



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: April 15, 2024

Report No: CORS-010-24

Subject: 2023 Year End Capital Variances

Recommendation: THAT the new budget adjustments that amount to a net decrease of \$1,627,044 to approved capital projects, including the transfers to/from reserves and reserve funds as summarized in the Financial Impact section of report CORS-010-24, be approved;

THAT the capital projects identified as pending closure in Appendix B, with an approved budget totalling \$33,738,262 be closed;

THAT a funding adjustment be approved on previously closed capital project C24002721 - Radio Communications to increase Provincial Grant funding on the project by \$188,125 and return funding to the project variance account.

THAT \$1,500,000 from the Infrastructure Renewal - Roads and Structures reserve and \$1,500,000 from the Infrastructure Renewal - Recreation, Facilities, and other reserve be transferred to the Project Variance Account.

EXECUTIVE SUMMARY

- This report summarizes the position of the Town's \$480 million capital program as of 2023 year end. It also outlines the capital budget adjustments that have been required since June 30, 2023 including those previously approved by Council or the Treasurer/CAO, as well as new adjustments that have been identified through the year end capital budget variance meetings.
- During the second half of 2023, net budget adjustments amounted to a \$2.8 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 December 2023. Expenditures are presented on an accrual basis (as opposed to a cash basis). The following table summarizes the changes reflected in the approved budget between the July 1, 2023 financial statements as presented through CORS-044-23 and the December 31, 2023 statements. Through this report approval is being requested for the net budget decreases of \$1,627,044.

Table 1 - Capital Program Approved Budget Continuity Schedule

Table with 5 columns: Category, Approved Capital Budget as at July 1, 2023*, Previously Approved (Appendix A), New Budget Amendments (Appendix B), and Approved Capital Budget as at December 30, 2023*. Rows include Executive Services, Corporate Services, Community Services, Development Services, Library Services, and Total.

*Approved budget before recommended project closures

Previously Approved Budget Amendments (Appendix A) - \$4,412,942 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 \$4,504,255.

Budget amendments previously approved by the Treasurer, CAO, or Other Board, amounted to a net budget decrease of \$91,314, largely related to sign truck price coming in less than the budget due to a change in requirements for this vehicle.

Discussion

Combined, these result in a net budget increase of \$4,412,942 in the capital program. All increases and decreases by project as well as the identified funding source are identified in Appendix A.

New Budget Amendments (Appendix B) - \$1,627,044 decrease

Through the 2023 year-end 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 \$671,040 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 \$956,004, largely related to savings identified in 2023 Expanded Asphalt Program due to a change in road treatment approach.

The budget amendments as well as the recommended funding sources, also outlined in Appendix B, amount to a net budget decrease of \$1,627,044.

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.

Budget Amendments on Previously Closed Projects - \$0 net change

Through CORS-044-23 the closure of capital project C24002721 - Radio Communications was approved by Council. Subsequently, it was identified that this project was eligible for provincial grant funding through the Next-Generation 911 (NG911) transition funding program. Staff recommend amending the funding of this project by replacing Town source funding with Provincial grant funding in the amount of \$188,125.

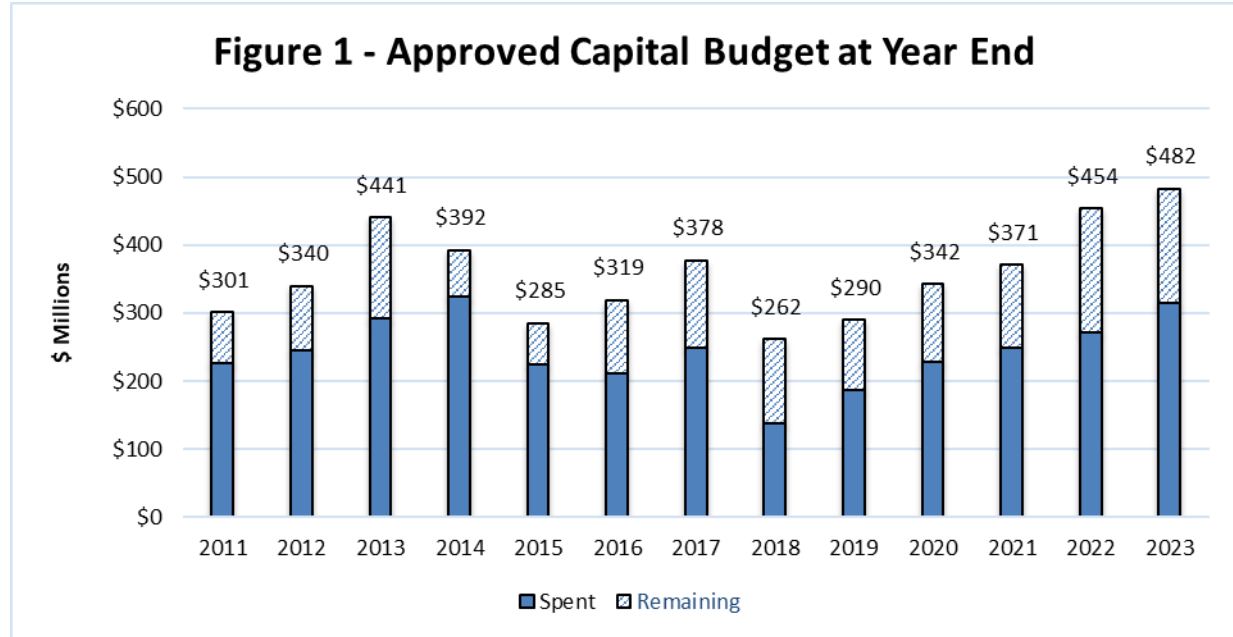
Capital Program at Year End

The following table puts the 2023 year end position (including both active and closed projects) in a historical context. The size and balance of the capital projects can change from year-to-year based upon the specific initiatives that the Town is undertaking. Significant road



Discussion

constructions, facilities and hospital contributions, for example, generally account for the volatility in size of the program.



Note: Approved budget figures are presented before closure of projects as approved through year end approvals.

Following the recommended project closures, projects with an approved budget of \$448,648,839 will carry forward to the balance of 2024 as shown in the table below.

Table 2 - Capital Program Summary as at December 31, 2023

| | Approved Budget as of December 2023 | | | Expenditure Status of Projects Carried Forward (at December 31, 2023) | |
|----------------------|-------------------------------------|--------------------------|--------------------------|---|--------------------|
| | Total | Projects Pending Closure | Projects Carried Forward | Spent | Remaining (Note 1) |
| Executive Services | 1,528,354 | 171,049 | 1,357,305 | 577,351 | 779,954 |
| Corporate Services | 36,154,747 | 6,473,068 | 29,681,679 | 12,882,219 | 16,799,460 |
| Community Services | 152,484,375 | 9,438,843 | 143,045,533 | 72,074,319 | 70,971,214 |
| Development Services | 287,470,679 | 17,072,333 | 270,398,347 | 196,732,435 | 73,668,125 |
| Library Services | 4,748,946 | 582,970 | 4,165,976 | 1,779,242 | 2,386,734 |
| Total | 482,387,101 | 33,738,262 | 448,648,839 | 284,045,566 | 164,605,487 |



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Note 1: Remaining includes funds that have been committed through a procurement process. At December 2023, the committed amount is in excess of \$34 million.

As noted in the table above, \$284.0 million (59%) 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 December 31, 2023 (based on size of remaining budget). These projects account for 63% of the \$164.6 million balance remaining.

Table 3 - Largest Capital Projects at December 2023

| Project | Remaining Budget at December 31, 2023 | % Spent | Status |
|---|---------------------------------------|---------|--|
| Transit Operations Centre | \$48,051,185 | 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 (Derry Road to Britannia Road) | \$19,569,536 | 5% | 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. |
| 5th Line (Hwy 401 to Derry Road) | \$11,098,589 | 74% | 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. |



Discussion

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| Boyne Pedestrian Railway Crossing | \$5,854,157 | 11% | 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 late 2024 or early 2025. The construction tender, currently delayed due to adjacent development activity, is anticipated for spring 2025. |
| Sherwood Community Centre | \$4,084,793 | 91% | Substantial completion has been reached and the facility opened on September 21, 2019. Additional outdoor works are being considered to complement existing amenities. Planting is ongoing at the entrance area. |
| Storm Sewer Network Program | \$4,044,506 | 20% | 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 work is ongoing with completion anticipated in 2024, following with construction. |
| Bronte Street (Main St to Steeles Ave) | \$3,940,237 | 89% | 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 substantial completion has been reached in October 2023. |



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Discussion

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|---|----------------------|-----|---|
| Mill Pond Rehabilitation | \$3,197,901 | 7% | In 2021 the Town issued an RFP for consulting services (design and contract admin) to confirm deficiencies associated with the Mill Pond and surrounding area, identified as part of the Stormwater Management Facilities Condition Assessment Study completed in 2020. Design is anticipated to complete by Spring 2024 with construction being completed by Fall 2024. |
| Radio Communications Backup Upgrades | \$2,034,112 | 14% | This project provides upgrades for the life safety radio communications and emergency response capabilities for the Fire Department in collaboration with the Halton Regional Police. In 2023, the Town will begin a transition to Next-Generation 911 (NG911) emergency communications and dispatch services. This project will allow for the required hardware, software, internal and external resources to support this transition. |
| Main St (JSP to 5th Line)/5th Line (Hwy 401 to Main St) | \$1,899,727 | 93% | The construction tender was awarded in July 2021 (CORS-037-21), and construction has reached substantial completion in 2023. |
| Total | \$103,774,743 | | |



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Financial Impact

Net budget increases of \$4,412,942 have been previously approved since July 2023. Through this report, staff are recommending new budget changes resulting in a decrease of \$1,627,044 in required funding as illustrated in the shaded cells in the following table. The net capital budget changes since July 1, 2023 result in a net increase of \$ 2,785,898 (or 0.58% of the approved capital program) as illustrated in the following chart.

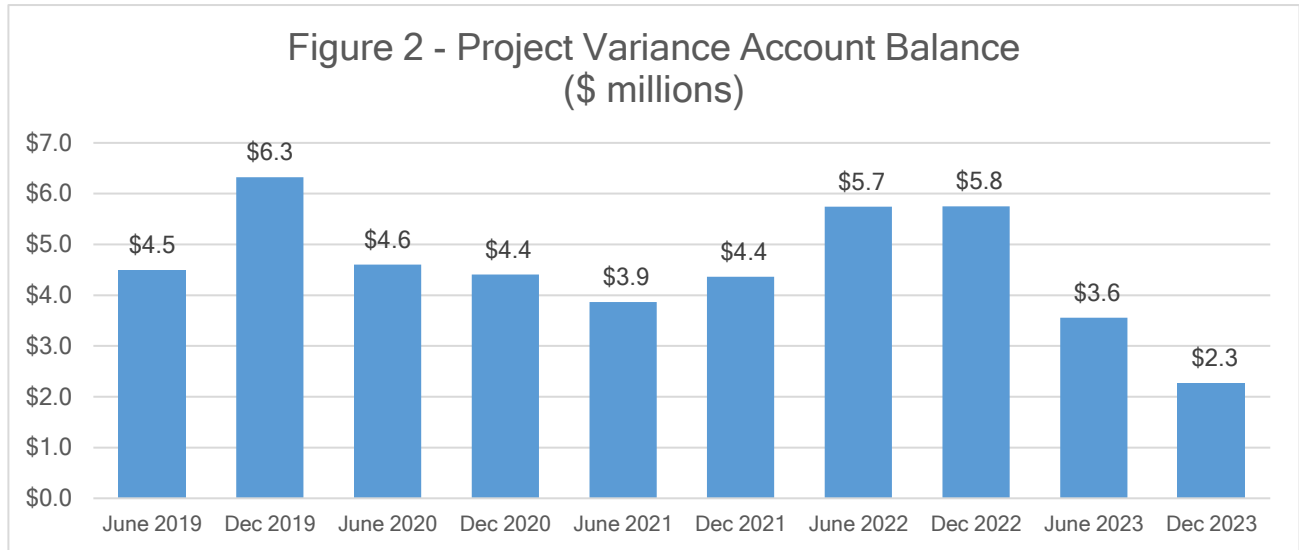
Table 4 - Summary of In-Year Funding Changes to the Capital Program in 2023

