy.

Discussion

The financial statements attached as Appendix D to this report reflect all currently approved and active capital projects as of the end of June 2025. Expenditures are presented on a cash basis (as opposed to an accrual basis). The following table summarizes the changes reflected in the approved budget between the January 1, 2025 financial statements and the June 30, 2025 statements. Through this report approval is being requested for the net budget increases of \$6,427,707.

Table 1 - Capital Program Approved Budget Continuity Schedule

	Approved Capital Budget as at January 1, 2025*	Previously Approved (Appendix A)	New Budget Amendments (Appendix B)	Approved Capital Budget as at June 30, 2025**
Executive Services	8,414,275	210,787	-	8,625,062
Corporate Services	62,109,372	(83,584)	12,219	62,038,007
Community Services	496,242,756	(6,951,028)	7,493,938	496,785,666
Development Services	22,431,709	1,457,813	(508,357)	23,381,165
Library Services	4,364,693	-	(570,093)	3,794,600
Total	593,562,805	(5,366,012)	6,427,707	594,624,500

*Total includes the \$454,037,991 presented in ES-012-25 plus the 2025 Approved Capital budget of \$139,524,814.

**Approved budget before recommended project closures



Discussion

Previously Approved Budget Amendments (Appendix A) - \$5,366,012 decrease

Various tenders, single source awards and/or department reports approved by Council in the first half of the year resulted in a net capital budget decrease of \$2,059,700.

Budget amendments previously approved by the Treasurer, CAO or Other Boards, amounted to \$3,306,312, largely related to the stormwater management ponds rehabilitation tender price coming in lower than budget, the Milborough Line rehabilitation tender being awarded below budget and reduced funding requirements for the restoration of Hugh Foster Hall.

New Budget Amendments (Appendix B) - \$6,427,707 increase

Through the June 2025 review, several capital projects were identified as being ready for closure. These projects are summarized in Appendix B and result in a net budget decrease of \$2,390,357 with funds either being drawn from or returned to the Project Variance Reserve and/or external funding sources as outlined on the appendix. Through this report staff are requesting Council approval to close these projects.

Staff have also identified budget amendments required on active capital projects and are requesting Council approval of these amendments through this report. These projects result in a net increase of \$8,818,064 including a budget increase of \$10,479,566 associated with Nipissing Road Reconstruction project that was previously approved via the July Purchasing Various Report ES-041-25 and is largely funded from provincial grants, regional recoveries and developer recoveries.

Included in the new budget amendments is a request for a new capital project C52512025 Sauble Park - Boyne in the amount of \$56,523. This new project will replace the previously approved 2025 capital project C52508025 Park Redevelopment - Village Squares - Boyne, which served as general provision account for village squares within the Boyne area. The previously approved 2025 capital project will be closed and unused funds will be transferred to the new capital project resulting in no net impact to the capital program.

The budget amendments as well as the recommended funding sources, also outlined in Appendix B, amount to a net budget increase of \$6,427,707.

Recommended Changes in Funding Source (Appendix C) - \$0 net change

Although the total approved budget will remain unchanged, certain projects require adjustments to the funding sources as further outlined on Appendix C.



Discussion

Budget Amendments on Previously Closed Projects - \$10,341 increase

Through ES-024-24 the closure of capital project C46010322 - Tandem Axle Trucks was approved by Council and a surplus was reported. Subsequently, it was identified that an expense associated with this project was not recorded prior to closure of this project. Staff recommend amending the budget for this project by increasing expenditures in the amount of \$10,341 and funding the project from development charges.

Capital Program as at June 2025

Following the recommended project closures, projects with an approved budget of \$566,801,734 will carry forward to the balance of 2025 as shown in the table below.

Table 2 - Capital Program Summary as at June 30, 2025

	Approved Budget as of June 2025			Expenditure Status of Projects Carried Forward (at June 30, 2025)	
	Total	Projects Pending Closure	Projects Carried Forward	Spent	Remaining (Note 1)
Executive Services	8,625,062	-	8,625,062	3,430,253	5,194,810
Corporate Services	62,038,007	2,465,904	59,572,103	12,306,865	47,265,238
Community Services	496,785,666	24,992,165	471,793,501	238,603,319	233,190,182
Development Services	23,381,165	-	23,381,165	15,241,344	8,139,821
Library Services	3,794,600	364,698	3,429,902	1,756,813	1,673,088
Total	594,624,500	27,822,767	566,801,734	271,338,594	295,463,140

Note 1: Remaining includes funds that have been committed through a procurement process. At June 2025, the committed amount is in excess of \$48 million.

As noted in the table above, \$271 million (46%) of that approved budget has already been spent, with the remainder either committed (via previously approved contract awards) or remaining to be spent. The following table identifies the ten largest active projects at June 30, 2025 (based on size of remaining budget). These projects account for 56% of the \$295.5 million balance remaining.

