

**1. CAPITAL BUDGET ADJUSTMENTS AND CLOSING OF PROJECTS – CITY
TAX AND RATE SUPPORTED**

**AJUSTEMENT DU BUDGET DES IMMOBILISATIONS ET CLÔTURE DE
PROJETS SOUTENUS PAR LES IMPÔTS FONCIERS ET LES
REDEVANCES**

COMMITTEE RECOMMENDATIONS

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 (funding required) the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:**
 - General revenue \$1,800,000**
 - Capital supported reserves \$79,490,133**
 - Development Charge reserves \$16,956,185**
 - Debt Authority \$9,825,368**
- 4. Permit those projects in Document 3 that qualify for closure, to remain open; and**
- 5. Receive the budget adjustments in Document 4 undertaken in accordance with the Delegation of Authority By-law 2019-280, as amended, as they pertain to capital works.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. approuve la clôture des projets d'immobilisation répertoriés dans le document 1;**
- 2. approuve les ajustements budgétaires, comme l'indique le document 2;**
- 3. rembourse les soldes de financement (financement requis) suivants et élimine le pouvoir d'endettement, en raison de la clôture des projets et des ajustements budgétaires :**
 - Recettes générales : 1 800 000 \$**
 - Fonds de réserve financés par les immobilisations : 79 490 133 \$**
 - Réserves relatives aux redevances d'aménagement : 16 956 185 \$**
 - Pouvoir d'endettement : 9 825 368 \$**
- 4. permet que les projets indiqués dans le document 3, qui se qualifient pour une clôture, restent ouverts; et**
- 5. prenne connaissance des ajustements budgétaires présentés dans le document 4, apportés conformément au Règlement municipal sur la délégation de pouvoir (n° 2019-280), dans sa version modifiée, et ayant trait aux travaux d'immobilisations.**

DOCUMENTATION/DOCUMENTATION

1. Deputy City Treasurer's report, Corporate Finance, Finance Services Department dated 25 June 2020 (ACS2020-FSD-FIN-0015).

Rapport de la trésorière municipale adjointe, Services des finances municipales, Direction générale des services des finances daté le 25 juin 2020 (ACS2020-FSD-FIN-0015).

2. Extract of draft Minutes, Finance and Economic Development Committee, 7 July 2020

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 7 juillet 2020

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
7 July 2020 / 7 juillet 2020**

**and Council
et au Conseil
15 July 2020 / 15 juillet 2020**

**Submitted on June 25, 2020
Soumis le 25 juin 2020**

**Submitted by
Soumis par:**

**Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance Services
Department/ Trésorière municipale adjointe, Services des finances municipales,
Direction générale des services des finances**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2020-FSD-FIN-0015

**SUBJECT: CAPITAL BUDGET ADJUSTMENTS AND CLOSING OF PROJECTS –
CITY TAX AND RATE SUPPORTED**

**OBJET: AJUSTEMENT DU BUDGET DES IMMOBILISATIONS ET CLÔTURE
DE PROJETS SOUTENUS PAR LES IMPÔTS FONCIERS ET LES
REDEVANCES**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend 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 (funding required) the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:**
 - General revenue \$1,800,000**
 - Capital supported reserves \$79,490,133**
 - Development Charge reserves \$16,956,185**
 - Debt Authority \$9,825,368**
- 4. Permit those projects in Document 3 that qualify for closure, to remain open; and**
- 5. Receive the budget adjustments in Document 4 undertaken in accordance with the Delegation of Authority By-law 2019-280, as amended, as they pertain to capital works.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil :

- 1. d'approuver la clôture des projets d'immobilisation répertoriés dans le document 1;**
- 2. d'approuver les ajustements budgétaires, comme l'indique le document 2;**
- 3. de rembourser les soldes de financement (financement requis) suivants et d'éliminer le pouvoir d'endettement, en raison de la clôture des projets et des ajustements budgétaires :**
 - Recettes générales : 1 800 000 \$**
 - Fonds de réserve financés par les immobilisations : 79 490 133 \$**
 - Réserves relatives aux redevances d'aménagement : 16 956 185 \$**
 - Pouvoir d'endettement : 9 825 368 \$**
- 4. de permettre que les projets indiqués dans le document 3, qui se qualifient pour une clôture, restent ouverts; et**

- 5. de prendre connaissance des ajustements budgétaires présentés dans le document 4, apportés conformément au Règlement municipal sur la délégation de pouvoir (n° 2019-280), dans sa version modifiée, et ayant trait aux travaux d'immobilisations.**

BACKGROUND

Each year, Corporate Finance prepares separate capital budget adjustments and closure reports for the Finance and Economic Development Committee (FEDCo) and for the Transit Commission. Each report contains recommendations on projects that fall within the respective mandates of FEDCo or the Commission.

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. 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 as contained in the Delegated Authority By-law 2018-397. 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
- Adjust project financing

The By-law, as amended, specifies those parameters in which budget adjustments may be made if authorized by the City Treasurer. Those capital budget adjustment requests that do not meet the delegated authority limits of the City 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 10% or \$100,000 whichever is the lesser
- Transfers of debt authority between programs with previously approved debt authority, regardless of amount
- Establishment of new projects outside the budget process
- A reduction of or increase in funding authority
- 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 FEDCo and Council, while adjustments in the former document are being recommended for approval.

DISCUSSION

The recommended project closures and amendments will remove \$106.3 million in previously approved net spending budgets, \$79.5 million to be returned to capital supported reserve funds, \$16.96 million to be returned to the Development Charge accounts and a reduction in debt financing requirements by \$9.8 million.

