



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 20, 2016
SUBJECT/REPORT NO:	West Harbour Initiatives Capital Budget Appropriation Transfer Policy (FCS16050) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Abe Chegou (905) 546-2424 Ext. 4047 Joseph Spiler (905) 546-2424 Ext. 4519
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That delegated authority be provided to the General Manager of Public Works to approve all Capital Budget appropriation transfers within the West Harbour Initiatives Capital Budget Program as defined in Appendix “A” to Report FCS16050.

EXECUTIVE SUMMARY

The City of Hamilton’s West Harbour Initiatives Capital Budget Program has been approved to 2018 in principle by City Council with the approval of the 2016 Budget. Approvals for 2013 to 2016 for West Harbour Initiatives Capital Budget Program total \$30 million of gross expenditures. Approvals, in principle, for 2017 and 2018 for West Harbour Initiatives Capital Budget Program total \$50 million of gross expenditures. Appendix “A” to Report FCS16050 provides the budget by year for all of the projects in this Program.

Capital project estimates for the West Harbour Initiatives Capital Budget Program were developed over many years and continue to be examined and reviewed. Capital infrastructure priorities and opportunities to stage construction within this Program are constantly changing. Public Works and Corporate Services staff requires the ability to move funds within the West Harbour Initiatives Capital Budget Program in a timely manner as more detailed budgets are developed and procurement of goods and services is required to allow for administrative efficiencies. The City’s existing Capital Budget Project Appropriation Transfer Policy requires staff to obtain Council approval when transferring funds from one project to another project greater than \$250,000.

SUBJECT: West Harbour Initiatives Capital Budget Appropriation Transfer Policy (FCS16050) (City Wide) - Page 2 of 5

By providing delegated authority to the General Manager of Public Works, Council approval would no longer be required to transfer budgets between Capital Projects within the West Harbour Initiatives Capital Budget Program. Essentially, the budget for all of the projects within the West Harbour Initiatives Capital Budget Program included in Appendix “A” to Report FCS16050 would be combined for purposes of this Policy and the City’s Procurement Policy.

Transparency and fiduciary obligations would not be compromised as the General Manager of Public Works would need to approve the budget appropriation transfers and Program staff would still be required to fill out appropriation transfer forms. Appropriation forms are presented to Council through the Annual Capital Budget Process and Capital Projects’ Closing Reports. As with the existing Capital Budget Project Appropriation Transfer Policy (Report FCS14031), revenue sources that finance these project expenditures will be monitored as appropriation transfers will be permitted unless there is a legal, external, board or other restriction which would limit the ability to transfer funds between projects. For example, development charges that finance specific projects cannot be transferred to projects that are not permitted to be financed by City of Hamilton development charges policies and by-laws.

Historically, Council has approved delegated authority for similar significant Capital Projects, such as, the East / West Expressway (now known as Lincoln Alexander Parkway) and North / South Expressway (now known as Redhill Creek Expressway).

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: With approval of the recommendation in Report FCS16050, as long as there is no net Program Budget Increase to projects included in Appendix “A” to Report FCS16050, funding can be re-appropriated within this program requiring only the General Manager of Public Works (GM) approval. Staff will still complete appropriation transfer forms with the appropriate staff signatures and the GM’s approval.

The approval of West Harbour Initiatives Capital Budget Program from 2013 to 2016 is broken down as follows:

Gross budgets from 2013 to 2015:	\$22,304,000
Gross budgets from 2016 Budget	
2016:	\$7,475,000
2017: (approved in principle)	\$27,235,000
2018: (approved in principle)	\$23,100,000
Total (2013 to 2018)	\$80,114,000

SUBJECT: West Harbour Initiatives Capital Budget Appropriation Transfer Policy (FCS16050) (City Wide) - Page 3 of 5

Any additional funding for revised estimated costs for the West Harbour Initiatives Capital Budget Program will be submitted to Council through the annual Budget process, report or motion.

