

2010 CAPITAL BUDGET TIMETABLE

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services and the Director of Reserves & Investments in consultation with the City Manager and the Senior Management Team recommends:

That the attached 2010 Capital Budget Guidelines & Procedures and the 2010 Capital Budget Timetable be approved.

Contribution to Sustainability

This is not applicable to this report.

Economic Impact

There is no economic impact as this is an information item.

Communications Plan

Public Notice of Community Input Meetings will be required in October to inform the public of the dates, times and locations. The Region of York and School Boards will also need to be notified in advance of these dates in order to participate in the presentations.

Purpose

The purpose of this report is to inform the Budget Committee of the 2010 Capital Budget Timetable.

Background - Analysis and Options

The City of Vaughan Capital Budget process provides a forum for long-term planning and establishing construction and service priorities for the future. The proposed guidelines provide stability and balances the need for service with affordability and the requirement to meet the changing economic conditions.

In preparing the 2010 Capital Budget, departments should focus on projects that maintain a standard of repair and maintenance, general efficiency, generate cost savings and the availability of staff resources to complete their capital plan. The objective is to receive public input through Community Budget Forums in October followed by a report to the Budget Committee in December for Council approval early February 2010. The purpose of the Community Budget Forum is two-fold: to educate and inform the public and to solicit input from the public into the budget by engaging them in the community. The benefit of this timeline is to allow the tendering and construction process to commence early in 2010 to obtain lower bid prices.

The 2010 Capital Budget Guidelines & Procedures (Attachment 1) and the 2010 Proposed Capital Budget Timetable (Attachment 2) have been prepared with the objective of an early 2010 approval. All capital projects will be reviewed within the applicable funding source(s) based on the criteria outlined in the 2010 Capital Budget Guidelines & Procedures, corresponding reserve by-laws where applicable and all City of Vaughan financial policies.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council in Vaughan Vision 2020; particularly Ensure Financial Sustainability.

Regional Implications

See Communications Plan.

Conclusion

Budget Committee review and approve the proposed 2010 Capital Budget Timetable.

Attachments

Attachment 1 – 2010 Capital Budget Guidelines & Procedures
Attachment 2 – 2010 Capital Budget Timetable

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Respectfully submitted,

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City of Vaughan 2010 Capital Budget Guidelines & Procedures

Definition:

A Capital expenditure must have a gross cost exceeding \$20,000 and be required for the purpose of constructing, acquiring or improving lands, buildings, engineering services or machinery and equipment. The project must be undertaken for the purpose of providing municipal services, have a lasting benefit beyond one year and/or extend the life of the asset.

Please note that capital expenditures greater than \$20,000 which have historically met the definition of capital for budgeting purposes may not be tangible capital assets for financial reporting purposes; for example, planning studies that cannot be directly tied to a tangible capital asset. For actual reporting purposes, adjustments of actual and budget numbers will be made to move these expenditures to operating from capital.

An expenditure for repair or maintenance designed to maintain an asset in its original state is not a capital expenditure.

Deadline:

Capital budgets are to be submitted to Reserves & Investments no later than **September 11, 2009.**

Guidelines & Procedures:

Effective January 1, 2009, municipalities must conform to Section 3150 Tangible Capital Assets. This will result in changes in financial reporting. Each department has inventoried and valued all their tangible capital assets as at December 31, 2007 and is in the process of developing procedures to manage that inventory by incorporating 2008 and 2009 additions and disposals. A City Wide draft tangible capital asset policy is in the process of being developed, and in many cases asset thresholds are below \$20,000; for example, the threshold for equipment is \$5,000.

For the purposes of capital budgeting, please continue to submit capital projects in excess of \$20,000. However, please keep in mind that for actual reporting purposes, that we will be analyzing operating accounts for tangible capital assets that meet the threshold amounts and making adjustments of actual and budget numbers from operating to capital.

Each capital budget request should include a project justification which references appropriate source information to support the project. Examples of appropriate source information would include reference to the Development Charge Background Study, life cycle requirements as provided in the Long Range Financial Planning Model, Council Extracts and existing Departmental programs.



City of Vaughan 2010 Capital Budget Guidelines & Procedures

All capital budget requests must include a 3% administration fee to cover internal administration costs related to the project, identify operating budget impacts including additional staffing requirements and must be approved by the respective department Head prior to submission to Reserves & Investments.

The value of projects approved will depend on the amount of funds available in a particular funding source and the impact on the City's overall finances. The criteria used for prioritizing funding within a funding source for a capital project includes but is not limited to consideration of the following:

- Pre-Budget approval obtained
- Additional funds required to complete previously approved projects
- Legal or Regulatory requirements
- Growth related projects
- Established programs
- Infrastructure repair projects
- Net revenue generating, cost savings or efficiency improvement projects
- New service levels



City of Vaughan 2010 Capital Budget Timetable

Date	Activity
July 18, 2009	Capital Budget Intranet Site on The Vibe available to Departments
September 11, 2009	Draft Departmental Capital Budgets due to Reserves & Investments
Mid September – Mid October 2009	Departmental Capital Budgets Reviewed with Reserves & Investments and Commissioner of Finance & Corporate Services
Mid October – Mid November 2009	Senior Management Capital Budget Review & Public Information/Consultation Forum
November – December 2009	Budget Committee Deliberations
January 2010	Public Input Meeting & Council Approval