



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: September 11, 2023

Report No: CORS-044-23

Subject: Capital Variance Report - June 2023

Recommendation: THAT the new budget adjustments that amount to a net decrease of \$4,774,119 to approved capital projects, including the transfers to/from reserves and reserve funds as summarized in the Financial Impact section of report CORS-044-23, be approved;

THAT the capital projects identified as pending closure in Appendix B, with an approved budget totalling \$12,250,734 be closed.

EXECUTIVE SUMMARY

- This report summarizes the position of the Town's \$492 million capital program as of June 30, 2023. It also outlines the capital budget adjustments that have been required since January 1, 2023 including those previously approved by Council or the Treasurer/CAO, as well as new adjustments that have been identified through the June 2023 capital budget variance meetings.
- During the first half of 2023, net budget adjustments amounted to a \$3 million increase, representing 0.6% 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 2023. 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, 2023 financial statements and the June 30, 2023 statements. Through this report approval is being requested for the net budget decreases of \$4,774,119.

Table 1 - Capital Program Approved Budget Continuity Schedule

	Approved Capital Budget as at January 1, 2023*	Previously Approved (Appendix A)	New Budget Amendments (Appendix B)	Approved Capital Budget as at June 30, 2023**
Executive Services	1,663,176	-	-	1,663,176
Corporate Services	39,251,788	131,498	(115,931)	39,267,355
Community Services	156,969,943	1,622,260	(25,423)	158,566,780
Development Services	286,216,736	5,953,999	(4,637,132)	287,533,603
Library Services	4,816,658	-	4,367	4,821,025
Total	488,918,301	7,707,757	(4,774,119)	491,851,939

*Total includes the \$425,473,806 presented in CORS-011-23 plus the 2023 Approved Capital budget of \$63,444,491.

**Approved budget before recommended project closures

Previously Approved Budget Amendments (Appendix A) - \$7,707,757 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 \$7,299,405.

Budget amendments previously approved by the Treasurer, CAO, or Other Board, amounted to \$408,352, largely related to the Chris Hadfield Park Redevelopment tender price coming in greater than the budget and price increases associated with transit bus purchases.

New Budget Amendments (Appendix B) - \$4,774,119 decrease

Through the June 2023 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

Discussion

of \$4,806,062 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 increase of \$31,943.

The new budget amendments requests primarily relate to additional costs of internal project management on the Official Plan (OP) Review project in the amount of \$360,000.

Additional staff time on the project has been required due to a number of fundamental changes to Provincial planning legislation and policies that have impacted the new OP project process. There are also savings of \$340,059 proposed to be returned within the Expanded Asphalt Program as a result of provisional items identified in the construction tender being less than anticipated.

The budget amendments as well as the recommended funding sources, also outlined in Appendix B, amount to a net budget decrease of \$4,774,119.

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.

Capital Program at June 2023

Following the recommended project closures, projects with an approved budget of \$479,601,206 will carry forward to the balance of 2023 as shown in the table below.

Discussion

Table 2 - Capital Program Summary as at June 30, 2023

	Approved Budget as of June 2023			Expenditure Status of Projects Carried Forward (at June 30, 2023)	
	Total	Projects Pending Closure	Projects Carried Forward	Spent	Remaining (Note 1)
Executive Services	1,663,176	-	1,663,176	689,419	973,757
Corporate Services	39,267,355	6,021,679	33,245,676	14,155,728	19,089,948
Community Services	158,566,780	4,726,496	153,840,284	71,849,201	81,991,083
Development Services	287,533,603	1,421,571	286,112,032	169,766,330	116,345,701
Library Services	4,821,025	80,987	4,740,038	1,923,588	2,816,450
Total	491,851,939	12,250,734	479,601,206	258,384,266	221,216,939

Note 1: Remaining includes funds that have been committed through a procurement process. At June 2023, the committed amount is in excess of \$62 million.

As noted in the table above, \$258.4 million (53%) 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, 2023 (based on size of remaining budget). These projects account for 59% of the \$221.2 million balance remaining.

