



STAFF REPORT
Financial Planning

Title: 2019 Proposed Budget - Financial Control Budget Policy Updates Approval
Report Number: CORP2019-003
Author: Brad Witzel
Meeting Type: Finance & Strategic Planning Committee Meeting
Council/Committee Date: January 21, 2019
File: N/A
Attachments: Appendix A: Financial Control Budget Policy Updates
Ward No.: City Wide

Recommendation:

1. That Council approve CORP2019-003;
2. That Council approve the Financial Control Budget Policy updates contained in Appendix A; and
3. That Council direct staff to review Policy FC-012 Capital Budget for the reasonableness of the materiality threshold associated with the 1 year capital budget based on the outcomes of the Capital Review day scheduled for February 4, 2019 as part of the 2020-2022 budget cycle policy review.

A. Executive Summary

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. The 2019 budget has been guided by various Financial Control – Budget related policies which can be found at www.waterloo.ca/budget. During each budget cycle, staff review the budget related financial control policies and recommend revision where appropriate. For 2019, five budget policies require minor changes/updates. These changes were presented to Council on December 10, 2018 via report CORP2018-083 and are being brought back for approval on January 21, 2019.

B. Financial Implications

The Financial Control Budget related policies were used to guide the 2019 proposed budget which was released on December 10, 2018.

C. Technology Implications

N/A

D. Link to Strategic Plan

(Strategic Priorities: Multi-modal Transportation, Infrastructure Renewal, Strong Community, Environmental Leadership, Corporate Excellence, Economic Development)

This report links to the Corporate Excellence pillar and the Guiding Principle: Fiscal Responsibility within the strategic plan.

E. Previous Reports on this Topic

- CORP2018-083 - 2019 Proposed Budget - Financial Control Budget Policy Updates Approval

F. Approvals

| Name | Signature | Date |
|------------------------------------|-----------|------|
| Author: Brad Witzel | | |
| Director: Filipa Reynolds | | |
| Commissioner: Keshwer Patel | | |
| Finance: Filipa Reynolds | | |

| |
|-----|
| CAO |
|-----|



2019 Proposed Budget - Financial Control Budget Policy Updates Approval CORP2019-003

Background

During each budget cycle, staff review the budget related financial control policies and recommend revision where appropriate. For 2019, the following five (5) policies require minor changes/updates. These changes are summarized below and the proposed policies can be found under Appendix A: Financial Control Budget Policies.

These budget policy changes were presented to Council on December 10, 2018 via report CORP2018-083 and are being brought back for approval on January 21, 2019. Additionally these budget policy changes were reviewed and supported by the Budget Committee at their November 29, 2018 meeting along with the following recommendation.

As part of the next budget process, the Budget Committee recommends that staff review Policy FC-012 Capital Budget for the reasonableness of the materiality threshold associated with the 1 year capital budget based on the outcomes of the Capital Review day scheduled for February 4, 2019.

Staff agree that this review makes sense ensuring the materiality threshold in the policy is set at the appropriate level (not too high or too low) and will include this review as part of the 2020-2022 regular budget policy review. It's important to note, that regardless of the financial materiality threshold used in the policy, Council reserves the right to classify any project as Council Requested (non-routine) meaning the project would be approved in principle only on Budget Day and return to Council at a later date with a more detailed funding release report.

1) FC-009 Debt Management Policy

The purpose of this policy is to outline the procedures and steps undertaken to ensure the City of Waterloo plans for and uses debt appropriately. The following proposed policy updates have been made for clarification and or administrative purposes:

- Definition of Capital Reserve Fund (CRF) revised
- Definition of Capital Infrastructure Reinvestment Reserve Fund (CIRRF) added
- Total Capital Charges definition revised as follows:

- Total Capital Charges = Annual Net Debt Charges (Debt Charges, less Recoverable Debt Charges) + The Annual Budgeted Contribution to CRF and CIRRF

- CIRRF has been added to the definition of Total Capital Charges

CIRRF is being added to the Total Capital Charges definition as a result of the reserve consolidation that was approved in April 2018 as part of CORP2018-011 Long Term Financial Plan – Staff Scenario. CORP2018-011 consolidated numerous reserves and redefined the appropriate uses of the Capital Reserve Fund (CRF) and the Capital Infrastructure Reinvestment Reserve Fund (CIRRF). As part of these changes, CIRRF has replaced CRF as the main capital budget funding source for rehab/replacement. As such for policy purposes, the annual contributions to both CRF & CIRRF need to be considered for Total Capital Charges purposes.

