

Subject: Capital Adjustments and Closing of Projects - City Tax and Rate Supported

File Number: ACS2025-FCS-FSP-0007

**Report to Finance and Corporate Services Committee on 3 June 2025
and Council 11 June 2025**

Submitted on May 23, 2025 by Svetlana Valkova, Interim Deputy Chief Financial Officer, Financial Services, Finance and Corporate Services Department

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Ward: Citywide

Objet : Ajustement du budget des immobilisations et cessation de projets soutenus par les impôts fonciers et les redevances

Numéro de dossier : ACS2025-FCS-FSP-0007

Rapport présenté au Comité des finances et des services organisationnels

Rapport soumis le 3 juin 2025

et au Conseil le 11 juin 2025

Soumis le 23 mai 2025 par Svetlana Valkova, Cheffe adjointe des finances, services financiers par intérim, Direction générale des finances et des services organisationnels

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Quartier : À l'échelle de la ville

Report Recommendations

That the Finance and Corporate Services Committee 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 increase debt authority resulting from the closing of projects and budget adjustments:
 - General revenue: (\$29,574,419.14)
 - Tax, Rate and other supported reserves: \$23,925,897.75
 - Development Charge reserves: \$11,813,484.79
 - Debt Authority: \$48,984,680.97
4. Permit those projects in Document 3 that qualify for closure to remain open;
5. Receive the budget adjustments in Document 4 undertaken in accordance with the Delegation of Authority By-law 2025-69, as amended, as they pertain to capital works;
6. Authorize staff to perform the necessary financial adjustments as detailed in Documents 1 and 2;
7. Approve that the Chief Financial Officer be delegated the authority to make the necessary minor financial adjustments for the projects listed within this report ; and,
8. Approve that the Chief Financial Officer be delegated the authority to administratively close capital internal orders when a budget adjustment fully eliminates the balance and there are no budget implications.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil:

1. d'autoriser la cessation des projets d'immobilisations énumérés dans le document 1;

2. d'approuver les rajustements budgétaires indiqués dans le document 2;
3. de rembourser les soldes de financement ou (de financer) les soldes suivants et de supprimer le pouvoir d'endettement résultant de la cessation des projets et des rajustements budgétaires:
 - Recettes: (29 574 419,14\$)
 - Fonds de réserve financés par les immobilisations : 23 925 897,75\$
 - Réserves relatives aux redevances d'aménagement : 11 813 484,79\$
 - Pouvoir d'endettement : 48 984 680,97\$
4. d'autoriser le maintien des projets du document 3 même s'ils répondent aux critères de cessation;
5. de prendre acte des rajustements budgétaires décrits dans le document 4, apportés aux termes du Règlement municipal sur la délégation de pouvoirs (no 2025-69), dans sa version modifiée, lesquels ont trait aux travaux d'immobilisations;
6. d'autoriser le personnel à apporter les ajustements financiers nécessaires, indiqués dans les documents 1 et 2;
7. approuver que le pouvoir d'effectuer des ajustements financiers mineurs nécessaires dans les projets qui apparaissent dans le présent rapport soit délégué au chef des finances;
8. approuver que le pouvoir de procéder à la clôture administrative des ordres internes relatifs aux immobilisations lorsqu'un ajustement budgétaire en règle le solde au complet et qu'il n'y a pas de répercussions sur le budget soit délégué au chef des finances.

BACKGROUND

Capital Adjustments and Closing of Projects

Each year, Financial Services prepares a capital closures and adjustments report for the Finance and Corporate Services 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 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. Additional reserve funds may also be used to refinance projects to reduce previously approved debt authority.

Budget adjustments involving capital projects can be processed under the limits established by Council under the Delegation of Authority By-law 2025-69. 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 with no overall budget impact.

The by-law, as amended, 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 different programs or stand-alone capital projects 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 as a result of delegated

authority provisions (Document 4). The latter is provided for the information of the Committee and Council, while adjustments in the former document are being recommended for approval.

The Midterm Governance Review ([ACS2025-OCC-GEN-0001](#)) has prompted changes to the City's financial reporting framework. Specifically, the Transit Services' Capital Closures and Adjustment report is no longer reported separately to the Transit Committee and is now consolidated within this report to Finance and Corporate Services Committee. This change aims to enhance the transparency and efficiency of the City's financial reporting processes.

DISCUSSION

The recommended project closures and amendments will remove \$55.150 million in previously approved net spending budgets, require \$29.574 million of revenue, \$23.926 million to be returned to the various tax and rate supported reserve funds, \$11.813 million in Development Charge funding being returned and a decrease in debt financing requirements of \$48.985 million.

The projects recommended for closure (Document 1) have been completed and are \$26.380 million under the net expenditure budget approved by Council. The budget adjustments that require Council approval (Document 2) propose a \$28.769 million decrease to the previously approved net expenditure budget authority.

