



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Amy Prueter, Manager of Budget and Financial Reporting

DATE: July 8, 2024

REPORT NO.: CS-2024-010

SUBJECT: Capital Budget Status as at December 31, 2023 and Closed Capital Projects

RECOMMENDATION:

THAT Report No. CS-2024-010 dated July 8, 2024 regarding the Capital Budget Status as at December 31, 2023 and Closed Capital Projects be received;

AND FURTHER THAT staff be authorized to fund capital project shortfalls totaling \$337,446.44 from the named reserves as outlined in Table 2 of this report ;

AND FURTHER THAT staff be authorized to return \$2,435,508.34 of unspent capital funds to the reserves as outlined in Table 3 of this report;

AND FURTHER THAT staff be authorized to close the capital projects identified in Table 4 and transfer \$214,318.17 of unused funding to existing capital projects of similar scope as outlined in Table 4 of this report.

KEY POINTS:

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

- As of December 31, 2023, a total of 348 projects are considered to be open with a total unspent budget of \$36,543,018.
- 66 capital projects were identified as being complete in 2023 and are recommended to be closed.
- \$2,435,508 has been identified as surplus from capital projects deemed to be complete and can be returned to reserves.
- \$337,446 was required to be drawn from reserves to fund capital projects that were overspent.

- 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, 2023.

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, 2023, along with recommendations for the closure of capital projects that have been completed during 2023. 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.

As this report is related to 2023, the new Community Services Department (established May 13, 2024) is reported separately as Business, Environment & Culture, and Recreation & Parks.

Capital Status - December 31, 2023

Schedule 1 attached to this report provides a life-to-date status report of open 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, 2023.

Construction costs continued to increase in 2023, with Statistics Canada noting that skilled labour shortages, rising material prices, and the impacts of high interest rates are the major drivers of these increases. Rising costs of equipment and materials continue to impact the capital program and staff are monitoring these pressures to adjust the capital budgets appropriately.

As at, December 31, 2023, \$36,543,018 of approved capital expenditures related to 348 projects remained unspent. Table 1 provides the total capital funding, expenditures to date and remaining balance by department for projects that were active or completed during 2023.

Table 1 Life to Date Capital Project Status

Life to Date Capital Project Status			
Summary by Department as at December 31, 2023			
Department	Total Funding	Total Expenditure	Balance Remaining
Council & Office of the CAO	(1,459,851)	1,220,033	(239,818)
Business, Environment & Culture	(5,681,599)	2,590,241	(3,091,358)
Corporate Services	(7,764,469)	4,861,497	(2,902,972)
Library Services	(5,070,706)	4,962,872	(107,834)
Fire Services	(6,697,717)	5,822,539	(875,177)
Transportation & Public Works	(118,526,334)	95,810,036	(22,716,298)
Planning & Sustainability	(4,939,640)	4,118,454	(821,185)
Recreation & Parks	(33,594,798)	27,806,422	(5,788,375)
Total	(183,735,112)	147,192,094	(36,543,018)

Note: due to rounding, numbers presented in this table may not add up precisely to the totals provided.

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 complete in 2023, as such the projects can be closed. 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 2 lists capital projects that were classified as complete, with a total budget overrun of \$337,446.44 as of December 31, 2023. 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 2 Completed Capital Projects Requiring Additional Funding

