Municipality of Cumberland

Multi-Year Capital Plan Policy 18-10

Statement

1. The County of Cumberland is committed to ensuring the effective management of its capital assets. A prudent multi-year capital plan is used to identify and prioritize expected needs based on the municipality's long-term strategic goals.

2. The identification and reporting of tangible capital assets upholds Public Sector Accounting Board (PSAB) standards. Under the Canada-Nova Scotia Agreement on the Transfer of Federal Gas Revenues, municipalities in Nova Scotia must also submit a Capital Investment Plan (CIP) annually to be eligible for funding. The CIP is not a substitute for a multi-year capital plan; rather, it complements the County's long-term planning for its capital needs.

Policy Objectives

3. The objectives of the Multi-Year Capital Plan Policy are to:

   a) Support the County of Cumberland's long-term strategic goals;
   b) Promote good infrastructure management to ensure basic health and safety for citizens;
   c) Maximize the economic potential and attractiveness of the municipality;
   d) Reduce future operating costs and avoid higher replacement costs and unforeseen infrastructure failures in the future;
   e) Improve collaboration on projects with other levels of government and various public and private stakeholders with the aim of maximizing financing, funding, and grants;
   f) Uphold PSAB standards;
   g) Meet the requirements of the Canada-Nova Scotia Agreement on the Transfer of Federal Gas Revenues.

Policy Principles

4. A capital plan shall be prepared for all municipal infrastructure for the County of Cumberland, including but not limited to: water, sewer, transportation, sanitation, and other essential public services. It will establish project scope and costs, detail estimated amounts of funding from various sources, and project future operating and maintenance costs.

5. The capital plan shall be developed using the following steps:

   a) Establish goals and objectives
   b) Use asset management tracking and reporting system to support and encourage long term municipal planning and provide effective stewardship of infrastructure assets to maximize benefits
   c) Estimate fiscal capacity (ex: using the Debt Affordability Model)
   d) Prepare information about proposed capital projects using:
      - Questionnaire # 1 for Projects at the Concept or "Idea" Stage

- Questionnaire # 2 for Projects at the Detailed Planning or Final Design Stage
- Questionnaire # 3 for Projects at the Implementation or "Shovel Ready" Stage

e) Evaluate against policy criteria for capital projects
f) Create multi-year capital plan
g) Finance capital acquisitions
h) Assess impact on tax rates
i) Implement annual capital budget
j) Monitor plan results

6. The plan shall differentiate between capital and operating expenditures. Capital projects are hereby defined as projects, equipment and acquisitions that the meet Financial Reporting and Accounting Manual (FRAM) Guidelines. Eligible projects are any that receive Council approval and are allowed under the Municipal Government Act.

7. The Director of Finance shall coordinate the projection of expenditures and revenues. Department Heads shall be responsible for providing updated forecasts.

8. Final approval of the capital plan shall be the responsibility of Council.

9. The planning period shall be over a minimum period of five years and reviewed annually as part of the budget process by the Capital Investment Plan Committee (CIPC). The CIPC shall consist of the Director of Finance, the Director of Engineering and Operations, the Director of Community Development, the Facilities Manager and three Councillors.

   The following timeline is suggested for the CIPC meetings. The CIPC may wish to set aside time for other special meetings at any stage within the proposed time frame.

   a) *December* - Send notice to CIPC and staff of capital budgeting process, with request to identify new projects for January CIPC meeting.
   b) *January* - Review and discuss status of existing projects at CIPC Meeting. List and identify new projects submitted by Council and staff. At this stage, the CIPC identifies which projects should proceed to be costed by staff and provides direction on which projects are to be brought forward in the budgeting process.
   c) *February* - Staff reviews the current capital budget approvals and the preliminary capital list of new projects by reporting estimated project costs based on industry standards; length of time to complete these projects; estimated new annual operating costs, if any; and identification of potential funding sources for each project. The CIPC prioritizes these projects and identifies proposed year of project commencement.
   d) *March* - From direction at the February CIPC meeting, staff proposes the capital budget for discussion, concentrating on the new projects. At March Council meeting, Council approves the capital budget.

10. The following acquisition and procurement criteria shall be used to evaluate the capital needs of the County of Cumberland (see Appendix A Evaluation Criteria for definitions and scoring):

    a) *Environmental Consideration*
    b) *Financial Feasibility*
    c) *Legal Mandates*
    d) *External Impacts*
    e) *Risk/Liability/Safety*
    f) *Economic Development Impacts*
    g) *Distribution Effects (Local vs Municipal)*
    h) *Inter-Municipal Effects*
    i) *Asset Rehabilitation*
    j) *Revenue Producing*
    k) *Service Improvements*
    l) *Service/Space Expansions*
    m) Health Impacts
    n) Social Impacts
    o) Aesthetic Impacts
    p) Project supports actions of the Integrated Community Sustainability Plan

11. The capital budget will show the sources of funding. Based on priorities, Council may wish to seek Federal and/or Provincial infrastructure funding and make approval of this source of funding a pre-requisite for proceeding on a project. Funding may potentially come from the following sources:

    a) Expensed against general operations in one year;
    b) Borrowing from the Nova Scotia Municipal Finance Corporation;
    c) Transfers from operating surplus, operating reserve(s), capital reserve(s), or other special reserves established by Council for capital projects, equipment or acquisitions;
    d) External sources, such as Federal or Provincial infrastructure programs.

