

CAPITAL IMPROVEMENT PROGRAM OVERVIEW & PROCEDURES

All Capital Equipment purchases are governed by Capital Procedures. Preparing and maintaining the Capital Budget is an imperative part of the City's management effort. Central to this management effort is providing accurate and thorough justifications for proposed capital projects, making the capital budgeting cycle transparent and straightforward. Specific criteria that guide Capital budgeting decisions are outlined below:

- 1) The City administration will develop a process for ensuring that capital investments provide the maximum community benefit and that appropriate supporting policies are implemented.
- 2) The City shall allocate a percentage of its general operating revenue for capital investment for the next five (5) fiscal years.
- 3) The City shall budget an increasing percentage of its CDBG allocations for the next five (5) years for capital.
- 4) All redevelopment and economic development projects shall include plans for specific returns (investment and leverage).
- 5) Priority will be given to those investments/projects that foster achievement of City Executive Committee goals and objectives, aid in the implementation of approved City plans, and conform to the following ideals:
 - Foster Economic Growth;
 - Foster Neighborhood Growth;
 - Foster Urban Conservation;
 - Conform to the City's five (5) year plan;
 - Replace or renovate existing obsolete or deteriorated elements of the City's property rather than providing additional facilities;
 - Reduce the cost of operations or result in a net increase in general revenues;
 - Are mandated by governmental agencies;
 - Do not duplicate other public and/or private services;
 - Reduce energy consumption;
 - Benefit low and moderate income persons and/or slow economic blight;
 - Are located in targeted neighborhoods and economic development areas, i.e. (enterprise zone); and
 - Improve the safety and security of citizens.

DEFINING CAPITAL EQUIPMENT & CAPITAL PROJECTS

Capital Equipment is defined as any item that has an expected life of five (5) years or more and a purchase price in excess of \$500.00. Items costing less than \$500.00 and lasting less than five (5) years are to be purchased from material and supply accounts. The purchase price includes any costs of acquisition or transportation of the item or other costs associated with the installation or placing it into service. The expected life for a piece of equipment is that period of time for which it will be useful in carrying out operations without major repair to its physical condition. Generally, capital equipment includes, but is not limited to, furniture and fixtures, machinery and motor vehicles.

Capital equipment *excludes* commodities that are converted in the process of construction, or that are used to form a minor part of equipment or fixed property. In addition, repairs will normally not be capitalized regardless of the cost of repair or the extent of repair relative to the cost of a new item. The following examples occur frequently and are intended to serve as a guide in deciding whether or not to capitalize an item.

- Calculators - will not be capitalized.
- All furniture costing more than \$500.00 *will* be capitalized.

The **Capital improvement program** is defined as a plan for capital expenditures over a multi-year period to meet identified improvements in the infrastructure.

FY 2014-2015 ADOPTED GENERAL FUND BUDGET

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CAPITAL BUDGET POLICIES

The **Capital Budget** is the first year of a five year plan for capital expenditures to be incurred over a given fiscal year from funds appropriated by the City Council for project scheduled in the same year.

Capital Projects are the improvements that make up the capital budget. Each project has a specific purpose, justification and cost. Projects propose physical improvements in different elements of the City's infrastructure. Improvements include but are not limited to: construction, reconstruction, rehabilitation, modification, renovation, expansion, replacement, extension of streets, bridges, buildings, sidewalks, playgrounds, traffic signals, ramps, lights and acquisition of land, buildings with associated relocation, demolition and improvements such as landscaping, fencing and paving.

