



The Corporation of the Town of Milton

Report To:	Council
From:	Glen Cowan, Chief Financial Officer / Treasurer
Date:	September 12, 2022
Report No:	CORS-062-22
Subject:	Capital Variance Report - June 2022

Recommendation:

THAT the new budget adjustments that amount to a net decrease of \$2,494,256 to approved capital projects, including the transfers to/from reserves and reserve funds as summarized in the Financial Impact section of report CORS-062-22, be approved;

THAT the capital projects identified as pending closure in Appendix B, with an approved budget totaling \$18,163,861 be closed;

THAT the Town's existing Parking Development Charge (DC) Reserve funds (residential and non-residential) along with the Parking DC Exemptions be closed and the balances transferred to the Property Transactions Reserve Fund with an effective date to align with the Development Charges Act legislation.

EXECUTIVE SUMMARY

- This report summarizes the position of the Town's \$472 million capital program as of June 30, 2022. It also outlines the capital budget adjustments that have been required since January 1, 2022 including those previously approved by Council or the Treasurer/CAO, as well as new adjustments that have been identified through the June 2022 capital budget variance meetings.
- During the first half of 2022, net budget adjustments amounted to a \$7 million increase, representing 1.5% of the approved capital program. 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 2022. 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, 2022 financial statements and the June 30, 2022 statements. Through this report approval is being requested for the net budget decreases of \$2,494,256.

Table 1 - Capital Program Approved Budget Continuity Schedule

	Approved Capital Budget as at January 1, 2022*	Previously Approved (Appendix A)	New Budget Amendments (Appendix B)	Approved Capital Budget as at June 30, 2022**
Executive Services	\$ 7,190,436	-	\$(18,084)	\$7,172,352
Corporate Services	33,089,527	127,304	(605,484)	32,611,347
Community Services	143,482,151	1,428,712	(357,274)	144,553,590
Development Services	276,971,158	7,917,170	(1,513,413)	283,374,914
Library Services	4,488,620	32,810	-	4,521,430
Total	\$ 465,221,893	\$9,505,996	\$(2,494,256)	\$472,233,633

*Total includes the \$341,486,315 presented in CORS-022-22 plus the 2022 Approved Capital budget of \$123,735,576.

**Approved budget before recommended project closures

Previously Approved Budget Amendments (Appendix A) - \$9,505,996 increase

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 increase of \$8,332,947.

Budget amendments previously approved by the Treasurer, CAO, or Other Board, amounted to \$1,173,049, largely related to new grant funding opportunities. The Town has received \$1

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million in provincial grant funding from the Streamline Development Approval Fund which will be used to implement an online citizen portal for development applications. Grant funding in the amount of \$120,297 was received from the Zero Emission Transit Fund - a federal fund that will support a feasibility study for the Milton Transit Battery Electric Buses Transition Plan.

New Budget Amendments (Appendix B) - \$2,494,256 decrease

Through the June 2022 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 \$2,102,452 with funds either being drawn from or returned to the Project Variance Account 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 decrease of \$391,804.

The budget amendments as well as the recommended funding sources, also outlined in Appendix B, amount to a net budget decrease of \$2,494,256.

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.

Development Charges Act Legislation Changes:

As previously reported through CORS-028-21 Final DC By-law, the legislative changes enacted through *Bill 108: More Homes, More Choice Act, 2019* and *Bill 197: COVID-19 Economic Recovery Act, 2020*, no longer include parking as an eligible service under the *Development Charges Act, 1997* (DCA). The DCA changes further stipulate that any development charge reserve funds for ineligible services be deemed to be general capital reserve funds to be used for the same purposes. As such, effective September 18, 2022, the Town will discontinue the collection of parking development charges and staff recommend the balances in the parking development charges reserve funds (residential and non-residential) as well as the development charge exemption balances for parking development charges be transferred to the Property Transactions Reserve Fund. These funds will be monitored and directed towards future investment in parking infrastructure as required by the legislation.



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Capital Program at June 2022

Following the recommended project closures, projects with an approved budget of \$454,069,772 will carry forward to the balance of 2022 as shown in the table below.

Table 2 - Capital Program Summary as at June 30, 2022

	Approved Budget as of June 2022			Expenditure Status of Projects Carried Forward (at June 30, 2022)	
	Total	Projects Pending Closure	Projects Carried Forward	Spent	Remaining (Note 1)
Executive Services	\$7,172,352	\$ (2,339,425)	\$ 4,832,927	\$ 1,828,743	\$ 3,004,184
Corporate Services	32,611,347	(3,877,220)	28,734,127	11,779,811	16,954,317
Community Services	144,553,590	(3,077,934)	141,475,655	65,412,528	76,063,127
Development Services	283,374,914	(8,869,282)	274,505,632	138,365,922	136,139,710
Library Services	4,521,430	-	4,521,430	1,675,444	2,845,986
Total	\$ 472,233,633	\$ 18,163,861	\$ 454,069,772	\$ 219,062,448	\$ 235,007,324

Note 1: Remaining includes funds that have been committed through a procurement process. At June 2022, the committed amount is in excess of \$59 million.

