

Capital Budget Policy Update

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Jim Lister, Manager of Planning and Budgeting, City of Greater Sudbury

Key Messages

- ❑ The Capital Budget Policy must be a tool for making decisions that:
 - ❑ Are transparent and consistent
 - ❑ Reflect community and asset level of service priorities
 - ❑ Adhere to financial plans
 - ❑ Provide reliable performance data
 - ❑ Clarify the choices available for capital investment given levels of available funding

Recent Policy Documents - LTFP

The Long Term Financial Plan (LTFP) approved in April 2017 provided guidance on changes to Capital Budgeting:

- ▶ The approved increase to 10% from 5% of net revenues for the debt limit
 - ▶ This provides more financing options to Council to invest in capital
- ▶ Expanded reporting on ongoing Capital Projects
- ▶ Continuation of a Capital Levy

Recent Policy Documents – AMP

The Asset Management Policy (AMP) was approved in April 2018 and anticipated further changes to Capital Budgeting:

- ▶ An enterprise-wide risk assessment would inform capital budgeting recommendations.
- ▶ Asset renewal spending choices would reflect service level expectations.
- ▶ Multi-year capital projects would have their full funding plan approved when the project is approved,
- ▶ Capital project management would follow consistent, enterprise-wide standards.

Capital Budget Funding

Timing of Funding

- ▶ Historic Policy – Funding provided in year of approval
- ▶ Recommended Policy – Funds allocated in year required

Reserves

- ▶ Historic Policy – Service-specific reserve funds
- ▶ Recommended Policy – Consolidation of reserve funds

Capital Project Selection

Prioritization

- ▶ Historic Policy – Projects prioritized inside “envelopes”
- ▶ Recommended Policy
 - ▶ Projects prioritized more enterprise-wide on service priorities
 - ▶ A standardized template used for project parameters
 - ▶ A cross-functional team reviews project proposals
- ▶ Allows for a clear picture of enterprise priorities

Managing Capital Project Spending

Creation of Holding Accounts

- ▶ Available to fund project costs that exceed Council approved project budgets
- ▶ Available to fund emergency capital projects
- ▶ Are the funding source for in-year investment opportunities (e.g. Provincial or Federal grants or programs)
- ▶ Are funded by project surpluses

Timely Project Completion

- ▶ After 24 months of inactivity project is closed and funds returned to holding account

Reporting – Quarterly Reporting

Quarterly Report


- ▶ Consistent with current process – projects completed during the prior quarter will be reported on
- ▶ In addition transactions that impact the holding accounts will also be reported on

Reporting – Annual Presentation

2018 Example

2018 Mid-Year Capital Program Status
City of Greater Sudbury

Finance & Administration Committee
July 10, 2018



Community Development
Work-in-Progress



Community Development
Work-in-Progress

- St. Joseph's Parking Lot
- Adanac Ski Lift
- HARC Family Washroom
- Onaping and Capreol Splash Pads
- Civic Cemetery Road Realignment
- McKenzie Library Roof
- Pioneer Manor Nurse Call System
- Transit Route Optimization Plan
- Transit Bus Replacement and Downtown Terminal Improvements (PTIF)



Reporting – Annual Presentation

Annual Presentation

- ▶ Detail all major capital projects and a brief comment on status
 - ▶ Anticipated timeline to completion
 - ▶ Project highlights
 - ▶ Funding sources
 - ▶ And any other pertinent details
- ▶ Provide a commentary on all major projects completed.
- ▶ To be done in early fall leading into budget cycle

Reporting – Annual Report

Capital Status Update Report

- ▶ Detail provided in spring on:
 - ▶ All outstanding capital projects and a brief comment on status
 - ▶ For larger projects:
 - project highlights and accomplishments
 - expected timeline to completion, funding sources
 - ▶ Summary of all projects completed from the prior Capital Status Update Report
 - ▶ Balances and the transactions that impacted the the Holding Accounts since the last report.

Reporting – Budget Document

Project Details

- ▶ Each recommended, or previously recommended project will have project details provided – example below

2019 Capital Project Details

Project Title: Cycling Infrastructure

Project Type: Previously Approved

Asset Class: Roads Infrastructure

Department: Roads

Summary: Represents funds previously approved by Council towards Cycling Infrastructure of \$800,000 per year. This to improve transparency regarding the City's investment in the Active Transportation Network, and to construct cycling Infrastructure connectivity and road retrofits.

	2019	2020	2021	2022	2023	Beyond 2024	Total
Expenses	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 4,800,000

	2019	2020	2021	2022	2023	Beyond 2024	Total
Funding							
Annual Contribution to Capital	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 4,800,000
Total	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 4,800,000

	2019	2020	2021	2022	2023	Beyond 2024	Total
Operating Impact of Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Conclusion

The recommended policy:

- ▶ Aligns with the LTFP and AMP
- ▶ Aligns with evolving enterprise risk management practice
- ▶ Provides more information on:
 - ▶ Project selection
 - ▶ Project accountability
 - ▶ Project results