

Subject: Lease Financing Agreements 2024

File Number: ACS2025-FCS-FIN-0003

Report to Finance and Corporate Services Committee on 6 May 2025

and Council 14 May 2025

Submitted on April 25, 2025 by Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance and Corporate Services Department

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Ward: Citywide

Objet : Contrats de crédit-bail 2024

Numéro de dossier : ACS2025-FCS-FIN-0003

Rapport au Comité des finances et des services organisationnels le 6 mai 2025

et au Conseil le 14 mai 2025

Soumis le 25 avril 2025 par Isabelle Jasmin, Trésorière municipale adjointe, Services des finances municipales, Direction générale des finances et des services organisationnels

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That Finance and Corporate Services Committee and Council receive this report on outstanding Lease Financing Agreements as of December 31, 2024 as required by *Ontario Regulation 653/05* and the City's Administration of Capital Financing and Debt Policy.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et des services organisationnels et le Conseil prennent connaissance du présent rapport sur les contrats de crédit-bail en cours en date du décembre 31, 2024 comme l'exige le *Règlement de l'Ontario 653/05* et la Politique relative au financement et à la dette de la Ville.

BACKGROUND

In accordance with *Ontario Regulation 653/05*, Council adopted a Policy on Administration of Capital Financing and Debt approved on April 11, 2007 ([ACS2007-CRS-FIN-0007](#)), last revised on March 16, 2021. The Chief Financial Officer/Treasurer is required to provide a report annually to Council on any outstanding lease financing agreements including the following information:

- Estimates of the proportion of the financing leases to the City's total long-term debt and to provide a description of any changes in that proportion to the previous year's report, if any, and
- A statement that in his or her opinion all financing leases were made in accordance with the lease policy and goals as approved by Council.

DISCUSSION

The Administration of Capital Financing and Debt Policy established objectives, standards of care, authorized financing instruments, reporting requirements and responsibilities for the prudent financing of the City's operating and infrastructure needs.

The objectives of the Policy, in order of priority, have been met by:

- Adhering to the statutory requirements
- Ensuring long term financial flexibility and sustainability
- Limiting the financial risk exposure
- Minimizing long-term cost of financing, and
- Matching the term of capital financing to the useful life of the related asset.

Lease agreements may be used to finance equipment, buildings or other assets and require consideration of risks in comparison to other forms of financing. Significant or material financing lease agreements are defined as:

- A lease allowing for the provision of Municipal Capital Facilities, including those capital facilities designated by Council as Municipal Capital Facilities under Section 110 of the *Municipal Act, 2001*, that:
 - Transfer substantially all the benefits and risks incident to ownership of the property to the lessee
 - Is entered into for the purpose of obtaining long-term financing of a capital undertaking, and
 - May or will require payment by the City beyond the current term of Council.

Table 1 summarizes the material lease financing agreements outstanding at year-end 2024.

Table 1: Lease Financing Outstanding as of 31 December 2024 (in thousands of dollars)

Project	Principal Remaining	Interest Rate	Interest Remaining	Total Remaining	Term
Office Building (100 Constellation)	\$16,724	6.00%	\$626	\$17,350	23 years (began Jul. 2003)
Paramedic Services Headquarters (2465 Don Reid)	\$13,228	5.79%	\$4,016	\$17,244	30 years (began Dec. 2005)
Shenkman Arts Centre (Centrum Boulevard)	\$28,106	4.99%	\$10,746	\$38,852	30 years (began Jan. 2009)
Total	\$58,058		\$15,388	\$73,446	

For all three leases combined, from 2025 onward, the City owes \$58.1 million in principal payments, plus \$15.3 million in interest, for a total repayment of \$73.4 million.

The total principal amount outstanding under Lease Financing Agreements is equivalent to 1.66 per cent of the City's total net long-term debt as of December 31, 2024. For comparison purposes, as of December 31, 2023, the total principal amount outstanding under Lease Financing Agreements was equivalent to 1.98 per cent of the total net long-term debt. The slight decrease in this ratio in the current year results from a combination of the outstanding amount decreasing each year and the increase in outstanding total net long-term debt from the prior year, as new debt was issued in

2024.

The Administration of Capital Financing and Debt Policy provides for the Chief Financial Officer/Treasurer to approve non-material leases which are defined as a financing lease in which the annual payments will be less than \$500,000, the term of the lease does not exceed ten years, and as a class does not exceed one per cent of the City's net tax levy. No non-material leases were approved by the Chief Financial Officer/Treasurer during 2024.

FINANCIAL IMPLICATIONS

It is the opinion of the Chief Financial Officer/Treasurer that the Lease Financing Agreements referred to in this report comply with the lease policy and goals as outlined in the Policy on Administration of Capital Financing and Debt, as adopted by Council. Lease payments are budgeted in the annual Operating Budget.

LEGAL IMPLICATIONS

There are no legal impediments to receiving the information in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

CONSULTATION

No public consultation was required for this 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.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to receiving this report for information.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitment to financial sustainability and transparency. This report also supports the City's ongoing commitments the current 2023 - 2026 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.

DISPOSITION

Following consideration by the Finance and Corporate Services Committee, this report will be forwarded to Council for information.