

**Report to
Rapport au:**

**Transit Commission
Commission du transport en commun
15 June 2016 / 15 juin 2016**

**and Council
et au Conseil
22 June 2016 / 22 juin 2016**

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**Submitted by
Soumis par:
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2016-CMR-FIN-0022

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

**OBJET: AJUSTEMENTS AU BUDGET DES IMMOBILISATIONS ET
CESSATION DE PROJETS - TRANSPORT EN COMMUN**

REPORT RECOMMENDATIONS

That the Transit Commission recommend Council:

- 1. Authorize the closing of capital projects listed in Document 1;**
- 2. Return to source the following funding balances and eliminate debt authority resulting from the closing of projects and budget adjustments:**

- a) Transit Capital Reserve \$0.558 million;
 - b) Federal Gas Tax Reserve \$2.209 million;
 - c) Development Charge revenues \$0.402 million; and
 - d) Debt Authority \$1.034 million;
3. Permit those projects in Document 2 that qualify for closure, to remain open; and
 4. Receive the budget adjustments in Document 3 undertaken in accordance with the Delegation of Authority By-law 2014-435, as amended, as they pertain to capital works.

RECOMMANDATIONS DU RAPPORT

Que la Commission du transport en commun recommande au Conseil :

1. d'autoriser la cessation des projets d'immobilisation énumérés dans le document 1;
2. 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 :
 - a) réserve pour le transport en commun de 0,558 million de dollars,
 - b) taxe fédérale sur l'essence de 2,209 millions de dollars,
 - c) redevances d'aménagement de 0,402 million de dollars,
 - d) autorisation d'emprunt de 1,034 millions de dollars
3. de permettre que, les projets mentionnés dans le Document 2 qui se qualifient pour une cessation, restent ouverts
4. de prendre connaissance des ajustements budgétaires décrits dans le document 3, apportés aux termes du Règlement municipal 2014-435 sur la délégation de pouvoirs, modifié, et ayant trait aux travaux d'immobilisations.

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 2014-435, 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.

There are no capital budget adjustments that require Council approval. Document 3 lists the budget adjustments processed under delegated authority and is provided for the information of the Commission and Council.

DISCUSSION

The recommendations as proposed in this report to the Transit Commission and Council will result in the reduction of \$4.203 million in previously approved capital budget authority and will eliminate \$1.034 million of debt financing. 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 \$24.822 million in net approved budget authority have been completed and are recommended for closure. Actual funding required is \$4.203 million less than budget which will result in \$0.558 million and \$2.209 million being returned to the Transit Capital Reserve and Federal Gas Tax Reserve Funds respectively, \$0.402 million in Development Charges returned, and a reduction of \$1.034 million of debt authority that is not needed to fund these projects

In situations where a project is being closed with a deficit exceeding \$100,000, an explanation is provided.

Recommendation 2

Capital Projects Requiring Council Approval to Remain Open

As directed by Executive Committee, capital projects will be considered for closure in 2016 if the stated completion date as established by the project manager is 2015.

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 2. Upon Council approval of this recommendation, the year of completion for these projects will be revised from a completion date of 2015 to its new completion date accordingly.

Recommendation 3

Capital Budget Adjustments Processed Under Delegated Authority

Those capital budget adjustments processed between June 2015 and May 2016 under the authority delegated to the City Treasurer (By-law 2014-435) are provided in Document 3 for the information of the Transit Commission 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

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 impact of the closing of capital projects as recommended in Document 1 is summarized in the chart below. The net impact of these closures will reduce the debt financing requirement on transit projects by \$1.034 million.

Transit Commission Financial Implications	Document 1 Closures Return to Source / (Funding Required)
Tax / Other Reserve Funds	
Transit Capital Reserve	557,756
Federal Gas Tax	2,209,400
	2,767,156
Development Charge Revenues	402,218
Debt Financing	
Transit Tax Funded Debt	379,000
Development Charge Funded Debt	14,000
Federal Gas Tax Funded Debt	5,000
Provincial Gas Tax Funded Debt	635,800
	1,033,800
Grand Total	4,203,174

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 2015-18 Term of Council priorities (FS1 “Demonstrate sound financial management.”

SUPPORTING DOCUMENTATION

Document 1 – Capital Projects Recommended for Closure

Document 2 – Capital Projects Requiring Council Approval to Remain Open

Document 3 – Budget Adjustments Processed Under Delegated Authority

Document 4 – Transit Reserve Fund Status

DISPOSITION

Upon approval of this report, Financial Services will process the necessary adjustments.