

TOWN OF ANNAPOLIS ROYAL POLICY

Title: Town Capital Budget Policy

Policy No.:
2008 - 1

Supersedes: N/A

Effective Date: as at January 21, 2008

Approval By Council Motion No.: 9

Policy Statement:

1. Definition of Capital Budget Items

<i>Type of Facility</i>	<i>Capital Investment</i>	<i>General Operations and Maintenance</i>
Streets and parkways	<ul style="list-style-type: none"> • street paving (residential & arterial) 	<ul style="list-style-type: none"> • paving repair even though rideability may improve • coating & other maintenance
Sidewalks	<ul style="list-style-type: none"> • sidewalk replacement • new sidewalks • sidewalk intersections 	<ul style="list-style-type: none"> • routine repair & patching
Traffic	<ul style="list-style-type: none"> • new or upgraded signal equipment or other physical improvements that enhance safety or system capabilities 	<ul style="list-style-type: none"> • equipment repair or replacement to maintain system operations • lane marking & delineation
Street light fixtures	<ul style="list-style-type: none"> • conversion of street lights to new luminaries or fixtures 	<ul style="list-style-type: none"> • replacement or repair of damaged lights

Public buildings	<ul style="list-style-type: none"> • major remodeling & structural alterations to improve space utilization or capacity • major replacement or upgrading of design of major building components (roof replacement, major heating system, improvements) • energy-related physical improvement programs • new construction 	<ul style="list-style-type: none"> • preventive maintenance repairs that do not significantly upgrade the structure or increase its previously estimated useful life (eg. Minor roof repair)
Water treatment	<ul style="list-style-type: none"> • rehabilitation of major treatment facility components to extend useful life • reservoir connections, new sludge beds, other projects to upgrade treatment capacity, flexibility or quality 	<ul style="list-style-type: none"> • general repair or maintenance of equipment or facilities to continue operations (eg. Wall & ceiling repair, sludge bed cleaning)
Water and sewer main	<ul style="list-style-type: none"> • large water mains (replacement) • sewer separation (modifications) • correction of low-pressure areas (small mains) • other sewer & water main replacement in conjunction with street paving • gates and manholes to improve system flexibility 	<ul style="list-style-type: none"> • repair of isolated sections of broken or collapsed sewer or water mains, sewer outlets, & repair fixtures as needed to maintain operations

2. Debt

The Town will make every attempt to eliminate debt and to avoid any unnecessary interest charges. As much as possible, capital expenditures will be forecast and planned for the year in which a capital improvement or capital purchase is required. Balloon payments will be factored into the capital budget plan.

3. Capital Reserves

The Town shall endeavour to ensure that it holds at least \$100,000.00 in capital reserves to deal with unforeseen but necessary expenditures.

4. Working Capital

The Town will make every attempt to ensure that, aside from the amounts necessary for capital reserves and debt servicing, remaining capital allocations are used to make necessary capital expenditures and/or capital expenditures requested by the public so that large amounts of capital are not accumulated.

5. Leverage

Every effort will be made to leverage funds available for capital projects to ensure that as many external sources of funds as possible are tapped before making a call on public money..

6. Priorities for Capital Projects

The following ranking system is currently in use for Town projects:

H1: highest

H2: 2nd highest

H3: 3rd highest

M1: medium

M2

M3

L1: lowest

L2

L3

Under this system, it is possible for several projects to be listed as the highest priority.

In addition, there are priority plans for streets and sidewalks that use a point system and ranking criteria to determine priorities within those two categories. A third priority plan is being developed for ditches.

7. Financing of Projects

Once projects have been selected and ranked, financing will be determined based on:

- the portion of the annual operating budget allocated to capital expenditures
- the impact on the operating budget, the tax rate, and user fees
- funding available from other sources and levels of government
- the number of years required for the financing

A minimum of 5% of all new capital projects will be financed out of current operating revenues.

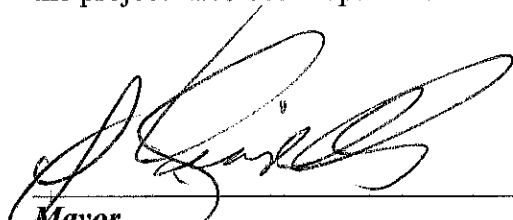
8. Project Management

All capital projects shall be assigned a project number that includes the project file number (920), the year of inception, and a sequential number within the year of inception (eg. 920-2007-1). The project number and the file number shall be the same.

A Capital Project Request shall be completed for each capital project identified.

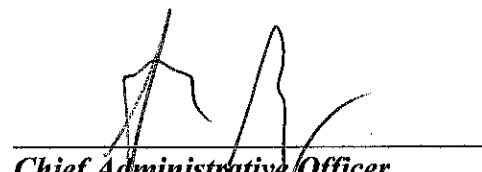
In the absence of any other designated Project Manager, the CAO shall be deemed to be the Project Manager for all capital projects.

All projects cannot be considered complete until any "as-built" drawings associated with the project have been input into the GIS system. Only then can project files be archived.



Mayor

Date January 23, 2008



Chief Administrative Officer

Date January 23, 2008