

Ward-Specific Funding Initiatives Procedure

DEPARTMENT: <b>Corporate Services</b>	<b>PROCEDURE</b>	
CONTACT: <b>General Manager, Finance and Corporate Services</b>	NO: 2018-12-01	
	CREATION DATE:	November 20 2018

<b>TITLE:</b>	<b>Ward-Specific Funding Initiatives Procedure</b>
<b>PURPOSE:</b>	To provide procedures for Ward-Specific Funding Initiatives
<b>APPLICATION:</b>	City-Wide

**A. Responsibilities**

**Councillors** – are responsible for reviewing the policy and procedures to utilize their Ward-Specific Funding through the Capital Budget Process, in year reports or motions. Councillors must ensure that Ward-Specific Funding Initiatives are approved prior to August 31 of an election year, after which expenses cannot be approved until the new council is in office.

**Staff** – are responsible for ensuring that the policy and procedures have been complied with and to maintain records of submitted checklists and Capital project detail sheets.

**B. Procedure Statement**

The City of Hamilton has prepared this procedure to ensure Councillors are compliant with the City’s policies. There are four types of Ward-Specific Funding Initiatives addressed in this procedure:

- Area Rating Special Capital Re-Investment Reserve Fund
- Area Rating Special Capital Re-Investment Discretionary Fund
- Cellular Tower and Ward-Specific Non-Property Tax Revenues
- Minor Maintenance Council Priority Projects

**C. Objective**

The objective of this procedure is to increase clarity on the requirements to utilize funds from the four Ward-Specific Funding Initiatives mentioned above.

**Definitions**

**Area Rating Project:** A project funded from an Area Rating Special Capital Re-Investment Reserve.

**Area Rating Special Capital Re-Investment Discretionary Fund:** This fund was created to help Councillors meet immediate needs for one-time infrastructure in their Ward. Each of the Hamilton former Wards (Wards 1 to 8) Councillors were allocated \$100 K annually from their Area Rating Special Capital Re-Investment Reserve.

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**Area Rating Special Capital Re-Investment Reserve:** Eight Ward-Specific Capital Reserves (Wards 1 to 8) were created due to the increasing infrastructure needs in the City of Hamilton former Wards. In 2011, Council approved a tax shift variance be phased-in and re-invested into former City of Hamilton to address its infrastructure needs. Currently, City of Hamilton former Wards receive annually receive \$1.678 M which is deposited to Reserves 108051 to 108058.

**Capital Budget Process:** The process to plan for the acquisition, construction and financing of assets or improvements to existing infrastructure.

**Capital Budget Project Detail Sheet:** The detail sheet outlines the annual revenues and expenses associated with a project including any Operating Budget impacts.

**Cellular Tower Revenue:** Revenues received from Cellular Tower licences / leases which are credited to the Ward’s Capital Non-Property Tax Revenue project for the Ward in which the tower resides.

**Grant:** Providing non-repayable funds or products to agencies or individuals to assist with the services they provide in the community. There is no direct receipt of products or services in return.

**Hamilton Former Wards:** The City of Hamilton prior to amalgamation, Wards 1 through 8 before the Ward boundary changes effective December 1, 2018.

**Infrastructure:** The basic structures needed for the operation of a service and facility. The term typically refers to the technical structures that support a society, such as roads, water supply, sewer supply and are deemed essential to enable, sustain or enhance societal living conditions.

**Discretionary Infrastructure:** Small, one-time infrastructure projects funded through the Councillor’s annual \$100 K discretionary special capital re-investment funding. Projects can include historical plaques, small road improvements and small beautification projects.

**Minor Maintenance Council Priority Projects:** The proposed funding allocation identified by Council to be used to maintain and resolve the needs of the City of Hamilton’s road right-of-way infrastructure, including pavement and concrete maintenance and / or minor road rehabilitation falling outside the current prioritization methods.