| Funding Source | Q1 & Q2 Budget Increases/ (Decreases) | Q3 & Q4 YTD Budget Increases/(Decreases) | | | Total Q3 & Q4 2023 In-Year Funding Changes | Total December 2023 In-Year Funding Changes |
|---|---------------------------------------|--|-----------------------|---------------------------|--|---|
| | | Previously Approved | New Budget Amendments | New Funding Source Change | | |
| Total Project Variance Account: | 2,195,311 | 2,470,727 | (946,070) | (52,496) | 1,472,160 | 3,667,472 |
| Reserves and Reserve Funds: | | | | | | |
| Library Capital Works Reserve | 4,367 | - | 8,908 | - | 8,908 | 13,275 |
| Slot Reserve Fund | - | - | - | 1,250,000 | 1,250,000 | 1,250,000 |
| Federal Gas Tax | 266,171 | - | (423,464) | 150,000 | (273,464) | (7,293) |
| Property Transaction Reserve Fund | 1,500,000 | - | - | - | - | 1,500,000 |
| Building Stabilization Reserve | 13,026 | - | (100,976) | - | (100,976) | (87,950) |
| Total Reserves and Reserve Funds | 1,783,564 | - | (515,532) | 1,400,000 | 884,468 | 2,668,032 |
| Debentures: | | | | | | |
| Tax Supported Debt | (1,115,000) | - | (200,000) | (1,400,000) | (1,600,000) | (2,715,000) |
| Total Debentures | (1,115,000) | - | (200,000) | (1,400,000) | (1,600,000) | (2,715,000) |
| Development Charges: | | | | | | |
| Roads DC | 2,484,325 | 1,155,489 | (14,336) | - | 1,141,152 | 3,625,477 |
| Public Works DC | 81,089 | - | 16,609 | - | 16,609 | 97,698 |
| Parks DC | - | - | 1 | - | 1 | 1 |
| Parks & Rec DC Fund | (72,940) | - | (108,009) | - | (108,009) | (180,949) |
| Transit DC | 35,457 | - | - | - | - | 35,457 |
| Administration DC | 346,573 | (0) | 26,201 | - | 26,201 | 372,773 |
| Stormwater Management DC | 30,000 | - | - | - | - | 30,000 |
| Fire DC | - | - | 596 | - | 596 | 596 |
| Post Period DC | (254) | - | - | - | - | (254) |
| Total Development Charges | 2,904,249 | 1,155,488 | (78,939) | - | 1,076,550 | 3,980,799 |
| Provincial Grants/ Subsidies | (33,027) | 2,897 | 113,497 | - | 116,394 | 83,367 |
| Federal Grants/ Subsidies | 10,365 | 3,476 | - | - | 3,476 | 13,841 |
| Developer Recovery | - | 338,127 | - | - | 338,127 | 338,127 |
| Regional Recovery | - | - | - | 13,305 | 13,305 | 13,305 |
| Recovery from Other Municipality | (216,565) | 50,542 | - | - | 50,542 | (166,023) |
| Donations | (2,492,219) | - | - | - | - | (2,492,219) |
| Other Recoveries | (103,040) | - | - | 39,191 | 39,191 | (63,849) |
| LT Developer Liability | - | 391,684 | - | - | 391,684 | 391,684 |
| Total External Funding Sources | (2,834,486) | 786,726 | 113,497 | 52,496 | 952,720 | (1,881,766) |
| Increase/(Decrease) in Funding | 2,933,638 | 4,412,942 | (1,627,044) | 0 | 2,785,898 | 5,719,536 |

The Project Variance Account (PVA) is at a balance of \$2.3 million as of December 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. As the balance in the PVA is below target, it is recommended that \$1.5 million from the Infrastructure Renewal - Roads and Structures reserve and \$1.5 million from the



Infrastructure Renewal - Recreation, Facilities, Other reserve be transferred to the PVA to bring the PVA closer to its target balance.



Note: In 2019, excess funds (relative to the target balance) of \$1.9 million were transferred out of the PVA to reserve.

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 - December 2023 Capital Financial Statements

Approved by CAO



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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.