



**Report**  
**Staff Report**  
 The Corporation of the City of Brampton  
 5/22/2024

**Date:** 2024-04-17

**Subject:** **Capital Project Financial Status Report – Q4 2023**

**Contact:** Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer, Finance

**Report number:** Corporate Support Services-2024-369

**RECOMMENDATIONS:**

1. That the report from Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer, to the Committee of Council Meeting of May 22, 2024, re. **Capital Project Financial Status Report – Q4 2023** be received.
2. That the Treasurer be authorized to amend budgets for Capital Projects listed in Schedule D of this report.

**OVERVIEW:**

- The purpose of this report is to provide City Council with an update on the financial status of the City's Capital Program as of December 31, 2023.
- The City's Capital Program on December 31, 2023, included 570 (2022: 554) active capital projects with a total approved budget of \$2,873.4 million.
- \$1,434.5 million of the approved budget has been spent as of December 31, 2023.
- The remaining capital budget stands at \$1,438.9 million as of December 31, 2023. Of this amount, \$318.6 million has been committed through purchase orders (contracted work underway) for specific projects, leaving \$1,120.3 million (2022: \$885.7 million) not yet committed or spent.
- As in previous years, staff continues to review all active capital projects and return funds no longer required to their original funding sources as a measure to aid with the unspent capital. As of December 31, 2023, \$43.8

**million in unspent capital was returned to source or the budget commitment was reduced.**

### **BACKGROUND:**

The Capital Project Financial Status Report provides a financial update of the City's Capital Program that includes analysis compiled from submissions made by departments managing their various capital programs. This report keeps Council informed on the use of financial resources and supports senior leaders by providing information to assist with project oversight and delivery.

Although there are a number of methods used to measure progress in Capital Program delivery, level of spending on projects compared to the approved budget is one of the key performance indicators that is common to all projects. This information reported helps generate discussion at the senior levels of departments with responsibility for project delivery and to draw attention to project areas that might require course correction. It is not meant to replace comprehensive corporate project management and reporting.

### **CURRENT SITUATION:**

As of December 31, 2023, the City had 570 active projects each comprised of one or more activities with a total approved budget of \$2,873.4 million. The City has spent \$1,434.5 million towards completion of these projects, with \$1,438.9 million budget available to be spent in the coming years. Of this amount, \$318.6 million has been committed through purchase orders (contracted work underway) for various capital projects. This leaves \$1,120.3 million (2022: \$885.7 million) remaining in open capital projects not yet committed or spent.

Key projects comprising \$567.2 million (39.4%) of the unspent/uncommitted balance include:

- Transit Maintenance & Storage Facility - \$180.5 million
- Facility Electrification (Third Transit Facility) - \$150.0 million
- Centre for Education, Innovation and Collaboration - \$96.3 million
- Goreway Drive Widening - \$80.4 million
- Facility Electrification Retrofit - \$60.0 million

Schedule A provides a summary, by department, of capital spending and the budget remaining, which includes all committed and remaining budgets.

Schedule B provides a list of the top 30 projects which have a significant budget remaining.

Schedule C provides a detailed list of all open capital projects.

This report includes analysis of the following topics:

- Capital Budget Remaining
- Capital Projects with Significant Budget Remaining
- Annual Capital Spend
- Return of Financing and Budget Commitment Reduction

### **Capital Budget Remaining (Schedule A)**

The total capital project budget remaining after commitments as of December 31, 2023, is \$1,120.3 million. This amount is \$234.6 million higher than the amount reported as of December 31, 2022 (\$885.7 million).

As demonstrated by the table below, 50% (\$564.8 million) of the total budget remaining after commitments is related to projects that were approved in 2022 and 2023. These figures show approved funding in each year's approved capital budget in addition to in year budget amendments net of spent capital.

Project Approval Year					
2019 and prior	2020	2021	2022	2023	Total
158.2	76.4	320.9	92.9	471.9	<b>1,120.3</b>

Fundamental to understanding the causes of the unspent capital funds balance is the multi-year nature of large capital projects. To ensure that sufficient funds will be available to pay invoices throughout the life of a project, total funding has to be committed before a contract is awarded even though that funding may only be expended over several years.

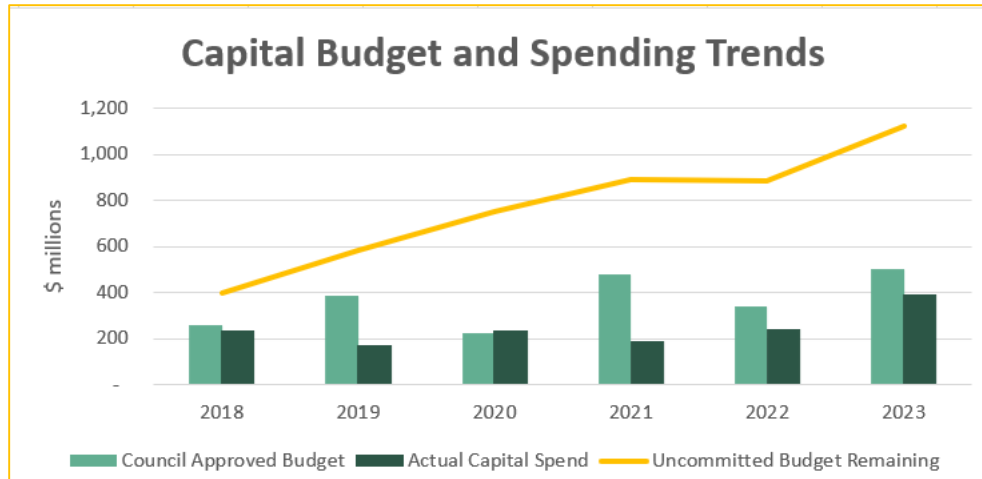
The following schedule shows the year-to-date 2023 financial activities of the Capital Program.