**Operating Budget Impacts:** The expenditures associated with the day-to-day operation resulting from a project including salaries, wages, benefits, heat, hydro and maintenance of buildings. These costs should be outlined in the Project Detail sheet submission, as they typically start upon completion.

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**Social Infrastructure:** Organizations and services that help individuals, families, groups and communities meet their social needs, maximize their potential for development and community well-being. Typically refers facilitating projects for community housing, schools, and hospitals.

**Wards:** Specific boundaries within City of Hamilton that can be comprised of multiple communities.

### Reporting

An annual report is submitted to Council per Report FCS18014 outlining the balances and activities in the Ward-Specific Funding Initiatives including Area Rating Special Capital Re-investment Reserves, Area Rating Special Capital Re-investment Discretionary Fund, Ward-Specific Non-Property Tax Revenues, Cellular Tower Revenues and Minor Maintenance Council Priority Capital Projects.

Status updates will also be required as part of the budget status reporting in June, September and December. The status update will summarize year-to-date spending and known future commitments.

### Area Rating Special Capital Re-Investment Reserve (Wards 1-8)

The Area Rating Special Capital Re-investment (Area Rating) Reserve Policy (Report FCS12024) was approved by Council on February 22, 2012. This Policy addresses the process and principles of the re-investment of the tax shift variance to the Hamilton former Wards for the infrastructure deficit. The funding has been phased with the Hamilton former Wards receiving approximately \$420 K in 2011, \$640 K in 2012, and \$1.259 M in 2013. The phasing was completed in 2014, with each of these Wards receiving \$1.678 M annually from then onward.

The parameters for Area Rating Special Capital Re-investment spending are outlined in Report FCS12024 and include:

- Funding should be targeted at infrastructure to address the infrastructure deficit / shortfall within affected Wards;
- One-time funding may include funding that is committed in an effort to leverage similar funding from outside agencies or senior levels of government;
- Funding expended through the Area Rating Reserve should not replace the regular Tax Supported Capital Budget, although consideration can be made to accelerate projects which may otherwise be deemed unaffordable within the 10-year forecast;
- Projects must be approved by Council and all potential operating and financial impacts should be identified;
- Projects should be brought forward in conjunction with the annual Capital Budget Process;
- Funding may be banked for the purpose of providing funding to a financially significant Ward infrastructure / one-time investment

### Procedure

To utilize the Ward’s Area Rating Reserve funding, the following must be followed:

1. When funding a project from Area Rating Reserve, requests must comply with the funding requirements outlined in the recommended checklist in Appendix A to this procedure.

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2. All funding must be spent within the Ward the funds are collected.
3. The Councillor is to confirm with the department responsible for the initiative if there are any Operating Budget impacts associated with the project.
  - a. These impacts should than be identified on the Capital Budget Project Detail Sheet submitted to Finance (Capital Budgets Section)

The Councillor must confirm with Capital Budgets staff that funds are available prior to recommending it be funded from Area Rating Reserve.

1. An Area Rating Reserve project can be approved through either the Capital Budget Process, an in-year Council report or a motion through Council.
  - a. All funding from the Area Rating Reserves **require** Council approval.
2. Area Rating Reserve funding should **not** be a grant to an individual, group or outside agency, with the exception of social infrastructure projects.
3. The project is complaint with the Procurement Policy.

### **Area Rating Special Capital Re-Investment Discretionary Fund (Wards 1-8)**

In February 2012, Report FCS12024 recommended that a Capital project be created for and funded by each of the eight Area Rating Special Capital Re-Investment (Area Rating) Reserves, in the amount of \$100 K annually, to be used to fund infrastructure priorities. The Discretionary funding is to provide some financial capacity to the Hamilton former Ward Councillors in funding immediate infrastructure needs and / or one-time funding requirements, with no associated Operating Budget impacts. Examples of such investments may include: infrastructure projects, historical plaques and small beautification projects.

