

**CAPITAL 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 the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:**
  - Tax Supported reserves \$2.0 million;**
  - Rate Supported Reserves \$19.3 million; and**
  - Debt Authority \$6.2 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 2013-17, as amended, as they pertain to capital works.**

### RECOMMANDATIONS DU COMITÉ

Que le Conseil :

1. approuve la cessation des projets d'immobilisation énumérés dans le document 1;
2. approuve les ajustements budgétaires décrits dans le document 2;
3. retourne à la source les soldes des fonds suivants et d'éliminer l'autorisation d'emprunt découlant de la cessation de projets et de l'ajustement du budget :
  - les réserves financées par les taxes de 2,0 millions de dollars;
  - les réserves financées par les redevances de 19,3 millions de dollars; et
  - autorisation d'emprunt de 6,2 millions de dollars;
4. permette que, les projets mentionnés dans le Document 3 qui se qualifient pour une cessation, restent ouverts; et
5. prenne connaissance des ajustements budgétaires décrits dans le document 4, apportés aux termes du Règlement municipal 2013-17 sur la délégation de pouvoirs, modifié, et ayant trait aux travaux d'immobilisation.

### DOCUMENTATION / DOCUMENTATION

1. Marian Simulik, City Treasurer, report dated May 27, 2014 (ACS2014-CMR-FIN-0023)  
  
Marian Simulik, Trésorière municipale, rapport daté du 27 mai 2014 (ACS2014-CMR-FIN-0023)
2. Extract of Draft Minutes 44, 3 June 2014  
  
Extrait de l'ébauche du procès-verbal 44 du 3 juin 2014

Report to  
Rapport au:

Finance and Economic Development Committee  
Comité des finances et du développement économique

and Council  
et au Conseil

May 27, 2014  
27 mai 2014

Submitted by  
Soumis par:

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2014-CMR-FIN-0023

**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 the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:**
  - Tax Supported reserves \$2.0 million;**
  - Rate Supported Reserves \$19.3 million; and**
  - Debt Authority \$6.2 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 2013-17, 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 cessation des projets d'immobilisation énumérés dans le document 1;**
- 2. d'approuver les ajustements budgétaires décrits dans le document 2;**
- 3. de retourner à la source les soldes des fonds suivants et d'éliminer l'autorisation d'emprunt découlant de la cessation de projets et de l'ajustement du budget :**
  - les réserves financées par les taxes de 2,0 millions de dollars;**
  - les réserves financées par les redevances de 19,3 millions de dollars; et**
  - autorisation d'emprunt de 6,2 millions de dollars;**
- 4. de permettre que, les projets mentionnés dans le Document 3 qui se qualifient pour une cessation, restent ouverts; et**
- 5. de prendre connaissance des ajustements budgétaires décrits dans le document 4, apportés aux termes du Règlement municipal 2013-17 sur la délégation de pouvoirs, modifié, 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 2013-71, 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 \$27.4 million in previously approved net spending budgets which will return \$2.0 million to tax supported capital reserve funds, \$19.3 million to the rate supported reserve funds along with reducing debt financing requirements by \$6.2 million. Financing adjustments on growth related projects will require additional funding of \$0.1 million from Development Charges reserves.

The projects recommended for closure (Document 1) have been completed and are \$26.1 million under the net expenditure budget approved by Council. The budget adjustments that require Council approval (Document 2) propose a \$1.3 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 \$6.2 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 \$423.3 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$26.1 million less than budget which will result in \$2.5 million being returned to tax supported reserve funds, \$18.6 to rate supported reserve funds, and a reduction of \$5.4 million of debt authority

that is not needed to fund these projects. Financing adjustments on growth related projects will require additional funding of \$0.4 million from Development Charge reserves

Some projects listed for closure in Document 1 will show no actual spending. The works associated with some of these projects have been undertaken with funds in other projects or the budget authority is being consolidated with other projects through budget adjustments listed in Document 2 and 4.

