

Seekonk Municipal Capital Planning Committee Policy



SEEKONK MUNICIPAL CAPITAL PLANNING COMMITTEE POLICY

Revised February 2012

Capital Improvements Program

A capital improvement program is composed of two parts – CAPITAL BUDGET and CAPITAL PROGRAM. The capital budget is the upcoming year's spending plan for capital items (tangible assets or projects **that cost at least \$15,000 and have a useful life of at least 5 years.**) The capital program is a plan for capital expenditures that extends five years beyond the capital budget.

CAPITAL EXPENDITURES DEFINITION

By definition this includes major maintenance, major repairs, major replacements, major equipment acquisitions and refurbishments, and new projects for buildings, roads and equipment.

Examples:

Construction of new buildings; major renovation of, or additions to, existing buildings; land acquisition or major land improvements; street reconstruction and/or resurfacing; major equipment acquisition and refurbishment; and planning, feasibility studies, and design for potential capital projects.

It will not include department vehicles, equipment and technology that is replaced or upgraded annually in approximately the same quantity.

REVIEW PROCESS OF CIP

1. Organize and prepare for capital planning.
2. Prepare an inventory of existing facilities.
3. Determine the status of previously approved projects.
4. Prepare project requests.
5. Develop project evaluation criteria.
6. Evaluate project requests.
7. Establish project priorities.
8. Assess financial capacity.
9. Develop a CIP report with a financing plan.

EVALUATION OF CIP PROJECTS

The Capital Improvement Program shall include those projects that will preserve and provide, in the most efficient manner, the infrastructure necessary to achieve the highest level of public services and quality of life possible within the available financial resources.

Only those projects that have gone through the CIP review process shall be included. The CIP shall be developed in concert with the operating budget and shall be in conformance with the CIP financing policy. No project, regardless of funding source, shall be included in the CIP unless it meets the identified capital need of the Town and is in conformance with this policy.

Capital Improvements projects shall be thoroughly evaluated and prioritized using the criteria set forth below. Priority will be given to projects that preserve essential infrastructure. Expansion of the capital plan (buildings, facilities, and equipment) must be necessary to meet a critical service.

EVALUATION CRITERIA

1. Eliminates a proven or obvious hazard to public health and safety
2. Required by legislation or action of other governmental jurisdictions
3. Supports adopted plans, goals, objectives and policies
4. Reduces or stabilizes operating costs
5. Prolongs the functional life of a capital asset of the Town by five years or more
6. Replaces or repairs a clearly obsolete facility or capital equipment item
7. Prevents a substantial reduction in an existing standard of service
8. Directly benefits the Town's economic base by increasing property values
9. Provides new programs having social, cultural, historic, environmental, economic or aesthetic value
10. Utilizes outside financing sources such as grants and borrowing

CIP FINANCING POLICIES

It is recognized that a balance must be maintained between operating and capital budgets so as to meet the needs of both to the maximum extent possible.

1. Revenues and sources of funds that are non-recurring, non-operational, or which fluctuate widely, such as free cash and proceeds of borrowing, shall not be used to fund recurring costs, i.e. the annual budget for current operating expenses.
2. Such funds will be applied to meeting fund balance targets and financing the capital improvement program.
3. The revenue target for the debt obligations and the CIP will be 12¹/₂ % of the annual budget.