

### 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.

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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

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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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CAPITAL BUDGET POLICIES

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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.

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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.

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CAPITAL BUDGET DETAIL

<u>PROJECT DESCRIPTION</u>	<u>FY 2016 Capital Plan ADOPTED</u>	<u>FY 2017 Capital Plan PROPOSED</u>	<u>FY 2018 Capital Plan PROPOSED</u>	<u>FY 2019 Capital Plan PROPOSED</u>	<u>FY 2020 Capital Plan PROPOSED</u>	<u>TOTAL Capital Plan 2016-2020</u>
<b><u>Board of Education</u></b>						
BOE maintenance Projects/HVAC	785,000					785,000
BOE Asbestos Removal	250,000					250,000
School Roof Projects	6,104,000					6,104,000
BOE Bassick High School Heating System	6,000,000					6,000,000
Facilities Equipment	100,000					100,000
BOE Classroom Computers	1,500,000	1,500,000	150,000			4,500,000
Maintenance Vehicles	135,000					135,000
District Wide Energy Conservation	820,000					820,000
<b>TOTAL BOE</b>	<b>15,694,000</b>	<b>1,500,000</b>	<b>1,500,000</b>			<b>18,694,000</b>
<b><u>Economic Development</u></b>						
Downtown Capital Improvements	1,000,000					1,000,000
City Wide Waterfront Development	1,500,000					1,500,000
Land management / Acquisition	1,500,000					1,500,000
Blight Removal / Demolition Clean Up	1,000,000	1,000,000	1,000,000			3,000,000
<b>TOTAL OPED</b>	<b>5,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>			<b>7,000,000</b>
<b><u>Public Facilities</u></b>						
Roadway Paving, Culverts, Intersections	3,500,000	2,500,000	2,500,000	2,500,000	2,500,000	13,500,000
City / Neighborhood Beautification	500,000	500,000	500,000	500,000		2,000,000
Public Facilities Equipment	2,000,000	2,250,000	2,250,000	2,250,000	2,750,000	11,500,000
Muni Bldg. HVAC / Heating / Elec / Facilities	500,000	500,000	500,000	500,000		2,000,000
City Wide Building & Security Improvements	750,000	250,000	250,000	250,000		1,500,000
Facilities Assessments / Planning Studies	500,000	500,000	250,000	250,000		1,500,000
Energy Conservation / Conversion Program'	250,000	200,000	200,000	200,000	200,000	1,050,000
HarborYard Ballpark Upgrades	250,000	250,000				500,000
FAA AARF index rapid response fire truck	450,000					450,000
Various Airport Improvement Projects	1,650,000		100,000	100,000		1,850,000
Parks Maintenance Equipment	200,000	200,000	100,000	150,000		650,000
Various Park Improvement Projects	800,000	1,500,000	1,500,000			3,800,000
Pleasure Beach Water and Park Accessibility		5,000,000				5,000,000
<b>TOTAL PUBLIC FACILITIES</b>	<b>11,350,000</b>	<b>13,650,000</b>	<b>8,150,000</b>	<b>6,700,000</b>	<b>5,450,000</b>	<b>45,300,000</b>
<b><u>Other Departments</u></b>						
Police Fleet Upgrade	2,000,000	2,000,000	2,000,000			6,000,000
Police Equipment / Technology	3,275,000	1,000,000	1,000,000	1,000,000		6,275,000
Fire Apparatus Replacement Program/Vehicles	2,750,000	1,453,000	695,000	1,400,000	1,300,000	7,598,000
Technology Enhancements / Systems Improvement	500,000	300,000	250,000	250,000		1,300,000
WPCA Capital Improvements	640,000	855,000	820,000	860,000		3,175,000
Public Safety Communications Modifications	320,000					320,000
IT Telephony & Computer Replacement Program	500,000	500,000	500,000	500,000		2,000,000
<b>TOTAL OTHER</b>	<b>9,985,000</b>	<b>6,108,000</b>	<b>5,265,000</b>	<b>4,010,000</b>	<b>1,300,000</b>	<b>26,668,000</b>
<b>TOTAL ALL DEPARTMENTS</b>	<b>42,029,000</b>	<b>22,258,000</b>	<b>15,915,000</b>	<b>10,710,000</b>	<b>6,750,000</b>	<b>97,662,000</b>

CAPITAL IMPROVEMENT PROJECTS

BOARD OF EDUCATION

BOARD OF EDUCATION MAINTENANCE PROJECTS/HVAC: \$785,000 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: \$250,000 for district-wide asbestos abatement. All abatement will be conducted by licensed and regulated asbestos abatement contractors.

FACILITIES EQUIPMENT: \$100,000 for the upgrade of the Building Operations Department's technology equipment.

MAINTENANCE EQUIPMENT: \$135,000 3 cargo vans and 1 mason dump.

DISTRICT WIDE ENERGY CONSERVATION: \$820,000 for Energy conservation measures to decrease future energy use and costs. Lighting upgrades, boiler replacement and fixture upgrades.

BOARD OF EDUCATION CLASSROOM COMPUTERS: \$1,500,000. To replace second round of district-wide classroom computers.

ROOF REPLACEMENTS - \$6,104,000 to replace Hooker School (900,000), Marin School (2,400,000), Skane School (1,100,000), and Curiale School (1,704,000).

BASSICK HIGH SCHOOL HVAC: \$6,000,000 City estimate for replacement of Bassick High School HVAC system.

ECONOMIC DEVELOPMENT

DOWNTOWN CAPITAL IMPROVEMENTS: \$1,000,000 for Downtown Placemaking Efforts including a water feature, lighting, and underpass sculpture.

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

LAND MANAGEMENT/ACQUISITION: \$1,500,000. \$1,500,000 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.

PUBLIC FACILITIES

ROADWAY PAVING: \$3,500,000 for annual paving program based upon Road Management Condition Program.

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

FACILITIES ASSESSMENTS/PLANNING STUDIES: \$500,000 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 programs, storm water feasibility study and implementation plan and outreach for flood control community rating system is also included.

VARIOUS PARK IMPROVEMENT PROJECTS: \$800,000 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.

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CAPITAL BUDGET DETAIL

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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 AARF RAPID RESPONSE FIRE TRUCK: \$450,000-New fire response vehicle.

VARIOUS AIRPORT IMPROVEMENTS: \$1,650,000 to compliment the Federal Airport Renovation project currently underway.

PUBLIC FACILITIES & PARKS EQUIPMENT: \$2,200,000 annual commitment to replacement of public facilities vehicles & equipment.

VARIOUS HVAC, FACILITIES, SECURITY IMPROVEMENTS: \$1,250,000 continuation of municipal building efficiency, HVAC, and security projects.

**OTHER DEPARTMENTS**

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POLICE FLEET UPGRADE: \$2,000,000 to begin rotation of police fleet purchased over the last 7 years.

POLICE TECHNOLOGY UPGRADES: \$3,275,000 for various phase in of a variety of technology programs. These include video cameras, license plate readers, body cameras, driving simulator, digital forensics, predictive policing, etc.

FIRE APPARATUS REPLACEMENT PROGRAM/VEHICLES: \$2,750,000 Replacement of obsolete fire apparatus in accordance with vehicle replacement schedule.

TECHNOLOGY ENHANCEMENTS/SYSTEMS IMPROVEMENTS: \$500,000 for City-wide infrastructure and computer replacement.

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

WPCA SEWER SEPARATION PROGRAM: \$640,000 for continuation WPCA infrastructure replacement program.

PUBLIC SAFETY COMMUNICATION UPGRADES: \$320,000 relocation of safety communication equipment from the Whittier School facility.

