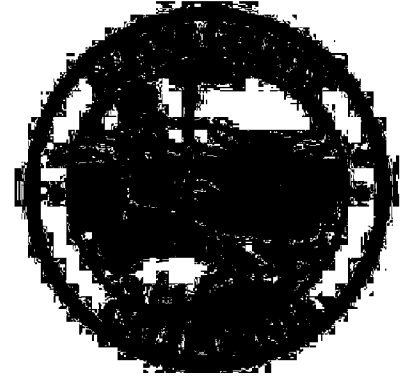


# AGENDA TRANSMITTAL



**TO:** Board of Supervisors

**FROM:** Janet Dutcher, Asst. CAO to Budget and Finance

**DATE OF MEETING:** November 3, 2015

**PREPARED BY:** Janet Dutcher, Asst. CAO to Budget and Finance

**TITLE:** Request adoption of a resolution establishing Alpine County's Capital Improvement Plan Policy

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## SUMMARY:

The Steering Committee formed from the March 5, 2014 Board of Supervisors strategic planning session developed the proposed Capital Improvement Plan policy (CIP Policy). This policy document was first presented for comment and discussion to the Board and the public on March 3, 2015 and was included in the County's FY 2015-2016 Preliminary and Final Budget books. The Committee at this time recommends the Board consider adopting the policy by resolution.

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## RECOMMENDED ACTION:

Adopt resolution establishing CIP policy

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## ISSUE STATEMENT AND DISCUSSION:

The proposed CIP policy encompasses five policy elements as follows:

Section 1: SCOPE.

Five year plan, updated annually to include projects estimated at more than \$100,000 (except for IT projects)

Section 2: PROJECT IDENTIFICATION.

How projects are identified, what information is needed, guidelines for estimating costs

Section 3: PARTICIPANTS.

Who is involved and what is the timing of their involvement

Section 4: PRIORITY AND BUDGETING.

Guidelines for scoring projects, describes relationship between the CIP and the annual operating budget cycle

Section 5: FUNDING.

Identifies sources of funding and strategies to close funding gap

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## FISCAL IMPACT:

- |  |  |  |  |
|--|--|--|--|
| 1) Budgeted Current Fiscal Year        | <input checked="" type="checkbox"/> (Not Applicable) |  |  |
| 2) Total Anticipated Cost Current Year | <u>\$0.00</u>  |  |  |
| 3) Total Anticipated Cost Annual Year  | <u>\$0.00</u>  |  |  |

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## SOURCE

- |   |               |
|---|---------------|
| <input type="checkbox"/> Unanticipated            | <u>\$0.00</u> |
| <input type="checkbox"/> Revenue From Contingency | <u>\$0.00</u> |
| Other:  |               |

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## FUNDING SOURCE:

n/a

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**INSTRUCTIONS TO CLERK:**

Copies to CAO, FINANCE

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ID 1114

**RESOLUTION NO.****RESOLUTION OF THE BOARD OF SUPERVISORS,  
COUNTY OF ALPINE, STATE OF CALIFORNIA  
ADOPTING A CAPITAL IMPROVEMENT PLAN POLICY**

**WHEREAS**, the Board of Supervisors, County of Alpine, California, recognizes the importance of adopting certain financial policies which are essential for good financial management, responsible fiscal planning and long-term fiscal health of all County resources and activities, and

**WHEREAS**, financial policies provide a comprehensive and consistent approach to financial management for the benefit of Alpine County citizens, and

**WHEREAS**, Alpine County's government is accountable for a significant investment in capital facilities, infrastructure and other capital assets and the capital assets play an essential role in delivery of public services and contribute to the economic welfare of our community, and

**WHEREAS**, the proposed Capital Improvement Plan Policy is provided as Attachment A.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of the County of Alpine, State of California, do hereby **adopting a Capital Improvement Plan Policy**

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Katherine Rakow, Chair  
Board of Supervisors, County of  
Alpine, State of California

ATTEST:

APPROVED AS TO FROM:

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Teola L. Tremayne, County Clerk  
& Ex Officio Clerk to the  
Board of Supervisors,  
By: Stephanie Fong, Assistant County Clerk

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David Prentice, County Counsel

## ATTACHMENT A

### Capital Improvement Plan Policy

Alpine County's government is accountable for a significant investment in capital facilities, infrastructure and other capital assets. These capital assets play an essential role in delivery of public services and contribute to the economic welfare of our community. Because capital expenditures are a major component of local government spending, the preservation, maintenance and future improvement of these assets are a primary responsibility of the County. Planning and implementing sound capital improvement plans, policies and programs today will help the County avoid emergencies and major costs in the future as well as strategically plan for the future needs of County operations.

