

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
6 June 2017 / 6 juin 2017**

**and Council
et au Conseil
14 June 2017 / 14 juin 2017**

**Submitted on May 29, 2017
Soumis le 29 mai 2017**

**Submitted by
Soumis par:
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2017-CMR-FIN-0016

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

**OBJET: AJUSTEMENT DU BUDGET DES IMMOBILISATIONS ET CESSATION
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:
 - Tax Supported reserves \$5.083 million;
 - Rate Supported Reserves \$21.442 million;
 - Development Charge revenues (\$4.135 million); and
 - Debt Authority \$24.105 million;
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 2016-369, 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'autoriser la cessation des projets d'immobilisations qui figurent au document 1;
2. d'approuver les ajustements budgétaires décrits dans le document 2;
3. de retourner les soldes suivants à la source (financement requis) et de supprimer le pouvoir d'endettement qui résulte de la cessation des projets et des ajustements budgétaires :
 - Réserves financées par les recettes fiscales : 5,083 millions de dollars;
 - Réserves financées par les redevances : 21,442 millions de dollars;
 - Redevances d'aménagement : 4,135 millions de dollars;
 - Pouvoir d'endettement : 24,105 millions de dollars;
4. d'autoriser le maintien des projets du document 3 qui remplissent les critères de cessation;

- 5. de prendre connaissance des ajustements budgétaires décrits dans le document 4, apportés aux termes du *Règlement municipal sur la délégation de pouvoirs* (n° 2016-369), dans sa version modifiée, et ayant trait aux travaux d'immobilisation.**

BACKGROUND

Each year, staff prepares separate capital budget adjustments and closure reports for the Transit 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 2016-369, 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 (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 Committee and Council, while adjustments in the former document are being recommended for approval.

DISCUSSION

The recommended project closures and amendments will remove \$46.495 million in previously approved net spending budgets which will return \$5.083 million to tax supported capital reserve funds, \$21.442 million to the rate supported reserve funds, add \$4.135 million to the Development Charge accounts and reduce debt financing requirements by \$24.105 million.

The projects recommended for closure (Document 1) have been completed and are \$34.739 million under the net expenditure budget approved by Council. The budget adjustments that require Council approval (Document 2) propose a \$3.266 million decrease to the previously approved net expenditure budget authority.

The recommendations as proposed in this report to the Finance and Economic Committee and Council will eliminate \$24.105 million of previously approved debt financing requirements. 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. 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 \$482.917 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$34.739 million less than budget which will result in \$7.145 million being returned to tax supported reserve funds, \$19.412 to rate supported reserve funds, along with a reduction of \$4.939 million in development charge funding along with a reduction of \$3.244 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 \$3.266 million in the previously approved net budget authority for the projects listed in Document 2.

RECOMMENDATION 3

Capital Projects Requiring Council Approval to Remain Open

As directed by the Executive Committee, capital projects will be considered for closure in 2017 if the stated completion date as established by the project manager is 2016.

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 2016 to its new completion date accordingly.

RECOMMENDATION 4

Capital Budget Adjustments Processed Under Delegated Authority

Those capital budget adjustments processed between June 1 and May 25 under the authority delegated to the City Treasurer (By-law 2016-369) are provided in Document 4 for the information of the Finance and Economic Development Committee and Council.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Not applicable.

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable.

ADVISORY COMMITTEE(S) COMMENTS

This section contains any comments or recommendations made by one or more Advisory Committees relating to this report.

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 impact of the closing of capital projects recommended in Document 1 and budget adjustments in Document 2 are summarized in the chart below. The net impact of these closures and budget adjustments will reduce the debt financing requirement on tax and rate related projects by \$24.105 million.

Summary

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			-

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)
Federal Revenue	-	(8,334,000)	(8,334,000)
Provincial Revenue	-	(2,273,000)	(2,273,000)
General Revenue	-	2,057,000	2,057,000
Front Ending Agreements	-	310,000	310,000
D/R - Section 37 Community Benefits	-	(249,632)	(249,632)
	-	(8,489,632)	(8,489,632)
Tax / Other Reserves			
Cash-in-Lieu of Parkland - City Wide	553,219	(26,000)	527,219
CILP Ward 1	60,408	-	60,408
CILP Ward 4	20,381	-	20,381
CILP Ward 7	36,842	-	36,842
CILP Ward 8	11,678	-	11,678
CILP Ward 9	61,901	-	61,901
CILP Ward 10	48,263	-	48,263
CILP Ward 12	155,493	-	155,493
CILP Ward 14	2,132	-	2,132

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)
CILP Ward 15	23,608	-	23,608
CILP Ward 17	64,717	-	64,717
CILP Ward 18	7,375	-	7,375
CILP Ward 20	11,337	-	11,337
City Wide Capital Reserve	1,442,018	(1,385,937)	56,081
Corporate Fleet Reserve	18,769	-	18,769
Library Capital Reserve	41,951	(372,000)	(330,049)
Solid Waste Compensation Reserve	900,071	-	900,071
Transit Capital	179,243	-	179,243
Housing Reserve	-	(278,000)	(278,000)
Cash-in-Lieu of Parking Reserve	1,265	164,000	165,265
Parking Facilities	3,504,039	(164,000)	3,340,039
	7,144,711	(2,061,937)	5,082,774
Rate Reserves			
Water Capital Reserve	9,014,483	-	9,014,483
Sewer Capital Reserve	10,329,918	1,530,000	11,859,918

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)
Water Fleet Reserve	595	-	595
Solid Waste Rate Reserve	67,437	500,000	567,437
	19,412,433	2,030,000	21,442,433
Development Charge	4,938,748	(9,073,431)	(4,134,683)
Debt Financing			
City Wide Debt	826,698	5,232,000	6,058,698
Water Funded Debt	658,000	-	658,000
Sewer Funded Debt	1,016,355	-	1,016,355
Transit Debt	-	3,595,000	3,595,000
Provincial Gas Tax Debt	-	2,155,000	2,155,000
Federal Gas Tax Debt	-	1,000,000	1,000,000
O-OTM Tax Debt	348,810	-	348,810
O-OTM Water Debt	240,000	-	240,000
O-OTM Sewer Debt	69,415	-	69,415
Development Charge Debt	84,315	8,879,000	8,963,315

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)
	3,243,594	20,861,000	24,104,594
Grand Total	34,739,486	3,266,000	38,005,486

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

The recommendations in this report support the Term of Council priorities (FS2 “Maintain and enhance the City’s financial position”.

SUPPORTING DOCUMENTATION

Document 1 – Capital Projects Recommended for Closure

Document 2 – Budget Adjustments Requiring Council Approval

Document 3 – Capital 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, Financial Services will process the necessary adjustments.