Introduction
The Capital Improvement Plan (CIP) is a tool to help City Commissioners look beyond year to year budgeting to determine what, when, where and how future public improvements will take place over the next six years. The Capital Improvement Budget is made up of capital projects contained in the City's Capital Improvement Plan.

Capital Project Defined
A capital project is defined as a project with a minimum total cost of $25,000 resulting in 1) the creation of a new fixed asset; or 2) enhancement to an existing fixed asset with a life expectancy of at least 20 years. Examples include construction or expansion of public buildings, new storm and sanitary sewers, water line upgrades and extensions, the acquisition of land for public use, planning and engineering costs, and street construction.

Vehicle replacements less than $35,000 or projects considered as operational, recurring, or maintenance are not considered capital projects and are typically funded through the City’s Operating Budget.

Capital Improvement Process
Each year, capital project lists are submitted by various City departments, agencies, and the public (see page P-5 for a list of the projects submitted for year 2006 of the Capital Improvement Plan.) The projects are reviewed by the Capital Improvement Administrative Review Committee made up of representatives from several departments, as well as a City Commissioner and a member of the Planning Commission. The Committee uses the set of scoring criteria and the scoring matrix found on page P-4 to determine a score for every project submitted. The scores are translated into priority rankings.

The Administrative Review Committee then submits a draft Capital Improvement Plan to the Planning Commission, who reviews the Plan and ensures all projects included are consistent with the City’s Comprehensive Plan, Horizon 2020. The draft Capital Improvement Plan is then submitted to the City Commission for approval.

Capital Improvement Budget
Each year, a Capital Improvement Budget is prepared each year in conjunction with the City's Annual Operating Budget. The Capital Improvement budget has a number of revenue sources, including current revenues, state and federal grants, special assessment benefit districts, and the issuance of debt.

Capital Improvement Budget Process
Each year, the City Commission select projects from the Capital Improvement Plan to include in the Capital Improvement Budget. First, the Administrative Review Committee projects the funding available from property taxes levied for bond and interest payments using a three tier system. The first tier is a projected level of funding if the property tax levy for debt support from the previous year was maintained. The second tier is a projected level of funding with an increase of 0.25 mill over the debt levy from the previous year. The third tier is a projected level of funding that would be available if the debt levy from the previous year was increased by 0.50 mill.

Next the Committee projects the portion of the Countywide sales tax that the City receives each year that will be used to fund capital projects. Historically, these funds have been used to cash finance as well as debt finance projects related to Parks and Recreation.

The project ranking list, the funding tiers, and the sales tax projections are used to develop several capital budget packages for the City Commission to discuss. The City Manager then recommends the Capital Improvement Budget along with the Operating Budget for adoption by the City Commission.
Impact of Capital Budget on Operating Budget
The Capital Improvement Budget impacts the operating budget in several ways. For example, construction of a new roadway means additional snow removal that must be done, additional area that must be patrolled by police officers, and additional right of way that must be maintained. This can mean budgeting for more staff, equipment, contractual services, etc.. Major improvements can also impact revenues. New road improvements can provide access to new commercial and residential developments, which when developed, can increase the property tax base and may generate additional sales tax.

Additional detail regarding anticipated impacts from these projects on the operating budget can be found beginning on pages P-9.