CAPITAL IMPROVEMENT PROGRAM REQUESTS

All Capital Projects Under Consideration must be accompanied by a description including the following detail and descriptive information:

- 1) **PROJECT TITLE:** Enter the title best describing the project. Be concise, but as descriptive as possible.
- 2) **SUBMITTED BY:** Enter the Department, and division, if applicable.
- 3) **CONTACT PERSON:** Enter the name and telephone number of the person who can best answer detailed questions about this project.
- 4) **PROJECT DESCRIPTION:** Give a full, detailed description of the project. The description must contain enough information to allow for a detailed project cost estimate. If the project is construction of a building, specify the following: size; use; type of building; utility type; etc. If it is a street project, specify the following: length; width; whether it is new construction, reconstruction or resurfacing; whether it involves new signals, sewers, and/or sidewalks; etc. Any project with insufficient information to develop a cost estimate will not be considered.
- 5) **PROJECT JUSTIFICATION:** Support the need for this project. Some of the questions you might want to consider follow:
 - Does the project meet established standards and/or codes?
 - Does it eliminate a health, fire or safety hazard?
 - Does it serve a segment of the community not currently served?
 - Does it foster private investment? How much?
 - Does it create jobs? How many? What type?
 - What will happen if the City does not undertake this project?
 - Use the above and the Capital Allocation Checklist as a guide in submitting justifications.
- 6) **PROJECT LOCATION AND SERVICE AREA:** Give a brief description of the community impact the project will have as well as the area it will serve.
- 7) **SIGNATURE:** The Department Director must sign the bottom of the form and date it. The signature indicates that the director approves of the submission of the project and agrees with the information provided.

PROJECT COST ESTIMATE INSTRUCTIONS

- 1) **PROJECT TITLE:** The name of the project for which the estimate is being prepared.
- 2) **PROJECT COST:** Enter the cost estimate for each line item of the project for the upcoming fiscal year. All costs must be detailed by line item.
- 3) **TOTAL PROJECT COSTS:** Use this column *only* if the project requires multi-year financing and the total cost is not reflected in the one (1) year column.
- 4) **ESTIMATE PREPARED BY:** Enter the name, department and division of the preparer.
- 5) **COMMENTS:** Enter any comments the department preparing the cost estimate may have regarding this estimate or this project itself.

CAPITAL EQUIPMENT REPLACEMENT SCHEDULE

<u>ITEM</u>	<u>SCHEDULE</u>	<u>MAXIMUM</u>
Street Sweepers	Every 5 years	1 per year
Dump Trucks	Every 7 years	1 per year
Loaders	Every 12 years	1 per year
Tractors	Every 10 years	1 every 5 years
Sanitation trucks	Every 7 years	2 per year
Police Cruisers	Every 5 years	21 per year
Passenger Vehicle	Every 7 years	depending on condition
Light Trucks - Vans	Every 7 years	depending on condition
Specialized Large Equipment	As needed	
Fire Engines		
Front Line	Every 15 years	
Reserve	Every 20 years	1 per year
Fire Trucks		
Front Line	Every 20 years	
Reserve	Every 25 years	1 per year

The following policies have been established to encourage the replacement of outdated capital equipment, realizing limitations of funding. In all cases, the equipment requested shall be of the type and quality necessary for the efficient accomplishment of the departments' service functions.

- EQUIPMENT FOR EQUIPMENT REPLACEMENT Example: Two-for-one trades will have preference over one-for-one trades.
- EQUIPMENT FOR DIRECT COST SAVINGS Example: Capital equipment proposals that offer direct cost savings to the City will have preference.
- EQUIPMENT FOR POSITION(S) REPLACEMENT Example: Proposals from departments for abolishing position(s) in return for equipment will have preference.

All capital equipment rollovers will be monitored for performance as the City expects increased turnover to dramatically reduce manpower time and equipment idle (repair) time.

CAPITAL IMPROVEMENT PROGRAM PROCEDURES

PROCESS

Who decides: the City Council, through the budget and appropriation committee, provides the final approval of all Capital Improvement Programs, budgets and projects. The Mayor recommends the Capital Program by way of two committees:

Technical Review Committee: Reviews department submissions for priority ranking and capability.

Capital Finance Committee: Reviews the recommendations of the Technical Review Committee and determines the project need by evaluating the following:

- Technical Review Committee priority;
- Economic & community need/impact;
- and Financial accessibility.

HOW DO PROJECTS GET CONSIDERED?

STEP I - SUBMISSION

Per the budget schedule, the Office of Policy and Management requests capital project proposals from the Department Directors. These proposals contain a project description, its justification and location. The Capital Allocation Checklist must be used by departments and review boards in developing and justifying capital submissions.

