

CORPORATE POLICY



Policy Title: **Capital Budget**
Policy Category: **Financial Control**
Policy No.: FC-012
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: August 10, 2015
Author: Cassandra Pacey
Attachments:
Related Documents/Legislation:

Key Word(s): Budget, Capital

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined and transparent process for the development and funding of capital projects.

PURPOSE:

The purpose of this policy is to govern the items that will assist in creating the capital budget.

DEFINITIONS:

Capital Project:

A capital project is an item identified and funded through the Council Approved Capital Budget or an item funded through the Financial Requests Outside the Budget Process.

Overhead:

A fee applied via a percentage to reimburse the operating for internal resource support.

Internal Resource Support:

Internal Resource Support can include but is not limited to: design services, project management, contract administration, review of reports.

SCOPE:

This policy applies to all members of the City's organization including members of Council, full, part-time and contract staff.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: July 10, 2015

Corporate Management Team, Review Date July 15, 2015 _____

POLICY COMMUNICATION:

Council will receive this policy for approval. If approved, the policy will be posted on the city's intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team.

POLICY:

1. That projects appearing in the Capital Budget adhere to the minimum balance threshold identified in the Council approved policy, Definition of Capital (FC-010).
2. Projects will be reviewed and use the criteria below to determine to assist in the decision making of identifying which reports would be automatically funded post Budget Approval and which reports would need to return to Council with a report before funding is released:
 - a. **Financial Materiality**
 - i. Projects receiving funding greater than \$5M over the 3 year period
 - b. **Non-routine in nature**
 - i. e.g. construction of a City facility, development of a Community Improvement Plan (CIP)
 - c. **High Public/Council Interest**
 - i. e.g. Mary Allen Park, King Street Streetscape
 - d. **Request by Council**
3. That all reserve funds financing capital expenditures must, at a minimum, have a positive balance.
4. That all fleet replacement & expansion expenditures, excluding Community Services-Fire Rescue Services, Community Services-Municipal Enforcement small vehicles and Integrated Planning and Public Works-Building Standards, be submitted to Council for approval prior to proceeding.
5. That transfers from the Operating Budget include the following;
 - a. That an annual amount of \$62,000 be set aside in the Operating Budget for the purpose of purchasing Environmentally Sensitive Lands.
 - b. That an annual contribution of \$20,000 from the Operating Budget be set aside in the Environmental Cleanup Reserve for the purpose of environmental cleanup.
 - c. Each year as part of the approved budget strategy, 20% of Assessment Growth will be allocated to each of the Capital Reserve Fund (CRF) and the Capital Infrastructure Reinvestment Reserve Fund (CIRRF).
 - d. That the contribution to the Commercial Property Reserve Fund from the City Centre Operating Budget is \$191,436 and the Contribution to the Operating Budget from the Commercial Property Reserve Fund is \$171,000.
 - e. The Protective Services Equipment Reserve Fund ("PRO") will receive annual funding of \$249,000 from the Operating Budget.
6. All proposed capital expenditures accessing Industrial Land Account (ILA) funding are subject to a staff report request to Council and Council approval, prior to commencement of the project.

7. For Capital Project Overhead charges related to projects, refer to the Capital Overhead policy.
8. That Water and Sanitary Sewer revenue will be used to reimburse to the IPPW-Transportation Division for 10% of both water and sanitary sewer costs on applicable roads rehabilitation projects.
9. That an annual amount of \$750,000 from 2013-2016 and \$525,000 in 2017 is directed to the Library Expansion Reserve Fund starting in 2013 from the Capital Reserve Fund to assist in funding the East Side Library project.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.