

# Town of Windsor



Multi-Year Financial Plan

Approved

Version 9 – January 27, 2009

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## Executive Summary

This draft document is provided for the Mayor and Council of the Town of Windsor to assist them in financial planning and decision making. It is expected that this work will build on existing processes and policies and serve as a starting point for the enhanced planning and reporting required to support new capital asset management plans which will be developed over the next several years. Because of the current emphasis on capital planning and related timelines for capital initiatives such as the Tangible Capital Asset policy and Gas Tax reporting, this draft document focuses heavily on the capital priorities, plans and spending processes and it is expected that Council and staff will determine the timeframe for later steps in the Multi-Year planning policy development.

Many of the Policy statements included in this document can be incorporated into planning decisions made in the upcoming budget cycle. In those areas where additional time is required to gather data or complete processes in order to implement a policy, the time-frame is noted. A detailed implementation plan will be developed by the CAO and management team after Council has deliberated and approved the draft plan.

It is expected that other processes or projects which are either underway now or planned for the upcoming 18 months will be integrated into these policy statements and that revisions will be made as appropriate. Therefore, this coming 12-24 months should be seen as a planning phase, laying down the necessary community direction and supporting policy framework. An Integrated Community Sustainability Plan (ICSP) is required under the Gas Tax Agreement to be created by March 31, 2010. The ICSP accompanied by newly required Tangible Capital Asset policies, will better position Council and the community to make decisions which balance the long-term costs of new and existing capital assets with the other services desired by the community. These plans and tools along with the policies and procedures outlined in the following pages will help clarify, as part of the decision making process, the costs to individuals and to the business community of projects and services.

### **Recommendations:**

- 1) All Council reports regarding decisions involving financial commitments include a section which advises Council whether the recommended action is consistent with Town policies, including those contained in the draft Multi-Year Financial Plan.
- 2) Staff provide an update to Council quarterly on the progress against the timelines outlined in the Policy statements.
- 3) Adopt the Policy statements in the attached report.

## Introduction

The Council and management of the Town of Windsor have determined that the future goals and objectives for the Town are more likely to be realized if they are supported by multi-year financial planning.

Planning is not new to the Town of Windsor. Every year during the budget and business planning cycle, staff provides Council with analytical information relating to revenue and expenditure trends, information on issues which may have arisen since the last budget cycle and more and more in recent years, a multi-year capital plan. Town Council takes this information into account as it sets priorities for the coming year and adjusts throughout the year as circumstances warrant. In addition to the annual budget cycle, both land-use and community plans have been created by Town Council and by community organizations and leaders.

So, what makes creating the beginning of a formal Multi-Year Financial Plan important at this time?

- 1) Limited resources – it will never be easy to manage community and resident expectations in the face of the limited financial and staff resources of the Town and the Province. Priorities must be set. Council is more able to make these decisions about priorities when information is presented within a planning framework that supports their goals. Every municipal dollar must be stretched as far as it can and staff resources are limited. Decisions need to be made on the basis of good information, efficiently and in a planning context, not made one by one, with a different rationale for each decision.
- 2) Multi-year planning supports strategic **action** - Creating a framework and information to support both operating and capital planning beyond a one-year window, allows more strategic thinking and action by Council and by staff in the implementation. This improves both efficiency and effectiveness in how Town resources are used.
- 3) Infrastructure Deficit - The national emphasis on the “Infrastructure Deficit” has heightened public awareness and resulted in significant new dollars flowing from the Federal and Provincial governments to municipalities. With these dollars comes the expectation that municipalities will use these new dollars within the context of their own community plans for the future and that those plans will incorporate sustainability as a principle.
- 4) The current global financial situation has already impacted individuals, businesses and government priorities. As senior levels of government push to increase spending, local governments will be called upon to accelerate capital planning and spending. The push to spend more in a shorter period of time will run contrary to possible contraction in individuals’ ability to pay increased tax burdens. Now, if ever before, each dollar spent must achieve maximum community impact.

In addition there are a number of related initiatives and projects which will be undertaken over the next 12-36 months that all demand improved information and focus on planning. These include but are not limited to:

### **Asset Accounting**

NS municipalities are now required to use Public Sector Accounting Board (PSAB) standards as Generally Accepted Accounting Principles in their annual audited financial statements. Prior to this, NS Municipalities were required to follow the NS Municipal Accounting and Reporting Manual in order to meet Generally Accepted Accounting Principles for NS municipalities. With that change barely behind Nova Scotia municipalities, and effective with the 2009/10 fiscal year, all local governments must comply with new requirements for recording and accounting for Tangible Capital Assets. *“Even the smallest municipality will find implementing tangible capital asset accounting to be a major undertaking.”* (SNS&MR - TCA Committee, 2008) This project will be referenced in other sections of this plan because one product of complying with PSAB Tangible Capital Asset accounting is the full, costed list of capital assets owned by the Town and the development of related asset and accounting policies to support the new requirements. This information will form a very important part of future asset management for Windsor.

