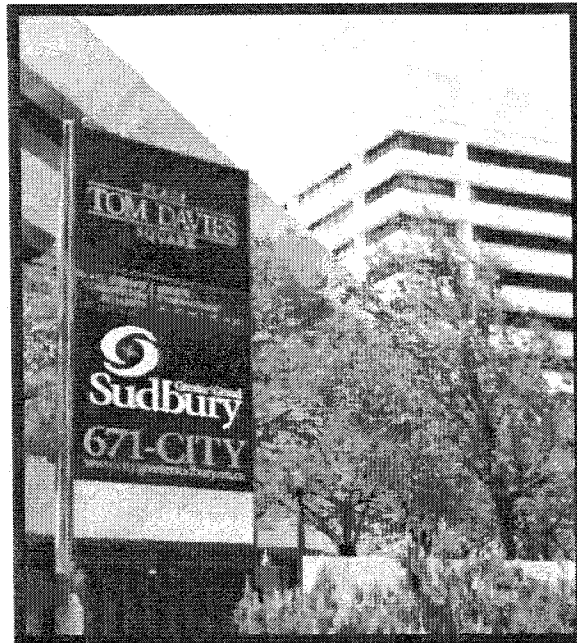


Agenda

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 30, 2007

at 5:30 p.m

Council Chamber
Tom Davies Square

Pour la réunion du
Comité des finances
qui aura lieu

mardi 30 octobre 2007

à 17 h 30

dans la Salle du Conseil
Place Tom Davies

**TWELFTH MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON TUESDAY, OCTOBER 30, 2007 AT 5:30 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.

1. Declarations of Pecuniary Interest

2. PRESENTATIONS

- ▶ Emergency Services - Tim Beadman, Chief of Emergency Services
- ▶ Fire Services - Don Donaldson, 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

(The Chair of the Finance Committee will continue the review the Capital Budget in the 2008 Budget Document.)

(PLEASE BRING YOUR COPY OF THE CAPITAL BUDGET DOCUMENT TO THE MEETING.)

MANAGERS REPORTS

3. Report dated 2007-10-09 from the Chief Financial Officer/Treasurer regarding 2008 Capital Budget and 2009 and 2010 Capital Estimates. **1 - 4**
(RECOMMENDATION PREPARED)

2008 PARKING LOT REVIEW

4. 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. **5**
- ▶ Review of Parking Lot of October 15, 2007 (attached)
 - ▶ Review of Parking Lot of October 30, 2007

ADJOURNMENT (RESOLUTION PREPARED)

**COUNCILLOR TED CALLAGHAN
CHAIR, FINANCE COMMITTEE**

**FRANCA BORTOLUSSI
COUNCIL SECRETARY**

Request for Recommendation Finance Committee



Type of Decision							
Meeting	October 15, 2007			Report Date	October 9, 2007		
Decision Requested		Yes	No	Priority	High		Low
	Direction Only			Type of Meeting	Open		Closed

Report Title
2008 Capital Budget

Budget Impact / Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

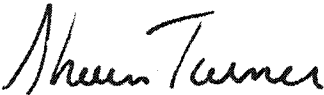
	<p>THAT Council approve the 2008 Capital Budget as summarized in the report dated October 9, 2007 from the CFO/Treasurer, including acceptance of the draft 2008 Police Services Capital Budget and;</p> <p>THAT total pre-spending of \$4 million from the 2009 and the 2010 Roads Capital Envelope be approved for preliminary design / engineering / property acquisition, and;</p> <p>THAT the remainder of the 2009 and 2010 Capital Budgets be accepted for information for staff to use as a planning tool.</p>
Background Attached	Recommendation Continued

Recommended by the Department

Lorella Hayes
Lorella Hayes
Chief Financial Officer

Recommended by the C.A.O.

Mark Mieto
Mark Mieto
Chief Administrative Officer

Report Prepared By	Division Review
 Shawn Turner Financial Analyst	

BACKGROUND

Early Approval of Capital Budget

Although approval of the Capital Budget in advance appears to be a change in procedure, 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 2007 or 2008.

Acceptance of the 2009 and 2010 Capital Budget estimates provides staff with the guidance to commence preparatory work on upcoming projects.

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 adopted by Council.

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. 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 increase to total envelope funding 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 –	\$49.1 million

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 the Federal Gas Tax revenue of \$4 million be allocated 100% to this area for 2008, consistent with 2007.

Pre-Engineering and Property Acquisition

Inclusive of the 2008 budget, it is being recommended that pre-spending totaling \$4 million from the 2009 and 2010 Roads Capital Envelope be approved for preliminary engineering, property acquisition and utility relocation for future projects. These funds will be internally financed by borrowing from the Capital Fund balance.

Carrying out the preliminary design and pre-engineering in advance of capital projects allows for accurate cost-estimating and early identification of utility impacts and property requirements. Utility relocation and property acquisition carried out in advance of tendered contracts provides some protection for the City from costly construction delays and associated contractor claims.

As well, early identification and acquisition of property in advance of construction allows the City better negotiating room to purchase required properties at fair market value. Where properties cannot be acquired through negotiation, an 18-month time frame is required under the property expropriation process. This leads to costly delays in construction.

In addition, completing preliminary design and engineering in advance of major capital projects enables the City to be prepared to tender work in a timely manner should additional funding become available from senior levels of government.

Staff has identified \$365,000 for pre-engineering and \$750,000 for property acquisition in the 2009 Capital Budget to be approved for pre-spending in 2008. In addition \$2.885 million has been identified in the 2010 Capital Envelope for Pre-Engineering and Property Acquisition required for roads and bridge projects, including the Maley Drive extension. Staff is requesting that these monies be approved for pre-spending over 2008 and 2009.

Department	Funding Sources				
	Capital Envelope	Reserves or Reserve Funds	Grants or Recoveries	Federal Gas Tax	2008 Capital Budget
Infrastructure	\$44,556,646	\$10,738,227	\$1,860,000	\$4,035,112	\$61,189,985
Emergency Services		2,180,886	1,000,000		3,180,886
Fire	194,647	399,519			594,166
Community Development	3,396,656	1,290,000	730,000		5,416,656
Growth & Development		372,837	2,297,163		2,670,000
Administrative Services	434,000	1,220,059			1,654,059
Police Services	512,713	1,140,000			1,652,713
Total	\$49,094,662	\$17,341,528	\$5,887,163	\$4,035,112	\$76,358,465

SUMMARY

In conclusion, City staff is seeking approval of the 2008 Capital Budget of \$76 million (inclusive of capital envelopes, grants, and reserve amounts).

Further, City staff is seeking approval to pre-spend a total of \$4 million from the 2009 and 2010 Roads Capital Envelope for preliminary engineering, property acquisition and utility relocation for future projects.

Lastly, that council accepts the remaining 2009 and 2010 estimates for information only. This information will be used by City staff in planning for and developing future capital budgets.

