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| Capital Program | Policy | F8 |
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| | Approval | Harvey Bostrom |

What is the Policy?

The department funds the Capital Program to provide and maintain municipal infrastructure efficiently, effectively and equitably. The program is part of the community's long-term plan and is structured to meet the community's needs over a multi-year period. The Capital Program goal is to improve local services that will best serve communities and address legislative and environmental issues.

This is a guide for communities to follow.

Community Responsibilities

- The community should start the planning process in September of each year with a review of existing plans. The plans should include discussions with the appropriate housing agencies, adjoining First Nations communities, other communities and other government departments and agencies, as their plans can affect yours. This may also provide an opportunity for cost sharing on a project of mutual need. Other funding sources should be investigated. For example, Community Places Program.
- The community, in consultation with the department, conducts a needs assessment in November. This process identifies legislative requirements, improvements to existing services and requirement of other essential services.

Based on the needs assessment and discussions with outside agencies etc., the community five-year capital plan can be updated.

- The community should review operations and maintenance costs including changes to the capital plan, and methods of recovery from user contributions that require agreements.
- Capital plans are due January 31 for LGSP funded communities per Section 142 of the Act.

How to Apply for a Project

The application process for projects identified in the five-year capital plan should begin early enough to acquire estimates, technical assistance for drawings, etc. The deadline for capital applications is the **first Monday in May**.

- Communities should apply for projects for one fiscal year at a time. For example, 2007 applications will be for delivery in 2009/2010).
- Project applications must fall within the definition of municipal services. See Appendix FI-B, Definition of Municipal Services.
- LGSP communities must include reserve funds as a contribution on the application, where applicable.
- Some projects have conditions attached by the Regional Office. These conditions must be met or the project is sent back to the Regional Office.
- The following are some of the questions included in the Project Assessment Form used by the Regional Office. See a copy in Appendix F8-B - Project Assessment Form.
- Questions to consider when applying:
 - How critical is the project? Is it a possible life-safety situation?
 - Is there an environmental requirement?
 - Is there a legal liability?
 - Is there a prior commitment?
 - Is the sustainability planned for? Are the O&M costs recoverable?
 - Will this be more efficient for the community?
 - Can the service be shared/acquired another way?
 - Is this a requirement due to growth and development?
 - Is the community prepared to provide the service after completion? Are there training needs?
 - Is there an internal report or requirement from an outside agency identifying the need for the project, for example a monitoring report?
 - Will this project serve more than one community?
 - Are estimates up to date and accurate?
 - Has all the information been provided? Are all the questions answered in the application?
 - Is there a community contribution to the project?

What Happens After the Applications are Submitted?

- Annually in May, the regional office reviews the applications for information. Applications

may be returned requesting additional information or clarification.

- By July 31st annually, communities are to resubmit applications that were once submitted in May and returned to the community for revision.
- Capital applications are reviewed and assessed for completeness annually in August. **Only applications that are complete will be forwarded for further review.**
- Every September, the regional office will screen applications and provide recommendations to the Minister of Indigenous and Northern Relations (INR). Between November and January, pending the estimates process, the minister announces the approvals.
- Once approval is received, communities, in consultation with the department, can begin planning for project delivery.

Departmental Responsibilities

- INR staff are available to assist in the capital application process through:
 - Technical assistance on maintenance issues or large projects such as the installation of a new water treatment plant, draft plans, project justification, drawings, site investigations, etc.
 - Assistance in preparing application
 - Needs assessment
 - Short and long-term planning
 - Conducting an infrastructure audit in all LGSP funded communities. This audit also provides an opportunity to identify capital requirements in the community
- The department monitors conditions imposed by the regional office on specific project approvals.
- The department implements recommendations, where possible.
- The department prepares information on the Capital Program process as well as a report Capital Program for submission to the Minister of Indigenous and Northern Relations.

