

**4. CAPITAL BUDGET ADJUSTMENTS AND CLOSING OF PROJECTS – CITY
TAX AND RATE SUPPORTED
AJUSTEMENT DU BUDGET DES IMMOBILISATIONS ET CESSATION 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 or (funding required) the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:
 - General revenue: (\$429,117.00)
 - Capital supported reserves: \$6,965,799.95
 - Development Charge reserves: \$472,993.04
 - Debt Authority: \$6,786,447.00
4. Permit those projects in Document 3 that qualify for closure to remain open and revise the completion dates of projects requesting a new completion date;
5. Receive the budget adjustments in Document 4 undertaken in accordance with the *Delegation of Authority By-law 2020-360*, as amended, as they pertain to capital works; and
6. Authorize staff to perform the necessary financial adjustments as detailed in Documents 1 and 2.

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 d'éliminer le pouvoir d'endettement en raison de la clôture des projets et des ajustements budgétaires :**
 - **Recettes générales : (429 117,00 \$)**
 - **Fonds de réserve financés par les immobilisations : 6 965 799,95 \$**
 - **Réserves relatives aux redevances d'aménagement : 472 993,04 \$**
 - **Pouvoir d'endettement : 6 786 447,00 \$**
 4. **permet que les projets indiqués dans le document 3, qui se qualifient pour une clôture, restent ouverts et de réviser les dates d'achèvement de projets demandant une nouvelle date d'achèvement;**
 5. **prenne connaissance des ajustements budgétaires présentés dans le document 4, apportés conformément au *Règlement municipal sur la délégation de pouvoir* (no 2020-360), dans sa version modifiée, et ayant trait aux travaux d'immobilisations;**
 6. **autorise le personnel à appliquer les rajustements financiers nécessaires, comme l'indiquent les documents 1 et 2.**

DOCUMENTATION/DOCUMENTATION

1. Deputy City Treasurer's report, Corporate Finance, Finance Services Department, dated May 20, 2021 (ACS2021-FSD-FIN-0011)

Rapport de la Directrice générale, Services sociaux et communautaires, daté le 20 mai 2021, (ACS2021-FSD-FIN-0011)

2. Extract of draft Minutes, Finance and Economic Development Committee, 1 June 2021.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 1 juin 2021.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
1 June 2021 / 1 juin 2021**

**and Council
et au Conseil
9 June 2021 / 9 juin 2021**

**Submitted on May 20, 2020
Soumis le 2020 mai 2021**

**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: ACS2021-FSD-FIN-0011

**SUBJECT: CAPITAL BUDGET 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 or (funding required) the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:
 - General revenue: (\$429,117.00)
 - Capital supported reserves: \$6,965,799.95
 - Development Charge reserves: \$472,993.04
 - Debt Authority: \$6,786,447.00
4. Permit those projects in Document 3 that qualify for closure to remain open and revise the completion dates of projects requesting a new completion date;
5. Receive the budget adjustments in Document 4 undertaken in accordance with the *Delegation of Authority By-law 2020-360*, as amended, as they pertain to capital works; and
6. Authorize staff to perform the necessary financial adjustments as detailed in Documents 1 and 2.

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 : (429 117,00 \$)

- **Fonds de réserve financés par les immobilisations : 6 965 799,95 \$**
 - **Réserves relatives aux redevances d'aménagement : 472 993,04 \$**
 - **Pouvoir d'endettement : 6 786 447,00 \$**
4. **de permettre que les projets indiqués dans le document 3, qui se qualifient pour une clôture, restent ouverts et de réviser les dates d'achèvement de projets demandant une nouvelle date d'achèvement;**
 5. **de prendre connaissance des ajustements budgétaires présentés dans le document 4, apportés conformément au *Règlement municipal sur la délégation de pouvoir* (no 2020-360), dans sa version modifiée, et ayant trait aux travaux d'immobilisations;**
 6. **d'autoriser le personnel à appliquer les rajustements financiers nécessaires, comme l'indiquent les documents 1 et 2.**

BACKGROUND

Each year, Corporate Finance prepares separate capital budget adjustment and closure reports for the Finance and Economic Development Committee (FEDCo) and 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 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 *Delegation of Authority By-law 2020-360*. 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 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 programs or internal orders in excess of 10 per cent or \$200,000 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 FEDCo and Council, while adjustments in the former document are being recommended for approval.

