

CAPITAL IMPROVEMENTS POLICY

As Presented to the
Teller County Board of Commissioners
Teller County, Colorado
on August 8, 1990 and last revised on April 22, 2021

Revised Edition as Adopted by the Teller County Board of Commissioners
on April 22, 2021.

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INTRODUCTION

This Policy is designed for Teller County. This policy directs attention to the important basic elements of a Capital Improvements Program (CIP) and presents only the important principles. The CIP has been developed to assist the Teller County Board of Commissioners in the fiscal planning for Teller County, Colorado.

The responsibility to coordinate and prepare a prioritization of requested capital improvement projects and to present these recommendations to the Board of County Commissioners (BOCC) rests with a CIP committee of Teller County employees. The employees will be appointed by the BOCC. The CIP committee's analysis and recommendation will be presented to the BOCC, which has final authority for the implementation and adoption of the CIP.

In order for any capital improvement project to be considered by the committee for presentation to the BOCC, whether it is requested by a member of the public, an external entity, or a governmental department, the proposed project must meet the specified criteria of and be processed within the guidelines set forth in this policy and must have been included and specified in the approved Teller County Strategic Plan. As stated in the approved strategic plan, "if an action is not in the Strategic Plan or Operational Work Plan, it will not be considered for funding by the Commissioners except in situations of an extremely critical nature, as determined by the BOCC".

The CIP time frame is to be a five-year plan with annual re-evaluation of all projects and available funds.

2023 CIP COMMITTEE MEMBERS

Julie Gilley	(Information Technology: 686-7940)
Tami Schirack	(Finance: 686-7925)
Kimberly Torres	(Public Works: 687-8812)
Lisa Hoekman	(CDS: 686-5401)
Cassie Unverzagt	(DHS: 686-5524)

For further information on the CIP process, or to submit requests, contact any committee member.

PROJECT RESPONSIBILITY

Requests to the CIP committee shall be provided as per the following format. At a minimum each project request must include: description, cost, justification and fiscal impact. The requesting department, not by the CIP committee, must develop this information. The CIP committee is given clear authority and responsibility for the processing function. The committee is also responsible for the overall evaluation of the project requests and resulting recommendation to the BOCC.

Assistance with financial information is available from the Finance Department upon request.

DEFINITIONS

A capital improvement project should be major, in terms of size and expense, and non-recurring. The CIP is divided into two (2) categories with each category having a different threshold that requires the purchase to be programmed into the CIP. The two categories are:

Capital Purchase: Individual purchases of \$5,000 or more, including, but not limited to: Vehicles and Road Equipment (General County-vehicle acquisition requests or upgrades must be submitted to the Fleet Services Director who will submit one county-wide request to the CIP committee.) Computer Equipment (All hardware and software requests will be submitted to the Information Technology Director who will submit one county-wide request to the CIP committee.)

Land & Buildings:

Improvements costing over \$5,000

Acquisitions of any cost

NOTE: Any acquisition or upgrade that is less than \$5,000 should be included in the normal budget process.

CIP ANNUAL TIMETABLE AS PER APPROVED CURRENT YEAR BUDGET CALENDAR

May 12, 2023	Submit requests for Vehicles, Building repairs and Computer needs to Respective Department Heads.
June 20, 2023	Deadline (5:00 p.m.) For submitting CIP requests (Submit requests to any CIP committee member.) NO EXCEPTIONS!!
June 27, 2023	Oral Presentations of submitted requests to CIP Committee
August 10, 2023	CIP Committee presents recommendations to the BOCC

FINANCE PLAN

The Finance Plan determines the total amount of funds necessary for implementation of the CIP. There are various options, but the pay-as-you-go option is preferable. Pay-As-You-Go is defined as the expenditure of funds within the budget year of project implementation, meaning that CIP funds are allocated and used on an annual basis. Therefore, inclusion in the approved Teller County Strategic Plan is crucial to the overall CIP process. Advantages include: simplicity, flexibility, and no interest charges. Pay-as-you-go provides flexibility by allowing the CIP to be revised yearly.

