

Town of Oxford

Multi-Year Capital Plan Policy

Effective Date: 15 April 2019

Approval by Council Resolution:

Statement

1. The Town of Oxford 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 Town's long-term planning for its capital needs.
3. Any previous policy on this subject matter is hereby fully repealed and replaced.

Policy Objectives

4. The objectives of the Multi-Year Capital Plan Policy are to:
 - a) Support the Town of Oxford'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

5. A capital plan shall be prepared for all municipal infrastructure for the Town of Oxford, 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.

6. 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
 - 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
7. 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.
8. The Chief Administrative Officer shall coordinate the projection of expenditures and revenues. Department Heads shall be responsible for providing updated forecasts.
9. Final approval of the capital plan shall be the responsibility of Council.
10. The planning period shall be over a minimum period of five years and reviewed annually as part of the budget process. The following timeline is suggested in conjunction with regularly scheduled Council Committee meetings. Council may wish to set aside time for other special Council Committee meetings at any stage within the proposed time frame.
 - a) *December* - Send notice to Council and staff of capital budgeting process, with request to identify new projects for January Council Committee of the Whole.
 - b) *January* - Review and discuss status of existing projects at Committee of the Whole. List and identify new projects submitted by Council and staff. At this stage, Council 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. Council prioritizes these projects and identifies proposed year of project commencement.
- d) *March* - From direction at the February Council meeting, staff proposes the capital budget for discussion, concentrating on the new projects. At March Council meeting, Council approves the capital budget.

11. The following acquisition and procurement criteria shall be used to evaluate the capital needs of the Town of Oxford:

- a) *Legal requirements* - These projects are funded based on the need to comply with legally mandated requirements established by the federal, provincial, or the municipal government. They may be required because of agreements with other government agencies to meet current codes, ordinances, or health and safety issues.
- b) *Asset rehabilitation* - These types of projects demand 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.
- c) *Efficiency improvements* - This criterion measures whether the completed projects will increase efficiency or result in overall cost savings to the municipality. Such projects may benefit a greater number of people or more efficiently and effectively provide and support the defined functional requirements of the intended use. An example includes but is not limited to: renovation to offices, layout or workspace within a building.
- d) *Revenue producing* - Projects that would fall under this criterion would generate additional revenues to the Town. 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.

- e) *Service improvements* - These types of projects 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.
- f) *Service/space expansions* - These projects would result 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.

12. 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) Expended 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

This policy applies to all long-term capital borrowing of the Town of Oxford.

Certification

I, Rachel L. Jones, Chief Administrative Officer of the Town of Oxford, do hereby certify that the policy, of which the foregoing is a true copy, was duly passed at a duly called meeting of the Town Council of the Town of Oxford held on the 15th day of April, 2019.

GIVEN under the hand of the Chief Administrative Officer and the corporate seal of the Town of Oxford this 16th day of April, 2019.


Rachel L. Jones
Chief Administrative Officer