Project No.	Name	Total Funding	Total Expenditure	Remaining Balance	Recommended Funding Source
1200-10-1901	Resident Satisfaction Survey	(40,000.00)	44,856.57	4,856.57	Strategic Planning Reserve
1400-10-1801	Strategic Plan Update	(65,690.56)	68,670.83	2,980.27	Strategic Planning Reserve
2100-10-1702	Service Halton Hills	(461,928.47)	461,939.65	11.18	Capital Replacement Reserve
2300-10-1905	Security Maturity Assessment	(20,000.00)	20,352.00	352.00	Technology Replacement Reserve
2300-10-1911	Acton Indoor Pool Network	(6,665.28)	10,176.00	3,510.72	Technology Replacement Reserve
2600-06-0101	Photocopier/Fax/Printers	(182,423.83)	183,528.43	1,104.60	Technology Replacement Reserve
4000-10-2002	Public Art Bell Box	(12,850.00)	12,963.00	113.00	Capital Replacement Reserve
6200-16-1809	Guelph St&Sinclair Ave Turn Ln	(1,682,500.00)	1,818,367.46	125,472.57 10,394.89	DC - Transportation New Capital Reserve
6200-16-2009	Fairy Lake Dam Ret Wall Reconst	(308,549.59)	400,218.47	91,668.88	Transportation Infrastructure Reserve
6500-02-1801	PW Ops Ctr Roof Repair	(276,200.00)	311,098.41	34,898.41	Capital Replacement Reserve
7100-22-1901	G'town Downtown Secondary Plan	(220,000.00)	240,352.00	17,299.20 3,052.80	DC - Administration Strategic Planning Reserve
7100-22-2101	Cultural Heritage Master Plan	(150,000.00)	150,761.83	761.83	Strategic Planning Reserve
8221-02-1501	GCC Exterior Painting	(25,000.00)	25,841.13	841.13	Capital Replacement Reserve
8301-11-2001	Prospect Tennis Ct Resurfacing	(70,000.00)	75,200.64	5,200.64	Capital Replacement Reserve
8500-11-1807	Rennie St. Park Ph 2	(225,000.00)	227,563.23	2,540.45 22.78	DC - Recreation New Capital Reserve
8500-11-2006	Hornby Park Revitalization	(100,000.00)	104,160.00	4,160.00	Capital Replacement Reserve
8500-11-2404	Dominion Gardens Splsh Pad Rev	(270,000.00)	270,014.25	14.25	Capital Replacement Reserve
8500-24-0103	Trails Development: Fairy Lake	(90,000.00)	90,663.12	663.12	DC - Recreation
8500-24-0104	Trails Development: TSP Link	(100,000.00)	109,751.10	9,751.10	DC - Recreation
8500-24-0105	Trails Development: UCC Trails	(349,160.00)	350,173.22	1,003.09 10.13	DC - Recreation New Capital Reserve
8500-24-2001	Hungry Hollow Ph4-MECP Permit	(719,933.59)	736,696.42	16,762.83	Cash In Lieu of Parkland
Total		(5,375,901.32)	5,713,347.76	337,446.44	

Table 3 lists capital projects that were completed within their authorized budgets as of December 31, 2023, resulting in \$2,435,508.34 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 3 Completed Capital Projects With A Favourable Variance To Budget

