



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

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

November 17, 2016

**JOINT DEVELOPMENT & INFRASTRUCTURE SERVICES, CENTRAL YORK FIRE SERVICES,
CORPORATE SERVICES REPORT - FINANCIAL SERVICES – 2016-53**

TO: Mayor Tony Van Bynen and Members of Council

SUBJECT: 2017 Interim Appropriations

ORIGIN: Director, Financial Services/Treasurer

RECOMMENDATIONS

- a) THAT Corporate Services Report - Financial Services – 2016-53 dated November 17, 2016 regarding 2017 Interim Appropriations be received and the following recommendations be adopted:**
- i. THAT Council provide pre-budget approval for the capital projects in the attached list (Appendix A).**
 - ii. 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 2017, as the budget will not be approved until February 2017. Spending authority for operating expenditures is not being sought on this report as it has been previously delegated to staff. This report seeks approval 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 2017 operating budget.

Capital budget – the listed projects that need pre-budget approval have a total cost of \$5,569,000, which includes a fire truck replacement request, and facilities & parks improvement projects that have the potential opportunity to get infrastructure grant funding. These projects will be included in the 2017 Capital Budget request.

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 2017 capital spending prior to Council adoption of the 2017 budget. At this time, it is projected that the budget will not be approved until February 2017.

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 2017 interim appropriations of \$57,479,181 for operations are 50% of the 2016 budgeted operating expenditures.

	Approved 2016 expenditures	2017 appropriation
Town portion (excluding areas listed below)	\$63,474,680	\$31,737,340
Newmarket Downtown Development Business Area (BIA)	\$30,000	\$15,000
Newmarket Public Library	\$3,895,481	\$1,947,741
Central York Fire Services (Newmarket's share)	\$14,595,632	\$7,297,816
Water and Wastewater Rate Groups	\$32,962,568	\$16,481,284
Total operating budget	\$114,958,361	\$57,479,181

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

- the interim expenditures will be included in the 2017 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 2017 operating budget, unless specific Council approval is given.

Interim appropriations for capital expenditures

Appendix A lists the 2017 capital requests that need pre-budget approval. One of the capital projects in the list is to replace the 1999 Freightliner Fire Truck for an estimated amount of \$946,000. Presently, CYFS is planning to place an order for a fire truck that was approved in the 2016 CYFS Capital Budget. If placing these two orders together, it will have potential cost savings and cut down on out of province travel time for Fire Management as there will be half the site visits needed as would be required if done separately. This will also ensure timely delivery of fire apparatus and reduce potential risk of the replacement fire pumpers becoming inoperative. As this capital request is replacement, the funding source is the Asset Replacement Fund (ARF).

All of the others in the list are facilities and parks improvement projects. One of them is for Magna Centre Western Entrance walkway replacement for an amount of \$46,000. This project requires early tender in 2017. The other projects have the potential opportunity to get infrastructure grant funding. These projects have a total cost of \$4,577,000, with potential grant funding of \$2,586,498. The remaining funding sources for these projects are ARF \$1,411,667, reserves \$70,000, and other \$508,835. Pre-budget approval of these projects is required in order to facilitate grant applications.

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

- the interim expenditures will be included in the 2017 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 Fire Chief and the Commissioner of Development and Infrastructure 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 2017 operating and capital budget requests.

Operating Budget (Current and Future)

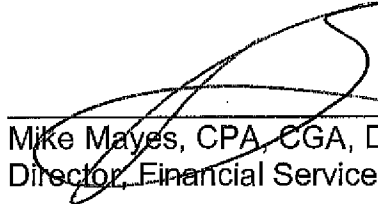
Expenditures will be limited to items that are included in the base budget. There will be no new expenditures, no enhancements or new spending prior to Council approval of the 2017 operating budget.

Capital Budget


The listed projects (Appendix A) that need pre-budget approval have a total cost of \$5,569,000. These projects will be included in the 2017 Capital Budget request.

CONTACT

For more information on this report, contact Mike Mayes at 905-953-5300, ext. 2102, or via email at mmayes@newmarket.ca



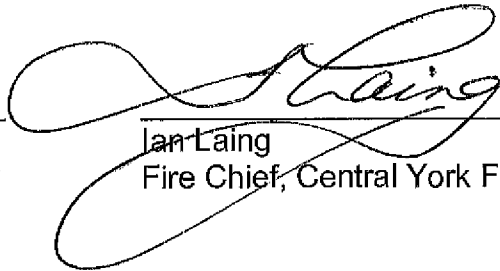
Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer



Esther Armchuk, B.A. L.L.B.
Commissioner, Corporate Services



Peter Noehammer
Commissioner, DIS Services



Ian Laing
Fire Chief, Central York Fire Services

FW:MM/ne
Attachment

1. Pre-Budget Approval Request Projects

Appendix A: Pre-budget Approval Request Projects

Commission	Project Name	Category	Project Cost	ARF	Reserves & Reserve Funds	Other Funding Source	Potential Grant
DIS	Ray Twinney Complex - Facility Improvements	Infra. Grant	2,605,000	1,285,000		17,500	1,302,500
DIS	Youth Centre - Facility Improvements	Infra. Grant	86,500	46,667		11,000	28,833
DIS	Newmarket Theater - Facility Improvements (CIF)	Infra. Grant	140,000		70,000		70,000
DIS	Playground Improvements	Infra. Grant	605,000			302,500	302,500
DIS	Magna Centre - Facility Improvements	Infra. Grant	265,500			77,835	187,665
DIS	Improvement of Old Town Hall	Infra. Grant	200,000			100,000	100,000
DIS	Artificial Turf	Infra. Grant	500,000				500,000
DIS	Seniors - Integrated Audio System	Infra. Grant	15,000				15,000
DIS	Netting for Ball diamonds	Infra. Grant	160,000	80,000			80,000
DIS	Magna Centre -Western Entrance	Replacement	46,000	46,000			
CYFS	1999 Freightliner Fire Truck Replacement	Replacement	946,000	946,000			
TOTAL			\$5,569,000	\$2,403,667	\$70,000	\$508,835	\$2,586,498