

Date: June 9, 2020	Originator's files:
To: Chair and Members of Budget Committee	
From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: June 24, 2020

## Subject

**Works in Progress reporting as at May 31, 2020**

## Recommendation

1. That the "Works in Progress Report as at May 31, 2020" report dated June 9, 2020 from the Commissioner of Corporate Services and Chief Financial Officer, including appendices 2-1 to 3-3, be approved;
2. That the Treasurer be authorized to fund and close the capital projects as identified in this report;
3. That all necessary by-laws be enacted.

## Report Highlights

The recent COVID-19 pandemic has resulted in a forecasted budget deficit in the range of \$60-\$70 million primarily due to revenue decreases from transit, recreation, POA Courthouse, parking and investment income. Staff has accelerated the Capital Works in Progress (WIP) process to identify projects that could be put on hold or deferred to 2021.

The Capital WIP process resulted in the identification of \$62.4 million of funds returned to reserves from project closures and project surpluses and \$78.5 million of projects that can be deferred to January 2021. The total of \$140.9 million can assist to alleviate operating cash flow needs in 2020.

### Capital Summary, excluding Stormwater

Recommended adjustments to the capital program will result in a revised net capital program of \$1,301.2 million allocated to 907 active projects.

- 51 projects are recommended for closure
- \$50.9 million is being returned to various reserve funds

### **Stormwater Capital Summary**

Recommended adjustments to the capital program will result in a revised net capital program of \$134.8 million for the 109 active projects.

- 14 projects are recommended for closure
- \$11.5 million is being returned to various Stormwater reserve funds

## **Background**

In accordance with the Budget Control By-law, the Finance Division provides Council with a Capital works-in-progress review at least twice a year. Included in this review is the on-going monitoring, evaluation and identification of projects to be closed, funds being returned to reserves, and projects requiring additional funding, the status of Infrastructure Funding Programs including Ward-Specific projects.

This report provides Council with a status update to the City's Capital Works in Progress, being mindful of the financial challenges that the City is currently facing as a result COVID-19. In particular it focuses on the established recovery financial principle of assessing approved and future budgets and business plans to reconfirm priorities including service levels.

## **Comments**

This report summarizes:

Part 1 – Capital Status

Part 2 – Stormwater Capital Status

Part 3 – Infrastructure Funding Programs Projects

Part 4 – Ward-Specific Projects

Part 5 – Open Projects with Funding Deferral

### **PART 1: CAPITAL STATUS**

As of May 31, 2020, the City has an approved net capital program, excluding Stormwater, of \$1,352.1 million. Staff recommends returning \$50.9 million to various reserves and reserve funds from various projects. This results in a revised net capital program totalling \$1,301.2 million.

Of the \$1,301.2 million total,

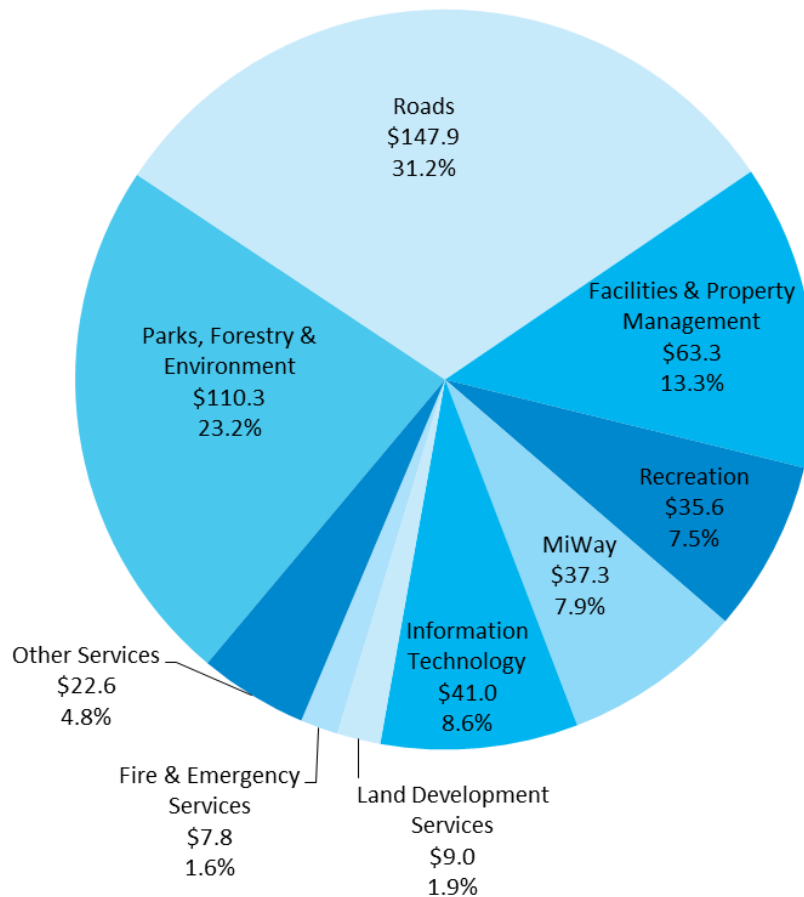
\$826.6 million or 64% has been spent

\$474.6 million is to be incurred

The following chart shows the distribution of the City's capital expenditures to be incurred, by service. See Appendix 2-1 for more details.