Project No.	Name	Total Funding	Total Expenditure	Remaining Balance	Recommended Funding Source
2100-10-1701	Alternative Voting Method	(150,000.00)	121,629.55	(28,370.45)	Strategic Planning Reserve
2300-04-1805	Backup Netwk Links w/Fire Serv	(38,000.00)	8,339.74	(29,660.26)	Fire Services Reserve
2300-04-2002	Corporate WiFi Replacement	(30,000.00)	29,681.36	(318.64)	Technology Replacement Reserve
2300-05-2001	Firewall Replacement	(25,000.00)	19,822.85	(5,177.15)	Technology Replacement Reserve
2300-05-2202	SAN Replacement	(150,000.00)	145,010.33	(4,989.67)	Technology Replacement Reserve
2300-05-3201	Vailtech Replacement	(400,000.00)	312,559.20	(87,440.80)	Technology Replacement Reserve
2300-10-2004	Digitizn of Bldg&Plannng Strat	(50,000.00)	30,108.24	(19,891.76)	Technology Replacement Reserve
2300-10-2110	AMPS Tech Implement	(61,400.00)	59,619.33	(1,780.67)	Technology Replacement Reserve
2400-10-2001	DC Study & CBC	(150,000.00)	143,159.06	(4,104.56)	DC - Administration
				(2,736.38)	Strategic Planning Reserve
3000-04-1501	Library Strategic Plan	(99,924.02)	97,432.40	(1,368.15)	DC - Library
				(140.43)	New Capital Reserve
				(983.04)	Library Services Reserve
5900-25-2102	Replace Acton St Pump 722(P11)	(850,000.00)	849,826.25	(173.75)	Equipment Reserve
5900-25-2201	Repl Dpty Fire Chief Car3 U713	(60,000.00)	59,405.18	(594.82)	Equipment Reserve
5900-25-2303	Replace Aerial 750 (A3)	(2,121,717.15)	2,121,158.47	(558.68)	Equipment Reserve
6100-10-1608	Bikes Lanes - Churchill Rd S	(140,000.00)	139,865.49	(134.51)	Capital Replacement Reserve
6100-10-1801	Bike Lanes (All Phases)	(100,000.00)	99,631.48	(368.52)	Capital Replacement Reserve
6100-22-1703	Premier Gateway Trans. Study	(147,984.48)	136,134.28	(11,850.20)	DC - Administration
6100-22-1705	Neighbourhood Study	(200,000.00)	114,192.02	(85,807.98)	Capital Replacement Reserve
6200-16-1006	Armstrong Ave. Ph 1	(7,745,623.34)	6,711,416.69	(524,917.74)	DC - Transportation
				(367,912.40)	Capital Replacement Reserve
				(141,376.51)	New Capital Reserve
6200-16-1808	Maple & Main/Guelph & Maple TL	(2,453,125.00)	2,192,815.30	(260,309.70)	DC - Transportation
6200-16-2002	3rd Ln Resfc-Urban Lmt 32 SdRd	(1,051,755.43)	611,755.43	(440,000.00)	Capital Replacement Reserve
6200-16-2008	Young St-Queen to Mill Reconst	(2,268,200.40)	2,187,010.52	(81,189.88)	Capital Replacement Reserve
6200-16-2010	Barber Dr (E) Mntv Rd-Danby Rd	(70,000.00)	69,992.30	(7.70)	DC - Transportation
6200-16-2107	5 Sideroad Resurfac (w Milton)	(206,000.00)	155,178.60	(50,821.40)	Capital Replacement Reserve
6200-26-1901	Culvert #21C Replacement	(5,000.00)	-	(5,000.00)	Capital Replacement Reserve
6200-27-1012	Glen Lawson E/A	(168,000.00)	152,027.49	(15,972.51)	DC - Transportation
6200-27-1604	10th Line - 5 to 10 SdRd Eng	(125,000.00)	8,398.78	(116,601.22)	DC - Transportation
6800-05-1601	ActiVan Transit Software	(306,798.48)	236,717.40	(2,522.88)	DC - Transit
				(67,291.49)	Technology Replacement Reserve
				(266.71)	New Capital Reserve
7100-22-1602	Fiscal Impact of Post 2031	(98,859.84)	87,268.96	(2,797.46)	DC - Administration
				(8,793.42)	Capital Replacement Reserve
8200-25-0101	Arena Ice Resurfacr	(200,000.00)	171,465.60	(28,534.40)	Equipment Reserve
8210-10-0004	H.H. Sports Mus. & Res. Ctr.	(10,660.00)	9,106.43	(1,553.57)	Moved to balance sheet for tracking
8230-02-2201	AIP Pool Tank Repairs	(168,000.00)	165,796.65	(2,203.35)	Capital Replacement Reserve
8240-06-1701	CC Theatre Curtain Replacement	(22,000.00)	14,255.98	(7,744.02)	Capital Replacement Reserve
8251-02-1806	MMSP Windows & Door Seal	(15,000.00)	14,603.32	(396.68)	Capital Replacement Reserve
8261-02-1901	GCC Ext Window/Door Sealant	(30,000.00)	24,061.71	(5,938.29)	Capital Replacement Reserve
8310-11-1001	Hornby Park Servicing	(54,000.00)	52,880.00	(1,120.00)	Capital Replacement Reserve
8400-02-2204	TH Fire Alarm Control Panel An	(49,000.00)	36,417.47	(12,582.53)	Capital Replacement Reserve
8412-02-1801	Cedarvale Cottage Ext Repairs	(20,000.00)	17,534.28	(2,465.72)	Capital Replacement Reserve
8421-02-2102	Norval CC Replace Flooring	(16,000.00)	15,261.66	(738.34)	Capital Replacement Reserve
Total		(19,857,048.14)	17,421,539.80	(2,435,508.34)	