A capital improvement plan (CIP) is a multi-year plan that describes the capital and/or significant maintenance projects the County intends to undertake in the next five years, including the acquisition or construction of facilities, infrastructure, information technology and major capital assets. It forecasts spending and identifies the associated funding sources essential to paying for these projects. This policy provides the framework for development of the plan and includes the following elements:

1. Scope
2. Project Identification
3. Participants
4. Priority and Budgeting
5. Funding

#### 1.0 SCOPE

- 1.1 The plan time frame covers at least the next five years starting with the next fiscal year.
- 1.2 The plan is updated annually and should be adopted and published at least three months prior to the County's next annual operating budget cycle. Each annual update is made to reflect the completion of projects, new or changing priorities and funding availability.
- 1.3 Only projects satisfying a public purpose may be proposed. Proposed projects are also restricted to those for which the County has legal and fiscal responsibility. Generally, this means the Capital Improvement Plan is limited to projects which the County owns or intends to own and the County has an obligation to maintain.
- 1.4 The projects included in the CIP generally consist of construction, rehabilitation, acquisition and purchase of County-owned and maintained assets further defined by the following factors:
  - Projects (except information technology) are non-recurring
  - Cost per project is in excess of \$100,000, except for information technology projects the cost is at least \$50,000
  - Other than significant deferred maintenance projects, completed projects are anticipated to have a useful life of at least 20 years except for information

## ATTACHMENT A

### Capital Improvement Plan Policy

technology projects which are anticipated to have a useful life of at least five years

- Excludes vehicle replacement other than specialized-use vehicles
- Excludes emergency purchases
- Assuming availability of resources, identified projects are planned to be implemented at some point within the next five fiscal years
- Types of projects include:
  - Facilities
  - Communications sites
  - Fire prevention and/or equipment
  - Heavy equipment
  - Information technology (hardware and software)
  - Land improvements
  - Significant deferred maintenance projects
  - Roads, bridges and transportation infrastructure

#### 2.0 PROJECT IDENTIFICATION

- 2.1 The plan schedule is compiled from requests submitted in writing by County departments, Board members or as directed by the County Board of Supervisors using the CAPITAL PROJECT REQUEST form. Upon completion, the form is submitted to Finance.
- 2.2 Project title and location must be brief yet sufficiently descriptive so the basic nature of the work is understood.
- 2.3 Project description should focus on the project scope and what is to be done being as specific as possible. Clearly identify the major tasks involved in the project.
- 2.4 Project costs should be descriptive about the cost estimates which are to be objective and reasonably accurate determined using the best information available at the time but understanding that absolute certainty is impossible. As project target dates approach towards the most recent fiscal year in the plan, the project cost estimates should become more accurate. Estimates should incorporate the following cost objectives:
- Architect and engineering fees
  - Permitting and other development fees
  - Other planning costs
  - Legal and other fees
  - Site acquisition – include cost to purchase property
  - Site development – include costs to clear property prior to construction and other site improvements such as grading, draining or landscaping. Include costs for drainage, paving, roadways, parking lots, etc in the construction cost objective
  - Construction – include cost to renovate, rehabilitate or construct new

## ATTACHMENT A

### Capital Improvement Plan Policy

- Equipment – show costs for new permanently attached equipment and new movable equipment and furnishings
  - Other Costs – include miscellaneous costs such as advertising or costs which may be peculiar to the project
  - Contingency (5% - 20%) – allowance for unforeseeable expenses
- 2.5 Project narrative should include a statement about why the project is necessary. Departments are to provide sufficient information to evaluate the need for the project and its priority or importance.
- 2.6 Project narrative should include a statement describing the impact to the annual operating budget and any increase or decrease in the recurring costs to operate the project once it is completed and placed in service.