STEP II - TECHNICAL EVALUATION

After projects are submitted, the Office of Policy and Management will convene the Technical Review Board. This committee, made up of the City Engineer, City Planning Director, Public Works Director and two representatives of the Office of Policy & Management (OPM), evaluate the impact of each project based on the provided description and justification. Impacts are measured against the approved technical criteria. During this process, projects which are similar are consolidated, projects already financed or which should be requested as part of an operating budget are eliminated. This results in a final recommended priority list.

STEP III - CAPITAL FINANCE COMMITTEE SELECTION

The prioritized list of submissions is presented to the Capital Finance Committee for an initial cut. Using the technical evaluation as the basis of the decision, this committee will select those projects which merit further consideration and eliminate those with lower priorities.

STEP IV - NOTIFICATION TO DEPARTMENTS

Once the Capital Finance Committee selects the projects, OPM sends a letter to all departments informing them of the decisions. The notification letter contains several items:

- A list of projects that will be considered. Each department is responsible for preparing the cost estimate;
- A list of projects that have been eliminated;
- A description of the appeal process;
- Cost estimate forms;
- And copies of all project descriptions still in consideration.

Departments are to provide any updated information on the project descriptions and develop a cost estimate to be submitted to OPM.

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STEP V - APPEAL

Each department is given one (1) week to review the disposition of each project they originally submitted. They may appeal any of those projects. This is done by submitting a written letter of justification that they wish to be reconsidered or a program that should be eliminated. All justifications are reviewed by the Capital Finance Committee and the department director will be invited to a meeting to answer any questions members may have. Based on the justifications presented the Capital Finance Committee will make a final determination. Departments will be notified the following week.

STEP VI - COST ESTIMATES

For all projects still in consideration, a cost estimate will be developed. These will be submitted to Office of Policy and Management.

STEP VII - FINAL EVALUATION OF PROJECTS

The Executive Committee, appointed by the Mayor, reviews all of the recommended projects and evaluates those for final presentation to the City Council. The final list will be evaluated from the priority list and available resources and submitted no later than the first Tuesday in March preceding the next fiscal year start.

STEP VIII - FINAL APPROVAL

Final approval to proceed will be given by the City Council. This is done through the voting of the council no later than the first Tuesday in May preceding the next fiscal year start.

STEP IX - NOTIFICATION OF SELECTED PROJECTS

After the Capital Improvement Plan is developed, the Office of Policy and Management will notify departments whose Capital Projects were adopted and will publish the Capital Budget. The document will contain the details of the selected projects as follows:

- Project descriptions;
- Funded amounts;
- Funding sources;
- and the Responsible agency.

AMENDING THE CAPITAL IMPROVEMENT PROGRAM

From time to time during the year changes must be made in the Capital Improvement Program (CIP). These changes are made through a CIP Amendment request. A CIP Amendment is required under the following conditions:

- Financing a project not previously considered. This may result from emergencies that may occur during the year, or a change as needed.
- Increasing the funded amount of an existing project. These may arise from unanticipated inflation, change in the original project description or bids which come in higher than the original cost estimate.

A CIP Amendment is processed as follows:

- 1) The department responsible for the project makes an initial determination that additional funds are required for a specific purpose.
- 2) A written request by the Director is submitted to OPM. The request will include:
 - A) Name of Project;
 - B) Additional funds requested;
 - C) Total current cost of the project; and
 - D) Justification of request.
- 3) The Office of Policy and Management will make a recommendation to the Capital Finance Committee which approves or disapproves the request.

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- 4) If the request is approved, OPM will prepare a report and resolution for approval from the City's City Council. The report will be placed on the earliest possible agenda of the City Council.
- 5) Upon approval of the City Council, OPM will request the Comptroller's Office to establish an account number or increase the original appropriation.
- 6) The Department proceeds with the project after steps 1-5 have been performed. They will be notified by OPM.

ACCOUNTING PROCEDURES

After all of the projects have been approved by City Council the Comptroller's Office will begin the process of establishing accounts for the approved programs. All appropriations will be established based upon the approved project cost and prepared by using the line item criteria established by the cost estimate forms.

