



# Awards for Excellence

IN GOVERNMENT FINANCE

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Government Finance Officers Association's (GFOA) Awards for Excellence in Government Finance recognize innovative programs and contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

## 2019 Winner for Exceptionally Well Implemented GFOA Best Practice:



The City of Colwood recently adopted a new Official Community Plan (OCP). The OCP set clear objectives for the City to manage and cultivate its built and natural assets including the [Sustainable Infrastructure Replacement Plan](#) ("Plan"). The Plan forecasts capital spending on current City services for the next fifty years. Replacement costs and years were estimated so that the City can proactively plan and fund future infrastructure replacement obligations. Included in the Plan was a preparation of a condition assessments for all \$375 million in City assets.

The Plan calculated the difference between sustainable annual infrastructure funding and current annual infrastructure funding. This analysis found that the City was funding approximately 40% of sustainable funding levels. Additionally, the forecasted \$290 million funding deficit would potentially cost the City \$36 million in debt interest costs. Conversely, proactive investment in infrastructure replacement is expected to generate \$51 million in investment returns. Moving to proactive infrastructure investment would result in an approximate \$86 million savings to the taxpayer over the next fifty years.

As a result, the Plan recommended a number of steps for the City to take to close the funding gap, including dedicate new revenues to infrastructure replacement, establish tax increases over a 12 year period, and adopt several new policies related to infrastructure replacement.

The recommended policies included:

1. Use new construction taxation revenue to offset incremental infrastructure life-cycle costs associated with that new construction. Use any excess new construction revenue to increase transfers to reserves for sustainable infrastructure until the funding gap is closed.
2. Include incremental operating and sustainable infrastructure replacement costs when capital assets are contributed to the City.
3. Integrate full life-cycle costs into the financial plan when new capital services are approved.
4. Convert the budget set aside for debt servicing payments to sustainable infrastructure replacement funding as debt is retired.

Adoption of the Plan's recommendations ensure that a pavement program and drainage replacement program could be established.



GFOA recommends that local, state, and provincial governments establish a system for assessing their capital assets and then appropriately plan and budget for any capital maintenance and replacement needs.

