



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: September 9, 2024

Report No: ES-024-24

Subject: Capital Variance Report - June 2024

Recommendation: THAT the new budget adjustments that amount to a net decrease of \$1,123,950 to approved capital projects, including the transfers to/from reserves and reserve funds as summarized in the Financial Impact section of report ES-024-24, be approved;

THAT the capital projects identified as pending closure in Appendix B, with an approved budget totalling \$28,234,754 be closed;

THAT a new 2024 capital project C20010024 Development Charges Study be approved in the amount of \$435,149 and funded from Development Charges.

THAT \$3,500,000 be transferred to each of the Infrastructure Renewal - Stormwater and Infrastructure Renewal - Roads and Structures Reserves from the Project Variance Account.

EXECUTIVE SUMMARY

- This report summarizes the position of the Town's \$527 million capital program as of June 30, 2024. It also outlines the capital budget adjustments that have been required since January 1, 2024 including those previously approved by Council or the Treasurer/CAO, as well as new adjustments that have been identified through the June 2024 capital budget variance meetings.
- During the first half of 2024, net budget adjustments amounted to a \$5.6 million decrease, representing 1.1% 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 2024. 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, 2024 financial statements and the June 30, 2024 statements. Through this report approval is being requested for the net budget decreases of \$1,123,950.

Table 1 - Capital Program Approved Budget Continuity Schedule

	Approved Capital Budget as at January 1, 2024*	Previously Approved (Appendix A)	New Budget Amendments (Appendix B)	Approved Capital Budget as at June 30, 2024**
Executive Services	8,927,125	-	342,928	9,270,053
Corporate Services	52,797,278	503,945	(703,643)	52,597,580
Community Services	444,746,139	(6,422,679)	(799,523)	437,523,937
Development Services	20,663,513	1,423,941	27,126	22,114,581
Library Services	5,247,396	-	9,162	5,256,558
Total	532,381,451	(4,494,793)	(1,123,950)	526,762,708

*Total includes the \$448,648,839 presented in CORS-010-24 plus the 2024 Approved Capital budget of \$83,732,615.

**Approved budget before recommended project closures

Previously Approved Budget Amendments (Appendix A) - \$4,494,793 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 \$2,076,738.

Budget amendments previously approved by the Treasurer, CAO or Other Boards, amounted to \$2,418,055, largely related to the Mill Pond tender price coming in lower than the budget and reduced funding requirements for the restoration of Hugh Foster Hall.



Discussion

New Budget Amendments (Appendix B) - \$1,123,950 decrease

Through the June 2024 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 \$1,317,317 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 \$193,368.

Included in the new budget amendments is a request for a new capital project C20010024 Development Charges Study in the amount of \$435,149. This represents an advancement of budgeted funding that was planned for 2025 in order to allow a request for proposal to proceed in 2024. This approach will ensure sufficient time in 2025 and 2026 for the required studies, public consultation and by-law approval. Through the 2025 budget development, the capital forecast for this project will be reduced to reflect the funding acceleration to 2024.

The budget amendments as well as the recommended funding sources, also outlined in Appendix B, amount to a net budget decrease of \$1,123,950.

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.

Various projects have been refinanced as indicated with eligible Housing Accelerator Funding and Building Faster Funding in the amount of \$2,800,000 and \$5,578,322 respectively.

Capital Program at June 2024

Following the recommended project closures, projects with an approved budget of \$498,527,954 will carry forward to the balance of 2024 as shown in the table below.

Table 2 - Capital Program Summary as at June 30, 2024



The Corporation of the Town of Milton

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	Approved Budget as of June 2024			Expenditure Status of Projects Carried Forward (at June 30, 2024)	
	Total	Projects Pending Closure	Projects Carried Forward	Spent	Remaining (Note 1)
Executive Services	9,270,053	521,279	8,748,774	2,578,502	6,170,272
Corporate Services	52,597,580	5,560,960	47,036,619	12,150,534	34,886,085
Community Services	437,523,937	21,723,861	415,800,076	245,600,927	170,199,149
Development Services	22,114,581	-	22,114,581	13,761,170	8,353,411
Library Services	5,256,558	428,654	4,827,904	1,932,012	2,895,892
Total	526,762,708	28,234,754	498,527,954	276,023,145	222,504,809

Note 1: Remaining includes funds that have been committed through a procurement process. At June 2024, the committed amount is in excess of \$38 million.