Discussion

Table 3 - Largest Capital Projects at June 2025

Project	Remaining Budget at June 30, 2025	% Spent	Status
Transit Operations Centre	\$47,973,019	3%	This project will provide for the associated land development, detailed design, and construction of a Transit Operations Centre. Land development work is continuing.
Nipissing Road Redevelopment	\$29,647,980	5%	The project budget includes anticipated land requirements, detailed design, utility relocation and construction. Design work has been completed in early 2025. Construction was awarded through ES-041-25 Schedule C in July 2025, and is anticipated to start in August with a summer 2027 completion.
Main Street (Fifth Line to Sixth Line)	\$18,649,168	5%	In order to connect new growth areas in the Agerton and Trafalgar Secondary Plans to the existing urban center, the extension of Main Street east of 5th Line is required. Environmental Assessment (EA) is underway, anticipated to be complete by end of this year. The project budget includes preliminary EA, the detailed design and property acquisition for the extension to 6th Line.
5th Line (Derry Road to Britannia Road)	\$18,420,777	18%	This project will urbanize Fifth Line to a four (4) lane urban configuration in support of the Derry Green development. Design was awarded through CORS-040-22 Schedule D. The project budget includes anticipated land requirements, detailed design and utility relocation. Design is



Discussion

			currently approximately 90% complete. Utilities relocation is scheduled for 2026 following with construction to start in late 2026.
Boyne Pedestrian Railway Crossing	\$10,514,332	9%	The need for the Boyne Active Transportation Link was identified during the Boyne Secondary and Tertiary Plan work. The project is currently in the detailed design phase. Council endorsed the preferred preliminary design for the structure and approach (see staff report DS-044-21), and construction of the bridge, which will accommodate both pedestrians and cyclists. While originally anticipated to commence construction in 2022, detailed design is currently 80% complete. The construction tender, currently delayed due to adjacent development activity, is anticipated for early 2026.
Louis St Laurent (James Snow Parkway to Fifth Line)	\$9,297,557	47%	To permit the advancement of the extension of Louis St. Laurent from James Snow Parkway to Fifth Line, a reimbursement agreement for the preliminary design was approved by Council (ENG-035-19). A separate agreement with the developer regarding construction and front-end funding was signed in 2021 (DS-025-21). Under these agreements, the developer was to construct the extension with Town reimbursement upon assumption of the roadworks. Construction commenced in early 2022 and is substantially complete, with the road currently open for public use. The remaining budget mainly represents the reimbursement from the Town to the developer for this project.



The Corporation of the Town of Milton

Discussion

Asphalt Overlay Program	\$9,112,881	71%	The construction award for this project was approved in April 2025 through ES-022-25 Schedule B. Work is ongoing with completion anticipated in fall 2025.
Storm Sewer Network Program	\$7,477,710	24%	In early 2020, the Storm Sewer Network Study was completed, along with an addendum, which identifies the capital needs for the storm sewer system in the original urban area of Town. This program is addressing rehabilitation needs within 1-5 years. Design and investigation is ongoing, following with construction tender in 2026.
Civic Precinct	\$7,089,541	9%	Through report ES-005-22, direction was provided to proceed with retaining consulting services to lead public consultation in order to inform the development of the civic placemaking space, as well as the eventual detailed design. This project will address related parking issues and the preliminary design component of the Civic Precinct.
Appleby Line	\$6,660,020	38%	Phase 1 and 2 construction of Appleby Line rehabilitation has reached substantial completion in 2023. Design for the third, and final, phase is currently underway, with utility relocation anticipated to be complete by end of 2025 and construction work in 2026.
Total	\$164,842,986		



The Corporation of the Town of Milton

Financial Impact

Net budget decreases of \$5,366,012 have been previously approved since January 2025. Through this report, staff are recommending new budget changes resulting in an increase of \$6,427,707 in required funding as illustrated in the shaded cells in the following table. The net capital budget changes since January 1, 2025 result in a net increase of \$1,061,695 (or 0.18% of the approved capital program) as illustrated in the following chart.

Table 4 - Summary of In-Year Funding Changes to the Capital Program in 2025

Funding Source	June 2025 YTD Budget Increases/(Decreases)			Total June 2025 In Year Funding Changes
	Previously Approved	New Budget Amendments	New Funding Source Change	
Total Project Variance Account*:	868,567	(327,974)	-	540,593
Reserves and Reserve Funds:				
Project Variance Reserve*	(5,945,752)	(6,297,393)	2,413,827	(9,829,318)
Library Capital Works Reserve	-	(570,093)	-	(570,093)
Slot Reserve Fund			(1,700,000)	(1,700,000)
Canada Community Building Fund	(1,227,954)	-	-	(1,227,954)
Building Stabilization Reserve	(1,610)	(24,804)	-	(26,414)
Total Reserves and Reserve Funds	(7,175,315)	(6,892,290)	713,827	(13,353,779)
Debentures:				
Tax Supported Debt	(1,000,000)	(210,000)	-	(1,210,000)
Total Debentures	(1,000,000)	(210,000)	-	(1,210,000)
Development Charges:				
Roads DC	(292,272)	(9,676,800)	(1,842,844)	(11,811,915)
Public Works DC	(8,454)	(13,555)	-	(22,009)
Parks & Rec DC Fund	(174,598)	(39,867)	-	(214,465)
Transit DC	(3,250,109)	-	-	(3,250,109)
Administration DC	1,030,141	15,172	338,127	1,383,440
Post Period DC	(1,333,047)	-	-	(1,333,047)
Total Development Charges	(4,028,339)	(9,715,049)	(1,504,717)	(15,248,105)
Provincial Grants/ Subsidies	47,944	14,210,948	739,698	14,998,591
Federal Grants/ Subsidies	6,375,958	-	-	6,375,958
Developer Recovery	-	499,701	(212,234)	287,467
Regional Recovery	-	9,008,296	304,720	9,313,016
Recovery from Other Municipality	(454,827)	376,168	(41,294)	(119,953)
LT Developer Liability	-	(522,093)	-	(522,093)
Total External Funding Sources	5,969,075	23,573,020	790,890	30,332,985
Increase/(Decrease) in Funding	(5,366,012)	6,427,707	(0)	1,061,695