As noted in the table above, \$219.1 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, 2022 (based on size of remaining budget). These projects account for 70% of the \$235 million balance remaining.

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Table 5 - Largest Capital Projects at June 2022

Project	Remaining Budget at June 30, 2022	% Spent	Status
Transit Operations Centre	\$48,112,979	3%	This project will provide for the detailed design and land purchase for a Transit Operations Centre as well as construction. Work to investigate potential sites is continuing.
5th Line (Hwy 401 to Derry Road)	\$31,708,289	19%	This project is for environmental assessment, design and land acquisition associated with 5th Line from Highway 401 to Derry. Additional design requirements were outlined in DS-013-20. Design completion is anticipated to be summer/fall of 2022. Land purchases are ongoing (ENG-002-20). A construction project was added in 2022. Prequalification for a construction contractor (Main Street to Derry) is anticipated in late 2022, to facilitate a construction tender in Q1 of 2023.
5th Line (Derry Road to Britannia Road)	\$20,032,261	3%	This project will urbanize Fifth Line to a four (4) lane urban configuration in support of the Derry Green development. Design will be completed in accordance with the 2016 environmental assessment with construction currently anticipated in 2024/25. Design was awarded through CORS-040-22. The project budget includes anticipated land requirements, utility relocations, and detailed design.

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Bronte Street (Main St to Steeles Ave)	\$18,066,577	48%	Property acquisition for Phase 2 (Victoria to Steeles) continues (ENG-001-20). The construction tender for Phase 2 was awarded in July 2021 (CORS-037-21). Construction is underway with completion anticipated in fall 2023.
Main St (JSP to 5th Line)/5th Line (Hwy 401 to Main St)	\$12,374,023	54%	Property acquisition is nearing completion, and utility relocations have commenced. The construction tender was awarded in July 2021 (CORS-037-21), and construction is underway with anticipated completion in June 2023.
Asphalt Overlay Program	\$11,181,370	48%	The construction award for this project was approved in April 2022 through CORS-026-22 Schedule B. Work is ongoing with completion anticipated in fall 2022.
Louis St Laurent (James Snow Parkway to Fifth Line)	\$8,918,165	3%	Through DS-025-21, Council approval was received to enter into an agreement with OPG Derry Green Lands to accelerate the construction of Louis St. Laurent Avenue and associated funding and reimbursement. The signed construction agreement is in place. The construction tender was issued by OPG and as per the agreement, construction will be undertaken by them. Construction work commenced in early 2022 and is completed to base asphalt.
Boyne Pedestrian Railway Crossing	\$5,893,452	8%	The need for the Boyne Active Transportation Link was identified during the Boyne Secondary and Tertiary Plan work and this project is currently in the detailed design phase. Council endorsed the preferred preliminary design for the structure



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			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 at 60% stage, and it is anticipated that prequalification for the construction contractor will be issued in late 2022, with construction tender currently anticipated for Q1 2023. Ultimately, construction timing will be dependent on adjacent development timing.
Sherwood Community Centre	\$4,132,552	90%	Substantial completion has been reached and the facility opened on September 21, 2019. Outstanding office furniture purchases and solar panels were completed in 2021, with final completion of all outstanding works in fall 2022.
Nipissing Road Redevelopment	\$3,954,296	6%	Through DS-085-22, the Mayor and Clerk were authorized to execute an agreement between the Town and Metrolinx for infrastructure improvements needed on Nipissing Road and Childs Drive as a result of the proposed Milton GO Station improvements. Delegated authority was granted to the Commissioner of Development Services to negotiate and make changes to this agreement in consultation with Legal Counsel and the CFO/Treasurer, prior to execution.
Total	\$164,373,964		



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Financial Impact

Net budget increases of \$9,505,996 have been previously approved since January 2022. Through this report, staff are recommending new budget changes resulting in a decrease of \$2,494,256 in required funding as illustrated in the shaded cells in the following table. The net capital budget changes since January 1, 2022 result in a net increase of \$7,011,740 (or 1.5% of the approved capital program) as illustrated in the following chart.