### **Asset Management**

The term ‘Infrastructure Deficit’ that is so familiar to local governments and residents now, likely had its origins years ago. Every year that there was insufficient reinvestment in existing assets or inadequate long-term planning for future needs, or limited senior government funding for capital assets or maintenance, the condition of NS infrastructure (capital assets) declined. This was a common occurrence across Canada and beyond. The current situation not only demands higher levels of investment and recapitalization, but it demands better information and ability to manage capital assets in a more effective and efficient manner and to ensure that priorities can be set. Effective Asset management requires information about what is owned, how old it is and what the condition is but also requires that asset planning and management be done in a manner that is consistent with Councils’ overall direction for the community.

### **Asset Reporting**

In order to remain eligible for new funding from the Federal government there are new specific and significant planning and reporting requirements which must be met. These requirements include a 5 year Capital Investment Plan and development of an Integrated Sustainability Plan for the Town. PSAB changes will also dramatically change the way capital assets are accounted and reported.

These new requirements will provide better information and improved planning. However, these new information and management requirements will draw considerably on the existing resources of the Town, not only to make the changes and create the policy frameworks, but to maintain the data once it starts to be collected. It must be clear to Council and to the public that new asset reporting and management systems will require a higher level of staff effort on an ongoing basis. Additional resources required to support these new systems will have to be accommodated in some manner or these new initiatives and/or existing programs and standards will be negatively impacted. These staff implications will be outlined in detail in the 2009/10 proposed budget documents.

## Approach / Scope

A Multi-Year Financial Plan encompasses both operating and capital planning and looks to a number of non-financial processes to provide direction. A Multi-Year Financial Plan is a central part, the implementation part, of an overall Strategic or community plan. Given the need for Town staff resources to support these processes, and the significant time involved, a measured approach is recommended which creates the policies that are required now and the framework for the remaining policies to be developed as priorities dictate. The implementation schedule for the Multi-Year Financial Plan includes a list of policies that staff and the project team recommend for the next phase of policy development.

Over the past 6 years considerable effort has been made in Nova Scotia to develop relevant Recommended Practices for Nova Scotia Municipalities. The Association of Municipal Administrators (AMANS) and the NS Municipal Finance Corporation (NS MFC) jointly created the Financial Management Capacity Building Committee, consisting of municipal finance staff from across the Province with support from Provincial and MFC staff. That committee took Recommended Practices created by the Government Finance Officers Association (GFOA) and adapted them for Nova Scotia municipalities.

In the Recommended Practice – **Adoption of Financial Policies**; (Financial Management Capacity Building Committee (AMANS & NS MFC), 2006) – municipalities are advised to adopt recommended practices offered by the National Advisory Council on State and Local Budgeting (NACSLB). That list is provided in Appendix 2 for information only, and can be used by staff and Council of the Town of Windsor as a guide to future overall plan development.

### Fall 2008 Project Scope

The scope of the current work was determined by the CAO and Directors of Finance & Public Works. It is outlined in the Project Charter which was approved on October 3, 2008 which was then reviewed and approved by Council. The Project Scope includes the following items (*policies for Debt, Reserves and Capital spending for both new & existing assets. Capital budget criteria developed for consideration by Council to assist in annual capital budget process. Capital budget process recommendations as appropriate...*) (Project Charter - 2008). The list of other recommended practices in Appendix 2, shows the current deliverables highlighted.

## Financial Plan Framework

A financial plan which will support a sustainable, community focussed vision is the “how”, “when” and “who” of that vision, not the vision itself. The financial plan cannot and should not determine the destination, rather, it serves as a guide and support - as an enabler - to support Council, Town staff, community organizations and citizens, make informed decisions as they work their way to the vision for

the community. As the vision for the community changes, so must the parameters and rules set out in any related financial plan.

