

Capital Improvement Program Policy Statement

Capital Improvement Program

- Projects – Evaluate all requests for capital improvement projects using the following criteria:
 - a. Source of funding including availability of additional revenue
 - b. Total project cost (design and development) and schedule for completion
 - c. Operating and maintenance costs for at least a five-year period following completion
 - d. Useful life of asset
 - e. Benefits to the City including, but not limited to, the effect on future operating and maintenance costs, economy, services, public health and safety, environment, segment of population to be affected, and special considerations
 - f. Alternatives considered
 - g. Consequences of not funding or deferral
 - h. Evaluation of citizen input
 - i. Impact on strategic plan for the City
- Cost Estimates – Revise cost estimates after completion of design.
- Design – Design facilities using current technology in order to be efficient and cost effective, protect the public welfare and minimize adverse effects on the environment.
- Multi-Year Projects – Annually evaluate multi-year capital projects.
- Priorities – Give priority to replacement or repair of existing assets.
- Plan Maintenance – Prepare and update annually a capital improvement program including construction and purchase of City assets.
- Non-Construction Expenses – Limit interest, operating, administrative and/or maintenance expenses capitalized for capital projects to those expenses incurred prior to actual operation of the facility.
- Offices – Consolidate offices into fewer buildings and move from leased to owned facilities as much as possible.
- Long-Term Financing – Long-term borrowing shall be limited to capital improvement projects that cannot be financed from current revenues and to capital equipment with a useful life of 20 years

or greater and a purchase cost of \$250,000 or greater. Other policies governing long-term debt include:

- a. Long-term debt shall not be used for current operations.
- b. Any capital improvement projects or capital equipment financed through bonds should be financed for a period not to exceed the expected useful life of the project or equipment.
- c. Total debt outstanding, including overlapping debt, will be considered when planning additional debt issuance.
- d. The City's share of paving projects, including the cost of over-width or over-depth paving of major streets, should be financed with road use tax funds or other revenue sources when funds are appropriate and available.
- e. The City's share of utility projects, including the cost of over-sizing of water, sewer and storm water mains, should be financed with utility funds and other revenue sources when funds are appropriate and available.
- f. The use of general obligation bonds for projects does not dismiss the potential of pro rata payment for debt service by specifically benefited funds such as tax increment financing, road use tax, water, sewer or storm water.
- g. Financing requirements will be reviewed annually. The timing for financing will be based upon the City's need for funds, market conditions and debt management policies.
- h. The City will maintain good communications with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.
- i. Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered if and when there is a net economic benefit of the refunding or the refunding is essential in order to release restrictive bond covenants, which affect the operations and management of the City.
- j. The City will annually review opportunities to convert projects historically utilizing pay-as-you-use financing (debt) to pay-as-you-go financing (cash) in an effort to reduce long-term debt.