DISCUSSION

The recommended project closures and amendments will remove \$13.796 million in previously approved net spending budgets, \$6.966 million to be returned to capital supported tax and rate reserve funds, \$0.473 million to be returned to the Development Charge accounts and a reduction in debt financing requirements of \$6.786 million.

The projects recommended for closure (Document 1) have been completed and are \$13.904 million under the net expenditure budget approved by Council. The budget adjustments that require Council approval (Document 2) propose a \$4.355 million increase to the previously approved net expenditure budget authority where \$4.247

million was transferred from the Operating Budget to Capital through reserves (Document 4). These Operating budget transfers were performed under delegated authority to facilitate project and financial management.

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 \$304.105 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$13.904 million less than budget which will result in \$8.773 million being returned to capital tax and rate reserve funds, \$1.410 million being returned to the development charge accounts along with a reduction of \$3.722 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 Chief Financial Officer/Treasurer's delegated authority limits.

The overall impact of the departmental budget adjustments to existing and new projects is a net increase of \$4.355 million in the previously approved net budget authority for the projects listed in Document 2. As mentioned above and listed in Document 4, \$4.247 million was transferred from existing operating budgets to convert those initiatives to capital works to more easily track and manage them through the capital budget.

Recommendation 3 – Return to Source Funding or (Funding Required)

The details of the return to source funding or (funding required) are outlined in Table 1.

Table 1: Return to Source Funding

Tax & Rate Financial Implications	Document 1 Closures Return to Source / (Funding Required)	Document 2 Budget Adjustments Return to Source / (Funding Required)	Document 4 - Delegated Operating Budget Transfers to Capital To/(From) Reserve	TAX/RATE Total Returned to Source / (Funding Required)
Revenue				
General Revenue	-	(429,117.00)	-	(429,117.00)
Total Revenue	-	(429,117.00)	-	(429,117.00)
Capital Discretionary Reserves				
City Wide Capital Reserve	1,848,934.37	(4,966,230.00)	3,015,330.00	(101,965.63)
Transit Capital Reserve	103,446.31	(809,310.00)	809,310.00	103,446.31
Cash-in-Lieu of Parking	77,675.09	-	-	77,675.09
Cash-in-Lieu of Parkland - City Wide	40,729.20	-	-	40,729.20
Cash-in-Lieu of Parkland - Ward 1	399.62	-	-	399.62
Cash-in-Lieu of Parkland - Ward 2	667.00	-	-	667.00
Cash-in-Lieu of Parkland - Ward 3	4,442.31	-	-	4,442.31
Cash-in-Lieu of Parkland - Ward 4	70,466.98	-	-	70,466.98
Cash-in-Lieu of Parkland - Ward 5	9,766.00	-	-	9,766.00
Cash-in-Lieu of Parkland - Ward 6	30,673.61	-	-	30,673.61
Cash-in-Lieu of Parkland - Ward 7	(0.31)	-	-	(0.31)
Cash-in-Lieu of Parkland - Ward 8	14,764.98	-	-	14,764.98
Cash-in-Lieu of Parkland - Ward 9	28,870.84	-	-	28,870.84
Cash-in-Lieu of Parkland - Ward 11	7,668.88	-	-	7,668.88
Cash-in-Lieu of Parkland - Ward 12	24,356.73	-	-	24,356.73
Cash-in-Lieu of Parkland - Ward 13	38,406.66	-	-	38,406.66
Cash-in-Lieu of Parkland - Ward 15	19,440.78	-	-	19,440.78
Cash-in-Lieu of Parkland - Ward 17	0.20	-	-	0.20
Cash-in-Lieu of Parkland - Ward 18	291.14	-	-	291.14