These financial policies are being developed while work will continue, led by Council, to refine a vision for the future of the Town of Windsor. As has been described in earlier sections, this is a time of significant change in how assets are managed, how information is gathered to support asset management and how this information is required to be reported to financial statement users, the Province and other funding agencies including the Federal government. These events - one might describe them as the response to the "Infrastructure Deficit" - do not **create** the need for a financial framework. A financial framework is needed anytime an organization sets its sights on a point in the future and expects to face any challenges in getting there or in fact, expects to get there at all.

Whether a plan for the future is called a Strategic Plan, A Master Plan, A Vision or an Integrated Community Sustainability Plan does not matter. The Government Finance Officers Association (GFOA) recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. (Recommended Budget Practice on the Establishment of Strategic Plans (May 2006); (BUDGET) <sup>1</sup> *Revised from the January 2006 edition*. Community plans will only be successful if they are accompanied by the necessary financial and operations plans and parameters to keep everyone on the path and to turn words into reality.

## Multi-Year Financial Plan

### Objectives (purpose, aim, ambition, end, goal, target)

1. Create financial sustainability - Live within our means – Maintain what we have before we add what we cannot maintain in the future – must ensure that both the existing and the desired capital infrastructure and operating programs / services can be adequately supported by existing residential and commercial taxpayers at a level that is accepted by those taxpayers.
2. Ensure reasonable operating flexibility exists – Always put a little aside - now more than ever the need for operating flexibility to respond to unexpected events in the short-term is clear. If a project or plan requires every available dollar, then either the plan should be revised to provide a reasonable contingency or more dollars are required before setting out.
3. Understand the implications of decisions in advance – Eyes wide open - Get as much information as possible before decisions are made including what could happen if the decision is not made.
4. Continuously improve – not in all things all the time but in the things we agree matter most.
5. To know where we really want to go so that we can put our best resources on ensuring we get there. Act strategically always.

### Principles (Rules guiding behaviour)

1. Through Council, the community will be involved in identifying challenges and in finding ways to address them. Council sets the direction for the community based on what they hear from that community.
2. Working together with like minded organizations and people will always be more effective than going it alone. Find partners who share the same goals.
3. Every unplanned additional cost requires a subtraction or there will be imbalance. Because there is limited ability to stretch within the financial capacity in any given year – if something changes for the worse then other planned actions will have to be changed to accommodate it – if something changes for the better hold on to the capacity until it can be used strategically.
4. Financial decisions will be made based on an assessment of the implications to the Town in the medium and long-term as well as the short-term. Informed decisions cannot rely on perfect information because time and costs are often prohibitive - but every significant decision should

be supported by a diligent evaluation approach asking the necessary questions and having a genuine desire to hear the answer before the decision is made.

## Context & Trends

The population of the Town of Windsor has remained essentially the same between 1996 and 2006 (3,726 and 3,709 respectively). **See Appendix 1 - Chart 1** In a comparison of Nova Scotia towns of comparable size (30% +/- 2006 Windsor population) this trend reflects a more positive picture than that of many other small towns in Nova Scotia. On average, those towns saw a decline of over 4.5% for the same 10 year period. The distribution of the population, although not changing significantly in total numbers, does show a loss between 1996 and 2006 of residents between the ages of 20 and 64 and a corresponding increase in residents over 65 years of age.

Labour force trends indicate that Windsor's labour force has contracted (approx. 14%) while the Municipality of West Hants has expanded (approx. 16%) for the same 10 year period. The unemployment rate dropped from more than 13% in 1996, to well below the Provincial percentage of 9.1%, to 8% in 2006. However, the changes in labour force are reflected in participation rates in Windsor dropping over 5.5% since 1996 and over 10% from 2006.

While in some areas such as population decline, Windsor out performs other small towns in Nova Scotia, the relatively limited commercial assessment as a percentage of total taxable assessment has demanded a conservative approach to financial planning. The fact that Windsor services a much larger area suggests that a partnership approach with surrounding communities in the planning, development and funding of assets that serve those communities will continue to be an appropriate means of ensuring that those assets meet the needs of the larger community.

**Appendix 1 - Chart 2** summarizes the past several years of taxable assessment values and tax rates and **Appendix 1 - Chart 3** summarizes tax and debt burden trends for the past several years and debt projections.

