

# CIP Process and Criteria

The Capital Improvement Programming and budgeting process, practiced by the City of Cedar Rapids, is summarized below.

Each operating department is asked to prepare its capital project requests and justification with priority ranking, cost estimates, information on the projected effects on the operating budget, and proposed multi-year scheduling. The lists of capital project requests are submitted to the City Manager for review. Included as part of the Capital Improvements Program (CIP) is a group of small capital improvements projects that are combined into a miscellaneous project request.

The City Manager schedules meetings with the individual departments to review the capital projects. The capital improvement projects that best fit the needs of the City, is of sufficient priority and meets the financial goals of the City, become part of the five year Proposed Capital Improvement Program (CIP) Budget. At a public meeting, the Proposed Capital Improvement Budget is submitted to the citizens of Cedar Rapids for review and comment.

After consideration of the citizens comments, a resolution is passed adopting the five year Capital Improvement Program (CIP) Budget. Funding identified in the first year of the five year CIP is included as part of the City's Operating and Capital Budget.

## Criteria for Miscellaneous Category Expenditures

1. Must meet definition of capital project or capital improvement as described in this document.
2. Must be a minimum of \$5,000.

3. Must not exceed a maximum of \$25,000 for any one project.
4. Must have a minimum life of ten years.
5. Must not be a reoccurring operating cost.
6. Must not conflict with Financial Management Policies for Capital Improvement Budget, Debt Management, and Reserve Policies as adopted by the City Council.

The City Council realizes that this is just a plan and as such should be subject to changes. In order to have a systematic control of these changes, the City Council adopted the following criteria for deviations from the CIP.

## Criteria for Deviations from CIP

1. Any additions totaling \$25,000 for any one project or if funds have not been budgeted within the miscellaneous category require formal Council approval.
2. Additions must meet definitions of Capital Project or Capital Improvement as described in the document.
3. Funding source must be identified for each addition.
4. Any deletion from CIP requires formal Council approval.

The City annually budgets for its capital projects so deviations from the CIP could be subject to budget amendment procedures depending on their timing, purpose and amount.

# Financial Management Policies

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Specific Objective:

To provide future generations the ability to construct facilities through borrowed capital without imposing a severe financial burden.

*Policy Statements:*

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1. The City will annually budget for all of its capital improvements.
2. The City will annually adopt a five-year capital improvement project plan.
3. The City will determine the least costly financing method for all new projects.
4. Any capital project financed through the issuance of debt will be programmed so as to be paid off completely within the expended useful life of the project.
5. The City will utilize intergovernmental contributions, when available, to finance capital improvements that are consistent with the City's plans and priorities.
6. Prior to undertaking a capital project, a projection of the ongoing operations and maintenance costs will be analyzed in relation to operating budget forecasts.
7. Pay as you go financing of capital improvements will be utilized where feasible. Enterprise funds should develop reserves to pay for new capital improvements.
8. Total general obligation debt will not exceed five percent of the City's actual assessed value as required by Iowa law.
9. The City will maintain a CIP Mini Fund at a minimum level of \$1,000,000 from which the investment earnings will be allocated annually to fund capital improvement projects as determined by the City Council. Additional funding may be available on an annual basis as a result of the Targeted Fund Balance process.
10. Where possible and when financially prudent, the City will use special assessment and revenue bonds instead of general obligation bonds.
11. General obligation debt will be issued and abated by non-property tax revenue in those instances where debt capacity is available and it is financially advantageous to the City.
12. The City will maintain effective communications with bond rating agencies concerning its financial condition. The City will follow a policy of full disclosure on its financial reports and bond prospectus.

# CIP Definitions

***Capital Budgeting*** - Process of determining which public improvements listed in the CIP are to be funded and their method of funding.

***Capital Equipment*** - Expenditure for capital items of a less than permanent nature and normally, a lower cost than capital improvement.

