

**2011 CAPITAL BUDGET TIMETABLE**

**Recommendation**

The City Manager, the Commissioner of Finance/City Treasurer and the Director of Reserves & Investments recommends:

That the attached 2011 Capital Budget Guidelines & Procedures and the 2011 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 January 2011 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 2011 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 2011 Capital Budget, departments should focus on projects that maintain a standard of repair and maintenance, general efficiency, generate cost savings, the availability of staff resources to complete their capital plan and the status of the outstanding existing capital projects and the timing of their completion before requesting funding for new projects. In the June 2, 2010 report to Audit Committee "Capital Projects Quarterly Report Ending December 31, 2009", it was noted that there were 458 open capital projects at year end 2009, with approximately \$202,023,918 or 36% unspent, roughly the equivalent of 4 capital budget years. A thorough review of open projects will take place prior to submission of new 2011 requests and priority will be given to a focus on completing outstanding capital projects rather than new funding for additional 2011 projects.

The objective is to receive public input through Community Budget Forums in January 2011 followed by a report to the Budget Committee in February 2011 for Council approval in March 2011. 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 2011 Capital Budget Guidelines & Procedures (Attachment 1) and the 2011 Proposed Capital Budget Timetable (Attachment 2) have been prepared with the objective of an early 2011 approval. All capital projects will be reviewed within the applicable funding source(s) based on the criteria outlined in the 2011 Capital Budget Guidelines & Procedures, corresponding reserve by-laws where applicable and all City of Vaughan financial policies.

**Relationship to Vaughan Vision 2020/Strategic Plan**

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

**Regional Implications**

This is not applicable to this report.

**Conclusion**

Budget Committee review and approve the proposed 2011 Capital Budget Timetable.

**Attachments**

Attachment 1 – 2011 Capital Budget Guidelines  
Attachment 2 – 2011 Capital Budget Timetable

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Respectfully submitted,

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Clayton D. Harris, CA  
City Manager

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Barbara Cribbett, CMA  
Commissioner of Finance/City Treasurer

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Ferrucio Castellarin, CGA  
Director of Reserves & Investments

## City of Vaughan 2011 Capital Budget Guidelines

### 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.

Non-recurring studies or initiatives should be included in the capital budget as capital projects.

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

### Guidelines

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, CityWide TCA Inventory, Council Extracts and existing Departmental programs.

The Senior Analyst, Asset Management, Angeline Vanniasinghe, can provide assistance on current TCA inventory. The City's web-based software, CityWide, can provide reports on life cycle costing and remaining service life of TCA's to assist departments in planning capital acquisitions.

The City will be moving to multi-year capital budgeting. Staff may consider utilizing the above resources in the preparation of multi-year capital programs for the 2011 capital budget submission.

The Grant Specialist will review all capital submissions with a view to developing external funding sources. Please contact Bonnie-Lyn Gow at Ext 8425 for assistance in preparing the capital budget submission.

Capital budget requests must:

- Include a 3% administration fee to cover internal administration costs related to the project. The only exception to this are charge are projects funded through AMO gas tax grants, ISF grants and RiNC grants.
- Identify, as accurately as possible, operating budget impacts, including additional staffing requirements relating to each capital project
- Clearly identify the anticipated and required involvement of other departments on the project, if applicable, and the impact on their resources
- Be approved by the respective department head prior to submission to Reserves and Investments

In preparation of department capital budgets, please consider the status of outstanding existing capital projects, and the likelihood of their completion before requesting funding for new projects. A thorough review of open projects will take place for each department and priority will be give to a focus on completing outstanding open capital projects rather than new funding for additional 2011 projects.

# City of Vaughan 2011 Capital Budget Guidelines

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

## **PSAB and Capital Budget**

Effective January 1, 2009, municipalities must conform to Section 3150 Tangible Capital Assets. This is a significant change to financial reporting. Each department has inventoried and valued all their tangible capital assets up to December 31, 2009. We are still finalizing the TCA Policy and change management procedures for annual additions and disposals.

This is a transition year so we will be trying to streamline our capital budget process to make our PSAB reporting more efficient. Please submit the total cost of a project in one capital submission. In previous years, we have had capital submissions of pools of funds for road design, road construction or parks equipment. This makes it difficult to ensure we are capturing all TCA costs. It is more efficient to keep all costs related to one project ie design, engineering, other consulting and equipment in one project. Where you are pooling assets together in one capital submission, please indicate the breakdown of individual assets on the submission. Continue to highlight the toggle box on the project summary sheet if the asset can be classified as a TCA.

For the purposes of capital budgeting, please continue to submit capital projects in excess of \$20,000 as per the definition above. 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.

**City of Vaughan  
 2011 Capital Budget Timetable**

<b>Date</b>	<b>Activity</b>
July 16, 2010	Capital Budget Intranet Site on VOL available to Departments
September 17, 2010	Draft Departmental Capital Budgets due to Reserves & Investments
Mid September – Mid October 2010	Departmental Capital Budgets Reviewed with Reserves & Investments
Mid October – End November 2010	Senior Management Capital Budget Review
January - February 2011	Budget Committee Deliberations
January 2011	Public Information/Consultation Forum
March 2011	Public Input Meeting & Council Approval