## Plan Framework

### Policy statements

## Capital Planning Policy

### Policy Statements

- Planning for capital asset acquisition and reinvestment will be done for periods of no less than 3 years. This will increase to 5 years by fiscal year 2009/2010 and to 10 years by 2014/15.
- Effective with the 2009/10 capital budget process, all potential capital projects, including projects where the Town is a proposed as only a cost-sharing partner, shall be vetted through the capital budget planning and priority process.
- The Capital Plan development and administration is the responsibility of the Senior Management Team, and will be delivered through a staff Capital Planning Committee, Chaired by the Director of Public Works and reporting to the CAO.
- Estimates for capital assets will be prepared in a two phase process to minimize the costs associated with estimating projects which may never be approved.
  - Preliminary cost estimates will be prepared in advance of the annual capital budget process and will include all capital costs of the asset or project, including estimated financing costs and the estimates of changes to existing operating expenditures required both during construction and on an ongoing basis once the asset is in service. A contingency of no less than 15% should be employed at this stage of estimate.
  - Only projects which can be accommodated within the available capital funding resources as determined by the Capital Financing plan and that are approved as part of the Capital Investment Plan (CIP), will be considered for the next more detailed phase of estimating.
  - Once a capital project has been ranked using the capital budget criteria and has achieved a rank sufficient for inclusion in the 5 year capital plan and has been included in the capital budget and CIP as approved by Council, more detailed cost estimates will be undertaken under the leadership of the Director of Public Works. The project will then be returned with other capital project estimates for a reassessment by staff and Council of the adequacy of resources for that 5 year cycle. If more detailed estimates result in higher costs some projects may be deferred to a future year. Staff will defer projects based on their ranking, in preparing recommendations for the CAO and Council.

The timeframe and ranking will be confirmed each new year by Council through their deliberations of the proposed capital budget.

- Beginning in 2010 for the 2010/2011 fiscal year, community input will be sought in validating the ranking and completeness of the preliminary capital project list before it is considered for approval by Council. The CAO will be responsible for administering the community input process, on behalf of Council.
  - By the year 2011, a preliminary condition statement will be provided for all major categories of existing capital assets deemed necessary, as part of the capital planning process.
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## **Capital Budget Spending Policy**

### **Policy Statements**

- Only capital costs are to be included in a proposed capital estimates, regardless of the expected source of financing. What is a 'capital cost' will be defined by the Director of Finance and reflected in policies as approved Council.
- Each proposed capital project will be accompanied by an estimate of ongoing operating budget impact which will then be incorporated into the upcoming operating expenditure budget assumptions.
- The development and administration of the Capital Budget is the responsibility of the Director of Finance, reporting to the CAO and leading the Senior Management Team in the process.
- No work will be authorized by any Director or town employee which would result in an over expenditure of a Council approved capital project, without the approval of the CAO or Council depending on the dollar amount.
- Once a capital project has begun, if information becomes available indicating that costs will exceed the approved budget, a written report with a recommended course of action must be submitted jointly by the Director of Finance and the Director of Public Works or other relevant Director, to the CAO, for approval prior to any further work being authorized or invoices paid. The CAO has the authority to approve an increase of up to \$10,000 in the cost of any capital project . Any capital project with a projected cost increase over the approved budget of more than \$10,000 cannot proceed until it has been brought to Council for approval. In either case, the source of funding identified to cover any project cost increase will comply with these and other Town policies.

- Project cost overruns will, if possible be accommodated within the group of capital projects planned for the same period. If this accommodation significantly alters the scope of any approved capital project, Council must approve the change in scope. If estimated cost overruns cannot be accommodated within the projects for the same period, work must stop and staff shall return to Council with options on how to proceed.
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## Capital Financing policy

Overview:

The sources of funds for capital assets include:

- operating revenues
- operating and capital reserves
- long-term (debenture) debt
- capital grants
- capital leases

With regard to reserves and long-term debt, the Municipal Government Act prescribes the requirements related to spending operating or capital reserve dollars on capital projects and when debentures may be utilized to fund a project.

Operating reserves, which are discretionary, meaning a municipality is not required to set-up and maintain an operating reserve, may be used for any purpose for which a municipality is permitted to expend money. Under the MGA, an operating reserve may be used to fund capital expenditures.

A Capital reserve, which is required to be set-up for all municipalities, may be used as outlined in section 99 of the MGA. Specifically this section outlines the required and discretionary sources of funds for capital reserves and it permits municipalities to use capital reserve funds for capital expenditures, defined as those for which a municipality may borrow.

Long-term debt in the form of debentures which must be issued through the NS Municipal Finance Corporation and is authorized for capital spending as follows:

*“A municipality may borrow to carry out an authority to expend funds for capital purposes conferred by this Act or another Act of the Legislature.” (Municipal Government Act (MGA) Section 66 (1) NS Legislature)*

Presently a capital asset is defined by applying a number of tests which are summarized in the NS Financial Reporting and Accounting Manual. The current PSAB Tangible Capital Asset project will result in further definition of a Capital Asset which will clarify what is eligible for capital financing, no matter what the funding source.