Table 3 - Largest Capital Projects at June 2023

Project	Remaining Budget at June 30, 2023	% Spent	Status
Transit Operations Centre	\$48,068,028	3%	This project will provide for the detailed design, land purchase and construction of a Transit Operations Centre. Work to investigate potential sites is continuing.
5th Line (Hwy 401 to Derry Road)	\$26,799,738	37%	This project is for environmental assessment, design, land acquisition and construction of 5 th Line from Highway 401 to Derry. Additional design requirements were outlined in DS-013-20. Design is almost complete. Land purchases are ongoing (ENG-002-20). The construction tender was awarded in Apr 2023 with expected completion in fall 2024.

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5th Line (Derry Road to Britannia Road)	\$19,838,716	4%	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 and detailed design. Utility relocation and construction is anticipated to start in 2024/25.
Asphalt Overlay Program	\$8,940,093	53%	Construction was awarded in March 2023 through CORS-016-23 Schedule B. Work is ongoing with completion anticipated in fall 2023.
Bronte Street (Main St to Steeles Ave)	\$7,838,288	78%	Property acquisition for Phase 2 (Victoria to Steeles) continues (ENG-001-20). The construction tender for Phase 2 was awarded in July 2021, via delegated authority (CORS-037-21). Construction is underway with completion anticipated in fall 2023.
Boyne Pedestrian Railway Crossing	\$5,874,407	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 66% complete. It is anticipated that a prequalification for the construction contractor will occur in mid to late 2023. The construction tender, currently delayed due to adjacent development activity, is anticipated for 2024/2025.

Discussion

Storm Sewer Network Program	\$4,959,586	6%	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 current rehabilitation needs as recommended through that study. Work is ongoing with completion anticipated in 2024.
Sherwood Community Centre	\$4,131,471	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 and became fully operational in 2022. Additional outdoor works are being considered to complement existing amenities. Planting is ongoing at the entrance area.
Expanded Asphalt Program	\$3,958,304	8%	Construction was awarded in April 2023 through CORS-024-23 Schedule B. Work is ongoing with completion anticipated in fall 2023.
Louis St Laurent (James Snow Parkway to Fifth Line)	\$3,282,405	64%	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. Project completion is anticipated by end of 2023/early 2024.
Total	\$130,408,632		



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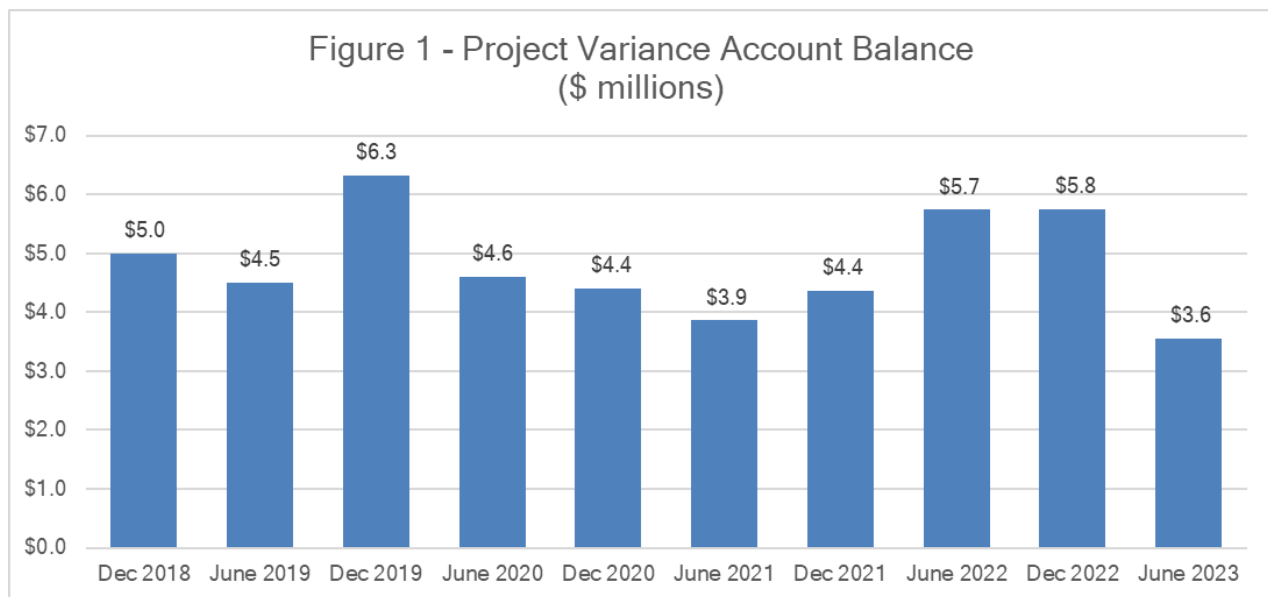
Financial Impact

Net budget increases of \$7,707,757 have been previously approved since January 2023. Through this report, staff are recommending new budget changes resulting in a decrease of \$4,774,119 in required funding as illustrated in the shaded cells in the following table. The net capital budget changes since January 1, 2023 result in a net increase of \$ 2,933,638 (or 0.6% of the approved capital program) as illustrated in the following chart.

Table 4 - Summary of In-Year Funding Changes to the Capital Program in 2023

Funding Source	June 2023 YTD Budget Increases/(Decreases)			
	Previously Approved	New Budget Amendments	New Funding Source Change	Total June 2023 In-Year Funding Changes
Total Project Variance Account:	2,590,272	(384,056)	(10,905)	2,195,311
Reserves and Reserve Funds:				
Library Capital Works Reserve	-	4,367	-	4,367
Federal Gas Tax	306,230	(40,059)	-	266,171
Property Transaction Reserve Fund	1,500,000	-	-	1,500,000
Building Stabilization Reserve	13,212	(186)	-	13,026
Total Reserves and Reserve Funds	1,819,442	(35,878)	-	1,783,564
Debentures:				
Tax Supported Debt	(815,000)	(300,000)	-	(1,115,000)
Total Debentures	(815,000)	(300,000)	-	(1,115,000)
Development Charges:				
Roads DC	3,960,510	(1,378,045)	(98,140)	2,484,325
Public Works DC	85,718	(4,629)	-	81,089
Parks & Rec DC Fund	(72,940)	-	-	(72,940)
Transit DC	36,053	(596)	-	35,457
Administration DC	78,840	267,732	-	346,573
Stormwater Management DC	30,000	-	-	30,000
Post Period DC	-	(254)	-	(254)
Total Development Charges	4,118,182	(1,115,792)	(98,140)	2,904,249
Provincial Grants/ Subsidies	(33,027)	-	-	(33,027)
Federal Grants/ Subsidies	10,365	-	-	10,365
Recovery from Other Municipality	17,523	(343,134)	109,045	(216,565)
Donations	-	(2,492,219)	-	(2,492,219)
Other Recoveries	-	(103,040)	-	(103,040)
Total External Funding Sources	(5,139)	(2,938,393)	109,045	(2,834,486)
Increase/(Decrease) in Funding	7,707,757	(4,774,119)	-	2,933,638

The Project Variance Account (PVA) is at a balance of \$3.6 million as of June 2023. 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 \$6 million. Although the balance in the PVA is below target, no transfers to the PVA are recommended at this time. Based on historical experience, it can be expected that further savings will be transferred to the PVA as additional capital projects are closed at year end. Staff will continue to monitor the PVA balance through the remainder of this year and will re-assess 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: Shirley Xie

Phone: 905-878-
7252 Ext. 2472

Attachments

Appendix A - Previously Approved Budget Amendments

Appendix B - New Budget Amendments



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Attachments

Appendix C - Recommended Changes in Funding Source

Appendix D - June 2023 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.