



BUDGET PRINCIPLE: 1.05

Replaces Principle Dated: May 20, 2015

TITLE: INFRASTRUCTURE RENEWAL FUND

Approved by ACET: February 23, 2023

Effective Date: February 23, 2023

INTRODUCTION

Algonquin College is committed to ensuring that its information, communications, technology (ICT) and physical infrastructure is renewed using a risk-based approach that considers resource constraints. As a testament to this commitment, a contribution will be budgeted each fiscal year to fund deferred maintenance requirements, as well as to address intergenerational capital maintenance requirements for future years. This long-term planning approach ensures that we are considering current and future maintenance costs in the “total cost of ownership” of our capital investments. Industry best practice dictates that institutions invest in the renewal of their facilities and infrastructure each year at a value in the range of 1.5% and 2.5% of current replacement values (CRV) and invest a further 0.5% to 1.5% of CRV for maintenance. ([APPA Body of Knowledge, Capital Renewal and Deferred Maintenance, Macro Level Estimating](#))

Each year, the Algonquin College Executive Team will approve a budgeted contribution to the Infrastructure Renewal Fund, an account included in the College’s Internally Restricted Net Assets. The account is listed under Specific Reserves and is a component of the Reserve Account titled: Other Projects and Initiatives.

DEFINITIONS

Physical Infrastructure	The facilities and infrastructure necessary for the College to function. It can be generally defined as the technical structures that support the College, such as buildings and their mechanical, electrical, plumbing and water systems, and building furnishings. It also includes roadways, parking lots, bridges, grounds and landscaping, water supply, sewers, electrical grids, and so forth, and can be specifically defined as "the physical components of interrelated systems essential to enable, sustain, or enhance College learning, teaching, working and living conditions."
Information, Communications and Technology (ICT) Infrastructure	Defined as the set of computing and server hardware, software, networks, and associated facilities. This includes wiring conduits, optical fiber, server rooms, IT closets, and associated cooling and airflow systems that provide network access (wired and wireless), connectivity, information security, and academic and enterprise applications to students, and employees of the College, whether they are physically on premise, or remotely connected. ICT Infrastructure includes all equipment and applications that provide academic services such as learning management systems, collaboration, communications and telephony services, enterprise business services (including student information systems, human resources, payroll, and finance), information and content management, mobile learning services, and all other infrastructure leveraged by the College to directly or indirectly support the delivery of Academic programming to students in a digital format, both on-line and on-campus.

PURPOSE

The purpose of this budget principle is to set out the terms of use for the Infrastructure Renewal Fund, the minimum annual contributions into the Infrastructure Renewal Fund that will be planned for, and maximum allowable expenditures from the Infrastructure Renewal Fund.

PRINCIPLE

On an annual basis, the College will budget for a contribution to the Infrastructure Renewal Fund. Until a time where annual contributions to the Infrastructure Renewal Fund reach a minimum of \$10 million annually, expenditures from this fund will be restricted to 50% of the previous year's ending balance. This practice will allow the Infrastructure Renewal Fund to accumulate a reasonable balance to support the ongoing sustainability of the fund. The Infrastructure Renewal Fund is restricted for ICT Infrastructure and Physical Infrastructure renewal expenditures.

POLICY

1. Authority

- a. The Board of Governors has the authority to approve the College's use of Specific Reserves as part of the Annual Budget process.
- b. The Algonquin College Executive Team has the authority to approve infrastructure renewal projects as part of the Annual Budget development process.

2. Accountability

- a. The Facilities Management Department is responsible for maintaining a current inventory of physical infrastructure renewal requirements.
- b. The Information Technology Services Department is responsible for maintaining an inventory of ICT infrastructure renewal requirements.
- c. Infrastructure renewal requirements must be prioritized with consideration for the level of risk assumed if a renewal is not undertaken.

3. Reporting

The Internally Restricted Net Assets report includes the balances of the Infrastructure Renewal Fund. The balance of this fund is contained within the Other Projects and Initiatives section. The Treasurer or Chief Financial Officer will report on Internally Restricted Net Asset balances as part of the College's audited financial statements to the Board of Governors for approval at the Annual General Meeting.

Financial Services will provide a detailed continuity schedule, reporting on all internally restricted fund balances, including detailed balances of other specific reserves - projects and initiatives at the close of each fiscal year to the College Budget Committee for review, and to the Algonquin College Executive Team for approval.

4. Time frame

Annual minimum contributions and maximum allowable expenditures are set out in this Budget Principle and will be reviewed annually.

5. Transparency

During the annual budget process, the Facilities Management Department and the Information Technology Services Department will be responsible for providing prioritized lists of upcoming infrastructure renewal requirements to the College Budget Committee and to the Algonquin College Executive Team for information.

PROCEDURES

1. In preparation for each annual budget, the Facilities Management Department and the Information Technology Services Department will prepare prioritized lists of infrastructure renewal requirements for the upcoming fiscal year.
2. The prioritized lists will be presented to an appropriate standing sub-committee of the Algonquin College Executive Team (for example, College Space Committee, or College Technology Committee) or within the Facilities Management Department and/or the Information Technology Services Department for review and assessment against other strategic investment priorities.
3. The standing sub-committees will make recommendations on funding for infrastructure renewal to the College Budget Committee.
4. The College Budget Committee will review and assess recommendations and will submit recommendations for funding to the Algonquin College Executive Team.
5. The Algonquin College Executive Team will make decisions on funding projects from the Infrastructure Renewal Fund for approval to the Board of Governors as a component of the annual budget.

RELATED POLICIES

Budget Principle 1.06 Internally Restricted Funds

Budget Principle 1.08 Strategic Investment Priorities

Budget Principle 1.09 Allocation of Strategic Investment Priorities Funds – Recurring Annual Investments

RELATED DOCUMENTS