## Policy Statements

- Beginning for fiscal 2010/11, a multi-year Capital Financing Plan will be developed and maintained which sets out all regular sources of financing for capital projects. It will include:
  - a) Any reserves set aside to fund capital projects
  - b) Any “capital from operating” provision planned for the capital plan
  - c) Any capital grants committed and available for the period of the plan
  - d) Any debt capacity available as determined by the difference between the upper limit of Debt capacity and the projected actual debt and debt servicing for the financing period.
- The development and administration of the Capital Financing Plan is the responsibility of the Director of Finance, reporting to the CAO.
- An estimate of Capital Financing available for proposed capital expenditures, as determined by the Capital Financing Plan, will be provided to the CAO and Senior Management Team by the Director of Finance, in advance of the Capital Budget deliberation process. In addition to other sources of capital financing, this will serve as the upper limit for any proposed capital projects considered during the annual budget. By the end of fiscal 2009/2010 this information will exist (Capital Financing Plan) for a period of not less than the next five years and, subject to annual adjustment, and will be included in the public Proposed Annual Budget documents to enhance public understanding of capital funding capacity and enable informed public input.
- Staff will develop 5 year targets for minimum required non-debt funding levels by fiscal 2010/11. These targets will include withdrawals from reserve, capital from revenue, grants and special assessment or charges and will serve to identify the portion of the capital budget that is to be supported by sources of funds other than debt. To the extent that this includes operating revenue, this will establish the portion of the annual budget that is required to be set aside each year in order to support the capital budget or plan.
- Capital debt, reserve funding or capital from operating dollars, once approved by Council for a particular capital project, if not required for the project, will be tracked by the Director of Finance and returned to the Capital Financing Plan for redeployment by Council through the next Capital Budget process.
- Unless specifically set aside for capital purposes through contributions to reserves or in the capital from revenue budget line, operating funds will not be used to fund capital projects. The use of operating funds for capital should be the result of a planned program to use operating funds to reduce debt financing. Use of operating funds for capital in a reactive manner and in the absence of a plan, risks the operating programs and services that rely only on operating revenues for funding.

**See Appendix 1 - Chart 4 -Capital Financing Plan**

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## Capital Debt Policy

All long-term borrowing of the Town requires approval through SNS&MR. Borrowing limits are not expressly stated in legislation, rather the legislation sets out the purpose of long-term debt and borrowing guidelines are established for municipalities by SNS&MR. The Town of Windsor Capital Debt Policy is intended to provide the parameters which will ensure that total capital debt for the Town of Windsor does not exceed acceptable levels, increasing financial risk and limiting financial flexibility. The relatively heavy reliance on the residential taxpayer was considered in determining the upper limit. While the maximum debt service ratio is set out in the policy statements below, it should be recognized that increases in the capital budget that would result in an increase to the current 2008/09 debt service ratio of approximately 6.8%, will add both operating and debt service costs. These will result in cost increases that are funded through the general tax rate. Therefore, debt service levels must be managed to balance capital needs with funds required for operating the Towns programs and services and acceptable levels of taxation.

As there are statements being made now by the Federal and Provincial governments suggesting that infrastructure funding programs may be expanded and accelerated, any significant increase in available capital funding which may flow from the Federal or Provincial governments may put pressure on staff and Council to exceed the maximum debt service ratio approved by Council. Staff and Council will seek the advice of Service Nova Scotia and Municipal Relations as well as the NS Municipal Finance Corporation and any other professional advice needed to fully assess the risks associated with exceeding a 15% debt service ratio, regardless of the availability of additional funding. Any modification to the maximum debt service ratio should achieve the objective of enhancing the long-term financial sustainability of the Town.

### Policy Statements

- Debt will be issued for a period no longer than the expected useful life of the asset.
- The Capital Financing Plan will show the maximum amount of annual debt financing available, based on a maximum of 15% debt service ratio (debt service cost to own-source-revenue). Own source revenues are all revenues excluding conditional and unconditional transfers from other governments or agencies and collections from other governments – includes: Taxes; Grants in Lieu of Taxes; Services provided to other governments; Sales of Services; Other revenues from own sources.
- Capital Debt financing will be sought for capital projects only after all non-debt sources of funding have been investigated and applied to the project.

