

Behind the Curtain

Capital Budget Explained

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Understanding Your City Budget Video



<https://ottawa.ca/en/city-hall/budget/understanding-your-city-budget#learn-about-budget-video>

Budget Overview

Budget Guidelines and Priorities are set at the start of a 4 year Council term. Guidelines and priorities are derived from several key documents including the Long Range Financial Plan, the Fiscal Framework and the Strategic Plan.



Budget Authority

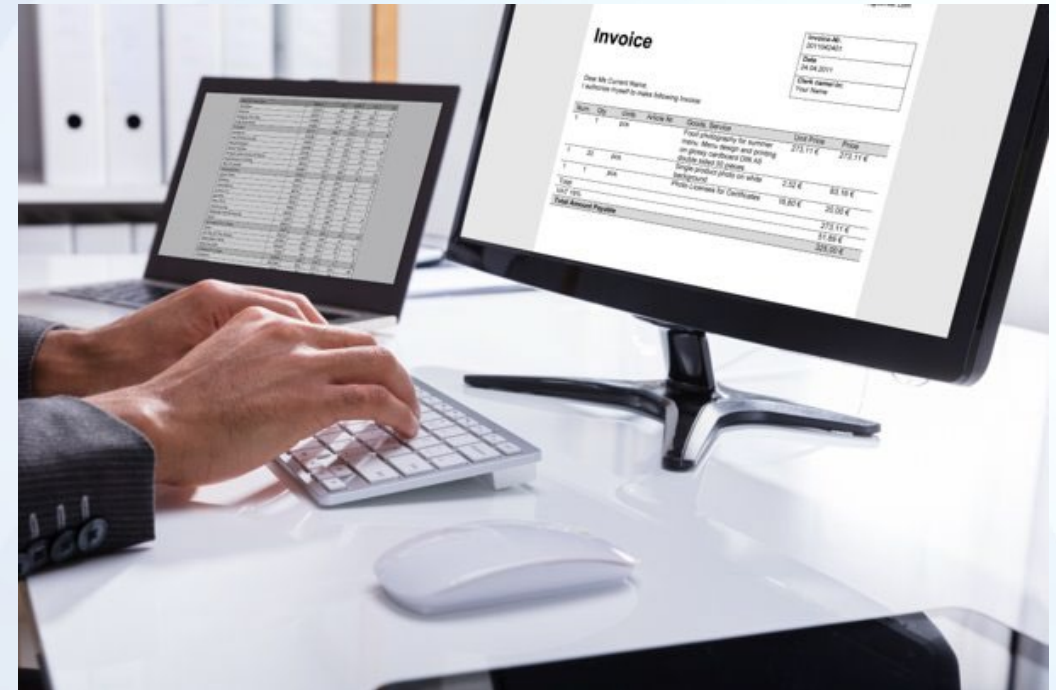
Budget authority is Council's approval for staff to spend capital funds on behalf of the City

Budget authority is primarily obtained through:

1. The annual Capital Budget Process
 - Includes narratives that describe how funds may be used
2. Standalone report to Council
 - Typically to address a new or one-off need outside of the LRFP

Types of Accounts

- Project-Specific
 - Used for major projects, like integrated road/water/sewer
- Bulk Accounts
 - Overall amount with a listing
 - Used for resurfacing, facilities renewal, culverts
 - Often includes “Below the Line” items

