

MISSISSIPPI LAKES ASSOCIATION CAPITAL PLAN 2022

PURPOSE

The Capital Plan is an assessment of the current state of capital assets, a projection of future requirements, and an estimate of funding levels and timelines for acquiring and/or replacing capital assets.

REFERENCES

- A. MLA Fixed Asset Policy
- B. MLA Revenue Generation Policy

ASSESSMENT OF CURRENT AND FUTURE CAPITAL ASSETS

Annex A lists the Association's current capital asset holdings, including estimates of useful remaining life, and projected replacement costs. Also listed are additional assets that the Board intends to acquire to support Association activities.

FUNDING REQUIREMENTS

The Board shall set a Reserve Fund target balance that will provide sufficient funds to replace existing assets and to permit planned future acquisitions. Accordingly, the transfer of funds from the Operating Fund to the Reserve Fund is to be:

- a. undertaken annually, or resumed as required, whenever the Reserve Fund balance is below the target balance; and
- b. ceased once the Reserve Fund target balance is attained.

ACQUISITION SCHEDULE

The acquisition and/or replacement of capital assets is subject to AGM approval. A Capital Budget proposal and expenditure plan will be presented at each AGM. Refer to the MLA Fixed Asset Policy for additional procedures.

Replacement decisions depend on many interdependent factors that the Board may not always be able to forecast accurately. No specific purchases are expected in 2022, however the Board will remain alert to cost effective opportunities to replace current equipment in a timely fashion when funds

become available. The overall aim of replacement activity is to minimize the risk of unplanned loss of essential assets as they become less reliable over time.

REVIEW

This Plan shall be reviewed annually in conjunction with budget preparation for the next fiscal year. Adjustments are to be made as required to reflect changes to the state of the Association's capital assets and future requirements. On this basis, and taking into account the current and expected revenue generation capacity of the Association, the Board shall set:

- a. the Reserve Fund target balance; and
- b. the amount to be transferred from the Operating Fund to the Reserve Fund in the next fiscal year.

PLAN SUMMARY - updated 24 Jun 2022

CAPITAL ASSET	PLAN	PROJECTED COST
boat	retain capability replace on an opportunity basis	\$15,000
outboard motor	retain capability replace on an opportunity basis within five years	\$10,000
drone	retain capability replace within five years	\$2,000
monitor for drone	retain capability replace within five years or when drone is replaced	\$1,000
Navigloo boat cover	retain capability replace via in-year budget allocation	\$0
additional equipment	Eg, Water quality measurement equipment, sound meter, etc. No specific items have been identified to date	\$5000
Reserve Fund target balance:		\$33,000
Transfer from Operating Fund, approved by BOD, 30 May 2022:		\$3,000

Reserve Fund balance: as at 29 May 2022: \$3,512.54
 post 2022 transfer: \$6,512.54

ASSESSMENT OF CURRENT CAPITAL ASSETS

Pontoon Boat

A boat is an essential asset, primarily in support of the annual marker buoy program but also for a wide range of MLA on-water activities. The Board wishes to maintain these core activities thus it is important to maintain a functional and reliable boat.

The current 24-foot pontoon boat and motor was acquired used in 2020 as an even swap for the previous MLA (20-ft Lavy) boat and motor. The motor is discussed separately below. The boat is superior to the previous boat regarding operational capability, so the swap was beneficial and timely for the MLA. Although it is 24 years old (1997), the hull and fittings are in very good condition and a thorough refit of the main deck and furniture was undertaken in July 2021. The boat will likely incur structural issues in the longer term. With age and increasing upgrade/repair costs, this boat will provide a decreasing utility with regard to safety and ability to support MLA activities.

Although the boat is likely to have more than ten years of useful life remaining, an earlier replacement for the boat should be entertained, if a cost-effective solution arises, to avoid in extremis activity to replace this essential asset. While purchasing new is unlikely in view of competing capital purchase intentions, it is estimated that a quality used boat can be sourced for \$15,000 in conjunction with a trade-in on the existing boat.

Projected replacement cost: \$15,000

Outboard Motor

A motor is an essential component of the boat. The Mercury 50hp motor (2013), acquired used in 2019 in very good condition, was part of the no-cost swap to a new boat and motor. The current motor is much bigger (90hp) and generally better suited to MLA requirements, but is used (1997) and is a 2-stroke engine. Much newer 2-stroke technology is eco-friendlier. Because of age and environmental concerns, this motor should be replaced as soon as financially feasible. In any event, it should be replaced no later than 2027 (5 years assessed remaining useful lifetime), to minimize the possibility of experiencing a catastrophic failure in the middle of the boating season, as happened in 2019.

Projected replacement cost: \$10,000

Aerial Drone

The Board decided to acquire a drone in 2019 to enhance the MLA's capability to monitor a wide variety of MLA activities, including environmental issues on the lake such as invasive species proliferation, algae blooms, etc. The Board wishes to retain this capability for the foreseeable future.

The Phantom 4 Pro drone was acquired new in 2019, then replaced new in 2021 at no cost due to a malfunction covered by the warranty. It should be replaced within five years due to fair wear and tear, and the need to upgrade the camera and other electronics to remain compatible with evolving technology. Also, as the MLA gains experience in deploying the drone, the Board might wish to acquire additional imaging features. Although the drone was acquired via a grant from Lanark County, it is not guaranteed that another grant will be available for this purpose in the future.

Projected replacement cost: \$2,000

Monitor for Drone

The DJI CrystalSky monitor was acquired new in 2019 in concert with the drone purchase. It will likely require replacement within five years due to fair wear and tear and the need to remain compatible with the parent drone technology. It should in any case be replaced when the drone is replaced.

Projected replacement cost: \$1,000

Navigloo Boat Cover

The boat cover was purchased as a new initiative during the 21/22 FY and is expected to be serviceable for at least ten years. Incidental wear and tear will be covered as part of normal boat expenses, as will any future replacement. There is no need for Reserve Fund allocation for this item.

Projected replacement cost: \$1,000 from Operating Fund
\$ 0 from Reserve Fund

ANNEX B TO
MLA CAPITALIZATION PLAN

ADDITIONAL CAPITAL ASSET REQUIREMENTS

No specific purchases are envisioned for 2022. However, the MLA is investigating options for investing in additional water quality testing capability, and sound measurement equipment. Other similar capabilities will be explored. At this time (2022) the total cost of these capability enhancements is not expected to exceed \$5,000. Specific requirements will be included in the capital Plan once they are fully researched and costed.