In addition, the Comptroller's Office will be responsible for the following:

- 1) Maintaining grant agreements;
- 2) Maintaining audit records;
- 3) Receiving and recording revenues;
- 4) Distributing payments;
- 5) Reconciling the general ledger;
- 6) Reconciling bank statements and investments; and
- 7) Monitoring department performance.

The Department Director or Project Manager will be responsible for the following:

- 1) Creating monthly project status reports;
- 2) Creating and maintaining project timetables;
- 3) Explaining project changes and/or cost overruns;
- 4) Providing updates to the City Council;
- 5) Presenting projects to committee and the City Council;
- 6) Completing data detail for the Comptroller's Office; and
- 7) Estimating costs and/or staffing requirements.

FY 2014-2015 ADOPTED GENERAL FUND BUDGET

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CAPITAL BUDGET DETAIL

	FY 2015 CAPITAL PLAN PROPOSED	FY 2016 CAPITAL PLAN PROPOSED	FY 2017 CAPITAL PLAN PROPOSED	2018 CAPITAL PLAN PROPOSED	2019 CAPITAL PLAN PROPOSED	TOTAL FY 2015-2019 CAPITAL PLAN PROPOSED
BOARD OF EDUCATION						
BOE Maintenance Projects/HVAC	4,250,000					4,250,000
BOE Asbestos Removal	300,000					300,000
Dunbar School	2,500,000					2,500,000
Cross School	400,000					400,000
BOE Bassick High School Roof	1,500,000					1,500,000
BOE Bassick High School Heating System		6,000,000				6,000,000
Facilities Equipment	150,000					150,000
BOE Classroom Computers	1,500,000	800,000				2,300,000
Maintenance Vehicles	247,238					247,238
District Wide Energy Conservation	500,000					500,000
Paving Lots	500,000					500,000
BOE Fire Alarms Phase II	665,000					665,000
TOTAL BOARD OF EDUCATION	12,512,238	6,800,000				19,312,238
ECONOMIC DEVELOPMENT						
Downtown Capital Improvements	2,000,000					2,000,000
Traffic Improvements, Lighting, Intersections	2,000,000					2,000,000
City Wide Waterfront Development	1,500,000					1,500,000
Land Management/Acquisition	1,500,000					1,500,000
Marina Village Replacement/Demo, Site Work	2,600,000					2,600,000
Blight Removal/Demolition Clean Up	1,000,000	1,000,000	1,000,000			3,000,000
TOTAL ECONOMIC DEVELOPMENT	10,600,000	1,000,000	1,000,000			12,600,000
PUBLIC FACILITIES						
Roadway Paving, Culverts, Intersections	2,000,000	2,500,000	2,500,000	2,500,000	2,500,000	12,000,000
Knowlton/Bamum Waterfront Development	2,519,000					2,519,000
City/Neighborhood Beautification	500,000	500,000	500,000	500,000		2,000,000
Public Facilities Equipment	250,000	350,000	350,000	250,000		1,200,000
Municipal Building HVAC/Heating/Electric/Facilities	500,000	500,000	500,000	500,000		2,000,000
City Wide Building & Security Improvements	250,000	250,000	250,000	250,000		1,000,000
Facilities Assessments/Planning Studies	250,000	250,000				500,000
Energy Renewable Source Projects	250,000					250,000
Energy Conservation/Conversion Programs	250,000	200,000	200,000	200,000	200,000	1,050,000
HarborYard Ballpark Upgrades	250,000					250,000
Runway Sweeper and Vacuum Truck	210,000					210,000
FAA AARF index rapid response fire truck		400,000				400,000
Maintenance Garage Apron Paving			100,000	100,000		200,000
Parks Maintenance Equipment	100,000	50,000	50,000	275,000		475,000
Various Park Improvement Projects	3,500,000	3,000,000	5,835,236			12,335,236
Pleasure Beach Water and Park Accessibility	5,215,585					5,215,585
TOTAL PUBLIC FACILITIES	16,044,585	8,000,000	10,285,236	4,575,000	2,700,000	41,604,821
OTHER DEPARTMENTS						
Police Command Division Vehicles	210,000					210,000
Central Grants Revolving (match)	250,000					250,000
Fire Apparatus Replacement Program/Vehicles	1,600,000	650,000	735,000	640,000	640,000	4,265,000
Technology Enhancements/Systems Improvement	500,000	300,000	250,000	250,000		1,300,000
WPCA Sewer Separation Program	125,000					125,000
IT Telephony & Computer Replacement Program	500,000	500,000	500,000	500,000		2,000,000
TOTAL OTHER	3,185,000	1,450,000	1,485,000	1,390,000	640,000	8,150,000
TOTAL ALL DEPARTMENTS	42,341,823	17,250,000	12,770,236	5,965,000	3,340,000	81,667,059