Financial Impact

Table 6 - Summary of In-Year Funding Changes to the Capital Program in 2022

Funding Source	June 2022 YTD Budget Increases/(Decreases)			
	Previously Approved	New Budget Amendments	New Funding Source Change	Total June YTD 2022 In-Year Funding Changes
Total Project Variance Account:	1,183,790	(1,435,512)	(1,138,538)	(1,390,260)
Reserves and Reserve Funds:				-
Library Capital Works Reserve	32,810	-	-	32,810
Equipment Replacement Reserve - Operations	795,000	-	-	795,000
Federal Gas Tax	951,786	(100,000)	-	851,786
Provincial Gas Tax	-	(15,951)	-	(15,951)
Streamline Development Funding	1,000,000	-	-	1,000,000
Building Stabilization Reserve	486	(74,210)	-	(73,724)
Total Reserves and Reserve Funds	2,780,082	(190,161)	-	2,589,921
Debentures:				-
Tax Supported Debt	-	(100,000)	-	(100,000)
Total Debentures	-	(100,000)	-	(100,000)
Development Charges:				-
Roads DC	4,999,709	(619,835)	-	4,379,875
Public Works DC	82,633	(0)	-	82,633
Parks & Rec DC Fund	(80,046)	1,138	(134,521)	(213,430)
Transit DC	39,621	(101,261)	-	(61,640)
Administration DC	144,107	85,861	-	229,968
Stormwater Management DC	-	(115,824)	-	(115,824)
Fire DC	-	(10,938)	-	(10,938)
Total Development Charges	5,186,023	(760,859)	(134,521)	4,290,643
External Funding Sources:				-
Provincial Grants/ Subsidies	122,112	(1)	215,071	337,182
Federal Grants/ Subsidies	195,900	-	918,377	1,114,277
Developer Recovery	-	-	134,521	134,521
Recovery from Other Municipality	-	(7,723)	-	(7,723)
Other Recoveries	-	-	5,090	5,090
LT Developer Liability	38,089	-	-	38,089
Total External Funding Sources	356,101	(7,724)	1,273,059	1,621,436
Increase/(Decrease) in Funding	9,505,996	(2,494,256)	(0)	7,011,740

The Project Variance Account (PVA) is currently at a balance of \$5.7 million. The Budget Management Policy No. 113 identifies a target balance of 10% of the average annual non-

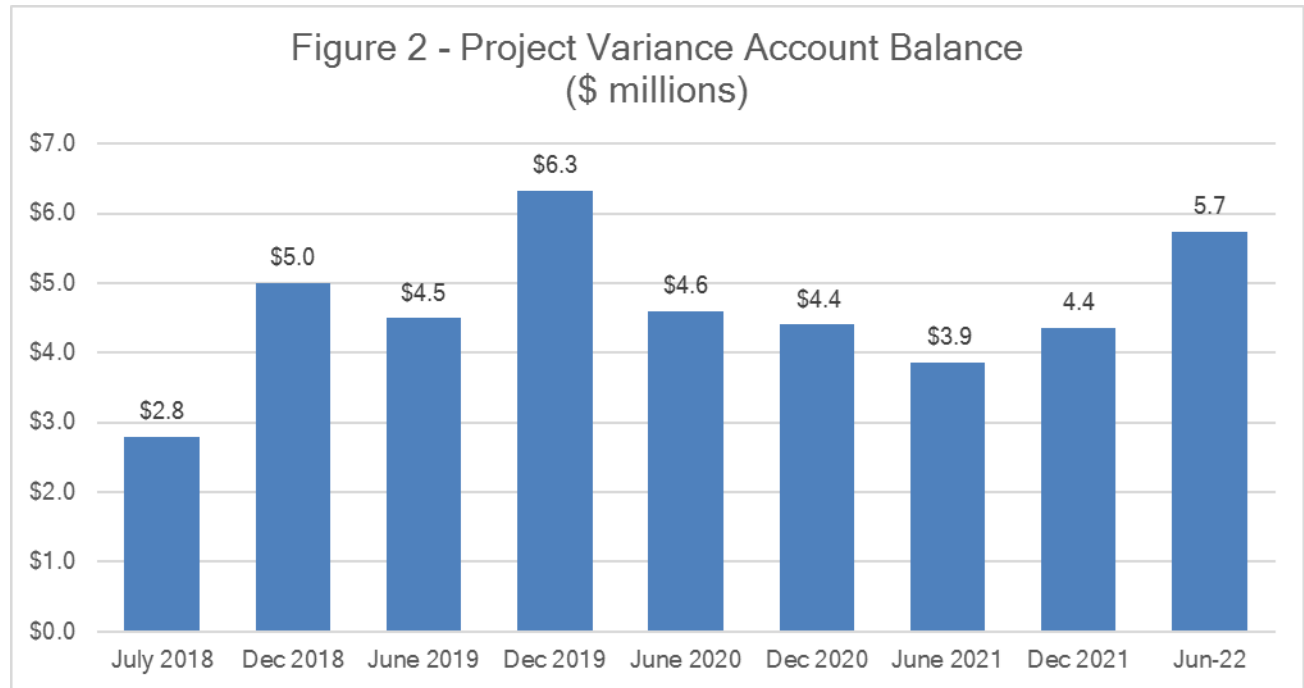


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Financial Impact

growth revenue sources which suggests a current target balance of \$5.1 million. The balance in the PVA is adequate. It will be re-assessed at year end with any recommendations on transfers being brought forward at that time.



Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Deanne Peter, B.Comm., MBA 905-878-7252
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Attachments

Appendix A - Previously Approved Budget Amendments
Appendix B - New Budget Amendments
Appendix C - Recommended Changes in Funding Source
Appendix D - June 2022 Capital Financial Statements



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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.