	<b>\$ Million</b>
Remaining Budget before Commitments as of December 31, 2022	1,138.8
Less: 2023 Capital Spending	391.4
Less: 2023 Net Return of Financing and adjustments	44.0
<b>Sub Total</b>	<b>703.4</b>
Add: Council approved 2023 Capital Budget	498.9
Add: 2023 Budget Amendments	236.6
<b>Remaining Budget before Commitments as of December 31, 2023</b>	<b>1,438.9</b>
Less: Purchase Orders (contracted works underway)	318.6
<b>Remaining Budget, Uncommitted as of December 31, 2023</b>	<b>1,120.3</b>

As part of the Capital Program review, staff classified open projects into following categories:

<b>Standard Recurring</b>	<b>Strategic &amp; Council Priorities</b>	<b>Funding Advocacy Projects</b>	<b>Total</b>
146.6	476.0	497.7	<b>1,120.3</b>

The following chart illustrates comparative trends between annual capital budget approvals, average capacity to spend and the unspent/uncommitted balance:



### **Capital Projects with Significant Budget Remaining (Schedule B)**

For the purpose of this analysis, staff has identified 30 major Council approved capital projects, representing 76.2% (\$854.0 million) of the uncommitted budget of the Capital Program. All these projects are progressing in various stages of the project lifecycle.

The status of the 30 major projects is as follows:

- 10 projects have an uncommitted budget of 90% or more.
- 1 project was approved prior to 2017.
- Delivery status of the 30 projects
  - 6 of the projects are in construction stage.
  - 8 are in various stages of planning and design.
  - 4 projects are in the procurement stage.
  - 10 projects are comprised of multiple activities in various stages of completion.
  - 2 projects are on hold pending third party funding.

### **Annual Capital Spend:**

The City forecasted through the 2023 budget process that it would achieve \$204.0 million in capital spending (cash flow) during the 2023 fiscal year. This includes 2023 spending on projects approved in the 2023 budget and open projects approved in prior years. Actual spending as of December 31, 2023, on all capital projects was \$391.4 million. Out of this amount \$115.2 million (29.4%) relates to key property acquisitions listed below.

The following are major contributors to capital spending in 2023:

- Property acquisitions include 175 Sandalwood, 0 Beechmont Dr. and Railroad St. Properties.
- Facility construction, repair, and replacement include the Fire Campus and Balmoral Recreation Centre.
- Roads infrastructure include Cottrelle-Humberwest-Goreway, Goreway Drive and Road Resurfacing.

### **Return of Financing and Budget Commitment Reduction:**

Staff meets quarterly to identify adjustments needed to existing projects, which may result in reallocation or return of funds.

As of December 31, 2023, \$43.8 million of funding has been returned to source or the budget commitment reduced and made available for future allocation to other priorities. Ninety-five (95) projects were determined complete and therefore closed and \$12.0 million of the budget remaining associated with these projects was returned to source. An additional \$31.8 million was returned to source for projects that remain active.

The following is a summary of return of financing by source of funding (\$million):

Reserve #4	Development Charges	Canada Community Building Fund	GRS	Other	Total
22.0	9.7	9.2	1.6	1.3	<b>43.8</b>

The following is a summary of return of financing by department (\$ million):

CAO	Corporate Support Services	Community Services	Transit	Public Works	Planning, Building and EDO	Total
4.3	6.6	4.2	2.4	22.8	3.5	<b>43.8</b>

As part of 2024 budget deliberations a resolution was passed requiring staff to present to Council a list of capital projects/activities that have been open for 3 years or longer and have no commitments against them. Projects with an external funding component or that are tied to funding by other levels of government are exempt as they depend on external factors not controlled by the City of Brampton. As per the resolution, this information along with the recommendation for project/activity closure and return of funding will be presented to Council starting with the Q2 2024 Capital Status Report.

## **CORPORATE IMPLICATIONS:**

### **Financial Implications:**

\$43.8 million of capital funding has been returned to source through return of financing and budget amendments and is available for allocation to other priorities, subject to Council approval.

### **Other Implications:**

The quarterly Capital Status report will serve to maintain focus on project delivery and as a tool to identify available financial resources to be reallocated to other City priorities.

## **STRATEGIC FOCUS AREA:**

This report fulfils *Government & Leadership* Strategic Focus Area through strict adherence to effective financial management policies and ensuring transparent and accountable financial operations.

## **CONCLUSION:**

This report provides Council with a financial status of the City's Capital Program and contributes to improved management oversight of the City's Capital Program. As of December 31, 2023, the City spent \$1,434.5 million and committed through purchase orders \$318.6 million on the 570 open projects with a further \$1,120.3 million remaining yet to be committed or spent to deliver the projects.

Authored by:

Reviewed by:

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Maja Kuzmanov  
Senior Manager, Accounting  
Services/Deputy Treasurer,  
Finance

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Nash Damer  
Treasurer,  
Finance

Approved by:

Approved by:

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Alex Milojevic  
Commissioner,  
Corporate Support Services

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Marlon Kallideen  
Chief Administrative Officer

**Attachments:**

- Attachment 1 – Schedule A Capital Project Spending Summary
- Attachment 2 – Schedule B Capital Projects with Significant Budget Remaining
- Attachment 3 – Schedule C Open Projects Analysis
- Attachment 4 – Schedule D Budget Amendments, Reallocations and Projected Return of Funding