

CAPITAL IMPROVEMENT POLICIES

DEDICATED CIP FUNDING SOURCES

Most of the City's infrastructure has a designated revenue source to pay for its upgrade or replacement as appropriate. For example, water/wastewater rates fund utility infrastructure needs; gas tax revenues fund street needs; and storm drainage needs are paid for with related fees and assessments. However, our public buildings and our park system are the primary beneficiaries of the City's Capital Improvement Fund (CIP). Specific revenue sources have been designated to provide permanent funding in support of general operational infrastructure. In particular, the City has dedicated:

- 15% of annual hotel transient occupancy tax (1.5% of the 10% tax);
- Fifty cents of the per hour charge for all on-street city parking meter collections;
- \$4 of each parking citation (with the exception of expired meter cites).

Transfers into the CIP Fund will be processed by the Finance Department on a monthly basis and recorded as such in the annual adopted budget.

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM (CIP)

The City shall annually prepare a capital improvement spending program projecting capital needs for a five year period. This CIP shall address all of the City's funds. The first year of the five year CIP will be consistent with, and adopted as a component of, the annual operating budget. In the development of the Capital Improvement Program, the operating costs associated with the capital project will be projected and considered in conjunction with the CIP.

ENTERPRISE FUND CAPITAL IMPROVEMENTS

Capital Improvements funded from the Enterprise Funds shall be paid for in combination of "pay-as-you-go" financing and the use of long-term debt. The City shall periodically review its enterprise capital needs and establish capital spending plans that are appropriate and reflect a combination of debt and "pay-as-you-go," while attempting to keep our rates competitive with those in the surrounding area.

Adopted Budget Policies

7) Capital Budget – Fiscal Policies

- a. Capital project proposals shall include substantially complete, reliable and attainable cost estimates. Project cost estimates for the Capital Budget should be based upon a preliminary analysis of the project and are expected to be as reliable as the level of detail known about the project.
- b. Proposals shall include a comprehensive project sheet. The project sheet shall include a detailed description of the scope of the project, approximate schedule, and proposed funding plan.. The plan should indicate resources necessary to complete any given phase of the project, e.g., design, rights-of-way acquisition, construction, project management, , contingency, etc.

- c. All proposals for capital projects will be presented to the City Council within the framework of a Capital Budget. Consideration will be given to the commitment of capital funds outside the presentation of the annual capital budget review process for emergency capital projects, time sensitive projects, projects funded through grants or other non-city funding sources and for projects that present and answer the following questions for Council consideration: 1) Impacts to other projects, and 2) Funding sources.
- d. Capital project proposals shall include all reasonably attainable cost estimates for operating and maintenance costs necessary for the life cycle of the asset.
- e. Major changes in project cost must be presented to the City Council for review and approval. These changes are typically reviewed by City Council as part of the annual CIP process or through specific recommended actions for individual projects.
- f. Staff shall seek ways of ensuring administrative costs of implementing the Capital Budget are kept at appropriate levels.
- g. The Capital Budget shall contain only those projects that can be reasonably expected to be accomplished during the budget period, unless the project is a multi-year funded project. The detail sheet for each project shall contain a project schedule with milestones indicated.
- h. Capital projects that are not expensed during the budget period will be re-budgeted or carried over to the next fiscal period except as reported to the City Council for its approval. Multi-year projects with unexpended funds will be carried over to the next fiscal period.
- i. A capital project will not be budgeted unless there is a reasonable expectation that funding is available.