Another option is Debt Financing, wherein money is borrowed, (e.g. bond issue, lease purchase, bank loan) to undertake projects immediately and repaid out of future revenues. Debt Financing is defined as any expenditure authorization, which requires allocation of future funds (beyond the current budget year). Due to interest charges and issuance and administrative costs Debt Financing always requires the repayment of more funds than the actual project will cost. Interest alone can account for 25% to 50% of the total debt service (dependent upon the retirement schedule). This is not a preferred option as the additional costs limit funds available for future CIP projects, and CRS 30-11-104.1, Section 3, inhibits the extension of lease purchases past the current fiscal year by requiring annual Board appropriation. Additionally, the final choice of debt instrument is important at the time of funding. If a County chooses to utilize general-obligation bonds and repay the debt from general tax revenues a public referendum is usually required.

If a CIP request requires Debt Financing proposed methods to retire, the debt MUST BE outlined.

It is strongly recommended that the Pay-As-You-Go option be utilized. In any case no more than 50% to 70% of available CIP funds should be programmed for expenditure in any given fiscal year. Of that 50% to 70% no more than half should be for debt retirement. The remaining 30% to 50% in the fund balance will assist in the replenishment of the CIP fund through investment income. In addition, the BOCC should continue to allocate PILT money, rent on County buildings, and a portion of Sales Tax revenues to the Capital Improvements Program fund. Ongoing analysis and recommendations to the Board will be made to insure an adequate balance.

PROJECT PRIORITIZATION

The CIP committee is charged with determining project priority and presenting that determination, along with suggestions for partial funding or the extension of funding, to the Teller County Board of Commissioners. Selection/prioritization of CIP projects are based on review of submitted information and resources available.

Departments submitting requests must appear before the Committee to present their request and for a question and answer session for scoring purposes. Sessions will last 15 minutes. Requests will be considered incomplete if the Department does not appear before the Committee.

Each proposed CIP project is evaluated according to BOCC-established criteria. These criteria range from the "Impact on public health, safety and welfare" to whether or not the proposed project is "Ready to implement." As reflected in the scoring method (See Appendix A) a relative importance has been given (by the BOCC) to each criterion. Each CIP committee member independently scores each CIP request; individual scores are compiled and averaged. All proposed CIP projects are then ranked numerically by score within each of the two (2) defined categories. (See Definitions, page 3)

PUBLIC PRESENTATION

It is advisable to present to the public annually the proposed Capital Improvements Program projects to be funded; the public presentation should be made at a regular BOCC meeting. The presentation should be simple and to the point. Emphasis should be placed on the purpose of the CIP and on the process and basic criteria used in the financial analysis and project evaluation.

SUMMARY

The Capital Improvements Program is not a budget; it is a planning tool in conjunction with the Teller County Strategic Plan. Its purpose is to provide the Teller County Board of County Commissioners with unbiased analyses of proposed capital improvement projects based on clear, concise, conscientious evaluation.

It is important to recognize the difference between the responsibilities of the CIP committee and the responsibilities of the BOCC. The CIP committee evaluates and scores project requests and recommends to the Board which CIP projects to fund. The BOCC authorizes projects for implementation and allocates necessary funds.

INSTRUCTIONS for PREPARATION of CIP REQUEST

In completing the CIP request all questions MUST BE answered (including Name of Department, Project, Location of Project, Person to Contact/telephone number, and if the project is Ready to Go. If the project is not ready to go, explain why and when project will be ready). If any question is not applicable to your proposed project, say so. Any question that is left blank will be scored zero. Attention to detail is critical. Be clear, concise and accurate. Provide as much information as possible.

Description

(1) Description of Project: Include square footage, design, purpose, and function.

Costs

(2) Estimated Cost of Project: It is imperative to provide a careful and detailed cost analysis. If the project will not be completed in the primary year, inflation and all cost increases must be itemized.

(3) Source of Estimate/Method Used: The method used to arrive at the cost estimate must be included (e.g., historical, comparable market of construction or purchase market, a quote with copy attached, itemized cost).

(4) Project Complete as Identified or Do Additional Activities Have to Occur? Self-explanatory. Be sure to explain any peculiarities inherent to the project.

(5) Will Project Impact Normal Departmental Operating Costs? Will implementation of the project increase/decrease future operation costs? (If the project will increase operating costs justify this additional expense in questions 6, 7, 8, and/or 11.)

Justification

Questions 6, 7, and 8 require a narrative describing the purpose, scope and rationale for the proposed expenditure. **(This is the Sales Pitch!)**

(6) Will Project Address: A. An Existing Deficiency; B. A Future Need? Show Cause-and-Effect: reasons for the expenditure and ramifications if the project is not selected for funding.

(7) Will Project Impact Public Health, Welfare and/or Safety? Is Project Mandated? This question provides more justification (e.g., dust control, dog pound, emergency response activities)

(8) Identify and Categorize Anticipated Benefits of Project: Another chance to show who, what, where, benefits for this expenditure (e.g., County-wide vs. Limited area; reduction of litigation exposure; reduction of man hours; increased health, safety).

Fiscal Impact

(9) What Type of Funding is Available? What Alternative Funding Sources Have Been Researched? (e.g., Grants, bonding). List all possible funding sources and status of inquiries. State the type of funding requested; provide justification. Attach pertinent documentation.

(10) Can or Will Project be Phased Over More Than One Year? Is this an ongoing project such as road construction? Show the time line and associated costs. Large construction projects should be phased so as to facilitate the growth that is anticipated.

Planning:

(11) Has this Project been specified in the approved Teller County Strategic Plan? (as an overall TC objective? Dept. objective? Short, Mid or Long-term objective, goal or action?) Specify where this project is identified in the Strategic Plan and how it ties in with CIP at this point in time.

Priority

(12) What Priority Do You Assign This Project?

A) URGENT: Essential project, which cannot reasonably be postponed. This may include a project that: Completes a partially finished project; maintains current, established programs; meets an emergency situation; is needed to comply with local/state/federal mandates.

B) NECESSARY: Project which should be carried out within 2 to 3 years to meet anticipated needs of departmental programs or for improvement of existing or anticipated deficiencies, e.g., facilities, structures, vehicles, road equipment.

C) DESIRABLE: Project needed for the expansion of a departmental program. Implementation can wait until funds are available.

D) DEFERRABLE: Project is needed for **ideal** operation. Project can be postponed without detriment to public services.

APPENDIX A

Criteria for Evaluation of Capital Improvement Projects

<u>Question</u>	<u>Relative Importance</u>	<u>Maximum Project Score</u>
(1) Description of Project	1 x 5	5
(2) Estimated Cost of Project	1 x 5	5
(3) Source of Estimate/Method Used	1 x 5	5
(4) Complete as Identified or Additional...	2 x 5	10
(5) Impact on Operating Costs	2 x 5	10
(6) Address Existing or Future Deficiency	2 x 5	10
(7) Impact on Public Health, Welfare, Safety	3 x 5	15
(8) Anticipated Benefits	2 x 5	10
(9) Type of Funding Available	2 x 5	10
(10) Phasing	1 x 5	5
(11) Planning	2 x 5	10
(12) Priority Assigned by Applicant	1 x 5	5

Total: 100

TELLER COUNTY
CAPITAL IMPROVEMENTS PROGRAM
CIP PROJECT REQUEST

READ INSTRUCTIONS BEFORE COMPLETING

Department _____

Project _____

Location of Project _____

Person to Contact/Telephone # _____

Ready to Go? If not, Why? When? _____

1) Description of Project. _____

2) Estimated Cost of Project (Incl. all costs: multiple years, design, 2nd application of Chip Seal, site acquisition, etc.)

3) Source of Estimate/Method Used _____

4) Is Project Complete as Identified or Do Additional Activities Have to Occur? (If this project is to span multiple years, include any additional costs.) (If there is another CIP request related to this request, explain.)

5) Will Project Have an Impact on Normal Departmental Operating Costs? If So, How Much & When. (If stating that Man-hours or equipment hours will be saved, show costs per hour and total savings.)

6) Will This Project Address: A) Existing Deficiency; B) Future Need? (Explain & attach additional information if pertinent and/or necessary.) _____

7) Will Project Impact Public Health, Welfare and/or Safety? Is Project Mandated by Federal, State, or Local Codes or Regulations? If so, explain _____

8) Identify & Categorize Anticipated Benefits of Project. (Liabilities, Efficiencies, Geographic Area, Demographics, etc.) _____

9) What Alternative Funding is Available? What Alternative Funding Sources Have Been Researched? (Be specific.) _____

10) Can or Will Project Be Phased Over More Than One Year? If so, explain time line. _____

11) Has this Project been specified in the approved Teller County Strategic Plan? If so, specify exactly where, and explain how the strategic plan ties in with this request. _____

12) What Priority Do YOU Assign This Project? (Provide additional justification if necessary.) _____