***Capital Improvement*** - Expenditure for the construction, purchase, or major renovation of physical structures.

***Capital Improvements Programming*** - Selection and scheduling of improvements usually over a multi-year period.

***Capital Outlay*** - Expenditure made to purchase a physical asset that is expected to have a useful life of at least more than two years.

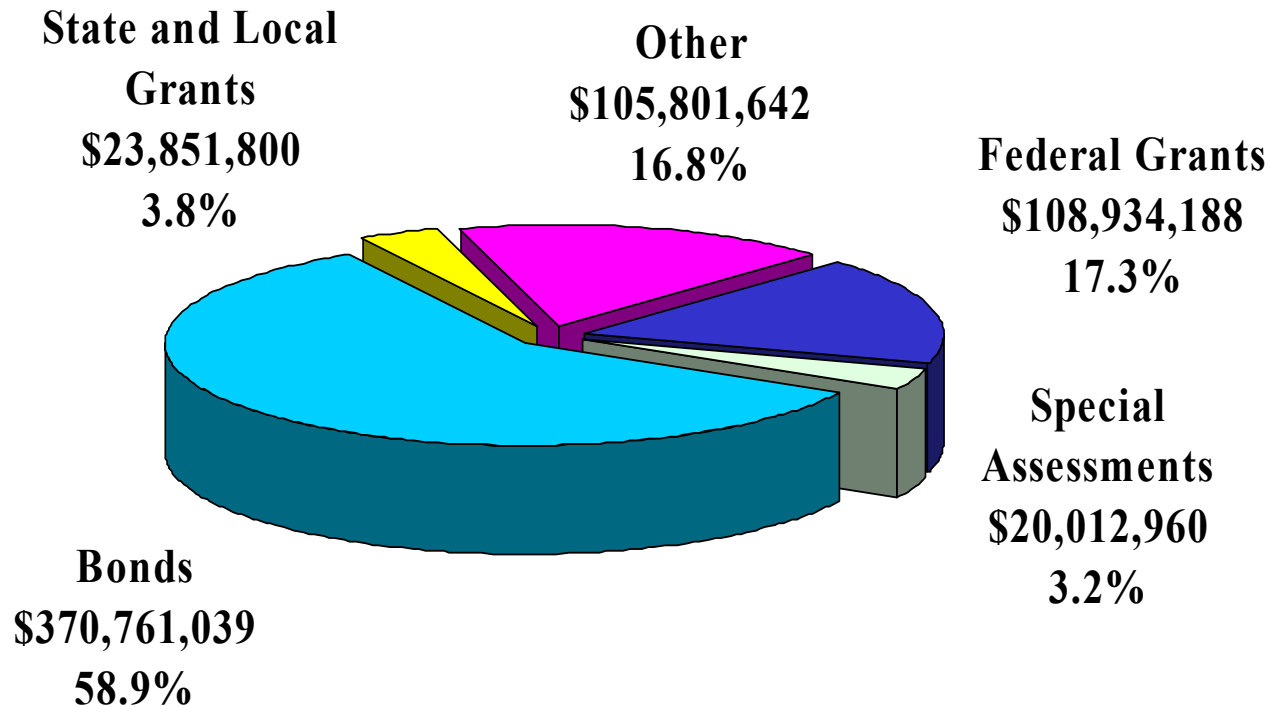
***Operating Expenditures*** - Expenses presumed to benefit the current fiscal period.

# CIP At A Glance

- Total five-year CIP will approximate \$629.4 million.
- FY07 improvements will approximate \$83 million.
- Long Term Debt will finance 59% of the total.
- Federal, State, and Local Grants will finance 21% of the projects.
- Major projects for FY07 include Street improvements, improvements to the airport, continuing Water system improvements, and Sanitary Sewer improvements. Only the Street improvements are tax supported.