**Total Capital Works-in-Progress**  
**Net Future Expenditures to be incurred by Service Area**  
**\$474.6 Million**

\*Excludes Stormwater Program



Other Services Include: Mississauga Library, Legislative Services, Business Services, Regulatory Services, Culture, City Manager's Office

City staff continues to evaluate older projects and return unspent funds to reduce the amount of capital funds that are needed to be borrowed for future years' projects. The \$474.6 million of future expenditures, earns interest revenue that is used to support both the capital and operating programs including contributions to the reserves and reserve funds.

Of the \$474.6 million still to be incurred, the following projects account for 40% of the total:

- \$55.8 million for Roadway Rehabilitation
- \$38.6 million for various land acquisitions
- \$28.5 million Northwest Sports Park Phase 1 Infrastructure & Park Amenities, and Churchill Meadows CC and Pool construction
- \$21.5 million for various road property acquisitions

- \$8.7 million for Cycling Program
- \$8.7 million for SAP S4 HANA Upgrade
- \$7.7 million for Bridge Rehabilitation Program
- \$5.7 million Community Centres and Pools redevelopment
- \$5.4 million for Hoists Renewal - Transit Facilities
- \$5.2 million Active Transportation Bridge
- \$5.1 million Community Centres and Pools renewal

The May review has resulted in \$50.9 million being returned to various reserves as a result of all budget adjustments, transfers and project closures.

The following are highlights for significant funding adjustment requests, or for significant accomplishments of completed projects:

### **Culture**

PN 20492 Small Arms Building Renovation (formerly referred to as The Bridge) returning \$0.3 million

- Project has been put on hold. \$0.3 million of the \$0.4 million was returned with \$0.1 million retained to fund a feasibility study for the re-development of the facility as a whole. The feasibility study will include the Bridge and the north end of the building; this approach is more cost efficient as it will include a full assessment and all construction costs for both remaining areas of the building. The study is intended to use programming examples to assess options for re-development and establish a cost estimate for renovations.

### **Parks, Forestry & Environment**

PN 17392 Land Acquisition Credit River Valley - returning \$13.4 million of which \$5.8 million was transferred from the Cash in Lieu of Parkland Reserve Fund

- Funds to be returned and a new PN to be established upon successful acquisition negotiations

PN20401 Emerald Ash Borer Management Program - returning \$1.4 million

- Project is currently underway and includes the treatment, removal, stumping and replanting of City-owned Ash trees impacted by the Emerald Ash Borer (EAB). The revised EAB program model estimates allow for \$1.4 million to be returned to the reserve fund.

PN 19330 Tennis Court Maintenance - returning \$0.6 million

- Returning funds for the South Common Tennis Club redevelopment to align with Community Centre redevelopment planned for 2022 to 2024. Courts may be required to

be relocated during building renovations and will be re-budgeted. Also returning funding from Sanford Cricket renovations .

PN 12324 Improvement of Pavilion & Plaza Area for Performances - returning \$0.3 million

- Options to improve the Port Credit Memorial Pavilion and Plaza area to support live performances are complete. Requires time to negotiate with the Paramount Fine Foods on development agreement and cost sharing. Returning funding and will re-budget once negotiations commence.

### **Fire and Emergency Services**

PN 19269 Fire station 123 - returning \$11.2 million

- Fire station 123 (Winston Churchill & the Collegeway) will be returned to the reserve fund to be re-budgeted in 2021 and a new PN to be established upon successful land acquisition negotiations.

### **Information Technology**

PN 18530 FASTER Major Upgrade (Windows to Web) - returning \$0.3 million

- The \$0.3 million funding for this closing project is being returned as a departmental review lead to a more comprehensive upgrade being requested and approved in the 2020 capital budget. The FASTER system assists in the management and service of the City's extensive vehicle inventory.

