

# CORPORATE POLICY



Policy Title: **Capital Overhead**  
Policy Category: **Financial Control**  
Policy No.: FC-018  
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 capital projects.

## **PURPOSE:**

The purpose of this policy is to define overhead, the corresponding overhead rate charged to capital projects and where the overhead will be recovered in the operating budget.

## **DEFINITIONS:**

### **Overhead:**

Recovery of expenses budgeted and paid through the operating budget. Costs include and not limited to: staff related expenses to manage projects, process & release of payments, design.

### **Project Budget Division:**

Division that identifies the need and subsequently budgets a capital project.

### **Project Implementation Division:**

Division that implements capital projects on behalf of other divisions.

### **Grant:**

A gift in monetary or in kind terms by another government, agency or organization for specified purposes which are usually defined by specified qualification of terms.

**Mandatory Policy, *Municipal Act*: No**

**Policy Administration Team, Review Date: July 10, 2015**

**Corporate Management Team, Review Date: July 15, 2015**

**SCOPE:**

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

**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:**

**Projects Equal to or less than \$1,500,000**

That capital projects with a Project Budget Division from Integrated Planning and Public Works (IPPW) and Facilities & Fleet (F&F) will have a 6% overhead fee charged to them.

That capital projects that identify the Project Implementation Division as a division within IPPW or F&F, will have a 6% overhead fee charged to them. The divisions within Community Services, Corporate Services, CAO department and Library will pay overhead only on the projects that require Project Implementation Division services.

**Projects Greater than \$1,500,000**

That capital projects with a Project Budget Division from Integrated Planning and Public Works (IPPW) and Facilities & Fleet (F&F) will have a 3% overhead fee charged to them.

That capital projects that identify the Project Implementation Division as a division within IPPW or F&F, will have a 3% overhead fee charged to them. The divisions within Community Services, Corporate Services, CAO department and Library will pay overhead only on the projects that require Project Implementation Division services.

**Grant Funding**

Overhead will not be charged on grant funding where overhead is considered an ineligible expense. Examples include however are not limited to Federal Gas Tax Fund, Ontario Community Infrastructure Fund.

**Overhead Fees**

Overhead fees will be charged when the project is approved. The corresponding revenue in the operating budget will be assigned to the implementation division.

**COMPLIANCE:**

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