

**Report to
Rapport au:**

**Transit Commission
Commission du transport en commun
17 June 2020 / 17 juin 2020**

**and Council
et au Conseil
24 June 2020 / 24 juin 2020**

**Submitted on June 8, 2020
Soumis le 8 juin 2020**

**Submitted by
Soumis par:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2020-FSD-FIN-0014

**SUBJECT: CAPITAL ADJUSTMENTS AND CLOSING OF PROJECTS – TRANSIT
COMMISSION**

**OBJET: AJUSTEMENT DU BUDGET DES IMMOBILISATIONS ET CLÔTURE
DE PROJETS – COMMISSION DU TRANSPORT EN COMMUN**

REPORT RECOMMENDATIONS

That the Transit Commission recommends Council:

- 1. Authorize the closing of capital projects listed in Document 1;**
- 2. Approve the budget adjustments as detailed in Document 2;**
- 3. Permit those projects in Document 3 that qualify for closure, to remain open; and**
- 4. Approve the return to source or (funding draw) for the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:**
 - a) Transit Capital Supported Reserve: \$6,438,668;**
 - b) Provincial Gas Tax Reserve: \$2,078**
 - c) Development Charge Reserve: \$1,510,426**
 - d) Debt Authority: \$123,719.**

RECOMMANDATIONS DU RAPPORT

Que la Commission du transport en commun recommande au Conseil :

- 1. d'autoriser la clôture des projets d'immobilisations qui figurent au document 1;**
- 2. d'approuver les ajustements budgétaires décrits dans le document 2;**
- 3. d'autoriser le maintien des projets du document 3 qui remplissent les critères de clôture; et,**
- 4. d'approuver le remboursement des soldes ou (financement requis) suivants et d'éliminer le pouvoir d'endettement qui résulte de la clôture des projets et des ajustements budgétaires :**
 - a) Fonds de réserve financé par les immobilisations du transport en commun : 6 438 668 \$;**
 - b) Fonds de réserve de la taxe provinciale sur l'essence : 2 078 \$;**
 - c) Fonds de réserve des redevances d'aménagement : 1 510 426 \$;**
 - d) Pouvoir d'endettement : 123 719 \$.**

BACKGROUND

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

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. 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 2018-397, 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; and

- Project closures.

This report includes those capital budget adjustments that require specific Council approval as per the details contained in Document 2. Document 3 lists the projects that qualify for closure but are recommended to remain open based on the rationale provided by the project managers.

DISCUSSION

The recommendations as proposed in this report to the Transit Commission and Council will result in the reduction of \$8.1 million in previously approved capital budget authority, return \$6.4 million to capital reserves, \$2 thousand to provincial gas tax reserve, \$1.5 million to Transit development charge reserve and will eliminate \$123 thousand of debt financing. Additional information on each recommendation is provided below.

Capital Projects Recommended for Closure

All capital projects recommended for closure are listed in Document 1. It also 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 \$118.5 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$1.62 million less than budget which will result in \$1.62 million being returned to the funding sources identified in Document 1.

Budget Adjustments Requiring Council Approval

Document 2 request the budget adjustments requiring Council Approval.

The overall impact of the departmental budget adjustments is a reduction in previously approved authority of \$6.45 million. Actual funding required is \$6.45 million less than budget and will be returned to the Transit Capital reserve.

Capital Projects Requiring Council Approval to Remain Open

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 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 2019 to its new completion date accordingly.

Closing of Capital Projects and Budget Adjustments

The impact of the closing of capital projects recommended in Document 1 and budget adjustments in Document 2 are summarized in the table below.

Table 1: Net Impact of Closures and Adjustments

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	(9832)	6,448,500	6,438,668
Total Capital Discretionary Reserves	(9832)	6,448,500	6,438,668
Restricted Reserves			
Provincial Gas Tax	2,078	-	2,078
Total Restricted Reserves	2,078	-	2,078
Total Capital Supported Reserves	(7,754)	6,448,500	6,440,746
Development Charge	1,510,426	-	1,510,426
Debt Financing			
City Wide Debt	10,921	-	10,921
PTIF Transit Debt	8,070	-	8,070
Transit Debt	104,728	-	104,728
Total Debt Financing	123,719	-	123,719
Grand Total	1,626,392	6,448,500	8,074,891

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

This is an administrative report and consultation is not applicable.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city wide report and councillor comments are not applicable.

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.

FINANCIAL IMPLICATIONS

The financial implications 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 – 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 – Transit Reserve Fund Status

DISPOSITION

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