# CIP Revenues by Source, FY07

Budget is \$629,361,629 (Five Year Program)



# CIP Revenues by Source

Totals for Five Year Program

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal Grants	\$108,934,188	17.3%
State and Local Grants	23,851,800	3.8%
New Borrowings (Bonds)	370,761,039	58.9%
Special Assessments & Fees	20,012,960	3.2%
Contributions and Donations	45,846,708	7.3%
Miscellaneous	1,569,000	0.2%
Transfers In	34,848,412	5.5%
Fund Balance	23,537,522	3.7%
Totals	<u><u>\$629,361,629</u></u>	<u><u>100.0%</u></u>

# CIP Revenues Source

## Five-year Plan by Fiscal Year

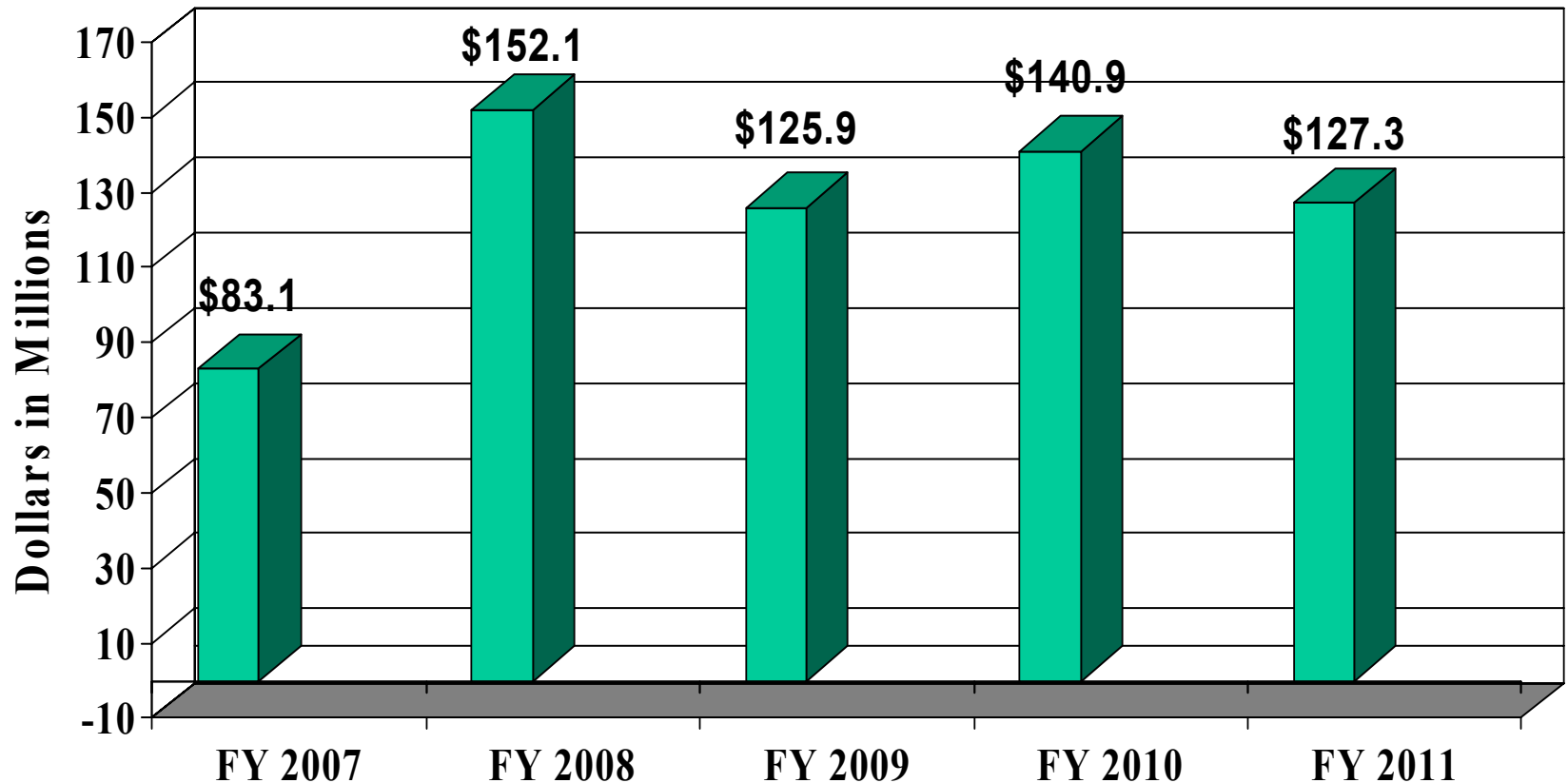
Revenue Source	Total	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Federal Grants	\$ 108,934,188	\$ 20,695,391	\$ 20,588,890	\$ 21,605,112	\$ 27,068,800	\$ 18,975,995
State and Local Grants	23,851,800	3,609,000	4,462,000	6,781,800	5,230,640	3,768,360
New Borrowings (Bonds)	370,761,039	20,815,000	100,370,411	70,552,100	87,733,978	91,289,550
Special Assessments & Fees	20,012,960	885,500	7,445,340	6,326,720	3,160,000	2,195,400
Contributions & Donations	45,846,708	5,234,023	6,286,662	18,442,273	11,308,750	4,575,000
Other Revenues	1,569,000	(511,000)	185,000	185,000	1,585,000	125,000
Transfers - In	34,848,412	9,264,300	13,421,868	3,277,189	3,988,000	4,897,055
Fund Balance	23,537,522	23,090,243	(661,491)	(1,187,364)	838,806	1,457,328
<b>Totals</b>	<b>\$ 629,361,629</b>	<b>\$ 83,082,457</b>	<b>\$ 152,098,680</b>	<b>\$ 125,982,830</b>	<b>\$ 140,913,974</b>	<b>\$ 127,283,688</b>

