

# Introduction



The challenges to retain and/or expand City services in the midst of shrinking resources and increasing costs has put pressure of City government to make its limited capital resources work more efficiently. City administration, elected and appointed officials, and City staff have taken several steps to make its capital expenditures more closely reflect its long-range objectives. One such step is the City's Capital Improvements Program (CIP).

The Capital Improvements Program (CIP) is a schedule of capital expenditures to be incurred each year for a fixed period of years to meet capital needs. The term "Capital Improvement" refers to any major non-recurring expenditure for new or expanded physical facilities of enduring value, and also for the replacement, renovation, rehabilitation, or alteration of existing facilities such as streets, parks, public buildings, and other public works. Expenditures for the purchase of land and certain major equipment are considered as non-recurring capital expenditures. All physical items involving the expenditure of more than \$250,000, or having an anticipated life of five years or more, have been classified as capital improvements in the St. Cloud Capital Improvements Program.

The City's Capital Improvements Plan is a document that initiates and tracks high expenditure capital projects and purchases that meet the following criteria:

- Non-recurring expenditure, or replacement, renovation, rehabilitation or alteration of existing facilities; and
- Planned for construction in the six-year cycle;
- Project cost is greater than or equal to \$250,000;
- Anticipated life of five or more years.

Programming projects in such a format as the CIP, enables the City to make decisions about the priority of specific projects, schedules, acquisitions, and financial capabilities of the City. By proceeding on a priority schedule of capital improvements against a background of current and anticipated needs, and current and projected financial capacity, the City ensures that necessary projects are not built before they are needed, or after they become so expensive that they prohibit construction of other projects. The CIP coordinates the Comprehensive Plan with the actual construction of major capital projects. Because capital improvements are very influential in determining patterns of land use and urban growth, the Capital Improvement Program becomes an important planning tool. By guiding and planning for public improvements, city growth may be guided in a logical and orderly manner.

A major capital project must:

- Be consistent with adopted or anticipated component of the City's Comprehensive Plan, or a state or federal government requirement, or a City Council approved plan or policy; and
- Constitute permanent, physical or system improvements in excess of \$250,000, with a useful life of five years, or study that will lead to such projects;
- Add to the value or capacity of the infrastructure of the City.

***Benefits and Advantages of a Capital Improvements Program:***

- The CIP is a tool to implement the Comprehensive Plan.
- The CIP allows the City an opportunity to distribute or prorate the cost of capital improvements over a period of years, thus maintaining tax stability and avoiding sharp changes in the debt structure.
- The CIP process allows various city departments and the general public to suggest a variety of potential projects, which are subsequently evaluated based upon established criteria and financial feasibility for inclusion in the CIP.
- The CIP, by anticipating needs in advance, provides adequate time for proper design of new projects and review of policy decisions to see whether they were properly made, and adjusts capital expenditures according to the financial resources of the community.

- The CIP, by listing long range projects, helps to keep the public informed as to what the City needs and its plans to meet such needs.
- The CIP provides an opportunity to save money in the acquisition of land as sites for public facilities by anticipating future needs and acquiring the land at lower costs before private development would increase the costs.
- The CIP will prevent premature development of areas and prevent excessive costs and demands on the City in providing services and extending City utilities.
- The CIP will help to achieve a more balanced development of projects so as to avoid concentration or overemphasis upon any single project.
- The CIP makes available to other governmental agencies, private utilities, private investors, and other industries, a comprehensive view of public improvement projects for which they may make sounder judgments concerning their own programs.
- The CIP guides or assists the development community in making investments or development decisions.

### ***Prioritization of Capital Improvements***

Policy making should not result in the formulation of rigid standards but should instead provide for a flexible means to meet changing circumstances. In this way, the Capital Improvements Program will not become a final plan, but rather part of a continuous City planning process. Each fiscal year there are different financial conditions which must be considered, such as the amount of Federal and State aid available, the per capita debt and the rating given to bond issues, the amount and value of taxable property within the City limits, and the assessment ratio in levying taxes. A change in physical conditions may also result in a change in the priority of a given project. Such physical changes may include: land annexations to the City, an increase in population, the deterioration of buildings, the depreciation of equipment, the abandonment of an industrial area, among others. Project priority shall be determined according to the following prioritization:

#### A. First Priority

- (1) To remedy a condition dangerous to the public health, welfare and safety.
- (2) To complete, or make fully usable, a major public improvement.
- (3) Projects essential to the orderly development of a desirable industrial, commercial, or residential district.
- (4) To protect property.
- (5) To provide necessary service.

#### B. Second Priority

- (1) To correct a deficiency in public improvements.
- (2) To repair or replace inadequate or obsolete existing facilities.
- (3) To reduce operating and maintenance costs.
- (4) To encourage the expansion of existing businesses or increase the economic diversity of the community.

#### C. Third Priority

- (1) Projects which would benefit the community, but are not urgent or required, when there are budgeting problems.
- (2) Projects needed for proper expansion of development, but not absolutely required when there are budgeting problems.

