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## **CAPITAL IMPROVEMENT AND EQUIPMENT REPLACEMENT POLICY**

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The City shall coordinate the development of the Capital Improvement Program with the priorities established through the City's strategic planning processes, including *Vision 2013: Building a Bright Future* and the Comprehensive Plan's Capital Improvement element. Future operating expenditures and revenues associated with new capital improvements will be projected and included in the annual three year budget as set forth in the Budget Administration Policy, with the City Manager's guidance.

### ***Capital Improvement Plan***

On an annual basis as well as periodically throughout the year, City staff will analyze the total capital improvement needs of the City for no less than three fiscal years forward and rank those projects on the basis of an established ranking system.

The schedule for major capital maintenance and replacement will be applied based on maintaining a high level of service and lowest possible lifecycle cost. Annual assessments of infrastructure condition will be made to adjust the capital plan to achieve these goals. The Capital Improvement Plan will be scheduled based on established revenue sources, including one-time grants, and the issuance of debt.

### ***Equipment Replacement Fund***

Also on an annual basis as well as periodically throughout the year, City staff will analyze the Equipment Replacement Fund (ERF) related to the rolling stock and large capital needs of the City for no less than one complete replacement cycle or approximately fifteen years. This system will be maintained by the Public Works Department and overseen by the Director of Public Works.

Funding has been established on a pay-as-you-go basis but borrowing to pay for one-time large capital is allowable if and when the need arises. The Capital Improvement Plan funds the ERF at a level that is sufficient to pay for all rolling stock and capital at its scheduled replacement time.