City of Rapid City
Capital Improvement Plan Policy

Purpose

The purpose of the Capital Improvement Plan is to systematically identify, plan, schedule, finance, track and monitor capital projects to ensure cost-effectiveness as well as conformance to established policies.

The performance and continued use of capital infrastructure is essential to delivering public services. Deferring essential maintenance and/or asset replacement can negatively impact service delivery and increase long term costs. As such, the city will periodically assess the condition of assets and infrastructure and appropriately plan for required major maintenance and replacement needs. Efforts will be made to allocate sufficient funds in the multi-year capital plan and operating budgets for condition assessment, preventative and major maintenance, and repair and replacement of critical infrastructure assets. ***All routine, non-major maintenance and repair shall be funded through operating budgets and not through the Capital Improvement Plan.***

The city's objective is to incorporate "Pay-As-You-Go" funding (using available cash resources) in the annual Capital Improvement Program. This will supplement funding from other sources such as STP (Surface Transportation Program) funds and grants.

Definition

Capital improvements consist of capital acquisitions with a life expectancy greater than one year including, but not limited to, land, buildings and infrastructure improvements. Capital improvements shall be in compliance with the following to be considered for funding:

- Land – greater than or equal to $50,000 on an individual lot/parcel basis
- Buildings – greater than or equal to $50,000 on an individual basis
- Infrastructure Improvements – greater than or equal to $50,000 on an individual basis
- Machinery and Equipment, including software – greater than or equal to $250,000 on an individual basis

Process

In March of each year, all departments/divisions requesting Capital Improvements Account funding shall submit a 5-year plan for proposed capital improvement projects. For needs requested in the next budgeting cycle, the Capital Improvements Committee requests that the following information be provided: project type and description; estimated costs, to include design, land or right-of-way acquisition, appraisals, construction, construction management, furnishings; funding sources; estimated annual O&M costs; and estimated timetable for completion.

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The City Finance Officer will annually submit a financially balanced, five-year Capital Improvement Plan for review by the CIP Committee. The Capital Improvement Program will incorporate a methodology to determine a general sense of project priority according to community needs. For Public Works Infrastructure projects, the primary focus will be based on rehabilitation, joint projects with utilities and in-fill development. For all other projects, the primary focus will be based on public health and safety, maintenance and rehabilitation.

The Capital Improvements Committee shall consider all requests for capital improvements, develop recommendations for the annual capital budget and the 5-year capital improvement plan and present this to the Mayor for inclusion in the budget. The first year of the adopted capital plan will be the capital budget for that fiscal year.

The final capital improvements plan, as recommended by the Capital Improvements Committee shall be forwarded to the City Council for final approval. No project may be undertaken until such time as the Common Council has approved the capital improvements plan or an amendment to the plan addressing that project. The Common Council shall approve the request to advertise for bids and the bids shall be awarded by the Common Council in accordance with all appropriate bid procedures.

Staff will monitor projects in progress to ensure their timely completion or the adjustment of the Capital Improvement Program as approved by Council if a project is delayed or deferred. Status reports will be presented to CIP Committee and forwarded to the City Council to share project progress and identify significant issues associated with a project, if any. The Capital Improvement Committee has the authority to reprioritize projects within a budgeted line item.

The Capital Improvement Program will be updated annually as a multi-departmental effort.

Funding Allocations

Beginning with calendar year 2018, the funding allocation for capital improvement projects shall be as follows:

- Public Works Infrastructure – 60% of projected sales tax revenue
- Parks & Recreation – 6% of projected sales tax revenue
- Government Facilities – 6% of projected sales tax revenue
- Information Technology – 1% of projected sales tax revenue
- Fire Vehicles – 3% of projected sales tax revenue
- Interdepartmental Charges – 9% of projected sales tax revenues
- Debt Service – approximately 14% of projected sales tax revenues (based on actual)
- Detox Facility – approximately 2% of projected sales tax revenues (actual is $300,000 with final payment made in 2018)

In calendar year 2019, the funding allocation for capital improvement projects shall be as follows:

- Public Works Infrastructure – 62% of projected sales tax revenue

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- Parks & Recreation Projects – 6% of projected sales tax revenue
- Government Facilities Projects – 6% of projected sales tax revenue
- Information Technology Projects – 1% of projected sales tax revenue
- Fire Vehicles – 3% of projected sales tax revenue
- Interdepartmental Charges – 9% of projected sales tax revenues
- Debt Service – approximately 14% of projected sales tax revenues (based on actual)

Beginning in calendar year 2020 and thereafter, the funding allocation for capital improvement projects shall be as established for 2019 with the exception of Public Works Infrastructure, which shall be increased as the debt service has been satisfied.

The Capital Improvements Account will maintain a $1,000,000 cash reserve as part of each 5-year plan.

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