#### D. Lowest Priority

- (1) Projects presenting a serious question of adequate planning and timing.
- (2) Projects which may be postponed without detriment to existing programs.
- (3) Projects presenting a serious question of need.

### **Capital Improvement Program Process**

- 1) A Public Input Session is held by the Planning Commission to solicit public review and comment in December.
- 2) The Planning staff requests various department managers to review their portion of the previously approved CIP document. Revised information is submitted to the Planning staff in January.
- 3) Planning staff compiles information into draft CIP document and submits it to the Administration for review in February.
- 4) The Administration (City Administrator, Finance Director, and Planning Staff) review the proposed CIP projects submitted from the Department Managers.
- 5) March – April: The Planning Commission evaluates the final CIP listing, holds a Special Meeting to make final programming decisions before adopting the CIP and sending it onto the City Council for review. It is then forwarded to the Mayor for reference during the next budget cycle considerations.

Planning Commission approval and City Council review is not a commitment to finance approved projects, but a statement of policy regarding the City's approach to meeting its future capital needs. However, the six-years included in the CIP do form the basis for the budgeting discussions regarding Capital Projects.

### **Document Structure**

The Capital Improvement Project Summaries are broken into five principal departments: Airport, Parks, Public Buildings, Land & Emergency Management, Public Works, and Public Utilities. Each project listed in the CIP has the following information:

- Department – Identifies which department is the principal contact of the project.
- Project Number – Every capital improvement project is assigned a project number. The number identifies the category and year, but does not establish a priority of ranking within each year.
- Construction Year – The projected year in which the capital project will begin.
- Project Title – A short title that summarizes the project.
- Financial Information:
  - Source – This identifies the source or anticipated funding.
  - Participation Rate – Percentage that any one financial source is contributing to the project.
  - Amount – The estimated dollar amount for each participation source.
- Project Description - A summary of the proposed project.
- Project Justification – Seeks to answer the question “Why is this project necessary?”
- Comprehensive Plan Compliance – The CIP is one of several Comprehensive Plan implementation tools.
- Applicability to 2008 City Council Goals – The CIP includes specific reference to how each project relates to the established goals and policies of the City Council.
- Project History – Describes when the project first showed up in the CIP and other historical information.
- Budget Implications – A reference to non-construction costs for public building projects such as staffing and equipping.
- Staff Contact - The primary contact person for project information or comment.
- Reference Link – Any relevant information regarding the background information or plans related to project.

In addition to project summaries, there is also a Planning Analysis to illustrate the coordination of the City's public infrastructure/roadway investments with future goals/objectives of the 2003 Comprehensive Plan. The inclusion of the Financial Analysis is helpful to depict the expected revenue and expenditures in each programmed year, noting potential increases in local funding. The last analysis section is the Project Analysis. This section provides an analysis of the construction rate as identified by the 2008 – 2013 CIP.

The appendices of the document relate to defining terms, listing of the 2008 City Council Goals and current Financial Policy, as well as project listing by year, by revenue source and by department. The addition of the Public Input appendix is new to the 2010 – 2015 CIP.

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| <p><b>Project Summaries</b></p> <ul style="list-style-type: none"> <li>• Airport</li> <li>• Parks</li> <li>• Public Buildings, Land &amp; Emergency Management</li> <li>• Public Works</li> <li>• Public Utilities</li> </ul> | <p><b>Analysis</b></p> <ul style="list-style-type: none"> <li>• Planning</li> <li>• Financial</li> <li>• Project</li> </ul> | <p><b>Appendices</b></p> <ul style="list-style-type: none"> <li>• Glossary of Terms</li> <li>• City Council Goals</li> <li>• City Council Financial Policy</li> <li>• Public Input</li> <li>• Expenditures by Year</li> <li>• Expenditures by Revenue Sources</li> <li>• Requested Improvements by Department</li> </ul> |
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***Unprogrammed Priority Projects***

The CIP cannot address all of the capital expenditures needs for the City. As with other communities throughout the region, state and nation, the City's infrastructure systems have needs that are growing at such a rate that the span of a six-year CIP does not include all needed projects. Some of those identified needs cannot be addressed because of limits on annual amount of available funding or staffing resources. Others cannot be addressed because of lack, if any applicable funding sources, or perhaps policy restrictions.

Rather than discard or ignore these items, they are included in this document as unprogrammed priority projects. The inclusion of this information in the CIP will provide guidance to City staff in examining the limitations and restrictions currently in place, and to seek alternative methods to achieve solutions to these needs.

There are many **Unprogrammed Priority Projects** in the CIP that are not funded at this time. However, the presence of these unfunded or unprogrammed needs are intended to draw the attention of the broader city staff, policy makers and the public on the increasing number and scope of needs of the city related to its infrastructure; and to perhaps serve as a catalyst for discussions and efforts to find methods to fund and program these projects.