- Debt Limit #2 definition revised as follows:
 - Annual Net Debt Charges (NDC) will not exceed the annual budgeted contribution to CRF and CIRRF, which staff feels, is a more transparent way of saying that the NDC will not exceed 50% of the Total Capital Charges.
- Minor updates made to the Policy Exemptions - update made to the Enterprise examples to align with the updated Division names (e.g. City Utilities).

2) FC-011 Multiple Year Budget Approval

The purpose of this policy is to define the procedures for multiple year budget approvals. The following proposed policy updates have been made for clarification and or administrative purposes:

- Clarification added around the duration (number of years) the Municipal Act will permit when approving multi-year budgets (up to 5 years) and the city's approach (up to 3 years so as to not exceed the current Council term).
- Removed the dollar reference associated with the 1% property tax impact.
 - Previously this was listed as 1% or approximately \$600,000. All 1% dollars references (the \$600,000) have been removed, as the 1% amount is subject to change over time as the property tax budget increases (e.g. 2018 Net Operating Budget is \$72.3M with 1% = >\$700k).
- Other minor edits made for clarification purposes

3) FC-012 Capital Budget

The purpose of this policy is to govern the items that will assist in creating the capital budget. The following proposed policy updates have been made for clarification and or administrative purposes:

- Definition of Overhead revised to align with other policies
- Routine/Non-Routine approval section revised. Non-Routine now includes:
 - Financial Materiality
 - Financial Materiality also updated for the one year budget (>\$2.5M) or the three year budget (>\$5M)
 - High Public/Council Interest
 - Request by Council
- Removed project examples for Non-Routine projects, as projects falling under this criteria would change from one year to the next and are difficult to define with generic project examples
- Other minor edits made for clarification purposes
- Various operating budget transfers listed in the policy have been removed and replaced with:
 - That reserves and reserve funds that provide funding for the capital budget will receive annual transfer allocations as approved within the base Operating Budget or as approved by Council.

4) FC-014 New Revenue Policy

The purpose of this policy is to define “new revenue” and the process for how it should be allocated. The following proposed policy updates have been made for clarification and or administrative purposes:

- Updated the Assessment Growth section to align with FC-013 Use of Budgeted Assessment Growth Revenue
 - 10% (was 20%) of assessment growth revenue will be dedicated to the Capital Reserve Fund
 - 30% (was 20%, but not listed in the policy) of assessment growth revenue will be dedicated to the Capital Infrastructure Reinvestment Reserve Fund
- Removed the grant scenario examples – examples will change based on the terms of the grant available and are difficult to define with generic grant examples

5) FC-018 Capital Overhead

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. The following proposed policy updates have been made for clarification and or administrative purposes:

- Definition of Overhead revised to align with other policies
- Project Budget revised to Service Delivery Division
- Other minor edits made for clarification purposes
- Policy section revised to read:
 - That capital projects with a Project Implementation Division from Integrated Planning and Public Works (IPPW) and or Facility Design Management Services (FDM) will have a 3% (>\$1.5M) or 6% (<\$1.5M) overhead fee charged to them.

By re-wording to Project Implementation Division, we capture both scenarios under one definition. Projects with a Project Budget or Service Delivery Division from IPPW or FDM will also have a Project Implementation Divisions from IPPW or FDM and as such be covered via the revised policy.

- Facilities & Fleet (F&F) has been updated to Facility Design Management Services (FDM) to align with the new Division name

Appendix A: Financial Control Budget Policy Updates

CORPORATE POLICY



Policy Title: **Debt Management Policy**
Policy Category: **Financial Control**
Policy No.: FC-009
Department: Corporate Services
Approval Date: April 20, 2009
Revision Date: Dec. 10, 2018
Author: Brad Witzel
Attachments:
Related Documents/Legislation: Ontario *Municipal Act* Regulation 403/02

Key Word(s): Debt

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 managing debt.

PURPOSE:

The purpose of this policy is to outline the procedures and steps undertaken to ensure the City of Waterloo plans for and uses debt appropriately.

DEFINITIONS:

Municipal Act

The *Municipal Act* is the statute governing the powers, duties, internal organization, and structure of Ontario municipalities.