Staff continue to proactively manage the risks associated with costs during all stages of a project as they continue to closely monitor, track and report on budgets. Project schedules are also monitored and reported, and monthly project status reports provide Council with current information about schedules, risks and issues.

Document 1 - Capital Projects Recommended for Closure

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

Projects totaling \$576.037 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$26.380 million less than budgeted, which will result in \$4.798 million being returned to capital tax and other reserves, \$6.318 million being returned to rate reserve funds, \$10.059 million being returned to the development charge accounts along with a reduction of \$5.206 million of debt authority that is not needed to fund these projects.

Document 2 - Budget Adjustments Requiring Council Approval

Document 2 separates the budget adjustments requested by project managers (departmental requests) from those that are administrative adjustments. Adjustments requested may result in an increase/decrease in expenditure authority, new scope of works, and/or an increase/decrease of a specific funding type.

Unlike those requested by departments, administrative adjustments do not have an impact on the scope or the nature of work, nor do they involve transfers between projects. Generally, they revise the financing of a project and require Council approval because they either involve debt financing or exceed the Chief Financial Officer/Treasurer's delegated authority limits.

As per Motion No. 2024-48-13, staff were requested to report back through the 2025 capital closure process on the feasibility of an additional \$1 million allocation to the minor sidewalk program bringing the total investment over the term to \$11 million. Project 911302 24-26 Minor Sidewalk Repairs in document 2 reflects an additional \$1 million contribution to the minor sidewalk program bringing the total investment over the term to \$11 million.

Transit Services' operating budget adjustments are included in Document 2. These adjustments reflect capital budget changes that impact transfers to and from the operating budget, where applicable. The purpose of these transfers is to accurately allocate operating-in-nature positions to the Operating Budget. Importantly, these adjustments result in no net budget impact.

The overall impact of the departmental budget adjustments to existing and new projects is a net decrease of \$28.769 million in the previously approved net budget authority for the projects listed in Document 2. This resulted in a capital funding increase from general revenue of \$29.574 million, \$3.665 million decrease in funding from tax and other reserves, \$9.145 million decrease in funding from rate supported reserves, a \$1.755 million decrease in funding from development charges, and a \$43.779 million decrease in debt required.

Return to Source Funding or (Funding Required)

The details of the return to source funding or (funding required) resulting from Documents 1 and 2 are outlined in Table 1.

Table 1: Financial Implications (\$)

| 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) |
|--|---|--|---|
| Revenue | 0 | (29,574,419.14) | (29,574,419.14) |
| Capital Discretionary Reserves | | | |
| City Wide Capital Reserve | 3,091,135.57 | (1,894,148.27) | 1,196,987.30 |
| Transit Capital Reserve | 269,649.10 | 6,864,716.87 | 7,134,365.97 |
| Corporate Fleet | 24.48 | (900,000.00) | (899,975.52) |
| Housing Reserve | (163.62) | (808,264.00) | (808,427.62) |
| Cash-in-Lieu of Parkland - City Wide | 522,865.41 | 0 | 522,865.41 |
| Cash-in-Lieu of Parkland - Ward 1 | 48,513.06 | 0 | 48,513.06 |
| Cash-in-Lieu of Parkland - Ward 2 | 10,578.12 | 0 | 10,578.12 |
| Cash-in-Lieu of Parkland - Ward 3 | 17,430.73 | 0 | 17,430.73 |
| Cash-in-Lieu of Parkland - Ward 4 | 1,908.04 | 0 | 1,908.04 |
| Cash-in-Lieu of Parkland - Ward 6 | 74,149.73 | 0 | 74,149.73 |
| Cash-in-Lieu of Parkland - Ward 7 | 7,165.87 | 0 | 7,165.87 |
| Cash-in-Lieu of Parkland - Ward 8 | 13,486.55 | 0 | 13,486.55 |
| Cash-in-Lieu of Parkland - Ward 9 | 17,422.83 | 0 | 17,422.83 |
| Cash-in-Lieu of Parkland - Ward 11 | 6,436.20 | 0 | 6,436.20 |
| Cash-in-Lieu of Parkland - Ward 12 | 8,109.64 | 0 | 8,109.64 |
| Cash-in-Lieu of Parkland - Ward 13 | 8,573.87 | 0 | 8,573.87 |
| Cash-in-Lieu of Parkland - Ward 14 | 9,292.97 | 0 | 9,292.97 |
| Cash-in-Lieu of Parkland - Ward 15 | 3,557.76 | 0 | 3,557.76 |
| Cash-in-Lieu of Parkland - Ward 16 | 27,661.68 | 0 | 27,661.68 |
| Cash-in-Lieu of Parkland - Ward 17 | 58,413.67 | 547,800.00 | 606,213.67 |
| Cash-in-Lieu of Parkland - Ward 18 | 48,291.27 | (145,000.00) | (96,708.73) |
| Cash-in-Lieu of Parkland - Ward 19 | 22,070.20 | 0 | 22,070.20 |
| Cash-in-Lieu of Parkland - Ward 21 | 107,757.71 | 0 | 107,757.71 |
| Cash-in-Lieu of Parkland - Ward 22 | 22,611.70 | 0 | 22,611.70 |
| Cash-in-Lieu of Parkland - Ward 23 | 21,013.09 | 0 | 21,013.09 |
| Building Code Capital | (81.42) | 0 | (81.42) |
| Total Capital Discretionary Reserves | 4,417,874.21 | 3,665,104.60 | 8,082,978.81 |
| Combined Operating & Capital Reserves | | | |
| Water Reserve | 2,874,072.33 | 1,475,180.19 | 4,349,252.52 |
| Wastewater Reserve | 1,560,732.43 | 838,246.49 | 2,398,978.92 |

