

Capital Planning Policy 2020-03

Purpose

In order to promote consistency and continuity in decision making related to capital improvement planning and to set the general parameters within which capital spending decisions are made, the following policy is established for the Village's Capital Improvement Plan (CIP). As a matter of general policy, the goals of the Capital Planning Policy are:

- Provide guidance to management and the Village Board in regards to the CIP process
- Establish an order of precedence and completion
- Establish a timeline for the annual update process

Definitions

1. Capital Improvement Plan (CIP) – a blueprint for planning the Village's capital expenditures. It coordinates the schedule of capital improvements and related financing and will be used as a management tool for the budget and planning process.
2. Capital Improvement – the purchase, construction, major repair, reconstruction or replacement of capital items such as: buildings, equipment, vehicles, roadways, culverts, storm sewers, or parks. The projects are usually of high cost (valued at \$5,000 or greater) and have a useful life of several years.

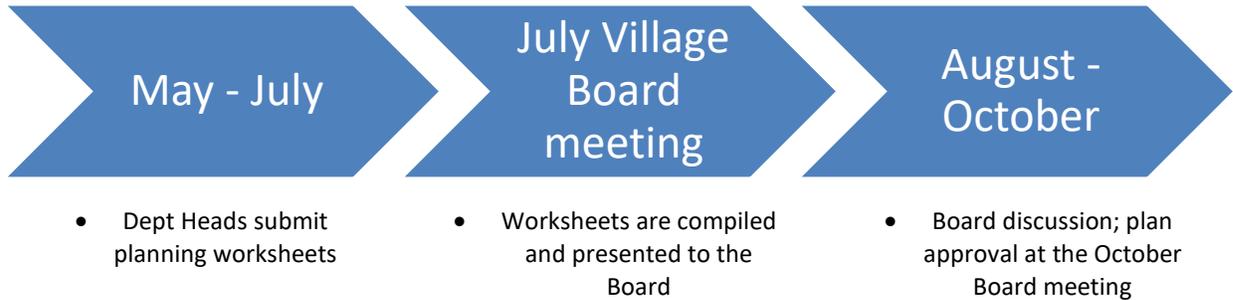
Capital Improvement Plan Process

The original five-year Village of Cross Plains Capital Improvement Plan was adopted in October 2017. Updates are made annually to the CIP. Approval of the CIP is not a commitment to finance approved projects, but is a statement of policy regarding the Village's approach to meeting its future capital needs.

1. The Village Administrator in conjunction with the Finance Director shall be responsible for coordinating the CIP process.
2. Projects should generally be foreseen ahead of time, preferably 2+ years to allow time for planning long-term financing strategies or methods.
3. Departments shall close or update prior year capital projects and identify new capital or funding needs.
4. Departments shall identify and develop new capital projects based upon identification by residents, Village Board, administration priorities, and regional issues.
 - a. Department Heads shall complete a CIP planning worksheet for each initiative they are submitting for inclusion in the current plan. Each worksheet includes the name of the project, department, brief description, reason for the improvement/replacement, timeline, prioritization, project costs, and funding sources for the proposal.
5. Village Administrator and/or Finance Director will compile the planning worksheets and present the proposed projects to the Village Board.

6. The Village Board will evaluate the requests and make a determination on a project’s inclusion within the plan.
7. Capital Improvement Plan is updated and approved.

The following timeline is recommended as a template for preparation of the annual update to the Village’s Capital Improvement Plan:



Project Prioritization

Capital project requests and needs typically exceed available financing, and therefore have to be prioritized using the following scale:

1. Mandatory – The project is mandated by Federal or State law, regulation, court order, municipal agreement, contract, or it is an immediate health and safety issue that must be addressed.
2. High Priority – Project is likely a health and safety issue or may significantly affect operations or services that the Village must address, at a minimum, within the next two to three years.
3. Average Priority – Project is highly desired, but is likely not a health or safety issue. The Village should address this project at least within the next five years.
4. Fairly Low Priority – Project is more desirable than necessary and could be deferred several years before becoming an average or high priority.
5. Future Consideration – Project is clearly a long-term request; which is not necessary within the five-year planning period.

Capital Improvement Fund Financing

The financing of capital projects includes a variety of potential funding sources. The use of the following revenue sources is evaluated as part of the CIP process:

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| <ul style="list-style-type: none"> • Property Tax Levy • User fees and charges • Debt issuance • Fund Balance or Reserves | <ul style="list-style-type: none"> • Grants • Developer Contributions • Impact Fees • Donations | <ul style="list-style-type: none"> • Intergovernmental Financing • Tax Incremental Financing • Special Assessments |
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Policy Considerations

Once the annual Capital Budget has been approved, Department Heads do not need further Village Board approval before implementing capital purchases, so long as bids come in at or below budgeted amount and a funding plan is in place. If bids come in higher, Department Heads must get Village Board approval before purchase is allowed. If bids come in lower than budgeted, any excess will be kept in the Capital Fund fund balance. Use of this fund balance for other projects must first be brought to the Village Board for approval. Village Board approval is also needed if a Department Head wishes to select a bid other than the lowest.

If an emergency capital purchase arises, an amendment would be made to the current year’s budget, but not the Capital Improvement Plan.

Capital Planning Policy #2020-03 will take effect immediately upon adoption by the Village Board for the Village of Cross Plains.

Dated this 26th day of May, 2020.

Village of Cross Plains:

Attest:

By: _____

By: _____

Jay Lengfeld
Village President

Bill Chang
Village Administrator/Clerk