Capital Reserve Fund (CRF)

The capital reserve fund is the primary source of funding for the purchase, construction, or development of new capital assets and studies.

Capital Infrastructure Reinvestment Reserve Fund (CIRRF)

The capital infrastructure reinvestment reserve fund is the primary source of funding for expenditures associated with the rehabilitation or replacement of all existing tax-based capital infrastructure.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: November 6, 2018

Corporate Management Team, Review Date November 14, 2018

Net Debt Charges (NDC)

Net Debt Charges are calculated as existing debt charges, less recoveries from user rates.

Annual Repayment Limit (ARL)

Is the legislated limit that caps principal and interest payments for municipalities based on net operating revenues.

Total Capital Charges

Is the relationship between the financial support required from the capital reserve fund and the capital infrastructure reinvestment reserve fund compared to the total payments from Net Debt Charges. The calculation used to determine Total Capital Charges is

Annual Net Debt Charges + The annual budgeted contribution to CRF and CIRRF
= Total Capital Charges

User Rates

Fees charges for services that can be measures and costs recovered.

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:**Debt Limits**

1. ARL is limited to 25% of net operating revenues based on regulations established within the Municipal Act.
2. Annual NDC will not exceed the annual budgeted contribution to CRF and CIRRF.
3. Capital projects will have \leq 30% of total funding, from debenture funding.

Debenture Terms

1. Amortization periods of debentures may not exceed 10 years.

Policy Exemptions

1. Projects included in the most recent approved Development Charges By-Law that have anticipated debenture financing that will be recoverable through Development Charges.
2. Projects included in the Council Approved Capital Budget that have anticipated debenture financing that will be recoverable from Enterprise Funding (examples include but are not limited to; City Utilities and Cemetery Services).

COMPLIANCE:

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

CORPORATE POLICY



Policy Title: **Multiple Year Budget Approval**
Policy Category: **Financial Control**
Policy No.: FC-011
Department: Corporate Services
Approval Date: Dec. 17, 2007
Revision Date: Dec. 10, 2018
Author: Brad Witzel
Attachments:
Related Documents/Legislation: Ontario Municipal Act Regulation 291.(1)

Key Word(s): Budget

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined, transparent and flexible process for budgeting.

PURPOSE:

Changes made to the Ontario Municipal Act in 2006 provide Council with greater flexibility. The additional flexibility is created due to the ability to approve a one year budget for the first year of a Council term and the remaining three years in one, three year approval if Council wishes. *The Municipal Act will permit up to a 5 year multi-year budget approval; however City Administration has chosen to align multi-year budget approval with Council terms*). The purpose of this policy is to define the procedures for multiple year budget approvals.

DEFINITIONS:

Municipal Act

The *Municipal Act* is the statute governing the powers, duties, internal organization, and structure of Ontario municipalities.

CMT

Corporate Management Team

Net Zero

Adjustments categorized as "housekeeping" items whereby budget funds can be reallocated within departments to realign the existing budget.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: November 6, 2018

Corporate Management Team, Review Date: November 14, 2018

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:

Budget and Business Plans

1. Departments will prepare three year budgets & business plans that will establish three years of service levels and three years of revenue requirements.
2. Departments are expected to operate within their approved budget in each of the three years.
3. Annually, if a surplus exists, it will be allocated to reserve funds based on existing surplus allocation policies.

User Fees

1. City of Waterloo User Fees will be reviewed as part of the budget process. User Fees will be adjusted to reflect market influences and operational needs.
2. The Fee & Charges By-Law will be approved by Council as a single year in the first year of a Council Term.
3. Subsequent to the first year, a three year approval of the Fee & Charges By-Law will be sought.
4. That the powers of a Commissioner to increase, decrease or waive a fee are outlined in section 3.1.8 in the Fees & Charges By-Law
5. Significant changes may be brought to CMT and subsequently to Council for review and approval.
6. User Fees that are legislated to be set for a specific date or time period will be adhered to and brought to Council for approval.

Adjustment Process

1. The three year budget approval will allow for an annual adjustment process so that Council has some flexibility to adjust plans and budgets as economic and political circumstances change.

Adjustments may include, but are not limited to;

- a) Material changes to the projected Core Consumer Price Index (CPIX)
- b) Material changes to Labour Agreements
- c) Material changes to Economic assumptions
- d) Changes to Assessment Growth Projections*

Material changes are defined as individual items that will have an impact of 1% of the property tax budget.