**Business Unit: City of Cedar Rapids**  
**Adopted Budget FY 2007**  
**Revenues**  
**Summary of Capital Projects by fund**  
**June 30, 2007**

Fund	Description	Total Revenue	FY 2007 Adopted Budget Revenue	FY 2008 Department Request Budget Revenue	FY 2009 Department Request Budget Revenue	FY 2010 Department Request Budget Revenue	FY 2011 Department Request Budget Revenue
055	PWF - Construction	(3,517,800)	(325,400)	(545,000)	(672,400)	(1,815,000)	(160,000)
301	Street Construction	(200,003,178)	(11,442,680)	(47,109,720)	(35,034,600)	(56,282,028)	(50,134,150)
304	Storm Sewer Construction	(25,895,460)	(2,549,820)	(5,617,820)	(3,260,820)	(4,695,000)	(9,772,000)
305	Bridge Construction	(22,667,000)	(3,290,000)	(3,277,000)	(6,680,000)	(6,620,000)	(2,800,000)
306	Traffic Construction	(7,345,000)	(887,000)	(2,459,000)	(1,717,000)	(1,297,000)	(985,000)
307	Park Improvements	(4,930,500)	(245,000)	(1,645,500)	(1,255,000)	(1,285,000)	(500,000)
308	Fire Improvements	(6,750,975)	-	(5,333,975)	(500,000)	(500,000)	(417,000)
309	Forestry Improvements	(132,000)	-	(33,000)	(33,000)	(33,000)	(33,000)
310	Police Improvements	(8,800)	-	(8,800)	-	-	-
311	Recreation Improvements	(4,477,350)	-	(2,336,350)	(391,000)	(197,000)	(1,553,000)
312	Riverfront Improvements	(70,000)	-	(25,000)	(25,000)	(20,000)	-
313	Ushers Ferry Improvements	(85,000)	-	(20,000)	(33,000)	(15,000)	(17,000)
315	Veterans Memorial Bldg Improv	(4,036,000)	(21,000)	(300,000)	(335,000)	(380,000)	(3,000,000)
316	Public Library Improvements	(293,200)	-	(247,000)	(46,200)	-	-
317	Animal Control Improvements	(132,600)	-	(113,550)	(11,550)	(3,750)	(3,750)
321	Downtown Improvements	(7,385,000)	(2,484,000)	(1,351,000)	(1,750,000)	(1,800,000)	-
325	Trail Improvements	(15,290,000)	(145,000)	(6,345,000)	(1,900,000)	(2,500,000)	(4,400,000)
326	Urban Renewal	(200,000)	(200,000)	-	-	-	-
353	Miscellaneous Construction	(52,667,980)	(5,965,114)	(10,007,752)	(24,185,364)	(11,509,750)	(1,000,000)
515	Airport Construction	(59,085,155)	(14,626,700)	(15,911,955)	(13,266,400)	(8,485,640)	(6,794,460)
535	US Cellular Center Constr	(1,974,213)	-	(1,874,213)	(50,000)	(50,000)	-
555	Ice Arena - Construction	(509,000)	-	(507,000)	-	(2,000)	-
