


<i>Capital Projects’ Budget Appropriation and Work-in-Progress Transfer Policy</i>		
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POLICY STATEMENT	This Policy sets out the guidelines for the transfer of funding between capital projects, also referred to as Appropriation Transfers and WIP Transfers.
PURPOSE	The purpose of this Policy is to ensure that Appropriation and WIP Transfers are managed in a transparent and effective manner.
SCOPE	<p>This Policy applies to all Appropriation and WIP Transfer requests made by departments.</p> <p>This Policy applies to City of Hamilton internal Capital Projects and does not extend to Outside Boards & Agencies (For example: Library, Police, CityHousing, etc.)</p>
DEFINITIONS	The following terms referenced in this Policy are defined as:
“Appropriation Transfer”	The transfer of approved funding (Capital Financing) from one project to another through the appropriation form approval process.
“Capital Financing”	The funding of projects through various revenue sources.
“Contribution from Current”	Where a project is funded or is budgeted to be funded through the Tax Levy or Rate contribution.
“Debt Financed”	Where a project is funded or is budgeted to be funded through debt issuance.
“Development Charges (DC) Financed”	Where a project is funded or is budgeted to be funded through Development Charges reserves.
“Externally Financed”	Where a project is funded or is budgeted to be funded through a non-City funding source, such as third party collections, government subsidies, or grants.
“Funding Source”	The revenues allocated to a project from a specific revenue stream, such as reserves, debt, the Tax Levy, etc.
“Program Area”	The area where the project is detailed within the City’s Capital Budget presentation. Chart 2 following the policy outlines the program areas.

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“Reserve Financed”	Where a project is funded or is budgeted to be funded through a City reserve.	
“Reserve Borrowings”	Where a project is funded or is budgeted to be funded through borrowings from a reserve which are to be repaid to that reserve over time.	
“Signing Authority”	The approval authority required when transferring funds between projects, as outlined below under the “Signing Authority” section.	
“Work-in-Progress (WIP) Transfers”	The transfer of approved funding (Capital Financing) from one project to another through work-in-progress transfers, usually carried out through the Capital Budget process.	
PRINCIPLES	<p>The following principles apply to this Policy:</p> <ol style="list-style-type: none"> 1) The objective of Appropriation Transfers is to provide funding for approved projects which are overspent or forecasted to be overspent from similar approved projects or projects within the program area which are forecasted to generate a surplus, have unspent funding, or are cancelled, through the use of the Appropriation form. <ol style="list-style-type: none"> a) Appropriation Transfers are to be utilized to address funding deficits of projects which can be funded within approved Signing Authority limits. b) Appropriation forms will be treated as independent of one another in terms of assessing the proper signing authority; unless several forms are received moving funds between the same two projects. c) Appropriation Transfers should not be utilized for the purpose of retaining excess funding from projects with surpluses without a specified application; such funding is to be returned to the original Funding Source upon project closing per the approved Closing Policy. 2) The objective of WIP Transfers is to transfer funding from projects which have unspent funding, are forecasted to generate a surplus, or are cancelled, to projects which require a funding source through the Capital Budget Process. 	

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TRANSPARENCY	<p>Appropriations and WIP Transfers will be summarized and presented to council through the following processes:</p> <ol style="list-style-type: none"> 1) The Annual Capital Budget Process 2) The Capital Projects’ Closing Reports
USAGE AND LIMITATIONS	<p>Appropriation or WIP Transfers will be permitted unless there is a legal/external/board/or other restriction which would limit the ability to transfer funds.</p> <p>The following funding sources have no restrictions and appropriations will be permitted in every case provided that all other terms of the policy have been abided by:</p> <ul style="list-style-type: none"> • Contribution from current • Debt Financed <p>The following funding sources have legal/external/board or other restrictions which limit the freedom to transfer funds:</p> <ul style="list-style-type: none"> • Reserve Financed • Federal Gas Tax • Development Charge Financed • Reserve Borrowings • Future Fund B • External Financing <p>Chart 1 included at the end of this policy has been prepared to assist in determining when an appropriation will be acceptable for each of these funding sources. Chart 1 is considered an integral part of the usage and limitations section of this policy.</p> <p>Appropriations are expected to occur within a specific program area (See Chart 2). Appropriations Transfers which are to be made between program areas will require approval from both Directors/General Managers, as appropriate, based on the signing authority limits.</p> <p>Appropriation or WIP Transfer requests which do not conform to this Policy must be specifically approved by City of Hamilton Council. Any exemptions approved by Council must still conform with legislative requirements (i.e. Development Charges Act, 1997).</p>

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SIGNING AUTHORITY

Appropriation Transfer requests shall conform with the signing authorities outlined in the City of Hamilton's Procurement Policy, which as of the date of this Policy (By-Law No. 13-317) are as follows:

Council - \$250,000 or greater
City Manager - \$100,000 to \$249,999.99
General Manager – Up to \$99,999.99

As per the City of Hamilton's Procurement Policy, the above signing authorities can be delegated accordingly to an Authorized Delegate.

Additionally, Directors will be authorized to approve Appropriation Transfers up to and including \$60,000.

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Chart 1: Capital Projects' Budget Appropriation and Work-in-Progress Transfer Policy Limitations Based on Funding Source

Funding Source	General Rule	Comments/Limitations Explained
Contribution from current	Permitted	N/A
Debt Financed	Permitted	N/A
Reserve Financed	Limited	Will be permitted provided that the recipient project is eligible to be funded from the reserve.
Federal Gas Tax	Limited	Will be permitted where the project to which the funds are being transferred to is verified as eligible to receive Federal Gas Tax funding and receives appropriate Federal approval.
Development Charges	Not Permitted	Any project which is budgeted to be funded from DCs or debt funded by DCs is required to maintain specific funding requirements. Only if the requirements in the applicable DC study can be upheld will an appropriation be permitted.
Reserve Borrowings	Not Permitted	Borrowings from reserves are specifically approved. Appropriations from reserve borrowings will only be permitted where both projects are to be funded from borrowings from the same reserve.
Future Fund B	Not Permitted	Future fund projects are specifically approved and appropriations will not be permitted.
External Financing	Not Permitted	Appropriations will be allowed where permitted in the original agreement or where the external financier has expressly given permission.

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Chart 2: Capital Budget Program Areas

Capital Budget Section	Program Area	Capital Budget Section	Program Area
City Manager	City Manager	... Planning & Economic Development	Parking By-Law Services
	Human Resources		Planning Services
Community & Emergency Services	Corporate Trunk Radio System		Public Art
	Hamilton Fire Department		Strategic Services
	Housing Services		Tourism & Culture
	Long Term Care Homes		Urban Renewal - Block Funded
	Paramedic Services		Urban Renewal - Improvement Projects
	Recreation Services	Public Works	Corporate Facilities
	Other Divisions		Fleet Services
Corporate Services	City Clerk		Forestry & Horticulture
	Customer Service Access & Equity		O & M - Parks & Cemeteries
	Finance		Open Space Development
	Information Technology (IT)		Recreation Facilities
Council Initiatives	Area Rating Special Capital Reinvestment		Roads
	Corporate Projects		Storm Water Management
	Council Strategic Projects		Transit Services
Public Health	Public Health		Waste Management
Planning & Economic Development ...	Economic Development		Wastewater System
	Growth Management		Water System
	Industrial Land Development		West Harbour & Waterfront Strategic Initiatives