An orientation is provided to regional offices on the following standards:

1. Key Capital Principles

- a) **Definition of municipal services** - see Appendix Fl-B Definition of Municipal Services.
- b) **Definition of legislative requirements** - legislative requirements are set out by government to regulate standards for water/wastewater treatment and waste disposal,

building construction, and health and safety standards. Standards are legislated to provide safeguards for the protection of the citizens and the environment.

- c) **Community needs** - are identified by the community in its long-range plan and by the department in the needs assessment. Both are designed to improve living conditions and quality of life for residents.
- d) **Efficient/effective principle** - provides the optimum service to the maximum number of people at the most economical cost in the shortest possible time frame.
- e) **Equitable service** - when project **criteria are considered equal, the** project will be further scrutinized in a secondary assessment using additional criteria.

2. Criteria

In consultation with communities, ANA developed the following criteria to be applied throughout the process:

- a) **Legislative requirements for:**
 - **Water** - Canadian Drinking Water Standards adopted by Manitoba Conservation and Water Stewardship along with Manitoba regulations
 - **Wastewater/solid waste** - Manitoba regulations
 - **Building codes/standards, safety standards** - Health and Safety
- b) **Maintenance of existing service standards** - vehicle replacements, building upgrades and repairs, road upgrading, etc.
- c) **Other justified municipal infrastructure and equipment** – new municipal infrastructure that does not exist in the community
- d) **Inclusion of the projects in the community's five-year capital plan**

3. Funding Principles

Buildings

- Existing buildings and infrastructure used for purposes other than a defined municipal service will not be funded, unless approved by the department.
- Where service fees have been set by the community to provide a service, fees should cover the actual costs as much as possible. Where a shortfall exists, the community is responsible to cover it and be able to identify the source of funds for this purpose.

- No funding will be provided to support infrastructure that has been replaced where the original building remains and is:
 - Not used for a municipal service
 - Converted to another municipal service not identified in this policy
 - Providing a duplication in municipal service
- Where a portion of a municipal building is used for a non-municipal service, such as day care, development corporation offices, etc., the cost for that space should be recovered on a rental basis from the group or agency using the space. These costs may be calculated using the maintenance cost analysis (MCA). The rental revenues will be considered as locally generated revenue.
- Where council provides rental space or a building to other agencies, the costs for the facility shall be deducted from the MCA funding. The agency is responsible for its share of the operating costs ANA can provide the calculations.

Surplus Funding and Carry-over Funding

- Capital funding is allocated for delivery of projects in subsequent years. Due to unforeseen circumstances, projects are occasionally cancelled or deferred.
- Depending on circumstances, if a project is cancelled or deferred the funding will be reallocated in the following fiscal year or when available.
- Capital projects approved for delivery in a specific year must be delivered in the approved year. With approval from the regional office, if a situation arises where a project cannot be delivered in the **approval year** the project may be carried over for one year. Extensions beyond the carry-over year will require a regional presentation.
- A holdback of up to 10% will be deducted from all community delivered projects. The holdback will be forwarded to councils upon completion of the project and submission of the final capital project report to the regional office.

4. Project Assessment Form

The regional office decides how the projects will be screened and assessed using the assessment form as a guide; see Appendix F8-B, Project Assessment Form.

5. Funding Allocation

The department receives annual capital infrastructure funding. From this funding the following is set aside:

- Vehicle replacement reserves

- Engineering and design
 - Surveys and land acquisition
 - Fire equipment
 - Studies
 - Infrastructure audits
 - Emergencies

Other funding may be set aside as is required.

Based on the community five-year capital plans, the balance of the funding is allocated to:

- Legislative requirements
- Maintaining existing infrastructure
- New justified projects

Other Information

- Policy F10 - Vehicle Replacement
- Appendix F1-B - Definition of Municipal Services
- Appendix F8-A - Capital Project Application
- Appendix F8-A2 - Capital Application-Digital Version
- Appendix F8-B - Project Assessment Form
- Appendix F8-C - Capital Process Flowchart
- Appendix F10-B – Guidelines for Community Municipal Infrastructure