### **Facilities and Property Management**

PN 18707 Elevators Renewal project – returning funds of \$0.5 million

- The Elevator Renewal project at various locations involves the conversion of existing key operated elevator lifts to automated access LULA lifts at six (6) City Facilities. The project scope was completed in two phases. Phase 1 involved elevator upgrades at Clark Memorial Hall and MiWay administrative office and was completed in May 2020. Phase 2 involves elevator upgrades at Huron Park CC, Clarkson CC and Erin Mills Twin Arena and is currently in construction and will be completed Q4 2020. The project scope also included elevator upgrades at Burnhamthorpe CC which will be completed as a part of the larger Burnhamthorpe CC expansion project. This project helped to improve the accessibility for patrons using these facilities. Patrons no longer need to rely on facility staff to provide access to lifts. Returning \$0.5 million in the May WIP resulting from savings due to competitive tender pricing and return of unused funds from the Burnhamthorpe CC elevator upgrade project.

## Roads

PN 16197 Property Acquisition – requesting additional funds of \$0.8 million

- An additional \$0.8 million is being allocated to PN16197 for property acquisition in support of future roads projects. This increase is required to reflect the current appraised value of the lands in question.

PN 18102 Mavis Road from Courtneypark Drive to North City Limits – returning \$1.4 million

- Mavis Road Contracts A and B are substantially completed and under warranty. \$0.1 million is being used for art work for the Mavis Road structure over Fletcher's Creek.

PN 18105 Creditview Road Widening Project from Bancroft Road to Old Creditview Road – returning \$0.5 million

- The project will be re-budgeted to better coordinate with associated MTO and Region of Peel projects.

PN 12172 LED Streetlighting Retrofit Project, PN 20180 Erin Style Pole Replacement Project and PN 19179 & 19195 Streetlighting project are collectively returning funds of \$1.23 million

- The returned funds will be requested through a corporate report to partially fund the Streetlighting System Remediation Project.

## MiWay

PN 8232 Transit BRT Construction - returning funds of \$1.5 million

- Mostly due to additional recoveries from other levels of government. This project is over 10 years old and significantly complete with some minor outstanding work to be completed within the next year.

PN 16202 Transit Bus Acquisitions - Service Growth – returning funds of \$0.8 million

- Better pricing from bulk buying and competitive bidding for 106 buses that were jointly purchased with projects: 16201, 16202, 16239, 17228 and 17229.

PN 17247 Transit Hastus Module – returning funds of \$0.5 million

- Purchase of additional Transit Operations Modules - Garage Management & Bus Allocation is returning monies as the project was only partially completed due to unforeseen challenges at project implementation requiring significant scope change. Partial implementation of the project was completed in 2019 and did not result in the desired outcome as it slowed down the current process of garage management and bus allocation.

## Regulatory Services

PN 17092 TNC Licensing Pilot Project – returning funds of \$1.7 million

- This Pilot Project is almost complete with exception of validation of TNC APP Coding. As of July of 2019, TNC Licensing is a permanent program under the cost centre 22666.

## Housekeeping Items:

### Various Project Updates

- PN 19862- E-Disclosure. Change project name to CAMS development.
- PN 16202- Acquisition of up to 10 new transit buses to increase Service Hours. Change project number from TWTR00234 to TWTR04212.
- PN 18005 - Cooksville Creek Erosion Control - Canadian Pacific Railway to Kirwin Avenue. Change project number from TWSD00095 to TWSD02576.
- PN19352- Ward 10 - Jim Murray Community Park (P-477) - Spray Pad. Change project name to Ward 10 – Mississauga - Meadowvale Rotary Park (P-489) –Spray Pad.
- PN 17092 TNC Licensing Pilot Project- Transfer \$1.7 million to Fiscal Stability Reserve 30125 as per Council approved report, “Transportation Network Company (TNC) Licensing Pilot Project Final Report” dated May 01, 2019, stating that surpluses be transferred to the Fiscal Stability Reserve.

## PART 2: STORMWATER FINANCIAL SUMMARY

### Stormwater Capital Summary

The approved Stormwater capital program has a total net budget of \$146.3 million, including legacy Stormwater projects originally part of the Roads service area. Staff recommends closing 14 projects and returning approximately \$11.5 million to the appropriate reserve funds.

Recommended adjustments to the Stormwater capital program will result in a revised net budget of \$134.8 million for the active 109 projects.

The following is the highlight of major project funding adjustments:

### Stormwater

PN 20147 The Sheridan Creek Erosion Control - Lushes Ave. to behind Fletchers Valley Cres – returning funds of \$3.7 million

- As construction has not started, funds will be returned and the project will be re-budgeted through the 2021 Budget process.

PN 19135 Mississauga LRT Storm Sewer Improvements – returning funds of \$6.0 million

- Metrolinx will be front-ending the cost of these improvements and will be reimbursed by the City after construction has been completed. As construction has not yet started, funds from PN 19135 will be returned and project will be closed. The project will be re-budgeted through the 2021 Budget process based on the latest Metrolinx construction schedule and project cost.

### Capital Appendices

The following appendices detail project updates, changes, and funding adjustments for all capital projects, including Stormwater:

- **Appendix 2-2:** Projects Completed, Delayed or Cancelled and To Be Closed – 65 projects with an approved budget of \$52.9 million, including 14 Stormwater projects with approved budget of \$12.1 million, are to be closed. \$39.7 million or 75% of the approved budget amount being returned to the reserves and reserve funds.
- **Appendix 2-3:** Open Projects Requiring Funding Adjustments – Overall 80 projects with an approved budget of \$345.3 million, returning \$22.7 million to the reserves and reserve funds. Among them, 8 Stormwater projects are requesting \$0.2 million.
- **Appendix 2-4:** Project Adjustments with No Net Capital Impact lists 3 projects that are being adjusted with no net financial impact.
- **Appendix 2-5:** Project Adjustments with Funding Swaps lists 1 project that is being adjusted with no net financial impact.

### PART 3: INFRASTRUCTURE FUNDING PROGRAMS PROJECTS

The capital program includes funding from two senior government grant-funding programs.

#### PTIF & CWWF

The Public Transit Infrastructure Fund (PTIF) and the Clean Water and Wastewater Fund (CWWF) programs were introduced at General Committee on October 5, 2016. Formal approvals under these two programs were received on May 4, 2017 and May 23, 2017 respectively. On January 4, 2018 the Federal Government announced that both PTIF and CWWF programs will be extended to March 31, 2020.

Total eligible funding for PTIF is \$116.6 million, of which \$58.3 million, or 50%, can be claimed for reimbursement. Claims for reimbursement are based on actual expenditures. Claims to the end of April 2020 totalled \$53.2 million, of which \$43.1 million was received by April 30, 2020. There is still a substantial amount of claims still under review by the Provincial and Federal Governments. An extension has been granted for open projects to allow eligible expenditures incurred up until July 31, 2021 to be claimed under the program.



Total eligible funding for CWWF is \$13.1 million, of which \$9.8 million, or 75%, can be claimed for reimbursement. Claims for reimbursement are based on actual expenditures. Claims to the end of April 2020 totalled \$8.2 million, of which \$7.6 million was received by April 30, 2020.

Future expenditure and claim information for these programs will be reported on in future WIP reports. All infrastructure funding program projects are listed in Appendix 3-1 to Appendix 3-3.

#### **PART 4: WARD-SPECIFIC SPECIAL PROJECTS**

On May 22<sup>nd</sup>, 2019 a motion was passed by Council to establish infrastructure projects up to a total amount of \$2 million per ward, to be used at the discretion of each local Councillor within the current Council term. New projects, to be established and funded from the Federal Gas Tax reserve fund are outlined in Appendix 2-6 projects. A status update of active projects by Ward is presented in Appendix 2-7. There are \$6.724 million of projects established to date, including new projects through this report.

#### **PART 5: OPEN PROJECTS WITH FUNDING DEFERRALS**

The financial impact of COVID-19 on municipalities is forecasted to be a budget deficit of \$60-\$70 million. In order to address these pressures, staff has completed a review of current approved and active capital projects to identify spending that could be deferred, thus temporarily freeing up funds. A total of \$78.5 million was identified from 104 projects including 9 Stormwater projects, to be deferred until January 1, 2021. A detailed project listing is in Appendix 2-8.

### **Financial Impact**

A total of \$62.4 million is recommended to be returned to various reserve funds. In addition, 104 projects are recommended to be deferred until January 2021, totalling \$78.5 million, which will alleviate operating cashflow needs for 2020.

### **Conclusion**

The Capital Works in Progress review for May 2020 resulted in a full examination of the City's current capital program. All capital program changes will be taken into consideration in the development of the 2021-2024 Business Plan and 2021 Budget.

### **Attachments**

- Appendix 2-1 Summary of Capital Works-in-Progress by Service Area
- Appendix 2-2 Projects Completed, Delayed or Cancelled and to Be Closed
- Appendix 2-3 Open Projects Requiring Funding Adjustments
- Appendix 2-4 Project Adjustments with No Net Capital Impact
- Appendix 2-5 Project Adjustments with Funding Swaps
- Appendix 2-6 Requests for Establishment of New Ward-Specific Projects

Appendix 2-7 Active Ward-Specific Projects

Appendix 2-8 Open Projects with Funding Deferral

Appendix 3-1 Canada 150 Intake 1&2 Projects Update

Appendix 3-2 Clean Water Wastewater Fund (CWWF) Projects Update

Appendix 3-3 Public Transit Infrastructure Fund (PTIF) Projects Update



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Luigi Vernace, CPA, CGA, Supervisor Budgets