CAPITAL IMPROVEMENT PROJECTS

BOARD OF EDUCATION

BOARD OF EDUCATION MAINTENANCE PROJECTS/HVAC: \$4,250,000 to replace equipment such as (chilled water pumps (AC), (replace 3 Roof Top Units (RTUs), masonry work (repointing / refinishing), exterior doors, restroom upgrades, tiling, etc.

BOARD OF EDUCATION ASBESTOS REMOVAL: \$300,000 for district-wide asbestos abatement. All abatement will be conducted by licensed and regulated asbestos abatement contractors.

FACILITIES EQUIPMENT: \$150,000 for the upgrade of the Building Operations Department's technology equipment.

MAINTENANCE EQUIPMENT: \$150,000 1 dump truck with plow and sander.

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DISTRICT WIDE ENERGY CONSERVATION: \$500,000 for Energy conservation measures to decrease future energy use and costs. Lighting upgrades at Batalla, Blackham & Hooker Schools.
BOARD OF EDUCATION CLASSROOM COMPUTERS: \$2,300,000. To replace second and final phase of district-wide classroom computer master lease program.

BOARD OF EDUCATION FIRE ALARMS PHASE II: \$665,000 to replace existing fire alarm systems at 5 schools: Classical Studies (\$80,000), Bryant (\$100,000), JFK Campus (\$225,000), Winthrop School (\$200,000), & Edison School (\$60,000).

ROOF REPLACEMENT - BASSICK HIGH SCHOOL: \$1,500,000 to replace roof at Bassick High School.

DUNBAR SCHHOL RENOVATION: \$2,500,000 City match portion to state school building grant to renovate the former Dunbar School.

ECONOMIC DEVELOPMENT

DOWNTOWN CAPITAL IMPROVEMENTS: \$2,000,000 for Downtown Placemaking Efforts including a water feature, lighting, and underpass sculpture.

TRAFFIC IMPROVEMENTS, LIGHTING, INTERSECTIONS: \$2,000,000 for intersection redesign, traffic calming, streetscape improvements and rain gardens to decrease runoff.

CITY WIDE WATERFRONT DEVELOPMENT: \$1,500,000 for Yellow Mill and Pequonnock Greenway Development and access improvements.

LAND MANAGEMENT/ACQUISITION: \$1,500,000. \$500,000 for BEDCO and Industrial Development at Seaview Industrial Park and West End. \$1,000,000 for Stratford Avenue Land Assembly with civic block and nearby sites for retail.

BLIGHT REMOVAL/DEMOLITION CLEAN UP: \$1,000,000 for matching funds to complete the necessary environmental remediation at the Magnetek to prevent further pollution at the site.

DEMOLITION CLEAN UP - MARINA VILLAGE HOUSING: \$2,600,000 for matching funds to complete the necessary environmental remediation at the Marina Village Housing Complex to further economic stimulation. Housing will be scattered throughout the city.

PUBLIC FACILITIES

ROADWAY PAVING: \$2,000,000 for annual paving program based upon Road Management Condition Program.

KNOWLTON/BARNUM WATERFRONT DEVELOPMENT: \$2,519,000 for Phase III of this waterfront park project enhancing waterfront access on the East Side. Additions will include amenities to the southern end of the project site.

CITY/NEIGHBORHOOD BEAUTIFICATION: \$500,000 to support continuing efforts to improve neighborhoods with beautification efforts.

