

Glossary of Capital Budget Terminology

Block Funding

Block Funding is a capital prioritization methodology which allocates a specific sum of funding for City Capital Program purposes. The City adopted this method of funding a portion of its Capital program in 2002. Under the Block Funding Program, the roads program for example is allocated \$40 million dollars. Individual road capital projects are then prioritized based on aging, use, importance to the traffic network and then the first \$40 million of road work required is fit within this funding envelope. The advantage of this methodology is that the roads division can plan for the long-term with regards to contracts, infrastructure sustainability and staffing. Opposite of block funding is where all types of individual capital projects compete for available capital dollars. The City of Hamilton's Capital Budget is a mixture of the 2 funding methodologies.

Capital Financing

Describes a method of Capital Funding which involves the issuance of debt with an obligation to pay principle and interest. The City of Hamilton for the most part uses this funding mechanism for large capital projects whose useful life extends beyond 5, 10 and 15 years. Large roads projects and construction of buildings are predominantly financed through debt.