



**Mike Mayes, Director
Financial Services/Treasurer**

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November 21, 2014

**JOINT DEVELOPMENT & INFRASTRUCTURE SERVICES - PUBLIC WORKS SERVICES AND
CORPORATE SERVICES REPORT - FINANCIAL SERVICES - 2014-40**

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: 2015 Interim Appropriations

ORIGIN: Director, Financial Services/Treasurer

RECOMMENDATIONS

THAT Joint Development & Infrastructure Services - Public Works Services and Corporate Services Report - Financial Services - 2014-40 dated November 21, 2014 regarding 2015 Interim Appropriations be received and the following recommendations be adopted:

- 1. THAT Council provide pre-budget approval for the replacement of the vehicles and equipment in the attached list (Appendix A).**
- 2. AND THAT staff be authorized and directed to do all things necessary to give effect to these recommendations.**

COMMENTS

Purpose

Interim appropriations are required to fund operating and capital spending in 2015, as the budget will not be approved until after December 31, 2014. Spending authority for operating expenditures has been previously delegated to staff and is being sought for specific capital expenditures.

Budget Impact

Operating budget – expenditures will be limited to items that are included in the base budget. There will be no new expenditures, no enhancements or new spending prior to Council approval of the 2015 operating budget.

Capital budget – the listed vehicles and equipment to be replaced, for a total of \$1,393,200, will be included in the 2015 Capital Budget request and can be funded by the Asset Replacement Fund.

Background

For the last three years, operating and capital budgets have been approved in December, prior to the commencement of the new fiscal period.

Authority is required to approve payments for 2015 capital spending prior to Council adoption of the 2015 budget. At this time, it is projected that the budget will not be finalized until April of 2015.

Council has approved the Operating and Capital Financial Policy (FIN 2-01) which provides for these circumstances and delegates authority for operational spending.

In section C., Operating Budget Financial Controls:

6. *No expenditure will be incurred until the budget for the current fiscal year has been approved by Council unless:*
- a) *An appropriation for a similar item existed in the previous year's Operating Budget and the expenditure does not exceed 50% of the amount appropriated in the previous year's Operating Budget;*
 - b) *Approval was granted by Council through a report outside the budget process;*
 - c) *An emergency occurred requiring expenditures and the Chief Administrative Officer approved such expenditures. Where such authorization is given, a subsequent report detailing the emergency will be prepared for Council's information by the Chief Administrative Officer.*

7. *All operating expenditures in accordance with 6 above will be included in and be part of the Operating budget.*

Similarly, in section B., Capital Budget Financial Controls:

5. *Until the Capital Budget has been approved by Council, no department will commence any Capital project that was not authorized in prior years unless:*
- a) *Approval was granted by Council through a report outside the budget process;*
 - b) *An emergency occurred requiring capital expenditures and the Chief Administrative Officer approved such expenditures. Where such authorization is given, a subsequent report detailing the emergency and the financing of such will be prepared for Council's information by the Chief Administrative Officer.*

Procedures for obtaining services/materials for the above will be in accordance with the Town's Purchasing Bylaw.

6. *All capital projects in accordance with 5 above will be included in and be part of the Capital Budget.*

Pre-budget approval means Council is authorizing the expenditures, but it is not formal budget approval, which requires appropriate public notice.

Analysis & Options

Interim appropriations for operating expenditures

The 2015 interim appropriations of \$53,163,504 for operations are 50% of the 2014 budgeted operating expenditures.

| | Approved 2014 expenditures | 2015 appropriation |
|---|----------------------------|---------------------|
| Town portion (excluding areas listed below) | \$56,975,206 | \$28,487,603 |
| Newmarket Downtown Development Business Area (BIA) | \$30,000 | \$15,000 |
| Newmarket Public Library | \$3,668,618 | \$1,834,309 |
| Central York Fire Services (Newmarket's share) | \$14,560,013 | \$7,280,006 |
| Water and Wastewater Rate Groups | \$31,093,172 | \$15,546,586 |
| Total operating budget | \$106,327,009 | \$53,163,504 |

In compliance with Operating and Capital Financial Policy (FIN 2-01):

- the interim expenditures will be included in the 2015 Operating budget request
- expenditures will be limited to items that are included in the base budget
- there will be no new expenditures, no enhancements or new spending prior to Council approval of the 2015 operating budget, unless specific Council approval is given

Interim appropriations for capital expenditures

The vehicles and equipment in the attached list are used for roads, water and wastewater, facilities, and parks maintenance and are due to be replaced in 2015. These replacement requests total \$1,393,200 (Appendix A) and will be included as part of the formal 2015 Capital Budget submission.

In general, early approval of a portion of the 2015 Capital Budget, to accommodate these requested fleet and equipment orders, is essential. This allows for some equipment to be ordered as soon as possible to receive delivery in a timely way for seasonal needs (e.g., spring/summer sod maintenance), and for equipment with a longer lead time to acquire (e.g., Zamboni). It reduces the possible risk of the replacement machine becoming inoperative.

As these vehicles and equipment are replacements, they should be funded from the Asset Replacement Fund (ARF).

