

Charlotte County, Florida
Capital Improvement Plan
Adopted October 25, 2016

- I. The Capital Improvement Program (CIP) and the Capital Needs Assessment (CNA) – collectively referred to as the **Capital Improvement Plan** – represent a statement of Charlotte County’s policy regarding long-range physical development for the next five-year and 20-year periods, respectively. The Capital Improvement Plan serves as a planning and implementation tool for the development, acquisition, construction, maintenance and renovation of public facilities, infrastructure and capital equipment.

The initial five-year period of the program is called the **Capital Improvement Program (CIP)**. The CIP forecasts spending for all anticipated capital projects and is considered a link between the County’s Comprehensive Plan and its fiscal planning process. The plan is based on the “physical needs” of the County as identified in the Comprehensive Plan and as prioritized by the CIP Review Committee in alignment with the Board’s strategic goals.

The following 15-year period of the Capital Improvement Plan (i.e. years six through 20) is called the **Capital Needs Assessment (CNA)** which helps identify County capital needs beyond the initial five-year horizon. This assessment plan shall be updated every two years as part of the County’s planning process and helps form the basis for the five-year CIP as projects are brought forward. Projects included in the CNA are not balanced to revenues, but are viewed as potential projects in the planning stage.

In developing the Capital Improvement Program, the County adheres to financial and debt management policies established by the Board. These policies are in place to help preserve the County’s credit rating and establish a framework for the County’s overall fiscal planning and management. Projects are carefully evaluated and prioritized to optimize the use of limited capital funds and meet operational and community needs.

II. Definitions.

- a. A **capital project** is a planned expense for a facility or physical item exceeding \$100,000, having a useful lifespan of 10 years or more (except for technology products) and meeting one or more of the following criterion:
 - i. Involves the acquisition or construction of any physical facility for the community;
 - ii. Involves the acquisition of land or an interest in land for the community;
 - iii. Increases capacity of a public utility or roadway through acquisition or construction;
 - iv. Involves the ongoing acquisition of major equipment or physical systems, i.e. radio systems, computer technology, major specialized vehicles, etc.;
 - v. Involves modifications of facilities, including additions to existing facilities, which increases the square footage, useful life, or value of the facility.
 - vi. Maintenance or replacement of substantial facility.

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Each capital project will have its own page within the CIP.

- b. A capital maintenance or replacement project** is a non-recurring project to repair, maintain or replace existing capital facilities for the purpose of protecting the County's investment in the facility and minimizing future maintenance and replacement costs. Capital maintenance/replacement projects must have expenditure intervals greater than five years, and individual projects may have values below \$100,000.

Capital maintenance or replacement projects will appear in the Capital Improvement Plan but will be approved as a schedule of similar repair/replacement activities.

- c. Information technology purchases** are durable products but typically have a useful life of only three to five years, these purchases are planned in the CIP and have various funding sources.

III. The **CIP Review Committee** will meet during the budget preparation process to validate, review and prioritize projects before taking them to the Board of County Commissioners for approval. The CIP Review Committee is comprised of the department directors and Fiscal Services staff who are involved with capital projects. Also included will be the county administrator, deputy county administrator, budget director, capital projects manager and others as designated by the county administrator.

IV. A ranking and scoring method, as described in table A (attached), will be used by the CIP committee for prioritizing capital projects and recommending allocation of resources.

V. During the biennial budget process, citizens will have an opportunity to express their opinion related to capital projects. Annually, a public hearing will take place to update the CIP ordinance per Florida Statutes Chapter 129.

VI. A six-year cash flow will be completed for the major CIP funding sources including gas taxes, utility funds, capital projects fund, sales tax extension funds, debt service funds and the impact fee fund. Revenues are to be reviewed and the 20-year Capital Needs Assessment (CNA) updated every two years as part of the budget adoption process.

VII. Funds may be accumulated in a reserve for future capital account in accordance with the County's fiscal reserve policy in order to fund future projects. Capital equipment will be replaced according to a replacement schedule based on the useful life of the asset.

VIII. Debt may be issued for any capital or capital maintenance projects as long as the payback period does not exceed the life of the asset and a funding source is identified for the repayment.

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- IX. The 20-year Capital Needs Assessment (CNA) will be updated biennially during the budget adoption process. The first six years of the plan will contain only funded projects. The 20-year plan will be a discussion tool for planning funding mechanisms for future projects. Project sheets for expansionary projects will also include an estimate of ongoing maintenance costs.
- X. Projects will be fully funded in accordance with Chapter 129 of the Florida Statutes.
- XI. Capital maintenance or replacement projects will be included in the CIP. Such projects may include more than one location for the same type of maintenance. The estimated total of all locations will be stated in the CIP project with a breakdown of costs associated with specific locations reported on a separate schedule. This schedule of the locations and estimates will be maintained at the department level. Changes to the budgeted amounts of the various locations within a renewal and replacement project may be made by the department director in charge of the project with the approval of the capital projects manager.
- XII. The CIP Review Committee will meet quarterly to review the progress and financial status of the capital projects. Fiscal Services will supply a quarterly report to the committee and to various project managers showing the project budget, expenses to date, encumbrances and available budget balance. Any changes to a project that are either more than \$100,000 or 5% of the current project total shall be approved by the Board of County Commissioners. Changes below these limits may be approved by the county administrator or their designee.
- XIII. For **Capital maintenance or replacement projects** departments will meet with the capital projects manager on a quarterly basis to review project status and allocation.

Table A

Charlotte County
CIP Prioritization - Scoring Guidelines

| Weight | Ranking Factors | Scoring Values | Summary |
|--------|--|-------------------|---|
| 15 | Regulatory and Compliance Links to County Capital Project Priority: 1, 2 and 3 | 5 High Impact | Addresses immediate regulatory/compliance issues |
| | | 3 Moderate Impact | Addresses secondary standards, impacts < 10 years (if project not completed will result in future regulatory issues) |
| | | 1 Low Impact | Addresses future regulations, long term impacts > 10 years |
| | | 0 No Impact | No regulatory impact |
| 15 | Health, Safety, Environment (risk mitigation) Links to County Capital Project Priority: 1 | 5 High Impact | Mitigates high degree of risk to County, customers, environment. Employee/public safety concerns. Negative environmental impacts |
| | | 3 Moderate Impact | Mitigates moderate degree of risk to County, customers, environment |
| | | 1 Low Impact | Mitigates low degree of risk to County, customers, environment |
| | | 0 No Impact | Mitigates no risk to County, customers, environment |
| 15 | Customer Service Links to County Capital Project Priority: 2 | 5 High Impact | High impact, high number of customers. Low pressure, inadequate fire flow, persistent water quality issues, etc. |
| | | 3 Moderate Impact | High impact, low number of customers |
| | | 1 Low Impact | Low impact, low number of customers |
| | | 0 No Impact | No impact to customers |
| 15 | Capacity and Growth Links to County Capital Project Priority: 5 and 6 | 5 High Impact | Addresses immediate capacity needs within existing service area |
| | | 3 Moderate Impact | Addresses short term capacity needs < 10 years within existing service area |
| | | 1 Low Impact | Addresses long term capacity needs >20 years, expansion outside of service area |
| | | 0 No Impact | Does not address capacity needs |
| 10 | Outside factors (DOT/PW/Community, etc.) Links to County Capital Project Priority: 3 and 4 | 5 High Impact | Project required by outside entity, required relocations |
| | | 3 Moderate Impact | Project in conjunction with outside entity, upsizing or condition based replacement |
| | | 1 Low Impact | Project in conjunction with outside entity, proactive replacement |
| | | 0 No Impact | No outside entity impacted |
| 15 | Financial Impacts Links to County Capital Project Priority: 4 | 5 High Impact | Low impact, low capital cost, low impact to O&M expenses; High economic opportunity, increased revenue. Payback less than 5 years |
| | | 3 Moderate Impact | Medium impact, moderate economic opportunity |
| | | 1 Low Impact | High impact, high capital cost, increased O&M cost; low economic opportunity, low impact on revenue. Payback greater than 10 years. |
| | | 0 No Impact | No payback expected |
| 15 | Reliability/Risk/Consequence Links to County Capital Project Priority: 2 and 4 | 5 High Impact | High impact, high number of customers. Single source of supply, single main feed, insufficient storage, emergency power, etc. |
| | | 3 Moderate Impact | High impact, low number of customers |
| | | 1 Low Impact | Low impact, low number of customers |
| | | 0 No Impact | No impact to customers |

| Charlotte County Capital Project Priority |
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| 1. Clear and present danger to the public health and safety |
| 2. Level of Service standards are achieved and maintained |
| 3. Mandated by law, court order or negotiated or mediated settlement |
| 4. Essential to maintain the County's investment in existing facilities and infrastructure |
| 5. Expand the capacity to serve new development where the expansion is part of a comprehensive expansion of services and |
| 6. Single facility expansion project serving new development |