The objective of Appropriation Transfers is to provide funding for approved projects which will be overspent or forecasted to be overspent once better project estimates are known. Available funding comes from projects within the same program area that are underspent or forecasted to be underspent or generate a surplus.

Capital Budget Appropriation Transfer requests other than within the West Harbour Capital Program will continue to conform to the City of Hamilton's Capital Budget Appropriation Transfer Policy (Report FCS14031).

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The West Harbour area is one of the key areas targeted for regeneration and redevelopment by the City of Hamilton. It forms part of an integrated north-Hamilton area containing different land uses including the Bayfront Industrial Area, established recreational and boating related uses and some newer recreational and commercial activities that have helped to reinforce City' vision and West Harbour's identity as an important location for new development. The West Harbour area enjoys several competitive advantages, including a waterfront location and proximity to the soon-to-be completed GO Station at James Street North. Municipal ownership also puts the City in a unique position to represent the public interest and partner with the private sector to implement the vision. The West Harbour plans include:

- Developing cultural, commercial and recreational uses;
- Providing a greater range of attractions year-round; and,
- Bringing economic opportunity through new construction, employment, tourism and cultural and commercial development.

City Council has approved budgets of \$80 million for fiscal years 2013 to 2016 and 2017 and 2018 in principle that have included projects under West Harbour Initiatives Capital Budget Program.

During 2015 and 2016, budget estimates for twenty-six specific projects under West Harbour Initiatives Capital Budget Program were established and budgets were transferred from the original West Harbour and Waterfront Strategic Initiatives (Project 4401356800). Appendix "A" to Report FCS16050 provides the budget by year for all of the projects in this Program.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Report FCS16050 presents a new Capital Budget Appropriation Transfer Policy for the projects within the West Harbour Initiatives Capital Budget Program for the consideration of Council. Essentially, budgets of all Capital Projects within the West Harbour Initiatives Capital Program are being treated as one combined budget. Revenue sources to finance these individual Capital Projects will be monitored by staff to ensure compliance with all agreements, legislation, policies and procedures.

Capital Budget Appropriation Transfer requests that are required for projects other than projects within the West Harbour Initiatives Capital Program will continue to conform to the City of Hamilton's Capital Budget Appropriation Transfer Policy (Report FCS14031).

The City's Procurement Policy (By-Law No. 13-317) permits tenders for Capital Projects to be accepted where the bid does not exceed 10% or \$250,000 of the budget, whichever is less. By treating the budget of all Capital Projects within the West Harbour Initiatives Capital Program as one combined budget, compliance with the City's Procurement Policy still exists.

RELEVANT CONSULTATION

Corporate Services staff consulted with staff in Public Works in the development of this policy that will increase administrative efficiency in the procurement of goods and services for projects within the West Harbour Initiatives Capital Budget Program.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

West Harbour Initiatives Capital Budget Appropriation Transfer Policy allows continuity of work and shorter administrative delays in approving contracts through the procurement process (tenders, RFPs, etc.) when project budget estimates are insufficient. The delegated authority provided to the General Manager of Public Works allows for the approval of all Capital budget appropriation transfers within the West Harbour Initiatives Capital Budget Program rather than requiring a report to Council for the approval for reallocation of funding between projects for \$250,000 or greater.

Any additional funding for revised estimated costs for the West Harbour Initiatives Capital Budget Program will be submitted to Council through the annual budget process, report or motion. The City's Procurement Policy (By-Law No. 13-317) permits tenders for Capital Projects to be accepted where the bid does not exceed 10% or \$250,000 of the budget, whichever is less.

Staff will be required to follow the Capital Project Budget Appropriation Transfer Policy and the Capital Project Monitoring Policy and process appropriation transfer forms and report appropriation transfers to Council for these projects.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.
- 2.3 Enhance customer service satisfaction.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS16050 – West Harbour Initiatives Capital Budget Program Budget by Year

AC/JS/dkm