

Village of Richfield

Capital Improvement Program Policy

1.0 PURPOSE

To provide an authoritative decision-making process for the evaluation, selection and multi-year scheduling of public physical improvements based on a projection of available fiscal resources and the community's priorities.

2.0 ORGANIZATIONS AFFECTED

The Village of Richfield has a substantial investment in buildings, equipment, parks and public infrastructure, including its utilities. Prudent management of these investments is the responsibility of Village government. In order to fulfill this responsibility but remain within fiscally prudent parameters, the Village has enacted this policy for development of the capital improvement budget. This policy applies to all capital budgets of the Village, including general Village functions and utility funds.

3.0 POLICY

THIS POLICY ESTABLISHES A CAPITAL IMPROVEMENT PROGRAM TO:

1. ENSURE THE TIMELY RENEWAL AND EXTENSION OF THE VILLAGE'S PHYSICAL FACILITIES;
2. SERVE AS THE LINKAGE IN THE VILLAGE'S PLANNING FOR PHYSICAL DEVELOPMENT BETWEEN THE COMPREHENSIVE PLAN, THE STRATEGIC PLAN AND ALL SUBSIDIARY PLANS WITH A 10 – 15 YEAR HORIZON AND THE ANNUAL BUDGET PROCESS WITH A ONE YEAR HORIZON;
3. MAINTAIN CONTROL OVER THE VILLAGE'S LONG-TERM DEBT IN RELATION TO THE VILLAGE'S FINANCIAL CAPACITY;
4. ENSURE COORDINATED CAPITAL DEVELOPMENT

4.0 DEFINITIONS

4.1 *Capital Improvement Program (CIP)*

A comprehensive and systematic program designed to facilitate the planning, budgeting and funding of all Capital Improvement Projects. This shall include the Equipment Replacement Program, as well as any projects which meet the below definition(s).

4.2 *Capital Improvement Project Threshold*

Projects meeting the below definition shall be included in the Capital Improvement Program document rather than the Operating Budget document, as determined by the Village Administrator.

- A project expected to have a useful life greater than 5 years and an estimated cost of \$10,000 or more. Capital projects include the construction, purchase, or major renovation of buildings, utility systems, or other structures; purchase of land and major landscaping projects; purchase of machinery or equipment.

4.3 *Capital Improvement Schedule*

A summary schedule of all approved capital improvement projects. The program shall be for a five year period. The program shall be annually revised and projected one year to allow for changed conditions and circumstances.

4.4 *Capital Improvement Plan*

A comprehensive planning document including all approved projects in the five- year Capital Improvement Program. This document will include detailed information regarding each project, the Capital Improvement Program Project Request Form and any subsequent attachments and background materials. This document will also include the Capital Improvement Schedule and the Equipment Replacement Schedule, as well as funding source information, linkages to other planning documents and other similar data and analysis.

4.5 *Capital Budget*

The capital budget includes those projects scheduled for activity and funding in the next budget year. The capital budget shall be presented annually by the Village Administrator to the Village Board, in conjunction with the normal budget process, for consideration and adoption. The source of financing for each project in the budget shall be identified. The capital budget and the Capital Improvement Schedule shall only include those project costs or portions thereof, that the Village is responsible for funding. This would include grant proceeds received on a reimbursement basis, but would not include non-local funding for which the Village does not need to front the money.

4.6 *Capital Fund*

To ensure proper accounting and financial management the Village shall create and maintain a Capital Fund for the purposes of financing and accounting for the cost of Capital Improvement Projects. This fund shall be accounted for in the Financial Statement of the Annual Auditor's Report and will be maintained by the Village Treasurer.

