



COMMUNITY AND GOVERNMENT SERVICES

MUNICIPAL MOBILE EQUIPMENT POLICY

PREAMBLE

The Government of Nunavut (GN), under the authority of the *Financial Administration Act*, may provide financial support to municipalities for mobile equipment.

PRINCIPLES

This policy is based on the following principles:

- The GN should assist communities in undertaking activities that increase capacity for local decision making authority and greater community control over their future.
- The GN is committed to the Inuit Qaujimajatuqangit concepts of Pijitsirniq (to serve), Angiqatigiiniq (arriving at a decision through discussion), and Piliriqatigiiniq (working together).
- Communities should be encouraged to build on their strengths and address obstacles to community development.
- Communities should be self-reliant, responsible and accountable.

APPLICATION

This policy applies to all non-tax based municipal corporations in Nunavut.

DEFINITIONS

Capital Replacement Cost

This includes only the replacement cost of mobile equipment and does not include regular maintenance, annual maintenance programs, preventative maintenance or major maintenance and upgrades.

Basic Fleet

The Basic Fleet is comprised of the following equipment:

<u>Item</u>	<u>Life Cycle</u>
Loader	18 years (24,000 hours)
Dozer	18 years (24,000 hours)
Grader	18 years (24,000 hours)
Dump Truck	18 years (24,000 hours)

Block Funding

An unconditional transfer payment made to a recipient for which the GN will receive no goods or services. Block funding payments are subject to audit or other reporting requirements.

Municipal Corporation

A community governing body incorporated under the Cities, Towns and Villages Act, or the Hamlets Act.

Non Tax-Based Municipal Corporation

A municipal corporation that does not have the authority to levy or collect property taxes.

Tax-Based Municipal Corporation

A municipal corporation that has the authority to levy and collect property taxes.

ROLES AND RESPONSIBILITIES

1. Minister

The Minister of Community and Government Services is accountable to Cabinet for the implementation of this policy.

2. Deputy Minister

The Deputy Minister of Community and Government Services:

- (a) is responsible for the administration of all provisions pursuant to this policy;
- (b) may approve block funding subject to the conditions outlined in this policy;
- (c) may, through a letter of instruction, delegate authority to approve block funding to the Assistant Deputy Minister or Regional Directors of Operations of Community and Government Services.

3. Regional Directors of Operations

The Regional Directors of Operations of Community and Government Services:

- (a) shall ensure that this policy is accurately and correctly applied and that revenues and expenditures eligible under this policy are properly accounted for through municipal inspections and reviews of the annual municipal audit statements;
- (b) Shall receive and review requests for additional or special equipment beyond the basic fleet covered in this policy.

PROVISIONS

1. Eligibility

All non tax-based municipal corporations are eligible for annual block funding under this policy.

2. Block Funding

- (a) All eligible recipients shall receive Block Funding on an annual basis as per Authorization Letters issued by the Department.
- (b) Where full financial accounting or reporting requirements are not met, as determined by an approved audited financial statement or a municipal inspection, the recipients may be refused further funding until the deficiencies are corrected.

3. Emergency Repairs/Replacement

- (a) Major maintenance and emergency requirements beyond the level of block funding in this policy may be dealt with on a case by case basis through the Community and Government Services Capital program.

FINANCIAL RESOURCES

Financial resources required under this policy are conditional on approval by the Legislative Assembly and on the availability of funds in the appropriate budget.

PREROGATIVE OF CABINET

Nothing in this policy shall in any way be construed to limit the prerogative of Cabinet to make decisions or take actions respecting the Municipal Mobile Equipment Program outside the provisions of this policy.

SUNSET CLAUSE

This Policy shall be in effect from date of signature until May 31, 2015.

APPENDIX A: MUNICIPAL MOBILE EQUIPMENT PROGRAM

1.0 Program Statement

1.1. Program Objectives

The objectives of the Municipal Mobile Equipment Program (MMEP) are:

- to promote adequate fleet life cycle planning for the replacement of mobile equipment at the end of their useful life;
- to provide municipalities with increased responsibility and freedom of choice in the management of their basic mobile equipment fleet;
- to ensure that municipalities receive the benefits of appropriate management of their mobile equipment fleet.

