

Charlotte County, Florida

Capital Improvement Plan

- 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 6-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 6-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 14-year period of the Capital Improvement Plan (i.e. years 7 through 20) is called the **Capital Needs Assessment (CNA)** which helps identify County capital needs beyond the initial 6-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 6-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.

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

Charlotte County, Florida Capital Improvement Plan

- 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 Program 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. Technology replacement or maintenance with a useful life of up to five years shall be approved as a schedule of similar activities.

III. Departments will review projects from the Capital Needs Assessment for advancement to the CIP. Departments will rank the projects with their internal ranking methodology and submit to the CIP Review Committee for prioritization. An internal ranking methodology shall also be used for prioritizing utility enterprise funded capital projects. Ranking of the enterprise funded capital projects will be conducted by Utilities prior to Board review.

IV. The **CIP Review Committee** will meet during the budget preparation process to validate, review and prioritize submitted projects based on county needs, strategic focus areas, and available funding resources. The CIP Review Committee will recommend the ranking and allocation of resources to the Board of County Commissioners for final 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. The Board of County Commissioners will act as the de facto CIP Review Committee fulfilling the policy function for capital projects relating to Charlotte County Utilities. The utility will rank and prioritize their enterprise funded capital projects separately from other funded projects for final Board approval.

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 Capital Needs Assessment (CNA) updated every two years as part of the budget adoption process.

Charlotte County, Florida Capital Improvement Plan

- 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.
- IX. The Capital Needs Assessment (CNA) will be updated biennially during the budget adoption process. The first 6-years of the plan will contain only funded projects within the Capital Improvement Program. The following 14-years (i.e. years 7 through 20) within the Capital Needs Assessment shall incorporate a cost inflation factor based on the industry standard for the project type, including but not limited to indices such as Construction Cost Index and Producer Price Index for Highway and Street Construction. 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 and operational costs including personnel and equipment.
- 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. For Community Services, the capital maintenance schedule also serves as the funding source for programmatic amenity repair, replacement, and for amenity expansion to implement the County-wide Parks and Recreation Master Plan.
- XII. A review of the progress and financial status of the capital projects, including capital maintenance or replacement projects, shall be performed quarterly with the capital projects manager, department directors, project managers and Fiscal Services staff who are involved with capital projects. Fiscal Services will supply a quarterly report showing the project budget, expenses to date, encumbrances and available budget balance.
- XIII. Any change or modification to a construction contract within the CIP shall be authorized in accordance with the Charlotte County Purchasing Manual and may be approved either by the Board of County Commissioners, or by the County Administrator or his/her designee, based on the criteria outlined within the manual. Changes or modifications below the administrative approval may be brought to the attention of the Board as circumstances dictate. A change to the overall total of the capital project shall require a revision to the project page and approval by the Board of County Commissioners.