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 4 below:

Table 4 Capital Projects With Favourable Variances To Be Transferred To Projects Of Similar Scope

Project No.	Name	Remaining Balance	Combined with Project
8500-11-2002	Open Space Management	(2,122.29)	8500-11-0118 Open Space Management
Hungry Hollow Trails Projects			
8500-11-2114	Hungry Hollow-MECP Perm	(94,669.82)	8500-24-2001 Hungry Hollow Ph4-MECP Permit
8500-24-1701	Hungry Hollow Trails Ph 1	(26,661.08)	8500-24-2001 Hungry Hollow Ph4-MECP Permit
8500-24-1702	Silvercreek Valley Trail	(8,552.96)	8500-24-2001 Hungry Hollow Ph4-MECP Permit
8500-24-1801	Hungry Hollow Trails Ph 2	(35,101.36)	8500-24-2001 Hungry Hollow Ph4-MECP Permit
8500-24-1901	Hungry Hollow Trails Ph3 8-Ced	(44,150.39)	8500-24-2001 Hungry Hollow Ph4-MECP Permit
8500-26-1401	Cedarvale Vehicular Bridge Rep	(3,060.27)	8500-24-2001 Hungry Hollow Ph4-MECP Permit
Total Hungry Hollow Trails Projects		(212,195.88)	transfer to 8500-24-2001
Total		(214,318.17)	

The Open Space Management project (8500-11-2002) is recommended for closure as it is a duplicate project and can be combined with Open Space Management (8500-11-0118).

The Hungry Hollow Trails project was originally set up under multiple projects to match a multi-year phased funding strategy, that included various capital works (bridges, trails, compensation plantings). The construction was completed in 2023 and all the related capital projects can now be closed allowing \$212,195.88 of unused funding to be transferred to the Hungry Hollow Phase 4 capital project (8500-24-2001). The remaining unfunded balance of \$16,762.83 in Hungry Hollow Phase 4 is recommended to be funded from the Cash-In-Lieu of Parkland Reserve Fund, as noted in Table 2.

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 originating reserves and reserve funds. In 2023, a project surplus related to positive capital budget variances of \$2,435,508 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 2023, \$337,446 in additional funding is required for budget overruns already incurred in 2023.

The following table presents the net positive result of \$2,098,062 after funding capital project shortfalls that can be returned to reserves and reserve funds:

Table 5 2023 Closed Capital Projects Net Position

Funding Source	Projects with surplus funding	Projects with cost overruns	Net Position
	Funding returned	Additional Funding Required	
Technology Replacement Reserve	(186,890)	4,967	(181,923)
Capital Replacement Reserve	(1,073,217)	45,239	(1,027,978)
New Capital Reserve	(141,784)	10,428	(131,356)
Strategic Planning Reserve	(31,107)	11,651	(19,456)
Equipment Reserve	(29,862)	-	(29,862)
Transportation Infrastructure		91,669	91,669
Fire Services Reserve	(29,660)	-	(29,660)
Library Reserve	(983)	-	(983)
Donations	(1,554)	-	(1,554)
Cash In Lieu of Parkland		16,763	16,763
Development Charges	(940,452)	156,730	(783,722)
Total	(2,435,508)	337,446	(2,098,062)

Reviewed and approved by,

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer