

Subject: Capital Adjustments and Closing of Projects – Transit Commission

File Number: ACS2024-FCS-FSP-0011

Report to Transit Commission on 13 June 2024

and Council 26 June 2024

Submitted on June 4, 2024 by Cyril Rogers, Interim General Manager and Chief Financial Officer, Finance and Corporate Services Department

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Ward: Citywide

Objet : Ajustement du budget des immobilisations et cessation de projets – Commission du transport en commun

Numéro de dossier : ACS2024-FCS-FSP-0011

Rapport présenté au Commission du transport en commun le 13 juin 2024

et au Conseil le 26 juin 2024

Soumis le 4 juin 2024 par Cyril Rogers, Directeur général par intérim et chef des finances, Direction générale des finances et des services organisationnels

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Transit Commission recommend that Council:

- 1. Authorize the closing of capital projects listed in Document 1;**
- 2. Approve the budget adjustments as detailed in Document 2;**
- 3. Return to source or (fund) the following balances and eliminate debt**

authority resulting from the closing of projects and budget adjustments:

- **Transit Capital supported reserve: \$7,721,287**
 - **Federal Gas Tax reserve: \$365,000**
 - **Development Charge reserves: (\$539,300)**
 - **Debt Authority: \$1,677,600**
- 4. Permit those projects in Document 3 that qualify for closure, to remain open;**
 - 5. Receive the budget adjustments in Document 4 untaken in accordance with the Delegation of Authority By-law 2024-265, as they pertain to capital works; and**
 - 6. Authorize staff to perform the necessary financial adjustments as detailed in documents 1 and 2.**

RECOMMANDATIONS DU RAPPORT

Que la Commission du transport en commun recommande ce qui suit au Conseil:

- 1. Autoriser la clôture des projets d'immobilisation répertoriés dans le document 1;**
- 2. Approuver les rajustements budgétaires, comme l'indique le document 2;**
- 3. Rembourser les soldes de financement (ou financer) les soldes suivants et supprimer le pouvoir d'endettement résultant de la cessation des projets et des rajustements budgétaires :**
 - **fonds de réserve pour les immobilisations de transport en commun: 7 721 287 \$**
 - **fonds de réserve pour la taxe fédérale sur l'essence : 365 000 \$**
 - **fonds de réserve pour les redevances d'aménagement : (539 300 \$)**
 - **autorisation d'emprunter : 1 677 600 \$**
- 4. Permettre la poursuite des projets pouvant être clos qui sont indiqués dans le document 3;**

5. Prendre connaissance des rajustements budgétaires présentés dans le document 4, apportés conformément au Règlement municipal sur la délégation de pouvoirs (no 2024-265), modifié, lesquels ont trait aux travaux d'immobilisations; et

6. Autoriser le personnel à appliquer les rajustements financiers nécessaires indiqués dans les documents 1 et 2.

BACKGROUND

Each year, staff prepare separate capital budget adjustments and closure reports for the Transit Commission and for the Finance and Corporate Services Committee. Each report contains recommendations on projects that fall within the respective mandates of the Commission or the Committee.

When a capital project is approved by Council, a projected year of completion date is established for the project. Projects are to be closed the year following the projected year of completion and require Council approval in order to be closed.

Capital projects that are recommended to be closed are listed in Document 1. In closing these projects, surplus capital reserve funds are first applied to those projects being closed that are in deficit, and the remaining net surplus is returned to source.

Budget adjustments involving capital projects can be processed under the limits established by Council under the Delegation of Authority By-law. Those adjustments that exceed these limits require Council approval.

Generally, budget adjustments to capital projects are required to:

- Adjust for increases or decreases in project costs,
- Consolidate similar accounts to facilitate issuing of contracts,
- Create separate accounts to facilitate project tracking,
- Account for the receipt of revenues not previously anticipated or for the over/underestimation of revenues, and
- Adjust project financing.

The Delegation of Authority By-law 2024-265 specifies those parameters in which budget adjustments may be made if authorized by the Chief Financial Officer/Treasurer.

Those capital budget adjustment requests that do not meet the delegated authority limits of the Chief Financial Officer/Treasurer require the approval of City Council. Generally, Council authority is required for those capital budget adjustments involving:

- Transfers between programs or internal orders in excess of ten per cent or \$200,000 whichever is the lesser;
- Establishment of new projects outside the budget process;
- A reduction of or increase in funding authority; and
- Project closures.

This report includes those capital budget adjustments that require specific Council approval (Document 2) as well as those that have been made under delegated authority provisions (Document 4). Document 4 is provided for information while the capital adjustments in Document 2 are being recommended for approval.

DISCUSSION

This report to Transit Commission and Council recommends an overall reduction of \$9.225 million in previously approved capital budget authority. This includes the return of \$7.721 million to the Transit Capital reserve, return \$365 thousand to the Federal Gas Tax reserve, fund \$539.3 thousand of Development Charges and will eliminate \$1.678 million of debt financing. Additional information on each recommendation is provided below.

Recommendation 1 - Capital Projects Recommended for Closure

All capital projects recommended for closure are listed in Document 1, which presents the net budget authority established for each project, the actual spending incurred to deliver and complete each project, and any resulting surplus or deficit.

Projects totaling \$45.747 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$2.923 million less than budget, which will result in \$2.531 million being returned to the Transit Capital reserve, \$139 thousand being returned to Development Charges and a reduction of \$252.6 thousand of debt authority as identified in Document 1.

Recommendation 2 - Budget Adjustments Requiring Council Approval

Document 2 presents the budget adjustments requiring Council Approval.

The overall impact of the departmental budget adjustments is a net decrease \$6.302 million in the previously approved net budget authority for the projects listed in Document 2. This resulted in a capital funding decrease from Transit Capital reserves of \$5.190 million, decrease of Federal Gas Tax of \$365 thousand, funding of \$678.3 thousand of Development Charges and reduce \$1.425 million of Transit debt. The return of funds to reserves will provide some potential additional funding and mitigation, to help offset any potential shortfalls in 2024.

Recommendation 3 – Return to Source Funding or (Funding Required)

The details of the return to source funding or (funding required) are outlined in Table 1.

Table 1: Return to Source Funding

Transit Financial Implications	Document 1 Closures Return to Source / (Funding Required)	Document 2 Budget Adjustments Return to Source / (Funding Required)	Total Returned to Source / (Funding Required)
Capital Discretionary Reserves			
Transit Capital Reserve	2,531,287	5,190,000	7,721,287
Restricted Reserves			
Federal Gas Tax	-	365,000	365,000
Development Charge	139,000	(678,300)	(539,300)
Debt Financing			
Transit Debt	252,600	1,425,000	1,677,600
Grand Total	2,992,887	6,301,700	9,224,587

Recommendation 4 - Capital Projects Requiring Council Approval to Remain Open

Capital projects will be considered for closure in 2024 if the stated completion date as established by the project manager is 2023.

Capital projects that qualify for closure but are recommended to remain open based on the rationale provided by the project managers are listed in Document 3. Upon Council approval of this recommendation, the year of completion for these projects will be

revised from a completion date of 2023 to its new completion date accordingly.

Recommendation 5 - Capital Budget Adjustments Processed Under Delegated Authority

The capital budget adjustments processed between May 12, 2023, to May 16, 2024, under the authority delegated to the Chief Financial Officer/Treasurer as per the *Delegation of Authority By-law* are provided for information purposes in Document 4.

Document 5 – Reserve Fund Status

Document 5 presents a continuity schedule of the Transit related reserves and reserve funds. The schedule reflects the impact on reserve balances as a result of the recommendations presented in this report and the Capital Budget Adjustment and Closing of Projects – City Tax and Rate Supported report ([ACS2024-FCS-FSP-0009](#)) presented to the Committee and City Council.

FINANCIAL IMPLICATIONS

The impact of the closing of capital projects are outlined in this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

ACCESSIBILITY IMPACTS

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with the recommendations of this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk impediments to implementing the recommendations in this report.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitments to the current Term of Council Priorities of: a city that has affordable housing and is more livable for all; a city that is more connected with reliable, safe and accessible mobility options; a city that is green and resilient; and a city with a diversified and prosperous economy. The report also promotes the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – Capital Projects Recommended for Closure

Document 2 – Budget Adjustments Requiring Council Approval

Document 3 – Projects Requiring Council Approval to Remain Open

Document 4 – Budget Adjustments Processed Under Delegated Authority

Document 5 – Reserve Fund Status

DISPOSITION

Upon approval of this report Finance will process the necessary adjustments.