



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Lawlor and Members of Council

FROM: Amy Prueter
Manager of Budgets and Financial Reporting

DATE: June 19, 2023

REPORT NO.: CS-2023-010

SUBJECT: Capital Budget Status as at December 31, 2022 and Closed Capital Projects

RECOMMENDATION:

THAT Report No. CS-2023-010 dated June 19, 2023 regarding the Capital Budget Status as at December 31, 2022 and Closed Capital Projects be received;

AND FURTHER THAT additional grant funding from the Ontario Community Infrastructure Fund (OCIF) of \$1,572,370, received in 2022, be allocated to the Mountainview Bridge Rehab project (6100-26-2001) and the 10th Line Resurfacing project (6200-16-2203) as outlined in Table 2 of this report;

AND FURTHER THAT \$133,675.75 of unspent OCIF funding from capital projects deemed to be complete, be redirected to the Guelph St/Mill St Approach Improvement Engineering project (6200-16-1811) as outlined in Table 3 of this report;

AND FURTHER THAT staff be authorized to fund the shortfalls in capital projects in the amount of \$87,795.15 from the reserves outlined in Table 4 of this report;

AND FURTHER THAT staff be authorized to return \$525,115.34 of unspent capital funds to the reserves outlined in Table 5 of this report;

AND FURTHER THAT staff be authorized to close the capital projects identified in Table 6 and transfer \$675,708.78 of unused funding to existing open capital projects of similar scope as outlined in this report;

AND FURTHER THAT the Customer Service Strategy project 2300-10-2106 be approved by Council in the amount of \$152,640 using grant funding from the Municipal Modernization Program.

KEY POINTS:

The following are key points for consideration with respect to this report:

- As of December 31, 2022, a total of 311 projects are considered to be “open” with a total unspent budget of \$40,151,860.
- 48 capital projects were identified as being “complete” in 2022.
- \$525,115 has been identified as “surplus” from capital projects deemed to be “complete” and can be returned to reserves.
- \$87,795 was required to be drawn from reserves to fund capital projects that were overspent.
- An unplanned additional \$1.6M of OCIF funding was allocated to the Town in 2022 and two previously approved capital projects have been identified by staff for use of this funding. As a result of this funding substitution, \$1.6M can be returned to reserves.
- As a result of a successful application for the Municipal Modernization Program grant, the Customer Service Delivery Review and Modernization Strategy (project 2300-10-2106) was able to commence earlier than planned and requires budget approval.
- The recommendations contained within this report do not involve the approval of new expenditures or liabilities. All referenced project overruns occurred on or before December 31, 2022.

BACKGROUND AND DISCUSSION:

The Town has a comprehensive Capital Budget Governance Policy (CORP-2019-0001) for the management of capital projects. The policy establishes financial controls that maintain public accountability and transparency while allowing flexibility to alter projects as circumstances change.

The Capital Budget Status and Closed Capital Projects report provides Council with an update from project managers on the status of capital projects as of December 31, 2022 along with recommendations for the closure of capital projects that have been completed during 2022. In addition, this report recommends changes to capital projects to maximize the use of grant funding and provide efficiencies in the management of capital projects.

Capital Status - December 31, 2022

Schedule 1 attached to this report provides a life to date status report of active capital projects. Project Managers have provided comments on the status of capital projects, along with the total funding and expenditures for each project as of December 31, 2022.

During 2022, rising construction costs and labour and supply issues impacted many capital projects, delaying scheduled work and in some cases, increasing project costs. Staff will continue to monitor rising costs and equipment supply and adjust the capital program appropriately. As at, December 31, 2022, there was \$40,151,860 in capital budget remaining to be spent in the future.

Table 1

Life to Date Capital Project Status Report <u>Summary By Department</u> As at December 31, 2022			
Department	Total Funding	Expenditure	Balance Remaining
Council & Office Of The CAO	(1,518,205)	1,198,038	(320,167)
Business, Environment & Culture	(5,310,461)	2,617,521	(2,692,940)
Corporate Services	(7,416,923)	4,060,655	(3,356,268)
Library Services	(4,726,954)	4,595,283	(131,671)
Fire Services	(4,014,651)	2,622,163	(1,392,488)
Transportation & Public Works	(99,163,303)	77,777,326	(21,385,977)
Planning & Sustainability	(4,745,960)	3,639,801	(1,106,159)
Recreation & Parks	(34,959,375)	25,193,185	(9,766,190)
Total	(161,855,832)	121,703,972	(40,151,860)