Tax & Rate Financial Implications	Document 1 Closures Return to Source / (Funding Required)	Document 2 Budget Adjustments Return to Source / (Funding Required)	Document 4 - Delegated Operating Budget Transfers to Capital To/(From) Reserve	TAX/RATE Total Returned to Source / (Funding Required)
Cash-in-Lieu of Parkland - Ward 19	18,613.40	-	-	18,613.40
Cash-in-Lieu of Parkland - Ward 20	10,000.00	-	-	10,000.00
Cash-in-Lieu of Parkland - Ward 21	2,815.24	-	-	2,815.24
Cash-in-Lieu of Parkland - Ward 22	28,396.97	-	-	28,396.97
Total Capital Discretionary Reserves	2,380,825.99	(5,775,540.00)	3,824,640.00	429,925.99
Combined Operating & Capital Reserves				
Water Capital Reserve	1,653,640.74	89,000.00	40,000.00	1,782,640.74
Wastewater Capital Reserve	3,294,943.51	15,000.00	-	3,309,943.51
Solid Waste Compensation	6,177.37	-	-	6,177.37
Solid Waste Rate	14,076.84	-	-	14,076.84
Stormwater Capital Reserve	1,440,680.51	(382,500.00)	382,500.00	1,440,680.51
Library Capital Reserve	(17,645.02)			(17,645.02)
Total Combined Operating & Capital Reserves	6,391,873.96	(278,500.00)	422,500.00	6,535,873.96
Total Capital Supported Reserves	8,772,699.95	(6,054,040.00)	4,247,140.00	6,965,799.95
Development Charge	1,409,693.04	(936,700.00)	-	472,993.04
Debt Financing				
City Wide Debt	1,083,247.00	(27,100.00)	-	1,056,147.00
Water Funded Debt	244,000.00	589,000.00	-	833,000.00
Sewer Funded Debt	1,932,000.00	328,000.00	-	2,260,000.00
Provincial Gas Tax Debt	183,000.00	-	-	183,000.00
Federal Gas Tax Debt	205,000.00	-	-	205,000.00

Tax & Rate Financial Implications	Document 1 Closures Return to Source / (Funding Required)	Document 2 Budget Adjustments Return to Source / (Funding Required)	Document 4 - Delegated Operating Budget Transfers to Capital To/(From) Reserve	TAX/RATE Total Returned to Source / (Funding Required)
Development Charge Debt	74,300.00	2,175,000.00	-	2,249,300.00
Total Debt Financing	3,721,547.00	3,064,900.00	-	6,786,447.00
Grand Total	13,903,939.99	(4,354,957.00)	4,247,140.00	13,796,122.99

Recommendation 4 - Capital Project Date Changes Requiring Council Approval

As directed, capital projects will be considered for closure in 2021 if the stated completion date as established by the project manager is 2020. However, projects that are not up for closure, but new completion dates are known at this time are also included and listed in Document 3 for Council approval. Rationale for the new completion dates are provided by the project managers.

Upon Council approval of this recommendation, the completion year of the projects listed in Document 3 will be revised to its new completion date accordingly.

Recommendation 5 - Capital Budget Adjustments Processed Under Delegated Authority

Those capital budget adjustments processed between June 17, 2020 to May 10, 2021 under the authority delegated to the Chief Financial Officer/Treasurer as per the *Delegation of Authority By-law* are provided in Document 4 for the information of FEDCo and Council.

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 and the Transit Commission's upcoming Capital Adjustment and Closing of Projects report.

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 associated 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 – Capital Project Date Changes Requiring Council Approval

Document 4 – Budget Adjustments Processed Under Delegated Authority

Document 5 – Reserve Fund Status

DISPOSITION

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