- A report will be provided to Council as part of the annual budget process, outlining total tax and sewer rate supported debt, debt service costs for the next 5 years, projected total debt and debt service ratio for the next five years (to the extent that a CIP exists for that period).
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## Reserves Policy

Capital reserves have specific requirements as to sources and uses of funds set out in the Municipal Government Act (MGA). The policy statements outlined below are in addition to the requirements of the MGA.

### Policy Statements

- Any borrowing from a reserve requires Council approval (either as part of the overall approved annual budget for the Town or separately if not part of the approved budget) and will repay interest on any borrowed reserve funds as required in section 99 of the Municipal Government Act, specifically, based on the municipality's cost of borrowing.
- No reserve balance may be budgeted such that or withdrawals made which would result in a deficit position. Projections of capital reserve balances may not include sources of funds which are speculative to the extent that those funds are part of planned funding for a capital project which is included in the 5 year capital plan. (Council may from time to time approve a capital project with funding from reserves over several years. The multi-year reserve funding related to such a capital project represents a commitment of future years reserve funds.) Capital projects which are funded in whole or in part by contributions to reserves which are uncertain or speculative will be considered conditional on the actual achievement of the planned contribution.
- A 5 year plan for contributions from the operating fund to capital reserves will be developed beginning with the 2010/11 fiscal year.
- The purpose of the 5 year contribution plan will be to establish desired levels of capital reserves to allow for the timely replacement of existing assets minimizing the impact on debt levels and tax rates. Staff will assess which classes of assets are best suited for replacement through capital reserves (ie: those whose replacement is a near certainty versus assets which may or may not be replaced depending on Council direction of the day) and what percentage of the total replacement cost would be funded through reserves.
- Withdrawals from reserves must have Council approval unless expressly included in the approved Town budget.

## Capital budget criteria

A review of Provincial government departments supporting local governments, industry associations such as GFOA and AMA as well as local governments across Nova Scotia and the rest of Canada shows that many different criteria are used or recommended to assist decision makers in prioritizing capital budget projects. The common theme in all of these lists is to **have** criteria – to have some means of helping staff in their capital planning and Council in their discussions with the community and their deliberations of each budget, determine which projects are more important than others and which ones should be funded. It has been said so many times it has begun to lose impact, that available projects exceed available resources - but we can be certain of the fact that there are more, interesting, legitimate capital projects that Windsor might wish to do than there are available resources. Also, what is right is not always a matter for expert assessment; rather, it is often best determined by the community through Council. Council requires an understanding of the risks associated with the choices they face. It is in the assessment and reporting of risk and implications where the expertise of staff and other professionals must be brought to the process. A community focussed capital budget criteria, ensures that assets that are built and maintained and for which people are taxed, are the result of a decision making process the community accepts as valid. This also means that assets which do not move forward into the capital budget in any given year do not because they were of a lower priority, as determined by a criteria that reflects the community's values.

The following draft capital criteria began with the current Service Nova Scotia and Municipal Relations Capital Investment Plan template criteria and was modified to assign preliminary weights and to shorten the list to make it more manageable.

As noted previously, a number of initiatives will get underway this year, including the creation of an Integrated Community Sustainability Plan (ICSP) required of all municipalities as part of the Gas Tax Agreement. "ICSPs aim to empower communities to address their current and future needs, embedding their infrastructure requirements within these broader strategies..... (it is) a long-term plan, developed in consultation with community members, that provides direction for the community to realize sustainability objectives it has for the environmental, cultural, social and economic dimensions of its identity." (SNS&MR, 2007). Because an ICSP is required to have community involvement and will be undertaken during the coming fiscal period, any capital budget criteria for the future is best examined within this process.

**\*\* Revised capital budget criteria has been provided by the CAO and Senior Management Team\*\***

<b>Draft full capital project assessment criteria</b>	<b>Draft Ranking</b>
Health and Safety Protection	10
Legal Mandates and Compliance	10
Impact of Deferral (increased cost; service disruption)	10
Project supports actions of the MPS/ICSP	10
Financially Sustainable	8
Positive Relationship to Other Projects (Synergy)	8
Project provides access to dollars from other sources which would be lost	8
Economic Development Enhancement	6
Inter-Municipal Effects	6
Builds community capacity	6
Risk (risk associated with not doing project)	6
Environmental Improvement Impact	4
Positive impact on Quality of Life	4
High degree of community support (top 5)	4
<b>Total weighting</b>	<b>100</b>

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