A Discretionary project is created and funded each year. After three years, if the funding is not spent the Discretionary project is closed and any remaining funding is returned to the Area Rating Reserve per the Capital Closing Policy (Report FCS09083(a)). At that point, the funds will no longer be considered Discretionary and will follow the Area Rating Reserve Policy when being used in the future.

### **Procedure**

To utilize the Ward’s Area Rating Special Capital Re-Investment Discretionary (Area Rating Discretionary) Fund, the following must be followed:

1. When utilizing Discretionary funds, requests must meet the requirements outlined in the recommended checklist in Appendix B to this procedure.
2. All Discretionary spending must be spent within the Ward in which the funds are collected.
3. The Councillor is to confirm with the department responsible for the initiative if there are any Operating Budget impacts associated with the project. If there is an Operating Budget impact, the project is **not eligible** for Discretionary funding.
4. The Councillor must confirm with Capital Budgets that funds are available prior to recommending it be funded from Area Rating Discretionary funds.

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5. Area Rating Discretionary funding requires Council approval if:
  - a. The project does not meet the guidelines set out in the recommended checklist in Appendix B to this procedure.
  - b. The funding is in the form of a grant above \$350.
6. The project is compliant with the Procurement Policy.

### **Cellular Tower and Ward-Specific Non-Property Tax Revenues (All Wards)**

From 2011 to 2016, Cellular Tower and Ward-Specific Non-Property Tax Revenues were deposited and transferred to reserves that were established for Ward-Specific purposes. Council, at its meeting on June 22, 2016, approved AF&AC Report 16-010 containing recommendations, as amended, to Ward-Specific Non-Property Tax Revenues (Report FCS16042) including that Ward-Specific non-property tax revenues (net of any operating costs) be deposited in associated Ward-Specific Capital projects. This change in accounting facilitates tracking these Ward-Specific revenues separately.

### **Procedure**

To utilize the Cellular Tower and Ward-Specific Non-Property Tax Revenues, the following must be followed:

1. The Councillor must confirm with Capital Budgets staff that funds are available prior to recommending it be funded from Cellular Tower and Ward-Specific Non-Property Tax Revenues.
2. The funding must be spent within the Ward the tower is located.
3. Projects funded from Cellular Tower and Ward-Specific Non-Property Tax Revenues **cannot** have any Operating Budget impacts.
4. Projects funded from Cellular Tower and Ward-Specific Non-Property Tax Revenues can be approved through either the Capital Budget Process, an in-year Council report or a motion through Council.
5. All funding from the Cellular Tower and Ward-Specific Non-Property Tax Revenues **requires** Council approval to be used.
6. The project is compliant with the Procurement Policy

### **Minor Maintenance Council Priority Projects (All Wards)**

In 2012, the annual Minor Maintenance Council Priority Projects were initiated. Separate projects were created for each Ward in 2014 to increase transparency. In the City’s 2016 Tax Capital Budget, it was determined that these separate projects should exist for a period of three years, to decrease duplication of projects. Unspent funds from the previous years were merged to form one Minor Maintenance Council Priority Project per Ward, which received funding of \$633 K in 2016. The annual budget process has provided \$200 K to each Ward for a total of \$3 M of funding for 2017 and 2018. Staff in Public Works assist each Ward Councillor in planning the capital infrastructure improvements.

The current procedure for this funding is to be spent on road right-of-way infrastructure and are subject to the Ward Councillor’s discretion and must align with the below procedure. After three years, the Minor Maintenance Council Priority Project is closed and any remaining funds are returned to the Ward’s more recent minor maintenance project.

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### **Procedure**

To utilize the Minor Maintenance Council Priority Project funding, the following must be followed:

1. The Councillor must confirm with Senior Project Manager - Infrastructure Programming that the request meets the objectives of the project and that funds are available prior to recommending the project request be funded from the Minor Maintenance Council Priority Project Funding.
2. Any Operating Budget impacts must be identified and discussed with the department prior to submission to ensure ongoing funding is available.
3. Once funding has been confirmed, staff in Public Works co-ordinate with the departments required to complete the work.