512 - Capital Improvement Program Plan

1.0 Purpose

A number of important policy considerations need to be considered by the William Shore Memorial Pool District (District) while developing the basis for the Capital Improvement Program (CIP) Plan. These policies provide guidelines for all financial and planning aspects of the CIP, and ultimately affect the project selection process.

2.0 Areas of Consideration

2.1 Long-Range Plans and the CIP

The CIP will be updated annually as part of the District's budget process. The District Board of Commissioners (Board) may amend the CIP Plan at any time as required. The CIP is the document that outlines the long-range plans that have been developed by the Board and District Advisory Council (AC) and staff. This ensures that the District's CIP reflects the input and recommendations of the Board, AC and staff and is responsive to the stated direction of the Board and AC.

2.2 CIP Committee

A Board appointed CIP Committee, to include:

- Two Board members
- Two AC members
- District Executive Director
- Aquatics Manager and
- District Finance Officer

This Committee is established each year to review, plan and develop recommendations to the District Executive Director in developing and updating the CIP. The Committee will review proposed capital projects in regards to priority, costing (design, capital, and operating), congruence with District needs and objectives, and prioritize projects by a set of deterministic criteria.

2.3 Establishing CIP Priorities

The District uses the following basic CIP project prioritization and selection process:

1. Each CIP focus area establishes criteria to be used in the prioritization of specific projects submitted for funding. These specific criteria are developed by staff and the AC in conjunction with Board priorities and input from citizens. The District has divided its CIP projects into the following Focus areas: Expansion Project, Exterior Improvement Projects, Accessibility Improvement Projects, Safety Improvement Projects and Interior Improvement Projects.
2. The project expenditure plans must include all capital costs and any applicable maintenance and operation expenditures along with a recommended funding source.
3. The CIP Committee evaluates the various CIP projects and selects those with the highest priority based on input from citizens, project stakeholders, the AC, and Board goals.
4. The District Executive Director develops a preliminary CIP Plan and is recommended to the to the full Board.
5. The Board reviews the preliminary CIP Plan, holds public hearings, if needed, on the plan, makes their desired alterations, and then officially adopts the CIP and establishes related appropriations as a part of the District's budget.
6. Within the available funding, the highest priority projects are then selected and funded in the CIP.

2.4 Scoping and Costing Based on Pre-design Study

For some projects it is difficult to develop accurate project scopes, cost estimates, and schedules on which no preliminary engineering or community contact work has been done. To address this problem, some projects are initially proposed and funded only for preliminary engineering and planning work. This funding will not provide any monies to develop final plans, specifications, or to construct the projects. Future project costs are refined through the pre-design study process.

2.5 CIP Maintenance and Operating Costs
CIP projects, as approved by the District Board, shall have a funding plan for maintenance and operating costs identified in the project description. These costs will be included in the City's financial planning and budgeting.

2.6 Public Input at All Phases of Projects
The District makes a serious commitment to public, stakeholders and patron involvement. The Distrit's CIP plans will be developed through an extensive citizen involvement.

2.7 Use of Debt in the CIP
The CIP is viewed as a long-term program that will continually address capital requirements far into the future. As such, the CIP will include a determinitation as to the type of financing the projects will utilize. The use of long-term debt will need to be justified in the CIP and to the District Board. The District Accountant monitors CIP cash flow regularly and utilizes fund balances to minimize the amount of borrowing required. Projected financing costs are included within a project in the administrative program area.

2.8 Authority to Fund Projects
The authority to expend or borrow rest solely with the District Board. An approved CIP plan does not infer the authority to incur expenditures or debt. All CIP projects will also need to be part of the annual budget, which is the primary document for revenue and expenditures authorization.

2.9 CIP Plan Update and Amendment
The CIP Plan will be updated at least annually during the budget process. The Board may amend the CIP Plan at any time if a decision must be made and action must be taken before the next CIP review period. All project additions or deletions must be approved by the Board. The CIP is required to be updated at a minimum annually to:

- Make any adjustments in future program years when changes occur in funding or cost.
- Add a year of programming to replace the current year funded.