| 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) |
|--|---|--|---|
| Stormwater Reserve | 1,513,905.27 | 6,831,663.00 | 8,345,568.27 |
| Solid Waste Reserve | 369,297.84 | 0 | 369,297.84 |
| Parking Reserve | 56,292.44 | 0 | 56,292.44 |
| Ottawa Public Library Reserve | 34,906.55 | 0 | 34,906.55 |
| Road Safety Reserve Fund | 288,622.40 | 0 | 288,622.40 |
| Total Combined Operating & Capital Reserves | 6,697,829.26 | 9,145,089.68 | 15,842,918.94 |
| | | | |
| Development Charge | 10,058,589.14 | 1,754,895.65 | 11,813,484.79 |
| | | | |
| Debt Financing | | | |
| City Wide Debt | 466,945.00 | (561,394.06) | (94,449.06) |
| Transit Debt | 828,498.00 | (8,859,396.19) | (8,030,898.19) |
| Water Funded Debt | 483,000.00 | 16,017.27 | 499,017.27 |
| Sewer Funded Debt | 492,068.95 | 0 | 492,068.95 |
| Stormwater Funded Debt | 1,705,187.05 | 0 | 1,705,187.05 |
| PTIF CW Debt | 0 | 3,513,356.56 | 3,513,356.56 |
| PTIF Transit Debt | 0 | 19,619,449.98 | 19,619,449.98 |
| Stage 2 BP Debt | 0 | 5,000,000.00 | 5,000,000.00 |
| Development Charge Debt | 1,230,204.00 | 25,050,744.41 | 26,280,948.41 |
| Total Debt Financing | 5,205,903.00 | 43,778,777.97 | 48,984,680.97 |
| | | | |
| Grand Total | 26,380,195.60 | 28,769,448.76 | 55,149,644.36 |

Document 3 - Capital Project Date Changes Requiring Council Approval

As directed, capital projects will be considered for closure in 2025 if the stated completion date as established by the project manager is 2024.

Capital projects that qualify for closure and 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 2024 to its new completion date accordingly.

Document 4 - Capital Budget Adjustments Processed Under Delegated Authority

The capital budget adjustments processed between May 17, 2024, to May 16, 2025,

under the authority delegated to the Chief Financial Officer/Treasurer as per the Delegation of Authority By-law 2025-69, Section 9 Transfer of Capital Funds, are provided in Document 4 for the information of Committee and Council.

Recommendation 7 seeks delegated authority to make minor financial adjustments, not exceeding \$10,000 in aggregate for all adjustments within this report to funding allocations during the closure process. These minor adjustments are often necessitated by last-minute expenditures, administrative adjustments, or other immaterial discrepancies that arise during the finalization of capital projects.

Recommendation 8 seeks delegated authority to administratively close capital internal orders when in-year budget adjustment(s) processed under the Delegation of Authority By-law 2025-69 that fully eliminate the balance.

Administratively closing a capital internal order means formally concluding the financial tracking and management of the order, as it has reached a state where:

- All budgetary funds have been fully transferred or cancelled.
- No expenditures have occurred.
- No additional financial transactions will be processed; and,
- No budget impact.

Administratively closed internal orders will be noted in the delegated budget adjustment summary through the annual Capital Closure and Adjustments report.

Document 5 – Reserve Fund Status

Document 5 - Reserve Fund Status presents a continuity schedule of the City's reserves and reserve funds. The schedule reflects the impact on reserve balances of the recommendations as presented in this report.

FINANCIAL IMPLICATIONS

The impact of the closing and adjustment of capital projects is 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.

DELEGATION OF AUTHORITY IMPLICATIONS

Part of this report's recommendations include that Council delegate authority to Chief Financial Officer/Treasurer to make minor financial adjustments, not exceeding \$10,000 in aggregate for all adjustments within this report to funding allocations during the closure process. These minor adjustments are often necessitated by last-minute expenditures, administrative adjustments, or other immaterial discrepancies that arise during the finalization of capital projects.

It is also recommended that Council delegate authority to the Chief Financial Officer/Treasurer to administratively close capital internal orders when in-year budget adjustment(s) processed under the Delegation of Authority By-law 2025-69 that fully eliminate the balance and has no budget implications.

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.