

<p style="text-align: center;">ADMINISTRATIVE POLICY NO. 11 CAPITAL IMPROVEMENT BUDGET POLICIES</p>

OBJECTIVES

To provide an effective management tool for capital budgeting. This policy establishes policies for budgeting for capital improvements while providing sufficient flexibility to enable the City Council to respond to unforeseen circumstances and new opportunities that may benefit the jurisdiction.

POLICIES

1. The city will make all capital improvements in accordance with an adopted capital improvement program.
2. The city will maintain a multi-year plan for capital improvements and update it annually.
3. The city will enact an annual capital budget based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in population, changes in real estate development or changes in economic base will be calculated and included in capital budget projections.
4. The city will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvement will be projected and included in operating budget forecasts.
5. The city will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and priorities, and who's operating and maintenance costs have been included in operating budget forecasts.
6. The city will maintain all its assets at a level adequate to protect the city's capital investment and to minimize future maintenance and replacement costs.
7. The city, as part of its capital planning process, will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.
8. The city will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to City Council for approval.
9. The city will determine the least costly financing method for all new projects.
10. When projects are supported by more than one fund and unanticipated revenues are available, it shall be the policy for staff to reduce the contribution from the General Fund.

Amendment provided by Councilor Scott 3-16

August 12, 2010