***Assessment Growth**

Budget will be adjusted annually for changes to Assessment Growth Revenue. The changes will be reflected in the annual budget confirmation that goes to Council for approval. This is to ensure the tax levy is adjusted appropriately.

| | |
|---|---|
| | |
| Actual Assessment Growth is greater than budget up to a maximum of 1% of the property tax budget | Allocate excess funds to Budget Contingency to minimize the impact of unforeseen expenses or shortfalls in assessment growth in future years. |
| Actual Assessment Growth is less than budget up to a maximum of 1% of the property tax budget | Fund the shortfall through the Tax Rate Stabilization Reserve as a one-time infusion of funds. Sustainable funding to be referred to the following year's budget process. |
| Differential between Actual Assessment Growth and Budgeted Assessment Growth greater than 1% of the property tax budget | Open the budget per materiality threshold. |

Operating Net Zero Procedure:

1. There is an opportunity for Managers/Directors/CMT to make "Net Zero Adjustments" between budget cycles.
2. It is not an opportunity to create new programs or receive additional funding as by definition the changes must net to zero.
3. Any changes must be a reallocation of one expense to another expense, or from one revenue source to another revenue source, thereby having no overall financial impact but rather to more accurately align the budget.

For instance, if actual expenses for a certain budget line are historically below budget provision, funding may be reallocated to another desired expense account, as shown below:

| | | | | | | | |
|--|----------|--------|-------------------|-------|---------------|-------|-------|
| | | | | | | | |
| | \$5,000 | 200511 | Mtc Contracts | 13511 | Building Stds | 00000 | 00000 |
| | -\$5,000 | 200106 | Legal Prosecution | 13511 | Building Stds | 00000 | 00000 |
| | 0 | | | | | | |

Capital Net Zero Procedure:

1. Projects of equal or lesser value may be traded off within the three year period adhering to the following thresholds;

| | |
|----------------------------|--------------|
| | |
| < \$10,000 | Directors |
| > \$10,000 and < \$50,000 | Commissioner |
| > \$50,000 and < \$200,000 | CMT |
| ≥ \$200,000 | Council |

Note:

^The projects have been approved during the capital budget process. The alignment of the projects may be adjusted based on the identified thresholds to be efficient and cost effective.

COMPLIANCE:

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

CORPORATE POLICY



Policy Title: **Capital Budget**
Policy Category: **Financial Control**
Policy No.: FC-012
Department: Corporate Services
Approval Date: Feb. 17, 2007
Revision Date: Dec. 10, 2018
Author: Julie Koppeser
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 budget for internal resource support. Costs include but are not limited to: staff related expenses to manage projects, process & release of payments, design etc...

Internal Resource Support:

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

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: November 6, 2018

Corporate Management Team, Review Date: November 14, 2018

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:

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 assist in the decision making of identifying which projects would be automatically funded post Budget Approval (Routine projects) and which projects would need to return to Council with a report before funding is released (Non-Routine projects):
 - a. **Financial Materiality**
 - i. Projects receiving funding greater than \$2.5M over the 1 year period (one year budget approval)
 - ii. Projects receiving funding greater than \$5M over the 3 year period (multiple year budget approval)
 - b. **High Public/Council Interest**
 - c. **Request by Council**
3. That all reserve funds financing capital expenditures must, at a minimum, have a positive balance, with the exception of Development Charges reserve funds which are permitted to carry a negative balance to be recouped over the course of Background Study projection.
4. That expenditures in the capital budget funded through the Capital Reserve Fund or Capital Infrastructure Reinvestment Reserve Fund be inflated according to the third quarter, Toronto construction price index and updated with each budget process.
5. That reserves and reserve funds that provide funding for the capital budget will receive annual transfer allocations as approved within the base Operating Budget or as approved by Council.
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, unless approved as Routine.
7. For Capital Project Overhead charges related to projects, refer to the Capital Overhead policy (FC-018).

COMPLIANCE:

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

CORPORATE POLICY



Policy Title: **New Revenue Policy**
Policy Category: **Financial Control**
Policy No.: FC-014
Department: Corporate Services
Approval Date: April 14, 2008
Revision Date: Dec. 10, 2018
Author: Brad Witzel
Attachments:
Related Documents/Legislation:

Key Word(s): Revenue

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 allocating “new revenue.”

