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**Halifax Regional Council**  
**April 24, 2007**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

A handwritten signature in black ink, appearing to read "Dan English", written over a horizontal line.

Dan English, Chief Administrative Officer

A handwritten signature in black ink, appearing to read "Geri Kaiser", written over a horizontal line.

Geri Kaiser, Deputy Chief Administrative Officer - Corporate  
Services and Strategy

**DATE:** April 12, 2007

**SUBJECT:** Policy for Changes to Cost Sharing for Capital Projects

**ORIGIN**

This report has been originated by staff.

**RECOMMENDATION**

It is recommended that:

Council approve the attached policy - Changes to Cost Sharing for Capital Projects.

## **BACKGROUND**

The Halifax Regional Municipality receives cost sharing from external parties for some of its capital projects. In some cases, there are changes to cost sharing that take place during the year, after the approval of the annual capital budget. There may be additional opportunities for cost sharing, or in some cases a shortfall in anticipated cost sharing.

## **DISCUSSION**

The current practise is to request Council's approval for changes to the capital budget and the corresponding funding, each time a change to cost sharing is identified. This results in significant staff and Council time spent in dealing with these approvals which do not have an impact on HRM's capital expenditures.

Staff are recommending that, when a change meets criteria outlined in the proposed policy, the resultant changes to the Capital Budget and corresponding funding would be adjusted as a normal part of accounting procedures under the Council approved policy. On a quarterly basis, as part of the quarterly financial information report, a report of all changes made as a result of the Council approved policy would be provided to Council.

## **BUDGET IMPLICATIONS**

There are no budget implications.

## **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

## **ALTERNATIVES**

Council could decide not to approve the policy. However, the policy does ensure that Council is updated on changes to cost sharing, and without the policy, significant staff and Council time will continue to be needed to deal with on-going approvals of cost sharing changes. Therefore, this is not a recommended alternative.

## **ATTACHMENTS**

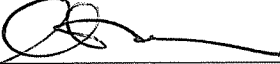
Changes to Cost Sharing for Capital Projects - Policy


**Changes to Cost Sharing for Capital Projects - Policy  
Council Report**

**April 24, 2007**

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Financial Review by:   
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Report Approved by:   
Cathie O'Toole, CGA, A/Director, Finance 490-6308

## Changes to Cost Sharing for Capital Projects Policy

### Purpose

The purpose of this policy is to:

- limit Council's time dealing with changes in the capital budget as a result of changes in cost sharing only.
- provide guidance for staff when changes to the capital budget are requested due to cost sharing, subsequent to Council's approval of the annual capital budget.

### Application

This policy shall apply to existing approved capital projects only. All new projects must be approved by Council. This policy is not applicable to a capital project for which a By-Law has been previously approved by Council.

### Policy

#### 1. Changes Not Requiring Council Approval:

- a. When additional cost sharing is identified and the scope of the project can be maintained without an increase in the gross capital budget, the cost sharing budget shall be increased and the budget for HRM funding sources shall be decreased by the amount of additional cost sharing received. Any surplus funding as a result of this decrease in HRM funding requirements shall be dealt with in accordance with existing policies. Additional cost sharing commitments must be received in writing prior to the budget changes.
- b. When there is a shortfall in cost sharing and the scope of the project can be maintained without additional HRM funding, the gross capital budget for the project and the cost sharing budget shall be reduced by the shortfall in cost sharing.
- c. When additional cost sharing is identified and the scope of the project will be increased such that there is a required increase in the gross capital budget, not exceeding \$50,000, the Business Unit Director, in consultation with Finance, may approve the changes to the expenditure and cost sharing budgets so long as there is no increase in net project cost to HRM. Additional cost sharing commitments must be received in writing prior to the budget changes and any related expenditure of funds.

- d. When additional cost sharing is identified and the scope of the project will be increased such that there is a required increase in the gross capital budget, not exceeding \$100,000, the CAO may approve the changes to the expenditure and cost sharing budgets so long as there is no increase in net project cost to HRM. Additional cost sharing commitments must be received in writing prior to the budget changes and any related expenditure of funds.

## **2. Changes Requiring Council Approval**

- a. When additional cost sharing is identified and the scope of the project will be increased such that there is a required increase in the gross capital budget that exceeds \$100,000, the changes to the expenditure and cost sharing budgets shall be approved by Council, even if there is no increase in net project cost to HRM. Additional cost sharing commitments must be received in writing prior to taking the request to Council.
- b. When there is a shortfall in cost sharing and the scope of the project cannot be maintained without additional HRM funding, changes to the expenditure and/or funding budgets shall be approved by Council.
- c. Any change in cost sharing that will result in an increase in the net project cost to HRM shall be approved by Council.

## **Reporting**

A report of changes made as a result of this policy shall be provided to Council quarterly as part of the Quarterly Financial Information Report .

