



Report
Staff Report
The Corporation of the City of Brampton
11/27/2024

Date: 2024-11-08

Subject: **2024 Third Quarter Capital Project Financial Status Report**

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

Report number: Corporate Support Services-2024-949

RECOMMENDATIONS:

1. That the report from Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer to the Committee of Council Meeting of November 27, 2024 re. **2024 Third Quarter Capital Project Financial Status Report**, be received;
2. That the Treasurer be authorized to amend budgets for Capital Projects listed in Schedule D of this report; and
3. That the projects identified in Schedule E be reviewed as part of the 2025 Budget, subject to Commitments; and
4. That staff develop recommendations to achieve Council's objective of strategically utilizing dormant capital funding and address Council's direction at that time.

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 September 30, 2024.**
- **As of September 30, 2024, the City's Capital Program included 622 active capital projects (2023: 570) at various stages of progress, with a total approved budget of \$3,234.8 million, approximately 54% of which has been spent or committed.**
- **A total of \$1,403.8 million from the approved budget has been spent as of September 30, 2024.**

- **The remaining approved capital budget stands at \$1,831.0 million as of September 30, 2024. Of this amount, \$355.2 million has been committed through purchase orders (contracted work underway) for specific projects, leaving \$1,475.8 million (2023: \$1,120.3 million) uncommitted and unspent.**
- **An additional \$210.0 million is associated with projects that rely on pending federal and provincial funding, leaving an adjusted balance of \$1,265.8 million.**
- **As in previous years, staff have reviewed all active capital projects to identify previously approved funding no longer required. As a result, by September 30, 2024, \$29.9 million in unspent capital had been either returned to its original funding sources or had its budget commitment reduced.**
- **As per Council Resolution C323-2023, Schedule E highlights projects that are three years or older. Staff recommend reviewing these projects during the 2025 budget process to utilize available dormant capital.**

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 indicator 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 September 30, 2024, the City had 622 active projects each comprised of one or more activities with a total approved budget of \$3,234.8 million. The City has spent \$1,403.8 million towards completion of these projects, with \$1,831.0 million budget available to be spent in the coming years. Of this amount, \$355.2 million has been committed through purchase orders (contracted work underway) for various capital projects. This leaves \$1,475.8 million (2023: \$1,120.3 million) remaining in open capital projects not yet committed or spent.

Additional \$210.0 million is related to projects with unsecured federal and provincial funding leaving remaining balance at \$1,265.8.

Top 10 projects comprising \$868.1 million (58.8%) of the uncommitted budget remaining include:

Project Description	Total
Transit Maintenance & Storage Facility	175.9
Facility Electrification	150.0
Mississauga-Embleton Community Centre	117.4
Riverwalk	116.3
Centre for Education, Innovation & Collaboration	96.3
Bus Purchases	66.2
Facility Electrification Retrofit	60.0
Williams Parkway	31.0
Transit Hub	28.9
Howden Recreation Centre	26.1

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 significant budget remaining as well as project start and end dates, stage and delivery status. These projects represent 71.8% (\$1,059.9 million) of the uncommitted budget remaining.

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

This report includes analysis of the following topics:

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

Schedule E provides a list of projects 3-years or older without commitments

Capital Budget Remaining (Schedule A)

The total capital project budget remaining after commitments as of September 30, 2024, is \$1,475.8 million. This amount is \$355.5 million higher than the amount reported as at December 31, 2023 (\$1,120.3 million).

As demonstrated in the table below, 64% (\$939.4 million) of the total budget remaining after commitments is related to projects that were approved in 2023 and 2024. These

figures show approved funding in each year approved capital budget in addition to in year budget amendments net of spent capital.

Uncommitted Budget Remaining by Project Approval Year					
2020 and prior	2021	2022	2023	2024	Total
180.1	286.9	69.4	317.2	622.2	1,475.8

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 2024 financial activities of the Capital Program.

	\$ Million
Remaining Budget before Commitments as at December 31, 2023	1,438.9
Less: 2024 Capital Spending	223.2
Less: 2023 Net Return of Financing and adjustments	31.3
Sub Total	1,184.4
Add: Council approved 2024 Capital Budget	545.6
Add: 2024 Budget Amendments	101.0
Remaining Budget before Commitments as at September 30, 2024	1,831.0
Less: Purchase Orders (contracted works underway)	355.2
Remaining Budget, Uncommitted as at September 30, 2024	1,475.8

A major driver of the increase in uncommitted budget remaining is the approval of the 2024 capital budget (\$545.6 million) of which \$87.3 million is related to Riverwalk project and \$79.8 million for Embelton Community Centre.

In addition, contributing factors were budget amendments in the amount of \$101.0 million. Most significant being contribution to Home Opportunities (\$14.0 million), Lagerfeld Drive

(\$18.6 million), Rivermont Road (\$9.2 million) and Traffic Intersection Camera Upgrades (\$10.2 million).