PURPOSE:

During any year, opportunities may arise for “new revenue.” The purpose of this policy is to define “new revenue” and recommend an allocation methodology. This policy was created in 2008 in response to the following Notice of Motion.

1. Develop a policy to define “new revenue.”
2. Recommend a process for allocation of any such revenue, providing for discussion by Council prior to any discussion occurring at the staff level.

DEFINITIONS:

Revenue

Based on the Canadian Institute of Chartered Accountants (CICA) Handbook (HB), revenue is defined as the following:

The inflow of cash, receivables, or other consideration arising in the course of the ordinary activities of an enterprise, normally from the sale of goods, the rendering of services, and the use by others of enterprise resources yielding interest, royalties, and dividends. Revenue is net of items such as trade or volume discounts, returns and allowances, claims for damaged goods, and certain excise and sales taxes.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: November 6, 2018

Corporate Management Team, Review Date: November 14, 2018

Excise and sales taxes to be netted against revenue would normally include those imposed at the time of sale and would normally exclude those imposed prior to the time of sale on either the goods or their constituents.

In the municipal setting, our typical sources of revenue are Property taxes, User Fees, and Other Revenues such as Government Grants and Investment Income.

Revenue Recognition

Based on the CICA HB, revenue recognition is defined as the following:

Revenue from sales and service transactions should be recognized when the requirements as to performance....are satisfied, provided that at the time of performance ultimate collection is reasonably assured.

New Revenue

Based on the definitions above, "New Revenue" can be considered those revenues which are over and above the base revenue currently budgeted to be received, which can be reasonably assured of being received.

New Revenue would **include** new "types" of revenue, such as:

1. Additional revenue from Government Grants or Grant Programs
2. Additional revenue from new sources of revenue such as new user fees

In the City of Waterloo, new revenue under this policy would **exclude**:

1. Property tax increases
2. Additional revenue from Assessment Growth
3. Additional revenue from existing User Fees
4. Additional revenue from Investment Income

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:

Allocation of New Revenue

Currently, there are some Council-approved policies and procedures which allocate new revenue, those being:

1. Excess Assessment Growth
 - a. In general, any amount received in excess of budgeted Assessment Growth will be put in the Budget Contingency to be used for unforeseen expenditures or shortfalls in assessment growth in future years.
 - b. See actual policy for details
2. Assessment Growth
 - a. 10% of assessment growth revenue will be dedicated to the Capital Reserve Fund.
 - b. 30% of assessment growth revenue will be dedicated to the Capital Infrastructure Reinvestment Reserve Fund.
 - c. See actual policy FC-013 Use of Budgeted Assessment Growth Revenue for details.
3. Core Consumer Price Index (CPIX)
 - a. In general, new property tax revenue generated from CPIX is to be used for municipal inflationary increases in the base budget, or other priorities as deemed necessary by Council and/or staff.
4. Government Grants or other funding from other levels of government
 - a. Funding linked to a specific program or service, whether operating or capital, then the funding will be used for that program or service.
 - b. Funding that does not have a specific link to a program or service (all or in part), will be discussed at Council with direction provided to staff.
5. Other revenue
 - a. Any significant increases in other sources of new revenue (\$100,000 or more), direction to staff will be sought from Council.
 - b. For any linked sources of new revenue, such as sponsorship or fundraising revenue, funding will be used as per the linkage to the program.

COMPLIANCE:

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

CORPORATE POLICY



Policy Title: **Capital Overhead**
Policy Category: **Financial Control**
Policy No.: FC-018
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: Dec. 10, 2018
Author: Brad Witzel
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:

A fee applied via a percentage to reimburse the operating budget for internal resource support. Costs include and not limited to: staff related expenses to manage projects, process & release of payments, design etc...

Service Delivery Division:

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

Project Implementation Division:

Division that implements and manages the 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: November 6, 2018

Corporate Management Team, Review Date: November 14, 2018

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 Implementation Division from Integrated Planning and Public Works (IPPW) or Facility Design Management Services (FDM) will have a 6% overhead fee charged to them.

Projects Greater than \$1,500,000

That capital projects with a Project Implementation Division from Integrated Planning and Public Works (IPPW) or Facility Design Management Services (FDM) will have a 3% overhead fee charged to them.

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.