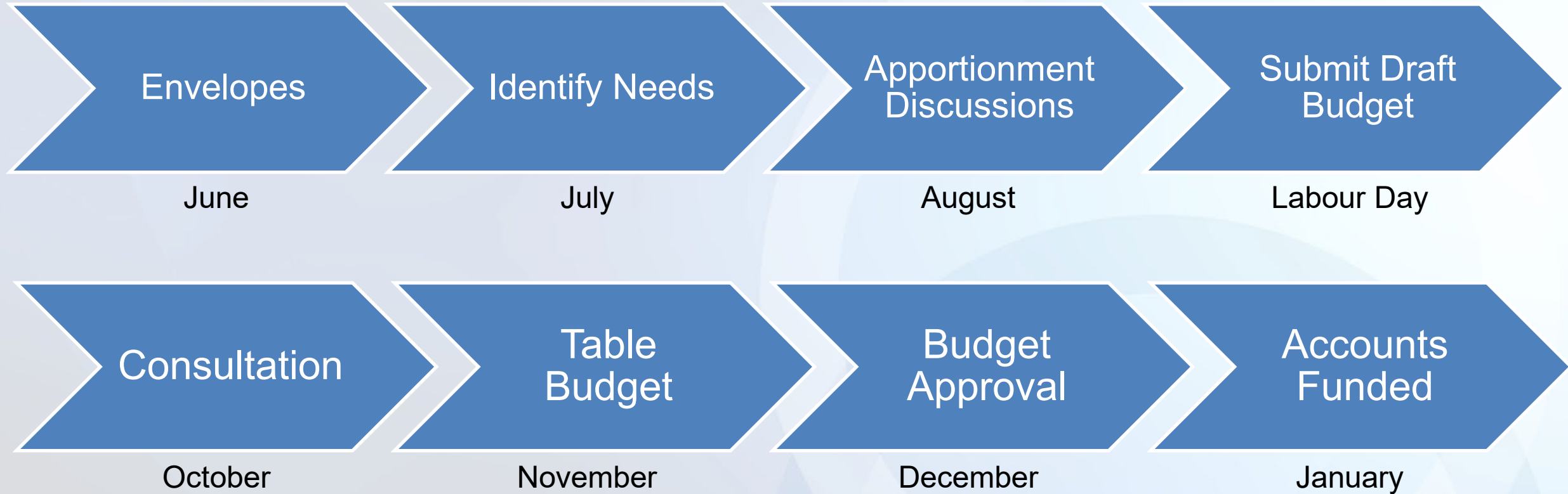


Funding Sources

The City collects funds to pay for various services. Money collected for a specific service must be spent on that service.

- Property Tax – buildings, parks, roads and structures
- Rate (water bill) – water, wastewater, stormwater
- Transit
- Development charges for new infrastructure
 - Tax
 - Rate
- Gas tax, Federal/Provincial funding
- Cost-recoveries from 3rd parties
- Cash-in-Lieu of Parkland (CIL)


Annual Budget Cycle



Reading the Budget – Overview

Project Description	Gas Tax	Tax Supported/ Dedicated	Develop. Charges	Develop. Charges Debt	Rate Supported	Rate Supported Debt	Tax Supported/ Dedicated Debt	Grand Total
Integrated Roads, Water & Wastewater								
Renewal of City Assets								
906735 Bank St (Riverside-Ledbury)	-	933	-	-	3,667	-	1,000	5,600
906900 Main Greenfield Echo Concord et al	-	1,177	-	-	3,965	-	-	5,142
906901 CWWF ORAP - Loretta Ave N&S - Laurel St	-	880	-	-	1,586	6,000	-	8,466
908138 CWWF Avenue N-O-P-Q-R-S-T-U	-	1,722	-	-	7,769	-	-	9,491
908139 Montreal Rd (N River Rd-St Laurent Blvd)	-	-	-	-	2,196	-	6,031	8,227
908144 ORAP Albert St Bronson Ave Slater St	-	-	-	-	3,430	-	2,570	6,000
908570 Byron-Athlone-Highcroft	-	-	-	-	3,777	4,700	5,903	14,380
908572 Fairbairn-Bellwood-Willard-Delmont	-	350	-	-	349	-	-	1,339
908580 CWWF Queensway Terrace North Sewer	-	101	-	-	2,936	-	-	3,037
908581 Valley Dr Storm Sewer	-	156	-	-	3,729	-	-	3,885
908998 LRT2 R2 Hwy 174 Resurfacing EBL	-	12	-	-	36	-	675	723
909394 Arch - Canterbury - Plesser	-	84	-	-	7,693	-	3,000	10,777
909400 Bel-Air Dr, Bedbrooke St et al	-	338	-	-	5,441	5,000	2,000	12,779
909401 Broadview Ave	-	221	-	-	706	-	-	927
910045 2021 Surveys & Mapping	-	80	-	-	240	-	-	320
910088 2021 Infrastructure Assess & Data Collec	-	85	-	-	255	-	-	340
910089 2021 Integrated Scoping Pre/Post Eng	-	150	-	-	850	-	-	1,000
910090 2021 Road Resurfacing - CW	-	35,890	-	-	1,000	-	-	36,890
910091 2021 Comprehensive Asset Management	-	90	-	-	270	-	-	360
910092 Breezehill Ave N (Gladstone - Somerset)	-	235	-	-	937	-	-	1,172
910105 Drouin Ave (North River - West Presland)	-	137	-	-	547	-	-	684
910106 James St Kent St (Bronson - Bank)	-	856	-	-	1,589	-	-	2,445
910107 Arnhem St and Apeldoorn Ave	-	317	-	-	1,271	-	-	1,588
910108 Clare Dovercourt (Chruchill - Hilson & T	-	436	-	-	1,744	-	-	2,180
910109 Ferndale Ave (Churchill Ave N - Selby Av	-	146	-	-	585	-	-	731
910110 Farnham, Eastbourne and Ava	-	323	-	-	1,292	-	-	1,615
910111 Glebe (Bank - O'Connor)	-	150	-	-	601	-	-	751
910112 Oakhill and Corona (Acaia - Beechwood)	-	147	-	-	585	-	-	732

Reading the Budget – Project-Specific

Project(s) within a Program Information	Location/Description	\$000's
908570 Byron-Athlone-Highcroft	Class of Estimate: B) Design	14,380
Category: Renewal of City Assets	Ward: 15	Year of Completion: 2024
<p>This existing watermains in Byron Ave, Highcroft Ave and Athlone Ave require replacement due to age, a high break rate and the presence of lead services. The sanitary sewers in Byron Ave and Athlone Ave require replacement due to condition and age. The storm sewers do not require replacement unless impacted by the construction of adjacent infrastructure. Full road reconstruction will be included as required and trench reinstatement will be implemented where appropriate. Associated water and sewer services will be replaced to the property line. Road enhancements include a new cycle tracks on Byron Ave, a fully protected intersection at Tweedsmuir and a new sidewalk on Athlone Ave, as well as intersection enhancements at Byron Pl & Byron Ave at an estimated cost of \$2.4M. Traffic safety improvements have been included at an estimated cost of \$2.4M. The funding is for all project related costs which may include but not limited to, construction and property acquisition. Contribution to public Art is \$89K. Funding Request is comprised of: Roads - \$5.903M, Watermains - \$3.72M, Sanitary Sewers - \$3.03M and Storm Drainage - \$1.727M</p>		

Reading the Budget – Bulk Account

Project Information		Location/Description	\$000's
910043 2021 Buildings-Road Services		Class of Estimate: C) Planning	3,375
Category: Renewal of City Assets	Ward: CW	Year of Completion: 2024	
<p>This program provides for life cycle renewal and replacement works to existing building assets and is a component of the corporate Buildings and Parks Program.</p>			
05	Fitzroy Works Garage Office	Repair Exterior Block Walls	
05	West Carleton Works Garage and Office	Replace Vinyl Siding	
06	Iber Road Garage	Type II Building Condition Audit	
08	Woodward Yard: Salt Dome	Structural Assessment - Wood Dome	
10	Charles Sim Municipal Workshop	Advance Design - Replace AHU's, Exhaust Reels, Hoses and Exhaust Fans	
10	Charles Sim Municipal Workshop	Replace Caulking, Replace Roofs 2 and 4	
11	Cyrville Depot Works Garage	Thermographic Survey of Electrical Equipment	
12	Hurdman Yard: Salt Dome	Structural Assessment - Wood Dome	
12	Vanier Salt and Sand Storage	Repair Steel Roof Assembly	
12	Vanier Garage and Office	Replace Carrier Rooftop Unit 1 and Condenser	
14	Catherine Yard: Office and Garage	Replace Aluminum Frame Windows	
15	Loretta Signals and Communications Centre	Replace Roofs 1,2 and 4, Replace AHU #2 & #3, Replace Exhaust Fans	
16	Clyde Ave Salt Dome	Structural Assessment - Wood Dome	
16	Clyde Avenue Municipal Fleet Service Garage	Fuel Tank Deficiencies	
18	Industrial Office/Garage/Paramedic Post	Replace Overhead Doors (7)	
18	Industrial Yard: Salt Dome	Structural Assessment - Wood Dome	
19	Leonard Depot Salt Sand Dome	Demolish Dome	