4.7 *CIP Administrative Committee*

The CIP Administrative Committee consists of the following members:

- Village President
 - The President shall convene the Committee annually, vote only in the case of a tie and shall chair all meetings.
- One Trustee, elected by the Village Board at the first meeting in May of each year
- One non-elected official on the Plan Commission, appointed by the Village Board at the first meeting in May of each year
- One citizen at large, appointed by the Village Board at the first meeting in May of each year

5.0 SCHEDULE

The schedule for the annual CIP process shall be as follows:

- *December 15* - CIP Request Forms issued by Village Administrator
- *February 15* – Departmental submission of CIP request forms to Village Administrator
- *First Thursday for March* – Village Administrator & Deputy Treasurer present analysis of available and acceptable funding levels to CIP Administrative Committee
- *First Thursday in April* – CIP Administrative Committee makes initial presentation of five year CIP to Plan Commission
- *Third Thursday in April* – Final consideration and adoption of CIP by the Village Board

- *Third Wednesday in May* – Publication and distribution of the adopted CIP

6.0 PROJECT PRIORITIZATION

As part of the project submittal process, department/division heads shall identify project priorities to help determine which projects are recommended for inclusion in the five-year CIP.

The following matrix system shall be used to establish a priority for each project. The system ranks projects in two separate categories and then, through the use of the matrix, ranks the projects as either Level 1 (highest), Level 2 (medium) or Level 3 (lowest) priority.

The initial measure of the project's priority is first established using the following factors:

High

- Project is mandated by local, State or Federal regulations
- Project is a high priority of the Village Board, based on the most current Comprehensive Plan or other subsidiary plans
- Project prevents irreparable damage to existing facilities
- Project leverages local funding with other non-local funding sources
- Project finishes a partially completed project

Medium

- Project maintains existing service levels
- Project results in increased efficiency
- Project reduces operational costs
- Project significantly reduces losses in revenue or provides for significant increased revenues

Low

- Project provides an expanded level of service or new public facility
- Project is deferrable

Four project criteria are then evaluated to help separate projects with a greater “need”, like Health & Safety issues as compared to new projects that might be more “desired” than “needed”. The four project criteria are summarized as follows:

Health/safety

- Capital projects that protect the health and safety of the Village, its residents, visitors and employees

Maintenance/replacement

- Capital projects that provide for the maintenance of existing systems and equipment

Expansion of existing programs

- Capital projects which enhance the existing systems and programs allowing for expansion of services

New program

- Capital projects that allow new programs and services

After each project is rated on the priority criteria and project criteria identified above, the project is placed on the grid of the matrix and the rating is determined to be a Level I, II or III.

Prioritization Matrix

CRITERIA		PRIORITY		
		HIGH	MEDIUM	LOW
Health/ Safety/ Welfare	1	I	I	II
Maintenance/ Replacement	2	I	II	II
Expansion of Existing Program	3	II	II	III
New Program	4	II	III	III

Note: Prioritization Matrix and description adapted from South Hampton County, VA.

7.0 CIP Administrative Committee Criteria

- Project rating as established by department/division Head.
- Cost in consideration of available funding, including non-local funding opportunities.
- Compatibility with the Village’s most current Comprehensive Plan as well as other adopted subsidiary plans
- Project Benefits in relation to costs:
 - Projects directly affecting the health and safety of citizens shall have priority over all other projects
 - Projects accruing benefits to a larger number of citizens shall have priority over projects benefiting a smaller number of citizens
- Project operating costs - Projects will be evaluated on the basis of additions and/or savings to the Village's operating costs
- Economic Development Impact - Projects will be evaluated on the basis of their overall impact on the Village's economic base, including the likelihood that the project will spur other private and public sector development, create new jobs or assist in retaining current jobs, or otherwise positively impact the Village's economic base
- Project Readiness - Projects will be evaluated on the ability to move the project expeditiously to completion
- Provide a balance of capital expenditures among the various service sectors.

Capital Improvement Project Request Form

CAPITAL REQUEST 2014-2018

Department _____

Responsible Person _____

PROJECT # _____

PROJECT NAME _____

CATEGORY _____

Improvement _____ or Equipment _____

PRIORITY _____ (1 High...5 Low)

Useful Life _____

DESCRIPTION	
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JUSTIFICATION	
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Expenditure Schedule

PRIOR TOTAL		2014	2015	2016	2017	2018	TOTAL	FUTURE TOTAL

Funding Sources

PRIOR TOTAL		2014	2015	2016	2017	2018	TOTAL	FUTURE TOTAL

BUDGET IMPACT/OTHER	
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Project Fund Balance

PRIOR TOTAL		2014	2015	2016	2017	2018	TOTAL	FUTURE TOTAL