In situations where a project is being closed with a deficit exceeding \$100,000, an explanation is provided. Project 903182 March Rd (Morgans Grant - Old Carp) is being closed with a deficit of \$3.3 million. The widening of March Road was originally approved in 2005 and had assumed a Front Ending Agreement. After discussions with the affected developers no agreement was reached. As the project is 95% growth related, \$3.2 million of the deficit will be funded by development charge revenues.

## **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. The departmental requests have been further segregated into 2 categories:

- adjustments to existing projects; and
- adjustments required to address scope changes to existing projects or to advance projects into 2014.

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 \$1.329 million in the previously approved net budget authority for the projects listed in Document 2.

Some of the major departmental budget adjustments requiring Council approval are as follows. The additional requirements have been funded by transfers from existing approved projects.

**Adjustments to Existing Projects**

905478 Trim Road Yard Facility Expansion \$1.295 million

Additional funding required to address higher construction costs due to unexpected soil conditions. Funds are available within the Conroy Public Works Facility account.

905595 Ottawa on the Move – Rideau St. (Dalhousie-Chapel) \$1.500 million

A transfer \$925,000 to the Rideau Street project is required to coordinate additional watermain work outside of the original scope of the project as well as intersection and cycling enhancements work at Cumberland Street. Other costs include the disposal of impacted materials off site at a licensed landfill and special wiring for multi-use pedestrian poles.

907201 Ottawa on the Move – Civic Works \$2.300 million

Transfer of \$2.3 million required for project and financial management costs associated with the Combined Storm Sewer Tunnel (CSST) project being managed by the Rail Implementation Office. Transfer is from an ORAP project established for the CSST.

907201 Ottawa on the Move – Civic Works \$2.200 million

Transfer of \$2.2 million for project and financial management of Albert Street integrated works being managed by the Rail Implementation Office, from the OTM Albert/Scott Street project.

906737 Ottawa on the Move – Queen St. (Bronson-Elgin) \$1.800 million

Additional funding required for Stage 4 Archeological investigations associated with the uncovering of the Barracks Hill Cemetery at the site.

906191 Protective Plumbing \$1.500 million

Additional funding required for Protective Plumbing grant applications which have exceeded original estimates. Staff continue to monitor the program and review applications to ensure all approved grants meet the program criteria.

906470 Ottawa on the Move - Blackcreek Rd Official Plan \$0.250 million

Additional funding required due to changes to the design during construction to address unforeseen site conditions that became apparent when the existing bridge deck was removed.

### **Scope Changes / New Projects**

All of the proposed new projects are being funded from existing works.

907407 2014 Intersection Control Measures \$1.710 million

Additional funding is required to construct a roundabout at the intersection of Brian Coburn Blvd. and Portobello Blvd. as the most effective means for intersection control.

907199 Brookfield Multi Use Pathway (MUP) \$2.000 million

Currently, there is only one at-grade pedestrian crossing. Operating the crossing requires gates and a bell. With the O-train service increase from 15 minutes to approximately 8 (from 144 trips per day now to almost double that for the new 4 car service), the City will reroute this crossing.

9072620 2014 Street Lighting Major Replacements \$0.396 million

Additional funding to replace 33 defective decorative street lighting poles on Somerset street.

Byward Market Streetscaping \$0.150 million

Funding is required to implement ByWard market streetscaping improvements in conjunction with the Market Revitalization Report. The BIA will match the city funding.

Confederation Line – Belfast Station (MUP) \$0.400 million

Funding is required to construct multi-use pathway to segregate cyclist and pedestrians from road traffic. This work is more efficiently performed with the on-going rail work.

2013 Vehicle and Equipment \$0.207 million

Due to the extremely harsh winter season, additional funding required to purchase hot box trailers to address pothole / street repairs.

Fisher Ave Pedestrian Crossing \$0.300 million

Funding is required to implement pedestrian crossings on Fisher Ave at Tunis Ave and Fisher Ave at Normandy Crescent.

Paved Shoulders – Prince of Wales \$0.150 million

Funding is required to implement paved shoulders on Prince of Wales Dr. at the planned crossing of Black Rapids and Amberwood Crescent in coordination with the pedestrian crossing NCC is constructing at the same intersection.