Reading the Budget – Works-in-Progress

Project Description	Authority	Expenditures as of August 31, 2020	August 31, 2020 Upspent Cash Balance	Total Contractual Obligations	Unspent Balance including Contractuals
908134 Iona - Broadhead	6,740	6,441	299	184	115
908137 CWWF Deerpark-Hilliard-Fisher et al.	30,920	1,475	29,445	13,390	16,055
908138 CWWF Avenue N-O-P-Q-R-S-T-U	9,950	593	9,357	540	8,817
908139 Montreal Rd (N River Rd-St Laurent Blvd)	47,350	14,563	32,787	26,405	6,382
908141 ORAP Albert St-Bronson Ave-Slater St	3,700	743	2,957	1,943	1,013
908142 CWWF McLeod - Florence	9,655	7,605	2,050	1,218	832
908297 Leadership in Asset Management Program	240	141	99	94	4
908370 Integrated Departmental Mgmt Plan	9,700	8,529	1,170	1,084	87
908480 2017 Infrastructure Assess & Data Coll	2,500	1,282	1,218	114	1,104
908487 2019 Integrated Scoping Pre/Post Eng	806	381	425	190	235
908567 Alta Vista Dr	200	145	55	-	55
908568 Ashburn - Hogan - Wigan - Ness	12,040	5,740	6,300	3,235	3,065
908569 Berthwick Quebec Gardenvale	6,690	2,023	4,667	3,271	1,396
908570 Byron-Athlone-Highcroft	1,790	102	1,688	422	1,267
908571 Catherine St (Bronson-Elgin)	200	143	57	29	28
908572 Fairbairn-Bellwood-Willard-Belmont	7,240	662	6,578	3,823	2,755
908573 Gibson-Denver-Tampa-Orlando	4,300	3,491	809	524	285
908574 Grove Ave & Grosvenor	1,050	323	727	174	552
908575 Isabella-Chamberlain	50	48	2	3	(1)
908577 Mailes Ave (Patricia-Oakdale)	3,460	2,746	714	606	108

Accounts vs. Project Budgets

- Capital Accounts are 6-digit numbers starting with “9”
- Project Numbers start with “CP” or “CR”
- Projects are funded from accounts
- Depending on the scope, project funds in a CP/CR can come from multiple accounts
- Accounts and internal project budgets include **all** project costs
 - Design
 - Construction
 - Contract Administration
 - Permits
 - Public Art (if applicable)
 - Internal fees (survey, project management, bus detours, internal labour, etc.)
- As project evolves, estimates can change - up or down - and additional authority may be required or authority may be reallocated to cover off other pressures

Budget Authority Best Practices

- Maximize use of the envelopes
- We want our money working for us
- Do not ask for money that cannot be used in that calendar year. As a result,
 - Design dollars are requested in different years than construction dollars
 - Sometimes, very large projects are tendered as Part “A” and Part “B” so that authority can be spread over multiple years

Life of a Project

- Identify need and preferred solution
- Project scoping and coordination
 - Various components with different budgets can be brought together to form a “Project” for efficient, coordinated capital delivery
- Each group identifies capital budget required and seeks approval through budget process
- Initiators collaborate to prepare a project charter, which defines
 - Scope
 - Budget - amount and source(s)
 - Schedule
 - Stakeholders
 - Expectations for Change Management and Communications

Life of a Project (cont'd)

- Project Charter goes to Design & Construction for Project Manager assignment
- Project is designed
- Tender
- Construction
- Close-Out

At various stages in the process, cost estimates and total project budgets are updated. Funding sources must be respected.

A Word about Timing...

There are many factors that determine the timing of a project going to tender, including:

- Availability of funds
- Project progression – e.g. delays, scope changes, etc.
- Coordination

Just because the City has budget authority in a given year is no guarantee that the project will proceed.

Other Tools – Budget Adjustments

- Certain City parties have delegated authority to move existing budget authority between capital accounts provided that the accounts,
 - Received budget authority the same year,
 - Are within the same capital program, and
 - Are of like sources of funding.
- If the desired transfer of budget does not meet the above criteria, Council approval is required via a Report to Council

Other Tools – Capital Closure & Adjustment Report

Financial Services leads a Capital Close process that goes to Council once per year, typically in June

- Objective is to abide by the Council-approved year of financial completion
- Timelines may be extended for accounts that are still required
- Staff identify surplus budget and close old accounts in order to return funds to source (i.e. DC reserve, sewer capital reserve, etc.)
- In conjunction with the closure report, City staff can request Council approval to,
 - Increase/decrease project budget due to higher/lower tender results
 - Create budget for an unforeseen project

Questions?