The projects recommended for closure (Document 1) have been completed and are \$56.7 million under the net expenditure budget approved by Council. The budget adjustments that require Council approval (Document 2) propose a \$49.6 million decrease to the previously approved net expenditure budget authority.

Recommendation 1 - Capital Projects Recommended for Closure

All capital projects recommended for closure are listed in Document 1 and 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 totalling \$314.6 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$56.7 million less than budget which will result in \$41.3 million being returned to capital reserve funds, \$6.7

million being returned to the development charge accounts along with a reduction of \$8.7 million of debt authority that is not needed to fund these projects.

Recommendation 2 - Budget Adjustments Requiring Council Approval

Document 2 separates the budget adjustments requested by project managers (departmental requests) from those that are administrative adjustments.

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 City Treasurer’s delegated authority limits.

The overall impact of the departmental budget adjustments is a net reduction of \$49.6 million in the previously approved net budget authority for the projects listed in Document 2.

Recommendation 3 – Return to Source Funding

The details of the return to source funding is included in the following table:

Tax & Rate 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			
General Revenue	-	1,800,000	1,800,000
Total Revenue	-	1,800,000	1,800,000
Capital Discretionary Reserves			
Cash-in-Lieu of Parkland - City Wide	84,120	-	84,120

Tax & Rate 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)
City Wide Capital Reserve	14,143,389	5,851,179	19,994,568
Transit Capital Reserve	540,802	242,348	783,150
Corporate Fleet	838	-	838
Cash-in-Lieu of Parkland - Ward 1	3,117	-	3,117
Cash-in-Lieu of Parkland - Ward 2	6,935	-	6,935
Cash-in-Lieu of Parkland - Ward 3	96,801	-	96,801
Cash-in-Lieu of Parkland - Ward 6	40,384	-	40,384
Cash-in-Lieu of Parkland - Ward 9	(1,200)	-	(1,200)
Cash-in-Lieu of Parkland - Ward 10	24,361	-	24,361
Cash-in-Lieu of Parkland - Ward 11	9,956	-	9,956
Cash-in-Lieu of Parkland - Ward 13	40,708	-	40,708
Cash-in-Lieu of Parkland - Ward 16	6,584	-	6,584
Cash-in-Lieu of Parkland - Ward 17	33,302	-	33,302
Cash-in-Lieu of Parkland - Ward 19	935	-	935
Cash-in-Lieu of Parkland - Ward 20	20,000	-	20,000
Cash-in-Lieu of Parkland - Ward 21	59,289	-	59,289
Cash-in-Lieu of Parkland - Ward 22	8,601	-	8,601

Tax & Rate 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)
Total Capital Discretionary Reserves	15,118,922	6,093,527	21,212,449
Combined Operating & Capital Reserves			
Water Capital Reserve	11,053,915	19,738,319	30,792,234
Wastewater Capital Reserve	12,087,573	7,595,510	19,683,083
Solid Waste Capital Reserve	107,376	(3,200,000)	(3,092,624)
Solid Waste Compensation	-	1,400,000	1,400,000
Stormwater Capital Reserve	1,000,041	1,303,000	2,303,041
Water Fleet Reserve	596	-	596
Library Capital Reserve	306,626	-	306,626
Total Combined Operating & Capital Reserves	24,556,127	26,836,829	51,392,956
Restricted Reserves			
Provincial Gas Tax	252,398	1,685,000	1,937,398
Federal Gas Tax	1,352,991	1,794,339	3,147,330
Total Restricted Reserves	1,605,389	3,479,339	5,084,728
Total Capital Supported Reserves	41,280,438	38,209,695	79,490,133

Tax & Rate 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)
Development Charge	6,749,124	10,207,061	16,956,185
Debt Financing			
City Wide Debt	2,549,749	(2,549,749)	-
Water Funded Debt	2,131,018	-	2,131,018
Sewer Funded Debt	2,549,426	700,312	3,249,738
Stormwater Funded Debt	-	1,000,000	1,000,000
Transit Debt	-	264,000	264,000
PTIF CW Debt	4,099	-	4,099
Provincial Gas Tax Debt	310,581	518,000	828,581
Federal Gas Tax Debt	901,922	-	901,922
Development Charge Debt	206,010	1,240,000	1,446,010
Total Debt Financing	8,652,805	1,172,563	9,825,368
Grand Total	56,682,367	49,589,319	106,271,686

Recommendation 4 - Capital Projects Requiring Council Approval to Remain Open

As directed, capital projects will be considered for closure in 2020 if the stated completion date as established by the project manager is 2019.

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 2019 to its new completion date accordingly.

Recommendation 5 - Capital Budget Adjustments Processed Under Delegated Authority

Those capital budget adjustments processed between September 2019 to June 2020 under the authority delegated to the City Treasurer as per the Delegation of Authority By-law are provided in Document 4 for the information of FEDCo and Council.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Not applicable.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide report.

ADVISORY COMMITTEE(S) COMMENTS

Not applicable.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

ASSET MANAGEMENT IMPLICATIONS

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

FINANCIAL IMPLICATIONS

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

ACCESSIBILITY IMPACTS

There are no accessibility impact implications with this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's on-going commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – Projects Recommended for Capital Closure

Document 2 – Budget Adjustments Requiring Council Approval

Document 3 – Capital Projects Requiring Council Approval for Date Change

Document 4 – Budget Adjustments Under Delegated Authority

Document 5 – Capital Reserves Status Report

DISPOSITION

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