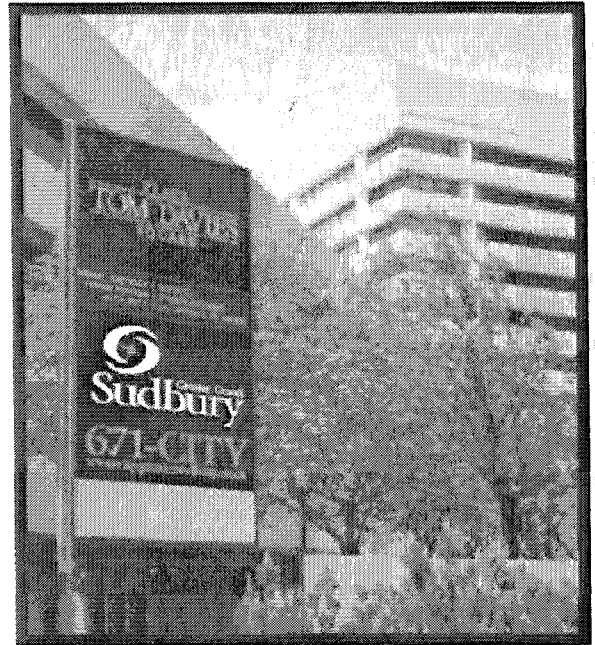


Agenda Ordre du Jour

**Councillor/Conseiller
Ted Callaghan
Chair/Présidente**

**Councillor/Conseiller
Russ Thompson
Vice-Chair/Vice-Président**



**For the
Finance Committee
Meeting to be held**

Tuesday, October 28, 2008

at 3:30 p.m

**Council Chamber
Tom Davies Square**

**Pour la réunion du
Comité des finances
qui aura lieu**

mardi le 28 octobre 2008

à 15 h 30

**dans la Salle du Conseil
Place Tom Davies**

**TWENTY-FIRST MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON TUESDAY, OCTOBER 28, 2008 AT 3:30 P.M.
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE**

COUNCILLOR CALLAGHAN, CHAIR

(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)

The Council Chamber of Tom Davies Square is wheelchair accessible. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerk's Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 674-4455, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed on the City's web site at www.greatersudbury.ca.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATION

Report dated October 22, 2008 from the Chief Financial Officer/Treasurer regarding 2009 Capital Budget and 2010 and 2011 Capital Estimates.

1 - 5

(ELECTRONIC PRESENTATION) (RECOMMENDATION PREPARED)

- ▶ Lorella Hayes, Chief Financial Officer/Treasurer

(This report contains a resolution approving the 2009 Capital Budget and accepting the 2010 and 2011 Capital Budget estimates for information purposes.)

REVIEW OF 2009 CAPITAL BUDGET

The Chair of the Finance Committee will review the Capital Budget in the 2009 Budget Document.

(PLEASE BRING YOUR COPY OF THE CAPITAL BUDGET DOCUMENT, DELIVERED UNDER SEPARATE COVER, TO THE MEETING.)

DEPARTMENTAL PRESENTATIONS

- ▶ Infrastructure Services - Greg Clausen, General Manager of Infrastructure Services
- ▶ Emergency Services - Tim Beadman, Chief of Emergency Services
- ▶ Public Safety - Tim Beadman, Chief of Emergency Services and Ian Davidson, Chief of Police
- ▶ Fire Services - Marc Leduc, Acting Fire Chief
- ▶ Community Development - Catherine Matheson, General Manager of Community Development
- ▶ Growth and Development - Doug Nadorozny, General Manager of Growth and Development
- ▶ Administrative Services - Caroline Hallsworth, Executive Director, Administrative Services
- ▶ Police Services - Ian Davidson, Chief of Police

2009 PARKING LOT REVIEW

The Chair of the Finance Committee will review each of the items placed in the Parking Lot. The consensus of Council will be required for each item listed in the Parking Lot.

ADJOURNMENT (RESOLUTION PREPARED)

**COUNCILLOR TED CALLAGHAN
CHAIR, FINANCE COMMITTEE**


**FRANCA BORTOLUSSI
COUNCIL SECRETARY**


Request for Recommendation Finance Committee

Type of Decision									
Meeting	October 28, 2008				Report Date	October 22, 2008			
Decision Requested		Yes		No	Priority		High		Low
	Direction Only				Type of Meeting		Open		Closed

Report Title
2009 Capital Budget

Budget Impact / Policy Implication		Recommendation
X	This report has been reviewed by the Finance Division and the funding source has been identified.	
		<p>THAT Council approve the 2009 Capital Budget as summarized in the report dated October 22, 2008 from the CFO/Treasurer, including acceptance of the draft 2009 Police Services Capital Budget and;</p> <p>THAT total internal financing of \$6.542 million be approved for projects to be completed in 2009 and be repaid from future capital envelopes in 2010 to 2013;</p> <p>THAT the remainder of the 2010 and 2011 Capital Budgets be accepted for information for staff to use as a planning tool.</p>
X	Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Loretta Hayes Chief Financial Officer/Treasurer	Mark Mieto Chief Administrative Officer

Report Prepared By	Division Review
 Dion Dumontelle Manager of Financial Support & Budgeting	

BACKGROUND

Early Approval of Capital Budget

2009 marks the second year that Council will approve the base Capital Budget in the fall. Council adopted a Capital Policy in 2001 which recommended that the Capital Budget to be approved in the fall of each year. This allows the operating departments to prepare for the upcoming construction season and tender early, in order to achieve the best possible prices for the projects to be undertaken. Tender documents can be prepared, advertised and awarded with work commencing in 2008 and 2009.