As noted in the table above, \$276 million (52%) 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, 2024 (based on size of remaining budget). These projects account for 53% of the \$222.5 million balance remaining.

Table 3 - Largest Capital Projects at June 2024

Project	Remaining Budget at June 30, 2023	% Spent	Status
Transit Operations Centre	\$48,038,833	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)	\$21,251,818	6%	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



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			utility relocation. Construction is anticipated to start in 2026.
Storm Sewer Network Program	\$8,522,872	12%	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, and will be followed by construction.
5th Line (Hwy 401 to Derry Road)	\$7,993,450	80%	This project is for environmental assessment, design, land acquisition and construction of 5th 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 April 2023 with expected completion in fall 2024.
Civic Precinct	\$7,591,971	3%	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 place-making space, as well as the eventual detailed design. This project will address related parking issues and the preliminary design component of the Civic Precinct.
Asphalt Overlay Program	\$6,972,339	72%	The construction award for this project was approved in April 2024 through CORS-017-24 Schedule C. Work is ongoing with completion anticipated in fall 2024.



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<p>Boyne Pedestrian Railway Crossing</p>	<p>\$5,855,297</p>	<p>10%</p>	<p>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. Detailed design is currently 70% 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 mid 2025.</p>
<p>Financial Enterprise Systems</p>	<p>\$4,902,333</p>	<p>15%</p>	<p>This is an ongoing program to provide maintenance, programming enhancements and streamline software processes within the Town's enterprise budgeting system, finance/accounting system, purchasing order system and corporate point-of-sale solution. Established through CORS-001-21 and subsequently awarded via competitive process through CORS-029-21, the Town successfully implemented Workday as its Human Resource Information System (HRIS). In late 2023 and into early 2024, the Town successfully implemented and launched phase 2 of its HRIS initiative (Advanced Compensation, Recruitment, Scheduling). A single source contract for the implementation and annual licensing of a replacement Financial Management System was awarded to</p>



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			Workday Ltd in May 2024 via ES-011-24 Schedule F.
Sherwood Community Centre	\$4,084,793	91%	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.
Bronte Street (Main St to Steeles Ave)	\$3,790,829	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 was reached in October 2023.
Total	\$119,004,537		



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Financial Impact

Net budget decreases of \$4,494,793 have been previously approved since January 2024. Through this report, staff are recommending new budget changes resulting in a decrease of \$1,123,950 in required funding as illustrated in the shaded cells in the following table. The net capital budget changes since January 1, 2024 result in a net decrease of \$ 5,618,742 (or 1.07% of the approved capital program) as illustrated in the following chart.