The 2014 Capital budget included \$23,730,863 in new requests and \$27,683,262 in items carried over from previous years, for a total budget of \$51,414,125. Contributions to the Asset Replacement Fund in 2014 were budgeted to be \$13,921,388. The request outlined in this report represents 2.71% of the total 2014 capital budget and 10.01% of the 2014 budget for ARF contributions.

In compliance with Operating and Capital Financial Policy (FIN 2-01):

- the interim expenditures will be included in the 2015 Capital budget request
- expenditures will be limited to items that are included on the attached list (Appendix A)

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

CONSULTATION

Capital requests were provided by the Director of the Public Works Services who confirmed the urgency of the need.

HUMAN RESOURCE CONSIDERATIONS

Not applicable to this report.

BUDGET IMPACT

The Town's usual practice is to adopt its budgets prior to the start of the fiscal year. When this has not been possible, the Town, similar to most municipalities, works within an interim appropriation. Council has approved the Operating and Capital Financial Policy (FIN 2-01) which provides for these circumstances.

All expenditures approved as part of the Interim Appropriation will be included in the 2015 operating and capital budget requests.

Operating Budget (Current and Future)

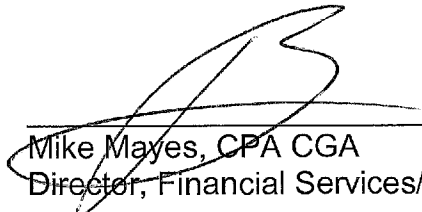
Operating budget – expenditures will be limited to items that are included in the base budget. There will be no new expenditures, no enhancements or new spending prior to Council approval of the 2015 operating budget.

Capital Budget

Capital budget – the vehicles and equipment to be replaced (per Appendix A), for a total of \$1,368,200, will be included in the 2015 Capital Budget request and can be funded by the Asset Replacement Fund.

CONTACT

For more information on this report, contact Mike Mayes at 905-953-5300, ext. 2102, or via email at mmayes@newmarket.ca or Chris Kalimootoo, Director, Public Works Services at 905-953-5300 ext. 2551 or via email at ckalimootoo@newmarket.ca




Mike Mayes, CPA CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
Commissioner, Corporate Services



Peter Noehammer
Commissioner, DIS Services



Chris Kalimootoo
Director, Public Works Services

MM/nh
Attachment

1. 2015 Capital Budget Items (Appendix A – 1 pg.)

Appendix A
2015 CAPITAL BUDGET ITEMS

| Unit # | Dept | Description | Unit Cost | Notes |
|----------------------------------|------------------|----------------------------------|---------------------|---|
| 05-10 | Facilities | Van | \$ 34,000 | 2015 |
| 05-19 | Parks Dept | Sidewalk Tractor (Trackless) | \$ 137,600 | 2015 |
| 03-21 | Parks Dept | Field Sweeper 77-100-BH | \$ 33,900 | 2015 |
| 09-05 | Parks Dept | 2500 Pickup White 4x4 with Plow | \$ 43,000 | 2015 |
| 09-06 | Parks Dept | 3500 Pickup White 4Door | \$ 67,000 | 2015 |
| 08-12 | Parks Dept | 2 Ton Dump F350 White | \$ 61,000 | 2015 |
| 08-19 | Parks Dept | Ton Dump Truck White Plow/Sander | \$ 92,500 | 2015 |
| | Parks Dept | Fairy Lake Fountain | \$ 33,000 | |
| 8-26 | Parks Dept | Jacobson Tri King 1900D Mower | \$ 25,000 | 2015 |
| 94-01 | Road/Water/Waste | Culvert Steamer | \$ 19,000 | 2015 |
| 99-35 | Road/Water/Waste | Olympian Cat Generator D30p1 | \$ 49,000 | 2015 |
| 05-20 | Road/Water/Waste | 924G CAT Loader | \$ 193,000 | 2015 |
| 01-36 | Roads Dept | Trailer | \$ 3,500 | 2015 |
| 08-13 | Roads Dept | F350 Superduty | \$ 72,500 | 2015 |
| 08-18 | Roads Dept | 3 Ton Dump Truck White/Plow | \$ 67,500 | 2015 |
| 08-21 | Roads Dept | 1 Ton Cube Van | \$ 48,750 | 2015 |
| 06-06 | Parks Dept | 16 ft. Mower | \$ 78,700 | Slope/H/S |
| 11-19 | Parks Dept | 10' Rotary Mower-R311T | \$ 60,000 | Health & Safety Issues with current Equipment |
| 11-20 | Parks Dept | 10' Rotary Mower-R311T | \$ 60,000 | Health & Safety Issues with current Equipment |
| 11-21 | Parks Dept | 10' Rotary Mower-R311T | \$ 60,000 | Health & Safety Issues with current Equipment |
| 07-15 | Water Dept | Water Meter Van | \$ 32,250 | High mileage, poor condition |
| 07-12 | Facilities | UtilityTruck \Spray Applicator | \$ 38,000 | |
| 06-04 | Facilities | Zamboni 520 | \$ 84,000 | 1 year build/to supply |
| ARF Funding Request Total | | | \$ 1,393,200 | |