

Policy: **Municipal Infrastructure Program Policy**

Date Originally Approved: August 24, 2004

Motion: "That Council approves that a Municipal Infrastructure Program be created; and

That Council approves that the following services be eligible for infrastructure funding at this time – sewer line extensions, water plant, water line extensions and sidewalk installation – as defined in the infrastructure program dated August 2004; and

That Council approves that an amount of \$750,000 be transferred to a new Municipal Infrastructure Reserve with \$625,000 coming from the Operating Reserve and \$215,000 from the current year's general operations; and

That Council approves that an amount be included in the "maintenance" budget commencing in 2005/06, with the amount in 2005/06 of \$500,000 coming from the Operating Reserve (\$350,000) and from general operations (\$150,000); and

That Council approves that for the years beyond 2005/06, \$500,000 from general operations be transferred to the Infrastructure Program noting that this will be reviewed annually as part of the budgetary process; and

That Council approves that internal funding by area rates be set up based on a maximum funding period of 15 years, with the interest rate to be set at the Municipality's Bank Average Prime Rate, and adjusted annually thereafter if the Bank Average Prime Rate increases or decreases by 2% or more; and

That Council approves that projects be approved as part of the annual Capital Budgeting process; and

That Council approves that all eligible projects be cost shared between the Municipal Infrastructure Program and area tax rates at a 50-50 ratio." Motion carried.

Date Amended: August 30, 2012

Motion: "That Council approve the amendment to the Municipal Infrastructure Program Policy, as presented."
Motion Carried.

MUNICIPALITY of COLCHESTER

Municipal Infrastructure Program Policy

Purpose:

This program was first discussed as part of the long range planning process that concluded in June 2004.

It's purpose is to enable Council the opportunity to carry out capital projects for the betterment of a defined area, that normally would be unable to financially afford these projects.

Program Concept :

Capital projects for consideration will fall into the services as outlined below. Council will determine from time to time the types of services that this program will apply to, by adding or deleting those services.

Eligible Projects:

Projects eligible for funding under the Municipal Infrastructure Program include:

- Sewer Line Extensions
- Water Line Extensions
- Municipal Water Treatment Plant Capital Expenditures

For greater certainty, projects eligible for funding under the Municipal Infrastructure Program are to include trunk services on publicly owned property and DO NOT replace a land owners servicing obligations during the development of land as required by the Municipality's Subdivision Bylaw and Standard Specification.

Program Service Area:

1. Water, Sewer, and Water Treatment Facilities:

The Municipal Infrastructure Program is intended to assist in the further development of Colchester communities by providing a mechanism that enables the extension of primary municipal services in certain areas that will ultimately promote growth in unserved areas. The Municipality's Service Delivery Strategy sets out policy and delineates areas of Colchester where Council intends to encourage new growth to occur. These are areas where Council has already made substantial infrastructure expenditures and wish to maximize its investment potential. To help carry out these objectives, the corresponding service boundaries of Bible Hill, Valley, Lower Truro / Truro Heights, Hilden and Salmon River as well as the regional service communities of Tatamagouche, Brookfield and Great Village are intended to be the geographic areas to which the Municipal Infrastructure Program applies.

Infrastructure Funding:

To fund the types of projects, it is recommended that Council create an infrastructure reserve fund. Possible funding sources are the operating reserve, surplus in general operations and an allocation from the general operating budget.

As a commitment to the Municipal Infrastructure Program, Council is asked to consider the following funding formula to start the program in 2004/05.

From General Operations \$125,000
From Operating Reserve \$ 625,000 Total \$750,000

The amount from general operations (\$125,000) represents an estimate of the savings the Municipality will incur this year because of implementation of full rebate on the Federal portion of the HST, excluding capital projects.

In addition, an amount of funds is recommended to be included in the annual “maintenance” budget. For 2005/06, the amount recommended is \$500,000. As there will be an allocation in the “maintenance” budget for the debt payment reserve (\$ 300,000), it is recommended that the allocation be as follows:

From General Operations \$150,000
From Operating Reserve \$ 350,000 Total \$500,000

For the years beyond 2005/06, it is recommended that \$500,000 from general operations be transferred to the Infrastructure Program, noting that this will be reviewed annually as part of the budgetary process.

It is proposed that during the annual review of the capital budget, Council will set priorities on projects that meet the program concepts. Staff will cost and make recommendations on time frame for completion and funding possibilities. Council is to set direction after the review.

Internal Funding Sources - Local Area Rates / Other Sources:

The local portion of costs associated with eligible Municipal Infrastructure Projects will be funded through area rates that are applied to defined properties who benefit from such services. It will be important however, that the determination of affected areas remains flexible and properly reflects a broader community interest in these projects. It is extremely difficult to create a generic servicing cost recovery formula since the community benefits of municipal infrastructure projects are varied and, in many cases, far reaching. For these reasons, the extent of the service area to which an area rate will apply can only be determined on a project by project basis.

If an area rate is the basis of local funding, it is proposed that the length of funding be carried over a maximum of 15 years. The interest rate is to be set at the Municipality’s Bank Average Prime Rate for the year prior to inception of the project. Annually, the rate is reviewed and adjusted if the Bank Average Prime Rate increases or decreases by 2% or more.

Borrowing for the area rate portion of the project is to be done internally, providing the Municipality has other available funds to act as collateral.

Where the local area has a surplus in an existing fund, this surplus or a portion thereof, may be applied as part of the local area's share of the funding. An example of this is a surplus in the Sewer Capital Funds or the Tatamagouche Water Utility.

External Sources of Funding- Program Funding/Borrowing:

The Municipality will seek other sources of funding in accordance with established Council priorities. Approved funding is to be applied to the overall cost of project. The remaining cost of the project is shared by the Municipal Infrastructure Program and the local area resident, based on the rates of cost sharing.

Rates of Cost Sharing:

Council approved a 50/50 sharing ratio (50% Local Area funding) at commencement of the program.

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| Clerk's Annotation For Official Policy Book | |
| Date of Notice to Council Members of Intent to Consider (7 days minimum): August 10, 2012 | |
| Date of Passage of Current Policy: August 30, 2012 | |
| I certify that this Policy was adopted by Council as indicated above. | |
| Bruce Purchase _____ | December 11, 2012 _____ |
| Municipal Clerk | Date |