Acceptance of the 2010 and 2011 Capital Budget estimates provides staff with the guidance to commence preparatory work on upcoming projects. These forecasts will also be used during the preparation of the Development Charges Background Study.

Capital Envelope System and Long Term Financial Plan

The Capital Policy also established the Capital Envelope system which specifies capital allocations to the operating departments by specific function, such as Roads, Buildings, Information Technology, etc.

A Long Term Financial Plan (LTFP) was adopted in principle by Council in November of 2002. One of the assumptions in this Plan was that the contributions to the Capital Envelopes would increase by an inflation factor annually. A 2% inflation factor was first applied to the 2004 envelopes, and has been maintained since then. Water and Wastewater Envelopes have also been increased annually by an additional \$400,000 and \$450,000 respectively each year in accordance with the Sustainable Capital Asset Program (SCAMP) adopted by Council.

The SCAMP program was approved to continue until 2011, however, with a significant increase in the replacement value of Water/Wastewater infrastructure, as well as new growth related infrastructure and unanticipated needs such as Levack Water Supply System and Biosolids Management, the SCAMP program should be revisited and extended beyond 2011. A report to Council will be forthcoming in 2009/2010 once the PSAB 3150 Tangible Capital Asset project and asset values are complete.

The LTFP also recommended a cumulative annual Capital Levy of 2.27% of the total levy of the previous year. Over time, this levy together with a short-term, managed debt program and continued applications to senior levels of government, the plan anticipated that the capital financing gap would be addressed over a 10 year period. The recommended Capital Levy was approved in 2005 and 2006, and was directed to the Roads Envelope on a permanent basis. For 2007 a 0.5% Capital Levy was approved and allocated to Facilities. The 2008 Capital Levy was approved at 2.27% and allocated to various envelopes as follows:

Roads	\$1,455,939
Leisure	900,000
Facilities - IES	360,000
Facilities - CD	440,000
Public Safety	375,000
Fire	200,000

A report to Council will be forthcoming regarding the allocation of the 2009 Capital Levy.

The increase to total envelope funding provided through the base operating budget since 2003 is as follows:

2003 Capital Envelopes –	\$32.0 million
2004 Capital Envelopes –	\$34.1 million
2005 Capital Envelopes –	\$39.6 million
2006 Capital Envelopes –	\$44.5 million
2007 Capital Envelopes –	\$47.4 million
2008 Capital Envelopes –	\$52.4 million
2009 Capital Envelopes -	\$54.8 million

2009 Capital Budget

The following table summarizes the total base 2009 Capital Budget as well as the recommended funding sources.

Department	Funding Sources					
	Capital Envelope	Internal Financing/ Future Envelopes	Reserves or Reserve Funds	Grants or Recoveries	Federal Gas Tax	2009 Capital Budget
Infrastructure	\$ 47,717,365	\$ 6,542,100	\$ 3,904,122	\$ 120,000	\$ 5,637,552	\$ 63,921,139
Emergency Services/ Public Safety	382,500		1,776,784			2,159,284
Fire	838,658					838,658
Community Development	4,892,589		470,000	2,040,400		7,402,989
Growth & Development			308,394	2,202,606		2,511,000
Administrative Services	442,680		852,320			1,295,000
Police Services	522,967		1,672,000			2,194,967
Total	\$54,796,759	\$6,542,100	\$8,983,620	\$4,363,006	\$5,637,552	\$80,323,037

See the Capital Budget binder for the detailed list of proposed capital expenditures for 2009.

Federal Gas Tax

The annual Federal Gas Tax revenues are intended to fund environmentally sustainable municipal infrastructure projects that promote clean air, clean water, and reduced greenhouse gas emissions within eligible categories (transit, roads & bridges, water, wastewater, solid waste, capacity building and community energy systems).

Roads were identified as the largest unfunded area and consistently garnered public input to provide a better transportation network. As a result, staff are recommending that Federal Gas Tax revenues of \$5.6 million (inclusive of interest of \$594,000) be allocated 100% to this area for 2009, consistent with 2007 and 2008.

The 2010 and 2011 Roads Capital budget reflect an allocation of \$5M out of the anticipated \$10M Federal gas Tax grant. These budgets will be updated in the future to include the balance of the grant based upon projects to be identified at that time.

Approval for Internal Financing

Inclusive of the 2009 budget, it is being recommended that expenditures totalling \$6.542 million be approved for spending in 2009. These funds will be internally financed by borrowing from the Capital Fund balance, and repaid through contributions from the 2010 through 2013 capital envelopes.

The following table lists the projects:

Department	Project	Portion to be Financed	Repayment Period
Roads	Lake Nepahwin Storm Water Management	\$2.798M	2010-2011
Water	Wanapitei Treatment Plant Upgrades	2.310M	2010-2013
WasteWater	South End Rock Tunnel	1.434M	2010-2011
Total		\$6.542M	

Previously Approved Internal Financing

As of September 2008, there is approximately \$17.9M of projects that have been approved by borrowing from the Capital Fund. Some of the larger projects include Levack Water Supply, Pioneer Manor Development, Centre Lionel E. Lalonde Centre, and Kingsway projects.

These projects have been financed internally and funds will be repaid from future capital envelopes, and Section 391 user charges.

SUMMARY

In conclusion, City staff is seeking approval of the 2009 Capital Budget of \$80.3 million (inclusive of capital envelopes, grants, and reserve amounts and internal financing of \$6.542M).

Lastly, that Council accepts the remaining 2010 and 2011 estimates for information only. This information will be used by City staff in planning for and developing future capital budgets.