Revisions to Project Budgets & Funding

Ontario Community Infrastructure Fund

The Ontario Community Infrastructure Fund (OCIF) provides funding to small municipalities to help with renewal of critical infrastructure. In 2022 the OCIF allocation increased to \$3.2M, which is substantially higher than the Town's previous allocations of \$1.6M. Notification of this increase occurred after the 2022 capital budget financing was approved and staff require Council approval to substitute funding. Staff have identified the following two projects for funding substitution:

Table 2

		Original Funding				Revised Funding with OCIF substitution			
Project No.	Project Name	Capital Replacement	CCBF	OCIF	Total	Capital Replacement	CCBF	OCIF	Total
6100-26-2001	Mountainview over Hungry Hollow Bridge	\$1,570,000	\$950,000	\$1,580,000	\$4,100,000	\$70,000	\$950,000	\$3,080,000	\$4,100,000
6200-16-2203	10th Line Resurfacing - 10 SR to Steeles	\$150,000	\$0	\$0	\$150,000	\$77,630	\$0	\$72,370	\$150,000
		\$1,720,000	\$950,000	\$1,580,000	\$4,250,000	\$147,630	\$950,000	\$3,152,370	\$4,250,000
Funding Changes						(\$1,572,370)	\$0	\$1,572,370	\$0

In addition, the following two capital projects have been identified as complete, resulting in unspent OCIF funding that can be used to fund a budget shortfall in the Guelph St/Mill St Approach Improvement Engineering project (6200-16-1811). Staff require Council approval to increase this project budget from \$937,000 to \$1,070,676.

Table 3

Project No.	Project Name	Surplus OCIF grant			
6200-16-1804	Geo-Technical Work - Bowman St & EW Trail Retaining Wall	\$13,158.58			
8003-22-1901	Natural Asset Valuation & Management Strategy	\$120,517.17			
Total surplus OCIF Funding		\$133,675.75			
Project No.	Project Name	Total Budget	Total Expenses	Shortfall	Apply surplus OCIF grant funding
6200-16-1811	Guelph St/ Mill St Approach Improvement Engineering	\$937,000.00	\$1,070,675.75	(\$133,675.75)	\$133,675.75

Municipal Modernization Grant

In 2022 the Town was successful in securing a Municipal Modernization Program grant for the Customer Service Delivery Review and Modernization Strategy (project 2300-10-2106). The objective of the project is to review customer service delivery and to identify a strategy for a consolidated, consistent approach to service delivery across departments to achieve cost-savings and efficiencies. The grant will provide all funding for the project up to \$152,640. Staff are requesting approval of the capital project with a budget of \$152,640 to be funded from the secured Municipal Modernization Program grant funding.

Closed Capital Projects

All completed capital projects are managed in accordance with Town policies. As prescribed in the Capital Budget Governance Policy, the Town Treasurer is permitted to authorize additional funding where gross costs for a capital project exceed the original funding approval of the lessor of 10% or \$25,000. Projects requiring additional funding in excess of \$25,000 require Council approval.

Schedule 2 attached to this report provides a list of all the projects deemed to be “closed” during 2022. The closed projects are grouped by department and provide details on the funding sources required for project over-runs and the reserves to which any surplus funds will be returned.

Table 4 lists capital projects that were classified as complete, with a total budget overrun of \$87,795.15 as of December 31, 2022. The funding sources identified are in accordance with the General Reserves and Reserve Fund Policy and the additional funding required has been incorporated into the Long-range Financial Plan update.