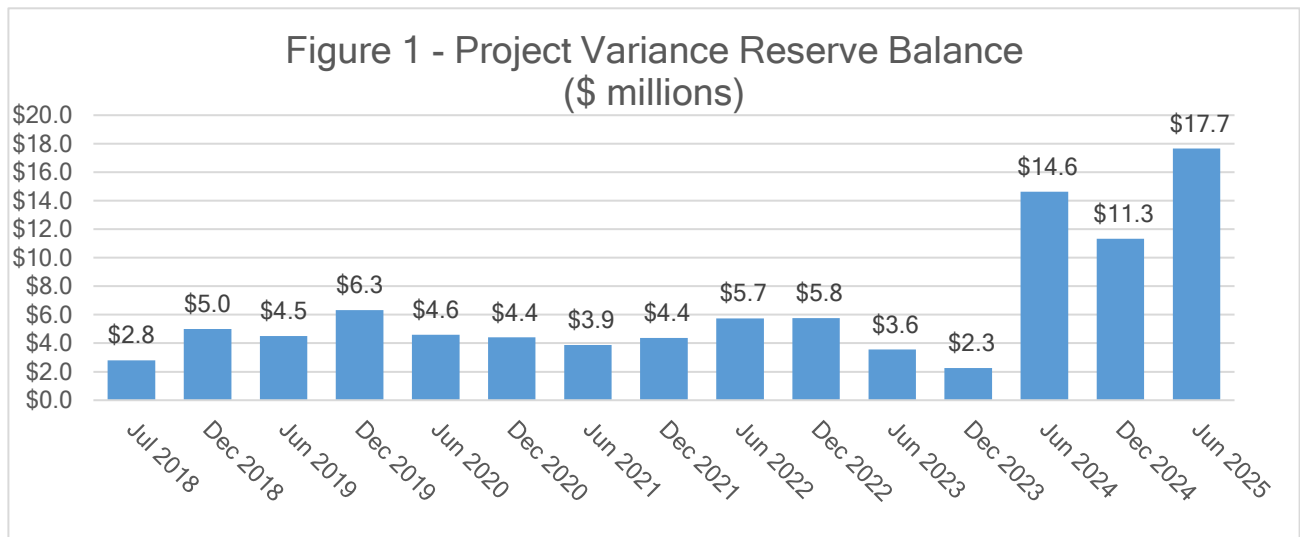
*Note: In accordance with staff report ES-009-25 the Project Variance Account was re-classified as a Project Variance Reserve effective April 1, 2025.



Financial Impact

Due to savings on projects awarded to date in 2025, combined with the proposed refinancing of certain projects with grant funding, the Project Variance Reserve is at a balance of \$17.7 million as of June 2025. The Budget Management Policy No. 113 identifies a target balance of 10% of the average annual non-growth revenue sources which suggests a current target balance of \$8.2 million.

As a result, it is recommended that \$9.5 million be transferred from the Project Variance Reserve with \$5.0 million allocated to the Infrastructure Renewal - Roads and Structures Reserve, \$2.0 million allocated to the Vehicles and Equipment Reserve, \$1.5 million allocated to the Infrastructure Renewal - Stormwater Reserve and \$1.0 million allocated to the Infrastructure Renewal - Recreation, Facilities Reserve. This will re-align the Project Variance Reserve to its target balance and re-direct funding back to source reserves.



Note: In accordance with ES-009-25 the Project Variance Account was re-classified as a Project Variance Reserve effective April 1, 2025. To align the PVA/PVR more closely with the target balance, reallocations between the PVA/PVR and Town source reserves were made in each of 2019, 2023 and 2024, combining for an aggregate net transfer to reserve of \$8.9 million since the PVA/PVR was established. Should the \$9.5 million transfers recommended herein be approved, the total transfer from the PVR back to source reserves will amount to \$18.4 million.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer



For questions, please contact: Shirley Xie

Phone: 905-878-
7252 Ext. 2472

Attachments

Appendix A - Previously Approved Budget Amendments

Appendix B - New Budget Amendments

Appendix C - Recommended Changes in Funding Source

Appendix D - June 2025 Capital Financial Statements

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.