

CITY OF MARSHFIELD, WISCONSIN POLICIES AND PROCEDURES

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CHAPTER: Financial

SUBJECT: Capital Improvement Program (CIP) Development

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APPROVED BY: Mayor Chris Meyer

DEPARTMENTS OF PRIMARY RESPONSIBILITY: Mayor; City Administrator; Director of Public Works, Finance and Planning & Economic Development

Special Notes: This policy/procedure manual does not in any way constitute an employment contract and the City of Marshfield reserves the right to amend this manual at any time subject only to approval by the Common Council.

I. Policy statement

The purpose of the capital improvement program is 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. The objectives of the program are to a) ensure the timely renewal and extension of the City's physical plant; b) serve as the linkage in the City's planning for physical development between the City's comprehensive plan and all subsidiary plans with a 10-15 year horizon and the annual budget process with a one-year horizon; c) maintain control over the City's long-term debt in relation to the City's financial capacity; and d) ensure coordinated capital development.

II. Definitions

The following definitions shall apply:

- A. Capital Improvement Project: Property acquisition, construction, or a major improvement to an existing facility or property of a nonrecurring nature with a minimum life span of at least five (5) years. A capital improvement may be financed by current, borrowed, or grant funds, or any combination of these or other sources. Vehicles and equipment are specifically excluded from this definition and from the CIP process. No project projected to cost less than \$10,000 will be considered a "capital improvement project" or considered as part of the process described in this policy.
- B. Capital Improvement Program: A comprehensive schedule of 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.
- C. 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 City Administrator to the Common Council, in conjunction with the normal budget process, for consideration and adoption. The source of financing for each capital project in the budget shall be identified. The capital budget and the CIP plan shall only include those project costs or portions thereof, that the City is responsible for funding. This would include grant proceeds received on a reimbursement basis, but would not include non-local funding for which the City does not need to front the money.
- D. CIP Administrative Committee: The CIP Administrative Committee consists of the following members: The Mayor; 4 Aldermen, elected by the Aldermen at the first meeting in January; a non-elected official of the Plan Commission; and a citizen at large. The Mayor shall convene the CIP Administrative Committee annually, vote only in the case of a tie, and shall chair all committee meetings.

III. Process

A. Establishment of the administrative structure and policy framework for the capital improvement program and capital budget system.

PURPOSE: To establish the mechanism to translate the goals and objectives of the City's comprehensive plan and subsidiary plans into a more immediate, near-term achievable plan and schedule.

RESPONSIBLE PERSON/GROUP: The Common Council

B. Analysis of available and acceptable funding levels for projects in the capital improvement program.

PURPOSE: To relate funding levels to the City's financial capacity and to ensure that the City's debt service costs do not exceed its ability to pay.

RESPONSIBLE PERSON/GROUP: The Finance Director; the City Administrator

C. Submission of project requests covering the five-year period by the department/division directors on Capital Improvement Program Project Request Forms, including a full description and justification of the project, its operating cost implications, proposed funding source(s), and other pertinent information.

PURPOSE: To establish a full list of known potential projects so that the review and analysis of the projects by the CIP Administrative Committee can commence.

RESPONSIBLE PERSON/GROUP: Department/division directors with responsibility for capital facilities

D. Preparation of preliminary, phased 5-year physical facility development plans for each of the physical facility categories listed below, based on an inventory of existing facilities and estimates of demand.

PURPOSE: To provide a preliminary proposal upon which discussions, hearings, and input from non-committee members can be requested.

RESPONSIBLE PERSON/GROUP: The directors of the various departments/divisions and the CIP Administrative Committee

E. Preparation of the recommended five-year capital program. Projects selected for initiation and/or completion in the immediate five-year horizon will constitute the recommended five-year capital improvement program.

PURPOSE: To translate the broad goals expressed in the City's most current Comprehensive Plan and other subsidiary plans into reality; to present a single set of recommendations to the Plan Commission, Board of Public Works, and Common Council.

RESPONSIBLE PERSON/GROUP: CIP Administrative Committee

F. Presentation of the proposed five-year capital improvement program to the Plan Commission and Board of Public Works for consideration and recommendation, and to the Common Council for consideration and final adoption.

PURPOSE: To gain the formal approval of the City's governing body regarding the City's development plans in the ensuing five-year period.

RESPONSIBLE PERSON/GROUP: CIP Administrative Committee; Plan Commission; Board of Public Works; Common Council

G. Publication of the adopted Capital Improvement Program (CIP) in document form, suitable for distribution to members of Common Council, Plan Commission, citizens and citizen groups, developers, and other governmental organizations.

PURPOSE: To disseminate the City's plans to affected parties so that they can be utilized in developing personal, business, or corporate plans.

RESPONSIBLE PERSON/GROUP: City staff, under the direction of the City Administrator

IV. Schedule

The schedule for each year's Capital Improvement Program (CIP) process shall be as follows:

- A. Project request forms issued by the City Administrator no later than December 15
- B. Departmental submission of project request forms no later than February 15
- C. Analysis of available and acceptable funding levels by the Finance Director presented to the CIP Administrative Committee no later than March 1
- D. Preliminary review of project requests by the CIP Administrative Committee no later than March 1
- E. Final review and presentation of a recommended five-year CIP to the Plan Commission and Common Council no later than April 1
- F. Final consideration and adoption of the CIP by the Common Council no later than April 30
- G. Publication and distribution of the adopted CIP no later than May 31
- H. The CIP Administrative Committee will meet at their discretion so as to provide for public input and observation.

V. Project Categories

The categories for capital projects may change over time with changes in public policy emphasis. At this time, all projects shall be categorized into one of the following fourteen areas:

- A. Street Principal Arterial
- B. Street Minor Arterial
- C. Street Collector
- D. Street Residential/Neighborhood
- E. Intersections
- F. Traffic Control
- G. Storm Sewer Trunk
- H. Storm Sewer Collector
- I. Greenways/Conservancy
- J. Sanitary Sewer
- K. Public Buildings
- L. Parks
- M. Wastewater Utility
- N. Miscellaneous/other

VI. 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 Common Council, 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 City, 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 1, Level 2 or Level 3.

Prioritization Matrix

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

Note: Prioritization Matrix and description adapted from South Hampton County, VA. Level 1 projects are those projects that have a high priority and are included in the health/ safety or maintenance/replacement categories or of medium priority and in the health/ safety criteria.

Level 3 projects are those projects that have a medium priority and are included in the new program criteria or projects in the low priority and in the expansion of an existing program or new program criteria.

All other projects that are in other combinations of priority and project criteria in the matrix are identified as Level 2 projects.

All projects shall be reviewed and scored using the project priority and project criteria ratings to establish a project rating.

VII. CIP Administrative Committee Evaluation Criteria

Projects shall be reviewed by the CIP Administrative Committee against the following standards:

- A. Project rating as established by department/division Head.
- B. Cost in consideration of available funding, including non-local funding opportunities.
- C. Compatibility with the City's most current Comprehensive Plan as well as other adopted subsidiary plans
- D. Project Benefits in relation to costs:
 - 1. Projects directly affecting the health and safety of citizens shall have priority over all other projects
 - 2. Projects accruing benefits to a larger number of citizens shall have priority over projects benefiting a smaller number of citizens
- E. Project operating costs Projects will be evaluated on the basis of additions and/or savings to the City's operating costs
- F. Economic Development Impact Projects will be evaluated on the basis of their overall impact on the City'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 City's economic base
- G. Project Readiness Projects will be evaluated on the ability to move the project expeditiously to completion
- H. Provide a balance of capital expenditures among the various service sectors.

Project Category				Desc	ription and	d Location:		
Department								
Project Title				Coun	cil Distric	t:		
Project Number				Com	panion Pro	oject(s):		
Priority:					Assessable Project – (Y/N): Term: Years			
Purpose and Justifica	tion:							
Operating Cost Impli	cation:							
PROJECT COST DETAIL (THOUSAND OF DOLLARS)								
Category	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total	Funding Sources	
DESIGN								
RIGHT OF WAY								
CONSTRUCTION								
OTHER								
TOTAL								
Assessable Cost:				1	l .			
						L		