Table 4

Project No.	Project Name	Total Funding	Total Expenditure	Remaining Balance	Recommended Funding Source
1400-10-1901	Ontario Cannabis Legaliz Implm	(82,692.00)	82,831.44	139.44	Strategic Planning Reserve
2300-04-1801	Storage Area Network Refresh	(95,176.77)	98,190.95	3,014.18	Technology Replacement Reserve
2300-05-0103	Microsoft Licensing	(530,000.00)	539,538.76	9,538.76	Technology Replacement Reserve
2600-06-0101	Photocopier/Fax/Printers	(180,000.00)	182,423.83	2,423.83	Technology Replacement Reserve
3200-03-0002	Acton Branch Reading Deck	(96,573.00)	115,881.54	19,308.54	Capital Replacement Reserve
7100-22-1901	G'town Downtown Secondary Plan	(220,000.00)	226,045.54	5,138.71	DC - Administration
				906.83	Strategic Planning Reserve
8220-02-1402	CedarvaleCC Exter.EnvelopeRepr	(78,731.50)	80,061.69	1,330.19	Capital Replacement Reserve
8500-11-0108	Court Revitalization & Repairs	(15,000.00)	15,264.00	264.00	Capital Replacement Reserve
8500-11-0115	Parks Tree Planting	(30,000.00)	33,387.45	3,387.45	Capital Replacement Reserve
8500-11-1504	Skatepark Revitalize & Renewal	(600,000.00)	639,458.26	36,170.07	Canada Community Building Fund
				3,288.19	Capital Replacement Reserve
8500-11-1605	Tolton Park Design&Engineering	(120,000.00)	120,599.10	539.19	DC - Recreation
				59.91	New Capital Reserve
8500-11-1607	Upper Canada College Parkette	(230,000.00)	230,478.27	430.12	DC - Recreation
				48.15	Capital Replacement Reserve
8500-24-0111	Park Pathway Lighting Replace	(490,435.01)	492,242.60	1,807.59	Capital Replacement Reserve
Total		(2,768,608.28)	2,856,403.43	87,795.15	

Table 5 below, lists capital projects that were completed within their authorized budgets as of December 31, 2022, resulting in \$525,115.34 of unspent funding. Staff recommend that this funding be returned to the original funding sources in accordance with the General Reserves and Reserve Fund Policy.

Table 5

Project No.	Project Name	Total Funding	Total Expenditure	Remaining Balance	Recommended Funding Source
1400-10-1701	Strategic Plan Dashboard	(15,000.00)	-	(15,000.00)	Technology Replacement Reserve
2300-05-1902	FMW Fund Manager Implement	(14,000.00)	5,495.04	(8,504.96)	Technology Replacement Reserve
2600-09-2201	Mail Folder Stuffer Replacemen	(20,000.00)	15,501.59	(4,498.41)	Capital Replacement Reserve
5200-07-2001	Replace Gas Detection Equip	(45,000.00)	32,733.05	(12,266.95)	Capital Replacement Reserve
5200-07-2201	Fire Hose/Turnout Gear Dryer	(75,000.00)	41,413.34	(33,586.66)	Capital Replacement Reserve
5500-02-1602	D1 Emergency Ops Centre	(40,000.00)	25,359.72	(14,640.28)	Fire Services Reserve
5500-02-1901	Sleeping Quarters - HQ & Acton	(125,000.00)	122,784.23	(2,215.77)	Capital Replacement Reserve
6200-16-1804	GeoTech - Bowman&Trail RetWall	(425,201.71)	298,701.71	(75,000.00) (51,500.00)	Capital Replacement Reserve Transportation Infrastructure Reserve
6200-16-2010	Barber Dr (E) Mntv Rd-Danby Rd	(70,000.00)	69,979.20	(13.10) (7.70)	New Capital Reserve DC - Roads & Related
7300-22-1501	Comm Sustain Invest Fund	(99,616.82)	87,616.82	(12,000.00)	Capital Replacement Reserve
7300-22-1901	Private Tree Mgmt Strat& ByLaw	(70,000.00)	62,060.03	(7,939.97)	Strategic Planning Reserve
8003-22-1901	Natural Asst Value&Mgmt Strat	(76,683.03)	76,683.03	-	Grant funded project
8200-27-1401	Acton Youth Space Reno Des/Eng	(50,000.00)	29,752.19	(20,247.81)	DC - Recreation
8200-27-1801	Acton Youth Centre Des/Eng	(81,032.12)	67,179.33	(13,852.79)	DC - Recreation
8211-02-1802	AA Window & Door Sealant	(20,000.00)	10,885.29	(9,114.71)	Capital Replacement Reserve
8211-02-1902	Acton Arena Emerg Light Replcm	(15,500.00)	10,869.34	(4,630.66)	Capital Replacement Reserve
8211-02-2201	Acton Arena Flat Roof	(240,000.00)	229,701.46	(10,298.54)	Capital Replacement Reserve
8211-02-2205	Acton Arena Interior Lighting	(16,000.00)	14,013.07	(1,986.93)	Capital Replacement Reserve
8211-02-2206	Acton Arena Exterior Lighting	(12,000.00)	5,992.33	(6,007.67)	Capital Replacement Reserve
8230-02-2001	AIP Electric Panel Upgrades	(15,000.00)	3,658.08	(11,341.92)	Capital Replacement Reserve
8231-02-2201	GIP Pool Tank Repairs	(88,000.00)	8,000.00	(80,000.00)	Capital Replacement Reserve
8251-02-1801	MMSP Paint Fernbrook Pad	(40,000.00)	3,493.12	(36,506.88)	Capital Replacement Reserve
8400-02-1904	Town Hall Dry Sprinkler System	(160,000.00)	134,270.80	(25,729.20)	Capital Replacement Reserve
8400-02-2003	Town Hall Emerg Pwr & Gen Syst	(500,000.00)	440,745.44	(59,254.56)	Capital Replacement Reserve
8421-02-2601	Norval Commtty Ctr-Electr Upgrd	(15,500.00)	7,548.28	(7,951.72)	Capital Replacement Reserve
8500-11-2103	MMSP Skatepark Design & Eng	(50,000.00)	49,999.99	(0.01)	Capital Replacement Reserve
8500-24-0110	Trails System	(633,173.90)	632,155.76	(1,018.14)	DC - Recreation
Total		(3,011,707.58)	2,486,592.24	(525,115.34)	

