

CAPITAL BUDGET PROCESS

Capital Improvements Program

The Capital Improvements Program (CIP) is a six-year planning document for future capital projects throughout the city. The CIP does not authorize spending, but rather is a resolution passed by City Council.

Capital Improvements Budget

The Capital Improvements Budget (CIB) serves as the basis for all budgeting and spending related to capital projects throughout the city for the current year. The CIB is a one-year budget that is authorized by an ordinance passed by City Council. The CIB is also included as the first year within the six-year CIP. Both the CIB and CIP provide a breakdown of the various capital projects by department and by source of funding.

To be eligible for capital improvements funding (i.e. from the issuance of debt), a capital project must result in the acquisition with a useful life of at least five years and be considered non-operational in nature. The asset should have a cost of \$5,000 or more. In addition to acquisition of assets, capital funding can be used for projects that will improve an existing asset or that which will extend the useful life of an asset. Some examples of capital improvements projects include, but are not limited to, the purchase of major equipment, improvements to street lighting, street and highway improvements, land acquisition, recreational trail improvements, facility improvements, building construction, and improvements the various public utilities systems throughout the city.

Capital Budget Preparation

During July, the Department of Finance and Management distributes instructions to each department to begin the process of compiling the CIB and CIP. Non-enterprise departments, those typically funded by income taxes, are provided annual target amounts which set the framework for the proposed funded CIB and CIP. Departments can submit additional funding requests beyond the target amounts. These projects are considered unfunded and may be added to the proposed CIB and CIP if additional funding becomes available. Internal service departments and enterprise departments, those typically funded by user fees rather than income taxes, can request funding based upon the department's ability to produce sufficient resources to fund capital needs.

In accordance with City Code Section 333.05, each city department shall submit to the Director of Finance and Management all proposed capital projects to be given consideration for the CIB and the six-year CIP no later than September 15th each year. All projects submitted are evaluated by the Department of Finance and Management to ensure all projects meet the eligibility requirements for capital funding.

Based on the financial assumptions at the time of submission, the proposed CIB and proposed CIP are submitted to City Council no later than November 15th of each year. The proposed CIB and proposed CIP submissions are included within the proposed operating budget document submitted to City Council.

After the close of the fiscal year and final year-end figures are calculated, the capital funding assumptions for the availability of funds are updated and finalized. These updated figures serve as the total funding available for the CIB and CIP. If the finalized assumptions show there will be additional funding available, unfunded project requests previously submitted by departments may be added to the proposed CIB and CIP.

The Department of Finance and Management, in consultation with the Mayor's office and the other administrative departments of the city, will analyze and recommend an updated CIB and CIP based on the new available funding assumptions. The updated figures will be presented for consideration before City Council.

Legislative Consideration & Adoption

During the latter half of February into March, the proposed CIB and CIP will be presented for consideration before City Council. An ordinance for the one-year CIB will be prepared and submitted, as well as a resolution for the six-year CIP. City Council may host hearings for public comment on the proposed CIB and CIP. City Council may amend the CIB or CIP at this time. Any amendments are incorporated into the CIB ordinance and CIP resolution. Typically, City Council votes to adopt the amended CIB and CIP during the end of March or the first part of April.