Application

12. This policy applies to all long-term capital borrowing of the Municipality of the County of Cumberland.

Clerks Annotation for Official Policy Book

Date of Notice to Council Members of Intent to Consider [7 days minimum]: April 18, 2018

Date of Passage of Current Policy: May 2, 2018

I certify that this Policy was adopted by Council as indicated above.

Brenda Moore — May 4, 2018
Municipal, Clerk — Date

Schedule A
Municipality of the County of Cumberland
Capital Investment Plan Evaluation Criteria

Note: The annual ranking of any project pursuant to the following criteria shall not prevent the Municipality from undertaking feasibility studies, pre design work, or similar investigations in an effort to help determine how any project should be evaluated

1	Environmental Considerations Weighting: 10%	Project mitigates existing significant harmful effects on the environment (e.g. GHG reduction) 9-10 points Project mitigates existing mild to moderate harmful effects on the environment. 6-8 points Project incorporates technology that mitigates new harmful effects on the environment. 6-8 points Project has no effect on the environment. 5 points Project has a mild to moderate new harmful effect on the environment and does not incorporate mitigation technology or continues existing mild to moderate harmful effect. 2-4 points Project has significant new harmful effects on the environment and does not incorporate mitigation technology or continues significant harmful effect. 0-1 points
2	Financial Feasibility Weighting: 10%	Considers the financial impacts the capital costs would incur. Availability of third party funding; ratio of contributions (user: county: other); cost of debt required; and ongoing operational cost to Municipality. Projects funded 100% by external sources would warrant a 10, the less affordable a project, the lower the score.
3	Legal Mandates Weighting: 10%	If the project is required by statute, 8-10 points, depending on the practicality of complying and the consequences for not doing so. If the undertaking is specifically authorized by statute 4-7 points depending on how it aligns with our mission and public expectations. If the undertaking is not specifically mandated, 0-3 points depending on how it aligns with our mission and public expectations

4	External Impacts Weighting: 10%	Impacts to consider would include effects on other projects, life cycle considerations, deferral, and funding opportunities. If the impacts are positive score > 5, if negative < 5. If the project has no external impacts, a score of 5 is recommended.
5	Risk/Liability/Safety Weighting: 8%	If the project reduces existing risks or safety hazards to the community or the municipality, a higher number is warranted. If the project increases risk or increases the potential of safety hazards, a lower number is warranted. (Neutral 4)
6	Economic Development Impacts Weighting: 7%	Projected economic growth/impact associated with project (long-term economic benefits bolstering local economy, 5 to 7 points; short-term economic growth combined with sustained economic stimulus, 2 to 4 points; short-term stimulus associated with construction but no anticipated long-term benefits, 1 to 2 points; no economic spinoffs, 0 points)
7	Distribution Effects (Local vs. Municipal) Weighting: 6%	Population served or benefited by project < 1000= 2 points, 1000-2000= 4 points, 2000> = 6 points
8	Inter-Municipal Effects Weighting: 6%	If the project will have some degree of negative impact inter-municipally 0-2 points. If the project does not have any relationship with another unit 3 points. If the project will have some degree of positive impact inter-municipally 4-6 points.
9	Asset Rehabilitation Weighting: 5%	If the project demands funding for improvements necessary to the functioning of facilities or infrastructure. This criterion measures the extent that a facility or infrastructure has deteriorated and needs improvements relative to the overall condition of similar structures. Examples include but are not limited to: bridge repairs, storm water infrastructure improvements and repairs, and roadway resurfacings.

10	Revenue Producing Weighting: 5%	If the projects generates additional revenues to the County. Projects of this nature show an overall return on investments, and should be measured for the risk involved. The criterion also measures the number of people who will benefit from the project, both directly and indirectly, and the associated costs versus revenues generated. Elements considered in the rating include the project type and overall community needs. Examples include but are not limited to: a community centre or a public park.
11	Service Improvements Weighting: 5%	If the project demonstrate an increase in delivery capability when completed. This criterion can also measure the number of people served and the benefit derived from a project. Projects that involve replacements and renewals that bring facilities up to Council's standards would fall under this category.
12	Service/Space Expansion Weighting: 5%	If the project results in the expansion of space to serve the needs of the community. Examples include but are not limited to: renovations, additions, expansions, or new construction of recreation centres, fire stations or policing facilities.
13	Health Impacts Weighting: 5%	The higher the positive impact on the health of those served by the project the higher the rating (Neutral = 2.5).
14	Social Impacts Weighting: 4%	Things to consider when evaluating Social impacts are: People's way of life, their culture, community, citizen engagement, well-being, and personal and property rights. (Neutral = 2)

15	Aesthetic Impacts Weighting: 2%	Does the project change the appearance of project area from the existing? No change give 5 points, detracts from existing assign lower number, improves existing assign higher number.
16	Project supports actions of the ICSP Weighting: 2%	Does not support the ICSP – 0 points; supports the principles of the ICSP however is not specifically noted as a project within the ICSP – 1 point; and supports the principles of the ICSP and is identified as a strategic project in the ICSP – 2 points.