In addition to the above, project managers have identified capital projects with unspent budget funds that can be closed and transferred to existing open projects of similar scope. This allows more efficient management of capital programs by reducing the number of capital projects with similar scope. These projects are outlined in Table 6 below:

Table 6

Project No.	Project Name	Remaining Balance	Combined with Project
1100-10-0105	EcDev Manufact.Expansion Fund	(94,532.00)	1100-10-0105 Community Improvement Plan
1100-10-2001	17 Guelph St - Environment Wrk	(44,033.52)	1100-10-2103 Affordable Housing
3000-22-0005	Library Cap. Campaign-Acton	(22,240.00)	3200-03-0002 Acton Branch Reading Deck
6100-28-2102	Queen St/Acton Blvd IPS Instal	7,096.74	6200-16-2008 Young/Queen Street Reconstruction
7300-02-2001	CEP-HVAC Perf Testg&Retroft MM	(382,000.00)	8251-02-2224 Arena Heat Recovery & Dehumidification
7300-02-2002	CEP-HVAC Perf Testg&Retroft TH	(55,000.00)	8400-12-1702 Town Hall Replace Heat
7300-02-2003	CEP-HVAC Perf Testg&Retroft AA	(52,000.00)	7300-02-2007 CEP-Iceplant optim – Acton
7300-02-2004	CEP-HVAC Perf Testg&Retroft GC	(33,000.00)	7300-02-2105 CEP-pool opt Gellert CC
Total		(675,708.78)	

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Finance staff consulted with project managers and department staff for information included in this report.

FINANCIAL IMPLICATIONS:

This report has an immediate financial impact and requires a funding source.

Through effective monitoring and adherence to purchasing policies, capital projects can result in a positive variance to budget. These surplus funds are then returned to the various reserves and reserve funds from which they originated. In 2022, a project surplus related to positive capital budget variances of \$525,115 was achieved.

In addition to favourable budget variances, budget overruns can also occur, resulting in the need for additional funding. For capital projects completed in 2022, \$87,795 in additional funding is required for budget overruns already incurred in 2022.

The following table presents the net positive result of \$437,320 after funding capital project shortfalls and returning surplus budget to reserves:

Reserve/ Grants/DCs	Projects with surplus funding Funding Returned	Projects with cost over-runs Additional Funding Required	Net Position
Technology Replacement Reserve	(\$23,505)	\$14,977	(\$8,528)
Capital Replacement Reserve	(\$392,391)	\$29,434	(\$362,957)
New Capital Reserve	(\$13)	\$60	\$47
Strategic Planning Reserve	(\$7,940)	\$1,046	(\$6,894)
Transportation Infrastructure Reserve	(\$51,500)	\$0	(\$51,500)
Fire Services Reserve	(\$14,640)	\$0	(\$14,640)
Canada Community Building Fund (Grant)	\$0	\$36,170	\$36,170
Development Charges	(\$35,126)	\$6,108	(\$29,018)
TOTAL	(\$525,115)	\$87,795	(\$437,320)

Reviewed and approved by,

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer