Capital Improvement Program
Definition, Policies and Process

Definition of a Capital Project

1. Cost should be $25,000 or more for the life of the project.
2. Most will take more than a single year to complete.
3. Project revenues and expenditures should be clearly identified and balanced (e.g., revenue should equal project expenditures).
4. Projects should have an identifiable schedule that includes a beginning, intervening milestones, and an end.
5. Maintenance costs to increase the life of the City's infrastructure, replacement costs for infrastructure and reserves for future projects are not defined as a CIP, but are included in the CIP budget document. Examples of these include:

    - Pavement maintenance
    - Water Downstream Improvements
    - Fleet Maintenance Facility

Primary-Secondary Projects – defined below

The CIP frequently contains several projects that are similar in nature. For example, Public Works often proposes projects to replace or upgrade traffic signals at several different intersections throughout the City. Each intersection is formally a separate project, and funding may not be moved from one traffic signal project to another traffic signal project without City Manager authorization.

The CIP may categorize similar projects together in a "primary-secondary" relationship. Following the traffic signal example, "Traffic Signals" is the "primary" project, with individual "secondary" projects dedicated to each specific intersection where a project will be performed. The primary project description includes a description of each of the secondary projects related to it.

The primary project serves as the budgetary control device within the CIP. As approved, the City Manager has the authority to move CIP funding from one secondary project to another secondary project, as long as the overall primary project budget does not change. This approach allows for greater flexibility and efficiency when programming multiple CIPs of the same type.

Process

Existing projects are reviewed annually. This review compares user status and financial information to identify project progress and completion. This will be integrated into the budget proforma review process.

The Finance Department will work with the CIP project managers to develop CIP revenue forecasts for the budget year. This analysis will be compiled and distributed by the Finance Department to the appropriate project managers.

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The City Manager, Comptroller and Department Heads review and prioritize all existing CIP's to assure consistency with the City's 5-Year Strategic Plan and Comprehensive Plan 2030.

The City Council will review new projects and approve re-appropriation of funds for existing projects as part of the annual budget cycle.

Capital Improvement Program – Policies

CIP Projects. Large construction projects, equipment purchases, infrastructure maintenance, replacement costs and future reserves will be included in the Capital Improvement Program.

CIP Purpose. The purpose of the CIP is to systematically plan, schedule, manage, monitor and finance capital projects to ensure cost-effectiveness as well as conformance with established policies. The CIP is a ten-year plan organized into the same functional groupings used for the operating programs. The CIP reflects a balance between capital replacement projects that repair, replace or enhance existing facilities, equipment or infrastructure; and capital facility projects that significantly expand or add to the City's existing fixed assets.

Project Manager. Every CIP project will have a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, and periodically report project status.

Projects may be appropriated for anticipated revenues but cannot be spent until revenues documents have been received. Each proposed CIP project will include the approximate location, size, completion date (est.) and estimate of costs and source of funding such as General Fund, Capital Facility Fees, Federal or State Grant, etc.

CIP Appropriation. The City's annual CIP appropriation for study, design, acquisition and/or construction is based on the projects designated by the Council through adoption of the Budget. **Adoption of the CIP appropriation does not automatically authorize funding for a specific project phase.** Project engineering and preliminary engineering will be appropriated at the time of Council action.