1.2. Program Scope

All non-tax based municipal corporations are eligible to participate in the Municipal Mobile Equipment Program.

Program funding may be used for the purchase of equipment comprising the basic municipal mobile equipment fleet, as defined within these Program Guidelines.

The policy may be expanded to cover additional mobile equipment needs of larger municipalities and municipalities with special circumstances requiring equipment beyond those in the basic fleet. Any requests for equipment beyond the basic fleet must be submitted for approval in advance of any commitments or expenditures being made.

2.0 Municipal Requirements for Mobile Equipment

2.1. Municipal Services

All municipalities are entitled to a basic fleet of mobile equipment in order to provide the following essential, core services to community residents:

Road Maintenance

- Provision of a basic level of road maintenance for granular road surfaces including, but not necessarily limited to gravelling, shaping, drainage and signage
- Snow and ice control to reduce drifting and to facilitate the safe passage for vehicles and pedestrians

- Maintenance of water, sewer and sanitation infrastructure such as access roads, berms and fencing and pipelines where they exist

Solid Waste Management

- Management of the solid waste disposal site including compacting and pushing of the active layer at the site.

Other Services

Communities may be asked to provide other services by their residents that are not specifically mandated by Community and Government Services. Where possible and where there is no risk of the equipment becoming unusable for core, essential services, equipment that is deemed eligible under this Program may be used to provide these services.

Other GN Departments may contract for services with communities or may provide services that are complimentary. Where possible and where there is no risk of the equipment becoming unusable for core, essential services, equipment that is deemed eligible under this Program may be used to provide these services.

Funding for equipment related to the provision of fire suppression services, water and sewer services, and granular resource management is not provided through this Program.

2.2. Base Entitlements (Basic Fleet)

The Municipal Mobile Equipment Program may provide funding to any eligible municipality for the purchase and replacement of a basic fleet of mobile equipment required to provide essential municipal services. The basic fleet consists of:

- 1 Loader
- 1 Bulldozer
- 1 Grader
- 1 Dump Truck

The needs of municipalities for additional or special mobile equipment beyond the basic fleet will continue to be addressed outside the MMEP through the government's annual capital planning process and included in the Capital Estimates on a case by case basis. The MMEP will focus on the needs of all municipalities for a basic fleet, and fund only one piece of each type of equipment within the basic fleet.

3.0 Maintenance of Mobile Equipment

This program applies only to the capital costs for the purchase or replacement of equipment in the basic fleet. The costs for regular maintenance of the basic fleet will continue to be covered from municipal operations. In cases of catastrophic loss of a piece of mobile equipment, the municipal insurance program should be sufficient to fund the equivalent replacement cost.

3.1. Maintenance Program Requirements

To maintain eligibility under this program, each municipality is required to implement the manufacturers' preventative and other maintenance schedules for each piece of equipment in the basic fleet. Each municipality must record and document the implementation of these maintenance programs using the Maintenance Management Operating System (MMOS) or a similar maintenance management program if agreed upon by both CGS and an eligible municipal corporation.

Adherence to proper maintenance schedules and practices is critical for success of the Municipal Mobile Equipment Program and produces direct benefits for municipalities by ensuring there are no preventable excessive maintenance costs and that equipment in the basic fleet does not need to be replaced before reaching its full useful life.

The Regional Director of CGS may request proof of such maintenance where any municipality is applying to purchase equipment in addition to the basic fleet or replacement of equipment before the end of its life cycle as detailed in these guidelines.

3.2. Maintenance Program Funding

Normal and preventative maintenance shall be funded by the municipality from its operations budget and funding provided through the Municipal Funding Program. Additionally, the municipality will retain 25% of all equipment rental revenues in a separately funded reserve.

Given the harsh environment and extreme operating conditions for heavy equipment in Nunavut, an eighteen year life cycle assumes that a significant retrofit is carried out on each piece of heavy equipment at the mid-life point.

The municipalities costs will come from its operations budget or, where the municipality has reserved and funded its Mobile Equipment Reserve in excess of requirements for replacement of the basic fleet, the Regional Director may approve the use of equipment reserve funds.

3.3. Maintenance Program Training and Support

The municipality is required to ensure its staff are fully and properly trained in the use of its maintenance management software and has the skills and certifications required to maintain its mobile equipment fleet.

Where a municipality is unable to recruit or retain properly qualified staff to meet its maintenance program responsibilities, it may opt to have its maintenance provided by private or other sources. These expenses shall be paid from the operations budget of the municipality as if the municipality was maintaining that equipment itself.

Community and Government Services is committed to continuing to assist the Municipal Training Organization (MTO) in providing MMOS and equipment maintenance training as well as access to certification programs for municipal staff and others involved in the maintenance and repair of the basic fleet.

4.0 Criteria and Standards for Replacement of Mobile Equipment

Harmonized fleets lend themselves better to economies of scale, and can result in significant savings in training of mechanics and servicing of equipment. Standardization of equipment also makes maintenance easier, and allows for swapping of parts and exchanging mechanics among communities. Therefore, these program guidelines outline minimum technical requirements for the types of equipment comprising the basic fleet.

The guidelines are not intended to unnecessarily limit municipal responsibility for management of mobile equipment, but to provide a basis for Community and Government Services to continue to work with municipalities and with industry to advise municipalities on appropriate as well as new types of equipment available. The policy provides for flexibility on a case by case basis, depending on the needs of the municipality.

4.1. Minimum Specifications for Basic Fleet

Minimum technical specifications to be used by municipalities for the purchase and replacement of equipment in the basic fleet are outlined in **Appendix B**. Equipment with alternative specifications may be purchased by a municipality on a case-by-case basis subject to review and approval by the Regional Director of CGS.

4.2. Life Cycle Replacement of Equipment

The life cycle for the basic mobile equipment fleet is shown in the table below:

<u>Item</u>	<u>Life Cycle</u>
Loader	18 years (24,000 hours)
Dozer	18 years (24,000 hours)
Grader	18 years (24,000 hours)
Dump Truck	18 years (24,000 hours)

Replacement of mobile equipment is authorized at the end of the equipment’s useful life of eighteen years.

Replacement of heavy mobile equipment on an eighteen-year life cycle is based on:

Implementation of the manufacturer’s approved maintenance program;

A major retrofit of each piece of heavy mobile equipment at mid-life (nine years) funded per section 3.2.

Mobile equipment which has become dysfunctional or which experiences excessive operating and maintenance costs may be replaced before the end of their useful life with the approval of the Regional Director of Operations.

5.0 Program Financing

5.1. Mobile Equipment Reserve

Municipalities are required to have a Mobile Equipment Reserve. The Equipment Reserves are funded by revenue generated when mobile equipment is rented to individuals, other levels of government, other organizations or private enterprises (where no commercial alternative exists within the community).

Twenty five percent of this revenue shall be transferred into the Mobile Equipment Reserve. Municipalities are required to keep the Reserve fully funded in a separate bank account.

The ability of specific municipalities to successfully fund mobile equipment replacement from the Equipment Reserve at the start of this program will depend on the actual age of equipment currently comprising their basic fleet and their current reserve levels.

Municipalities with newer equipment and with existing fully funded reserves should be capable of replacing their basic fleet as each piece of equipment reaches the end of its useful life. Municipalities with older equipment in their basic fleet, and/or having insufficient funds in their Reserve to keep up with replacement of equipment in the early

years of the program may require additional support from CGS or need to use innovative or alternative financing options.

Municipalities entering the Municipal Mobile Equipment Program with existing Mobile Equipment Reserves that are not fully funded will be required to develop a plan for achieving full funding of the reserve in a timely manner.

5.2. Funding Model

The municipal Mobile Equipment Reserve is the primary mechanism for financing the replacement of the basic fleet. Under the MMEP:

Each eligible municipal corporation is entitled to an equal portion of the funds approved annually by the Legislative Assembly;

CGS shall distribute the funds annually to each eligible municipal corporation that meets the requirements of the program per section 6.2;

Each municipal corporation shall ensure their annual contribution is transferred into the Mobile Equipment Reserve;

Twenty five percent of revenues generated from the performance of services to outside agencies using municipal mobile equipment is transferred into the Mobile Equipment Reserve;

All replacements of equipment in the Basic Fleet must be funded from the Mobile Equipment Reserve.

5.3. Options for Purchase of Equipment

The Municipal Mobile Equipment Policy and Program are designed to provide maximum flexibility to municipalities in the mechanisms by which they replace their basic mobile equipment fleet.

Municipalities may replace the basic fleet using any of the following options:

Outright purchase of equipment from program funds available;

Leasing of equipment, with ongoing payments out of program funds;

Debt financing for immediate purchase of equipment, with loan principal and interest paid out of future receipt of program funds.

6.0 Reporting and Accountability

6.1. Roles and Responsibilities

Minister

The Minister of Community and Government Services is accountable to Cabinet for the implementation of this policy.

Deputy Minister

The Deputy Minister of Community and Government Services:

- a) is responsible for the administration of all provisions pursuant to this policy;
- b) may approve block funding subject to the conditions outlined in this policy;
- c) may, through a letter of instruction, delegate authority to approve block funding to the Assistant Deputy Minister or Regional Directors of Operations of Community and Government Services.

Regional Directors of Operations

The Regional Directors of Operations of Community and Government Services:

- (a) shall ensure that this policy is accurately and correctly applied and that revenues and expenditures eligible under this policy are properly accounted for through municipal inspections and reviews of the annual municipal audit statements.
- (b) shall receive and review requests for additional or special equipment beyond the basic fleet covered in this policy.

Municipal Councils

Municipal Councils are responsible to ensure they meet their commitments under this policy and that decisions concerning revenues and expenditures are made in accordance with this policy and municipal purchasing by-laws.

Through their Senior Administrative Officer, municipal councils shall ensure a proper maintenance program is carried out by qualified professionals and that the municipal mobile equipment reserve is properly accounted for and fully funded.

6.2. Program Sign-on Process (Participation)

The Municipal Mobile Equipment Policy and program guidelines shall apply to all non-tax based municipal corporations (eligible municipalities). Where an eligible municipality does not initially meet the requirements of the program they shall be allowed to participate for the first year of its implementation pending development and approval of a plan to meet the requirements.

These requirements include:

- Development of a Mobile Equipment Reserve capital plan. This plan is to include the current age of the equipment in the basic fleet, the year each piece of equipment is to be replaced and the resulting annual contributions required;
- Fully funding the Mobile Equipment Reserve in a bank account separate from the Operating Accounts of the municipality;
- Full implementation of the Maintenance Management Operating System (MMOS) or a similar system agreed to by both CGS and the municipality;
- Full implementation of regular and preventative maintenance programs approved by the manufacturer of each piece of equipment;
- Disposal of all pieces of equipment in the basic fleet that are above those requirements in the basic fleet list and/or that are beyond their useful life, or a submission to the Regional Director of Operations as to why the additional or special equipment is required.

Where a municipality is not able to meet these requirements, Community and Government Services may provide support and assistance within the first year of the program with the goal of meeting these requirements by year two of the program.

Where a municipality is unable to meet the requirements by year two of the program, or becomes unable to continue to meet the requirements, the Regional Director may recommend to the Deputy Minister that:

- (a) contributions to the municipality cease until such time as the program requirements are met;
- (b) contributions continue while CGS works with the municipality to correct the issues within a specified period of time;
- (c) in the case of the municipality being unable to provide essential services due to the condition of equipment in the basic fleet, CGS may repair or acquire the necessary equipment on behalf of the municipality utilizing the municipality's portion of the annual MMEP funding and, if necessary, reducing the contribution from the Municipal Funding Program to cover the necessary costs.

6.3. Reporting Requirements

Each municipality is currently required to submit a budget for review to the Regional Director before the beginning of the fiscal year for which the budget applies. Within this budget must be identified all planned equipment purchases per the Mobile Equipment Reserve capital plan.

Once the budget is approved, the municipality must follow its approved purchasing by-law and procedures and meet at minimum the specifications in this policy. Any purchase of equipment that does not meet or exceeds the specifications identified in these program guidelines must be submitted for approval by the Regional Director.

Community and Government Services may provide assistance to any municipality requesting support in preparing tender documents or purchasing approved equipment per the policy and program guidelines.

6.4. Requirements Under the Financial Administration Act

Financial resources required under this policy are conditional on approval by the Legislative Assembly and on the availability of funds in the appropriate budget.

Nothing in this policy shall in any way be construed to limit the prerogative of Cabinet to make decisions or take actions respecting the Municipal Mobile Equipment Program outside the provisions of this policy.

6.5. Annual Financial Statement Detail and Instructions to Auditors

Community and Government Services shall document and provide all municipalities with the required accounting procedures for the Mobile Equipment Reserves. Instructions to Auditors and Audit Terms of Reference will be reviewed and modified where required to ensure auditors are aware of and verify compliance with the approved policy, procedures and program guidelines.

Community and Government Services will ensure all auditors are provided with the correct Instructions and Terms of Reference and that any required changes are clearly identified.

Appendix B: Equipment Specifications

Municipal Mobile Equipment Program Minimum Specifications for Heavy Equipment, Basic Fleet

EQUIPMENT	MINIMUM SPECIFICATIONS	
	Item	Minimum Specification
<p>Front End Loader rubber tire, 4 wheel drive 100 kw (134 Hp)</p> <p>(Wheeled Dozer same as appropriate)</p>	Bucket	2.3 - 3.0 m ³ (3.0 - 4.0 yd ³) - winter w/ bolt on cutting edge Quick Connect Attachment, IT Style
	Hydraulics	3rd function for accessories, joy stick Quick Connect Hydraulic Couplings 3 valve and 2 lever
	Electrical	Halogen Work Light Ft and Rear Directional Signals Engine Coolant Heater
	Cab	Sealed Instrument Gauges incl. Hour Mtr. Heavy Duty Heater/Defroster Ride Control System ROPS Canopy
	Engine	Antifreeze/Coolant - Ext Life minus 50 Starting Aid – Thermal
	Accessories	Pallet Forks wide version
	<p>Tractor Bulldozer Crawler type 60 kw (80 Hp)</p> <p>(Steel Wheel Dozer same) (Wheeled Dozer same as appropriate)</p>	Blade
Attachments		Ripper incl. hydraulics Winch
Cab		Enclosed ROPS/FOPS Cab Heavy Duty Heater/Defroster Sealed Instrument Gauges incl. Hour Mtr.
Engine		Antifreeze/Coolant - Ext Life minus 50 Starting Aid
Electrical		Halogen Work Light Ft and Rear Engine Coolant Heater
<p>Motor Grader Articulated Frame 14,000 kg min. operating weight</p>	Blade	Blade width of 12 feet Bolt on cutting edge
	Accessories	Ripper (back) Scarifier (front)
	Cab	ROPS Canopy Sealed Instrument Gauges incl. Hour Mtr. Heavy Duty Heater/Defroster
	Engine	Antifreeze/Coolant - Ext Life minus 50 Starting Aid
	Electrical	Halogen Work Light Ft and Rear

MUNICIPAL MOBILE EQUIPMENT PROGRAM

EQUIPMENT	MINIMUM SPECIFICATIONS	
Dump Truck Rear Dump, Tandem Axle 26,000 kg	Axle Front	18000 lb
	Axle Rear	40000 lb Driver controlled locking diff
	Suspension	Air Ride
	Drive Train	6 * 4
	Transmission	Automatic
	Engine	Diesel Antifreeze/Coolant - Ext Life minus 50
	Electrical	Engine Coolant Heater
	Interior	Hour Meter Heavy Duty Heater/Defroster
	Box	Front Mount Telescopic Hoist Allow for sand spreader (fixed or slide in) Liquid Spreading Tank