



## **CAPITAL IMPROVEMENTS**

1. A five-year Capital Improvement Plan will be developed and updated annually, including anticipated funding sources, as a part of the budget process. Capital improvement projects are defined as noted in ACA 26-75-203.
2. The capital improvement plan will include, in addition to current operating maintenance expenditures, an adequate level of funding for maintenance and replacement to ensure that all capital facilities and equipment are properly maintained.
3. Proposed capital projects will be reviewed by a cross-departmental team for accurate costing (design, capital, and operating), congruence with City objectives and prioritized by a set of deterministic criteria. Financing sources will be sought for the highest-ranking projects.
4. Capital improvement operating budget impacts will be coordinated with the development of the annual operating budget. Future operating, maintenance, and replacements costs will be forecast as part of the City's five-year financial forecast.
5. The City will finance its Capital Improvement Program with 50% of City Sales Tax revenue in accordance with Ordinance ORD-00:1021. Funding may come from undesignated fund balance reserves or any other acceptable means of funding allowed by state law.
6. The capital improvement activity will be accounted for in the Capital Improvement Fund and said funds shall be kept in a separate bank account from General Fund monies. A 15% reserve will be maintained in Capital Improvements fund per Res#03:705. However, the reserve percentage may be revised annually as needed based upon fluctuations in revenues.