

CORPORATE POLICY



Policy Title: **Capital Overhead**
Policy Category: **Financial Control**
Policy No.: FC-018
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: May 13, 2019
Author: Brad Witzel
Attachments:
Related Documents/Legislation:

Key Word(s): Budget, Capital

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined and transparent process for capital projects.

PURPOSE:

The purpose of this policy is to define overhead, the corresponding overhead rate charged to capital projects and where the overhead will be recovered in the operating budget.

DEFINITIONS:

Overhead:

A fee applied via a percentage to reimburse the operating budget for internal resource support. Costs include and not limited to: staff related expenses to manage projects, process & release of payments, design etc...

Service Delivery Division:

Division that identifies the need and subsequently budgets a capital project.

Project Implementation Division:

Division that implements and manages the capital projects on behalf of other divisions.

Grant:

A gift in monetary or in kind terms by another government, agency or organization for specified purposes which are usually defined by specified qualification of terms.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: April 12, 2019

Corporate Management Team, Review Date: April 24, 2019

SCOPE:

This policy applies to all members of the City's organization including members of Council, full, part-time and contract staff.

POLICY COMMUNICATION:

Council will receive this policy for approval. If approved, the policy will be posted on the city's intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team.

POLICY:

Projects

That capital projects with a Project Implementation Division from Integrated Planning and Public Works (IPPW), Facility Design Management Services (FDM) or Environment & Parks Services (EPS) will have a 4% overhead fee charged to them.

Grant Funding

Overhead will not be charged on grant funding where overhead is considered an ineligible expense. Examples include however are not limited to Federal Gas Tax Fund, Ontario Community Infrastructure Fund.

Overhead Fees

Overhead fees will be charged when the project is approved and the funding is released. The corresponding revenue in the operating budget will be assigned to Corporate Transactions. Any annual Capital Project Overhead Revenue (Acct #610101) surplus will be allocated 100% to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF) at year-end.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.