3.0 CIP Budget Criteria
The CIP and budgeting involves the development of a long term plan for capital expenditures for the District. Capital expenditures include expenditures for buildings, land, major equipment, and other commodities which are of significant value (greater than $10,000) and have a useful life of at least five years.

The CIP lists each proposed capital item to be undertaken, the year in which it will be started, the amount expected to be expended in each year and the proposed method of financing these expenditures. Based on these details, summaries of capital activity in each year can be prepared as well as summaries of financial requirements such as amounts of general obligation bonds to be issued, amounts of general operation funds required and any anticipated intergovernmental support, etc.

The capital improvement budget is enacted annually as part of the District Budget, based on the CIP Plan. It encompasses enacting appropriations for the projects in the first year of the capital improvement plan.

Flexibility is built into the capital improvement plan to allow for delay of projects when financing constraints make it impossible to allow for funding of the entire array of projects and to move future projects forward when financial availability makes it possible.

4.0 Steps in the Capital Improvement Process

The capital improvement process is built around the following eight steps:

1. Establishment of the administrative and policy framework for capital planning and budgeting. The first step in implementing an effective CIP and budget process is to establish the underlying organizational and policy framework within which the process operates. This is the purpose of this policy.
2. Prepare inventory of existing facilities and systems. This will help to indicate the eventual need for renewal, replacement, expansion or retirement of some of the physical plant. This inventory is part of the Maintenance and Operation documents which are updated on a regular basis. The CIP should use this document for the inventory portion required.
3. Determine by CIP Committee review the status of previously approved projects. The CIP should report on the status of previously approved projects. The estimated costs of these projects should be reviewed to ensure accuracy and the funding sources which would be needed to finance the completion of the project. This status review also allows Board the opportunity to stay informed of projects approved in previous years.
4. The CIP and Finance Committee should perform financial analysis of each project. Financial analysis involves the determination of the District's financial capability for major expenditures by examining past, present and future revenue, expenditures and municipal debt. The selection and scheduling of funding sources of these major expenditures is known as financial planning. This financial planning may need to be reviewed in tandem with the Finance Committee prior to submission to the Board. Some of the important objectives of financial planning include:
    - Stabilizing the levy rate
    - Maintaining a preferred balance of debt service and current expenditures
    - Determination of debt capacity and appropriate debt service levels
    - Maximizing intergovernmental aid relative to local expenditures

    The intent is to come up with a level of capital expenditures by fund, which the District can safely afford over the next several years while maintaining a minimal impact of the levy tax rate and other District revenues.
5. The CIP Committee should compile and evaluate project requests. Once the Finance planning has completed as shown above, the CIP Committee will review and prioritize each project based on the criteria agreed upon by the Board and AC. A draft CIP is then developed and submitted to the CIP and AC Committees for review. The Board then reviews, modifies and adopts the CIP.
6. Adoption of the CIP and budget. The Board, which has been involved in the CIP process from the beginning by its presence on the CIP Committee and establishing policy guidelines under which the CIP was developed, has the final responsibility to adopt the CIP.
7. Monitoring the CIP. The Executive Director is responsible to monitor the actual development and completion of the projects which has been assigned expenditure approval in the approved District Budget.
8. Modifications. Significant changes in project scope, time or costs, requires a CIP amendment by the Board.

5.0 Capital Project Criteria

- **Legal**: State or Federal mandate may require that a particular project be implemented. Court orders and judgments concerning legal requirements that may affect how projects are prioritized.

- **Safety**: The benefit to the environment, safety or public health of the community should be evaluated.

- **Project Funds:** The extent to which outside funding is available for the project or purchase should be evaluated.

- **Facility Needs:** The project should alleviate identified problems or deficiencies.

- **Related Projects:** Often projects in one category are essential to the success of those in others.

- **Efficiency:** Projects that substantially improve the quality of service at the same operating cost, or eliminate obsolete and inefficient facilities should be identified using this category.

- **Economic Impact:** A project may affect the local economy. Increases or decreases in property valuations may occur.

- **Public:** Projects are generally more easily implemented if there is public demand and support for them. Such public support should be gauged in terms of its strength and the depth of understanding it represents.