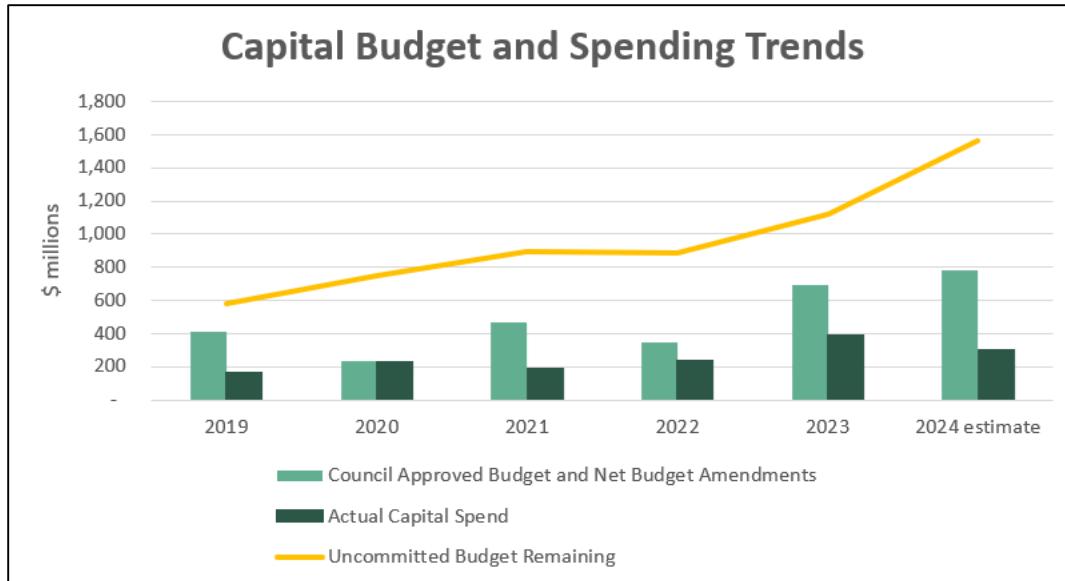
As part of the Capital Program review, staff classified open projects into following categories:

Standard Recurring	Strategic & Council Priorities	Funding Advocacy Projects	Total
197.1	954.1	324.6	1,475.8

Following is the breakdown of uncommitted budget remaining by key funding sources:

Funding Type	Amount
Reserve Fund #4 - Asset Repair and Replacement	135.3
Reserve Fund #46 - Stormwater Management Charge	95.3
Reserve Fund #119 - Transit Levy	29.8
General Rate Stabilization Reserve	5.8
Canada Community Building Fund	69.0
Reserve Fund #24 - Housing Accelerator Fund	43.1
Development Charges	413.6
Tax Supported Debt	154.4
Federal and Provincial Grants	464.7
Other	64.8
Total	1,475.8

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



Annual Capital Spend:

The City forecasted through the 2024 budget process that it would achieve \$212.0 million in capital spending (cash flow) during the 2024 fiscal year. This includes 2024 spending on projects approved in the 2024 budget and open projects approved in prior years. Actual spending as at September 30, 2024 on all capital projects was \$223.2 million.

Following are major contributors to capital spending in 2024:

- Transit bus purchases and refurbishment
- Facility construction, repair and replacement (Chris Gibson Recreation Centre)
- Roads infrastructure (Goreway Drive Widening, Cottrelle-Humberwest-Goreway)
- CAA Centre

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 September 30, 2024, \$29.9 million of funding has been returned to source or the budget commitment reduced and made available for future allocation to other priorities. Sixty-Seven (67) projects were determined complete and therefore closed and \$10.5 million of the budget remaining associated with these projects was returned to source. An additional \$19.4 million was returned to source for projects that remain active.

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

Reserve Fund #2	Reserve Fund #4	Reserve Fund #46	Development Charges	Canada Community Building Fund	Strategic Reserves	Other	Total
3.0	9.2	4.5	4.1	1.6	1.5	6.0	29.9

As per Council resolution C323-2023, Schedule E identifies projects that are 3-years or older. Staff recommend these projects be reviewed as part of the 2025 budget. As part of this review, staff will develop recommendations to strategically utilize dormant capital and address Council's direction at that time.

CORPORATE IMPLICATIONS:

Financial Implications:

\$29.9 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 September 30, 2024, the City had spent \$1,403.8 million on the 622 open projects with a further \$1,475.8 million remaining yet to be committed or spent to deliver the projects.

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Attachments:

- Attachment 1 – Schedule A – Capital Projects Spending Summary
- Attachment 2 – Schedule B – Capital Projects with Significant Budget Remaining
- Attachment 3 – Schedule C – Capital Projects Status Report
- Attachment 4 – Schedule D – Budget Amendments, Reallocations and Projected Return of Funding
- Attachment 5 – Schedule E – Capital Projects 3-years or older