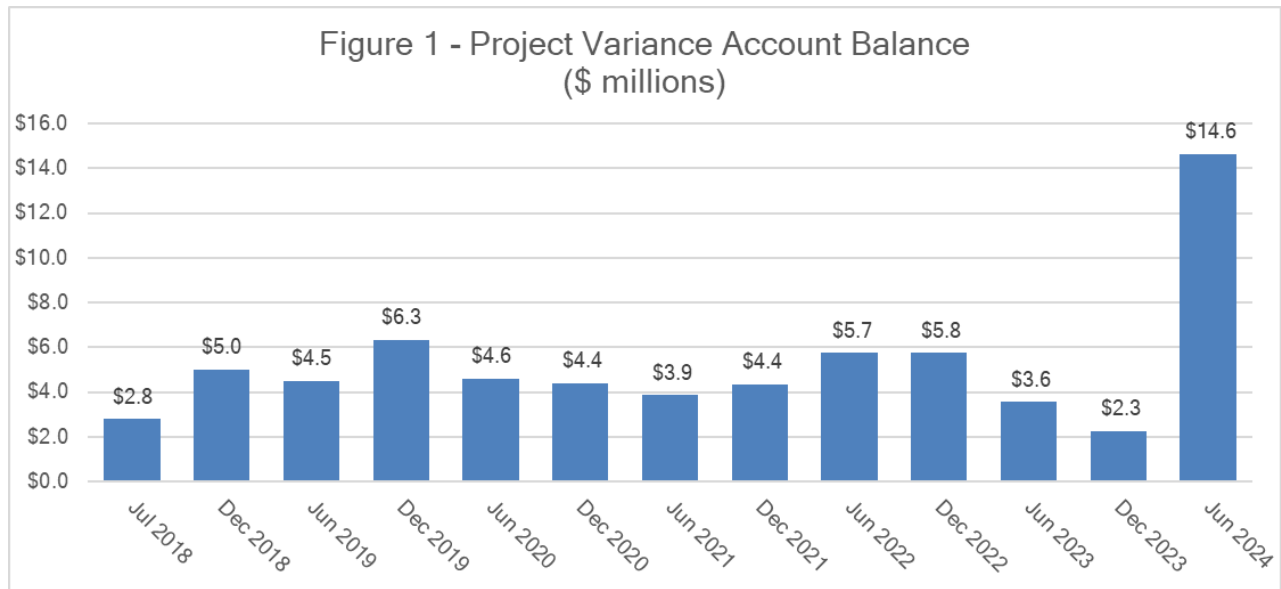
Table 4 - Summary of In-Year Funding Changes to the Capital Program in 2024

Funding Source	June 2024 YTD Budget Increases/(Decreases)			
	Previously Approved	New Budget Amendments	New Funding Source Change	Total June 2024 In-Year Funding Changes
Total Project Variance Account:	(3,539,966)	(1,643,698)	(3,703,990)	(8,887,654)
Reserves and Reserve Funds:				
Library Capital Works Reserve	-	10,769	-	10,769
Slot Reserve Fund	-	-	(484,562)	(484,562)
Federal Gas Tax	(362,901)	(47,750)	(1,107,943)	(1,518,594)
Inv in the Arts Campaign Reserve	-	270,283	-	270,283
Building Stabilization Reserve	-	(106,261)	-	(106,261)
Total Reserves and Reserve Funds	(362,901)	127,040	(1,592,505)	(1,828,366)
Debentures:				
Tax Supported Debt	(1,900,000)	-	-	(1,900,000)
Total Debentures	(1,900,000)	-	-	(1,900,000)
Development Charges:				
Library DC	-	(492,652)	-	(492,652)
Roads DC	406,572	(506,518)	(1,071,700)	(1,171,647)
Public Works DC	3,088	(33,095)	-	(30,007)
Parks & Rec DC Fund	(64,501)	(31,007)	-	(95,508)
Transit DC	-	-	(1,408,704)	(1,408,704)
Administration DC	-	415,023	-	415,023
Post Period DC	-	-	(601,423)	(601,423)
Total Development Charges	345,159	(648,249)	(3,081,827)	(3,384,917)
Provincial Grants/ Subsidies	(46,608)	(14,891)	5,578,322	5,516,823
Federal Grants/ Subsidies	1,530,816	(17,872)	2,800,000	4,312,944
Recovery from Other Municipality	(521,292)	-	-	(521,292)
Donations	-	1,073,720	-	1,073,720
Total External Funding Sources	962,916	1,040,957	8,378,322	10,382,195
Increase/(Decrease) in Funding	(4,494,793)	(1,123,950)	(0)	(5,618,742)

Due to savings on projects awarded to date in 2024, combined with the proposed refinancing of certain projects with Building Faster Funding and the Housing Accelerator Fund, the Project Variance Account (PVA) is at a balance of \$14.6 million as of June 2024. 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 \$7.1 million.



As a result, it is recommended that \$3.5 million be transferred to each of the Infrastructure Renewal - Stormwater and Infrastructure Renewal - Roads and Structures Reserves from the Project Variance Account. This will re-align the Project Variance Account to its target balance and re-direct funding back to source reserves.



Note: To align the PVA more closely with the target balance, reallocations between the PVA and reserves were made in each of 2019 and 2023, combining for an aggregate net transfer from reserve of \$1.1 million since the PVA was established.

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 2024 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.