906537 Hazeldean Rd - Carp River Bridge \$0.311 million

Required to repair damage to curbs, sidewalks and sod caused by City winter maintenance activities, miscellaneous clean-up works, and to connect a sports field sub-drain to the new storm sewer which was not included in the original contract.

907344 Woodcrest (Kilborn-Kilborn) \$0.170 million

Funding required for Class A detailed design and cost estimate for the Woodcrest water main which is being accelerated due to its condition.

907345 Glen Park (Innes-Innes) \$0.500 million

Funding required for Class A detailed design and cost estimate for the Woodcrest water main which is being accelerated due to its condition.

90xxxx Jim Durrell Arena – Garage \$0.200 million

Funds required for the construction of new garage space to accommodate the new ice plant at this recreational centre.

907313 Drainage Culverts \$2.700 million

The Species at Risk assessment is requiring more lead time and increased funding to ensure that resurfacing work can be undertaken as scheduled. In advance of road resurfacing activities, small drainage culverts are required to be replaced one year prior to actual resurfacing to allow for culverts to stabilize and settle.

### **Recommendation 3**

#### **Capital Projects Requiring Council Approval to Remain Open**

As directed by the Executive Committee, capital projects will be considered for closure in 2014 if the stated completion date as established by the project manager is 2013.

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 2013 to its new completion date accordingly.

#### **Recommendation 4**

#### **Capital Budget Adjustments Processed Under Delegated Authority**

Those capital budget adjustments processed between June 2013 and May 2014 under the authority delegated to the City Treasurer (By-law 2013-71) 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.

#### **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the recommendations of 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 \$6.2 million.

<b>Tax &amp; Rate Financial Implications</b>	<b>Document 1 Closures Return to Source / (Funding Required)</b>	<b>Document 2 Budget Adjustments Return to Source / (Funding Required)</b>	<b>Total Return to Source / (Funding Required)</b>
<b>Tax/ Other Reserves</b>			
Building Code Capital	243	-	243
Cash-in-Lieu of Parkland	216,806	68,000	284,806
Child Care	850,156	-	850,156
CIL ParkLand Ward 14	5,291	-	5,291
City Wide Capital	965,779	47,000	1,012,779
Corporate Fleet	(52,134)	(499,990)	(552,124)
Environmental Areas Capital	108,177	-	108,177
Housing	(38,576)	-	(38,576)
Ottawa Public Library Capital	2,454	-	2,454
Parking Facilities	(1,643)	-	(1,643)
Section 37	-	(164,000)	(164,000)
Transit Capital	489,122	-	489,122
	<b>2,545,674</b>	<b>(548,990)</b>	<b>1,996,684</b>
<b>Rate Reserves</b>			
Water Capital	10,947,874	671,000	11,618,874
Sewer Capital	7,601,311	79,000	7,680,311
	<b>18,549,185</b>	<b>750,000</b>	<b>19,299,185</b>
<b>Development Charges</b>	<b>(422,696)</b>	<b>366,772</b>	<b>(55,924)</b>
<b>Debt</b>			
Tax Funded Debt	2,221,528	537,990	2,759,518
Sewer Funded Debt	-	123,000	123,000
Water Funded Debt	1,671,000	602,000	2,273,000
Development Charge Debt	1,199,671	(501,772)	697,899
Federal Gas Tax Debt	344,942	-	344,942

<b>Tax &amp; Rate Financial Implications</b>	<b>Document 1 Closures Return to Source / (Funding Required)</b>	<b>Document 2 Budget Adjustments Return to Source / (Funding Required)</b>	<b>Total Return to Source / (Funding Required)</b>
	<b>5,437,141</b>	<b>761,218</b>	<b>6,198,359</b>
<b>Grand Total</b>	<b>26,109,303</b>	<b>1,329,000</b>	<b>27,438,303</b>

### **ACCESSIBILITY IMPACTS**

There are no accessibility impact implications with this report.

### **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this report.

### **TECHNOLOGY IMPLICATIONS**

There are no technology 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.