FACILITIES ASSESSMENTS/PLANNING STUDIES: \$250,000 to support facilities assessments and planning studies for Public Facilities projects.

ENERGY RENEWABLE SOURCE PROJECTS: \$250,000 Includes energy improvement district management, plan review and environmental review for anaerobic digester, a solar photovoltaic system for the landfill, funding for energy audits, solar panel project management fees, and funding for installation of 3,000 donated photovoltaic panels. In addition, money for outreach programming, storm water feasibility study and implementation plan and outreach for flood control community rating system is also included.

ENERGY CONSERVATION/CONVERSION PROGRAM: \$250,000 to continue to support our annual commitment to improving energy conservation throughout city buildings and facilities.

HARBORYARD BALLPARK UPGRADES: \$250,000 to repair leaks and replace expansion joints.

SIKORSKY RUNWAY SWEEPER / VACUUM TRUCK: \$210,000-New equipment to replace obsolete current inventory.

FY 2014-2015 ADOPTED GENERAL FUND BUDGET

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VARIOUS PARK IMPROVEMENTS: \$3,500,000 to replace / restore a variety of neighborhood parks throughout the City. Plan is for Basketball Courts, Splashpads, Playscapes and complete multi-purpose fields.

PLEASURE BEACH WATER AND PARK ACCESSIBILITY: \$5,215,585 for Phase III of this project to re-open Pleasure Beach to recreational visitors through water taxi access and improved park facilities.

OTHER DEPARTMENTS

CENTRAL GRANTS REVOLVING FUND: \$250,000 to provide matching funds for grant based projects.

POLICE COMMAND DIVISION VEHICLES \$210,000 for Phase 4 of Police Department vehicle replacement program, ensuring uniformity and standardization of vehicles, retiring old Crown Victorias, and providing replacement of Command Division vehicles.

FIRE APPARATUS REPLACEMENT PROGRAM/VEHICLES: \$1,600,000 Replacement of obsolete fire apparatus in accordance with vehicle replacement schedule.

IT TELEPHONY/COMPUTER REPLACEMENT and TECHNOLOGY ENHANCEMENT: \$500,000 and \$500,000 for continuation of voice over replacement system, annual upgrade of desktop computers and overall server/software enhancements.

WPCA SEWER SEPARATION PROGRAM: \$125,000 for continuation WPCA infrastructure replacement program.

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 APPENDIX CAPITAL BUDGET DETAIL

CAPITAL IMPROVEMENT PROJECT DEBT EXPENSE for FY 2015

PROJECT DESCRIPTION	2003	2004	2006	2007	2009	2010	2012	Total
	Bonds/Notes Amount							
DEBT AMOUNTS FOR FY 14-15	6,594,149	7,361,724	6,962,588	3,948,975	3,807,303	3,682,520	12,348,979	44,706,236
Board of Education	3,322,791	3,781,717	3,221,589	2,346,481	1,813,038	-	2,381,684	16,867,301
Economic Development	238,708	1,855,154	1,870,847	255,894	250,521	1,021,318	1,468,476	6,960,918
Public Facilities	1,966,375	1,029,905	655,179	1,033,842	1,008,935	2,452,791	7,817,202	15,964,229
Fire Department	-	159,749	91,906	48,572	-	77,527	226,954	604,708.89
Police Department	109,463	117,051	845,954	48,572	-	-	273,680	1,394,721
Libraries	105,506	155,332	12,533	9,083	-	-	-	282,454
Other Departments	851,305	262,814	264,578	206,531	734,809	130,885	180,982	2,631,904
TOTAL DEPARTMENT DEBT	6,594,149	7,361,724	6,962,588	3,948,975	3,807,303	3,682,520	12,348,979	44,706,236
Fire Pension (49%)							14,831,377	14,831,377
Police Pension (51%)							15,436,739	15,436,739
TOTAL PENSION DEBT							30,268,116	30,268,116
TOTAL ALL DEBT FY 2014-15	6,594,149	7,361,724	6,962,588	3,948,975	3,807,303	3,682,520	42,617,095	74,974,352