### 3.0 PARTICIPANTS

- 3.1 Projects proposed for inclusion in the CIP is to be initiated by departments, Board Members or as directed by the County Board of Supervisors. Project requests are submitted to Finance.
- 3.2 Finance will compile the CIP into a schedule summarizing the narrative for each project, its status, project costs, project funding requirements and funding status.
- 3.3 The Board of Supervisors will establish the CIP Steering Committee with responsibility to review the status of projects and establish priority between competing needs. The compiled CIP will be evaluated by the CIP Steering Committee and they will make recommendations about funding and priority to the Board of Supervisors. The CIP Steering Committee may make recommendations about the selection of the department most appropriate to initially oversee and manage the project.
- 3.4 Prior to approval by the Board of Supervisors and in accordance with statute, the County Planning Commission shall annually review the capital improvement program for consistency with the general plan.
- 3.5 Consideration should be given about the need to route projects to other stakeholder groups prior to publishing the CIP for general public comment and approval by the Board of Supervisors.
- 3.6 Annually, the County will provide meaningful opportunities for public comments concerning the final CIP schedule prior to adoption by the Board of Supervisors.
- 3.7 Each year, the Board of Supervisors will adopt by affirmative vote the CIP Schedule preferably three months prior to the County's next annual operating budget cycle.

## ATTACHMENT A

### Capital Improvement Plan Policy

#### 4.0 PRIORITY AND BUDGETING

- 4.1 The CIP budgeting process will take place outside and in advance of the normal operating budgeting cycle. In this way, the County can better budget for implementation of the CIP and incorporate its impact on the annual operating budget in advance of budget adoption.
- 4.2 Projects will be prioritized on a scale ranging from 1 to 5 with 1 being the highest priority and 5 being the lowest priority. Prioritization may be based upon the following criteria:
- Departmental justification rationale
  - Overall amount of funding available and the time frames in which that funding is available for the project
  - Operational impacts of the proposed project
  - Projects identified in the County's General Plan
  - Importance of public safety, health and welfare and the relative risks mitigated by completion of the project
  - Significant benefit to the public good and economic welfare of the community
  - Client service or capacity enhancements
  - Level of risk of obsolescent should the County not proceed with implementation of the project
- 4.3 Support of a project on the CIP schedule does not indicate Board approval towards a project but is considered a tool which the Board may use to strategically plan and prioritize countywide capital projects in the County's future operating budget cycle. A project's scope must be separately defined and a project budget established and approved by the Board of Supervisors before project funds can be expended.
- 4.4 As part of the annual budget process, the Board of Supervisors may include any capital project funding. In general, the capital projects in progress and having secured significant funding for work in the first year of the CIP may be included in the annual operating budget.

#### 5.0 FUNDING

- 5.1 Financial analysis of funding sources will be conducted for all proposed projects on the CIP and this analysis will be updated annually. One important purpose of this financial analysis is to identify the gap between the County's long-term capital needs and the resources available to meet those needs.
- 5.2 Strategies to close the funding gap may include changing its priority, altering a project's scope, delaying the start of the project, breaking a larger project into smaller phases or increasing revenues available to fund capital projects.
- 5.3 Availability of funding for a specific project impacts its priority. If funding becomes available, the project's priority may accelerate. Likewise, if funding thought to be



## ATTACHMENT A

### Capital Improvement Plan Policy

available is delayed, that circumstance may lower the project's priority. Under the best conditions, priority 1 projects will be appropriated into the annual operating budget once anticipated funding sources are believed to be substantially available when needed so that the project is more likely to be completed as planned.

Sources of funding include, but are not limited, to the following:

- Grants and subventions (matching funds if required must be identified)
- Unanticipated revenue (if earmarked for CIP purposes) or other one-time revenues
- Surpluses from prior years (carryover fund balance)
- Reserves designated for capital projects
- Dedicated revenue sources
- Debt issuance
- User fees
- Impact fees
- Special assessments