615	WPC - Construction	(48,450,000)	(6,125,000)	(6,425,000)	(5,325,000)	(17,075,000)	(13,500,000)
625	Water - Construction	(71,386,000)	(176,000)	(21,565,000)	(17,530,000)	(14,015,000)	(18,100,000)
635	Parking - Construction	(13,512,396)	(5,499,500)	(5,560,036)	(828,860)	(697,000)	(927,000)
655	Sanitary Sewer - Construction	(50,966,500)	(4,840,000)	(12,561,500)	(12,340,000)	(9,795,000)	(11,430,000)
665	Five Seasons Trans - Const	(1,750,000)	(1,170,000)	(580,000)	-	-	-
695	Golf - Construction	(2,303,000)	-	(1,000,000)	-	(1,003,000)	(300,000)
	CIP Combined	<u>(605,824,107)</u>	<u>(59,992,214)</u>	<u>(152,760,171)</u>	<u>(127,170,194)</u>	<u>(140,075,168)</u>	<u>(125,826,360)</u>

# CIP Expenditures by Fiscal Year

Five-year Program Total, \$629,361,629



# CIP Costs by Project Area

Totals of Five-year Program

<b>Project Area</b>	<b>Amount</b>
Street Construction	\$ 203,576,808
Water Treatment Facility	86,155,000
The Eastern Iowa Airport Construction	59,085,155
Other Construction	53,074,530
Sanitary Sewers	50,978,500
Water Pollution Control Facility	48,450,000
Storm Sewer Construction	26,290,168
Bridge Construction	22,667,000
Parks, Forestry, Trails, & Riverfront	21,537,093
Five Seasons Transportation and Parking	15,272,396
Recreation, Ushers Ferry, Aquatics, & Golf	8,662,665
Fire, Police, Aviation & Animal Control Improvements	7,836,956
Downtown Development	7,615,898
Traffic Construction	7,413,648
Veterans Memorial Improvements	4,170,000
Public Works	3,682,599
U.S. Cellular Center and Ice Arena	2,518,213
Urban Renewal	375,000
<b>Totals</b>	<b>\$ 629,361,629</b>

**Business Unit: City of Cedar Rapids**  
**Adopted Budget FY 2007**  
**Expenditures**  
**Summary of Capital Projects by fund**  
**June 30, 2007**

Fund	Description	Total Expenditures	FY 2007 Adopted Budget Expenditures	FY 2008 Department Request Budget Expenditures	FY 2009 Department Request Budget Expenditures	FY 2010 Department Request Budget Expenditures	FY 2011 Department Request Budget Expenditures
055	PWF - Construction	3,682,599	462,454	545,000	672,400	1,842,745	160,000
301	Street Construction	203,576,808	15,999,741	47,118,510	32,688,908	57,434,406	50,335,242
304	Storm Sewer Construction	26,290,168	2,649,820	5,617,897	3,460,820	4,774,683	9,786,948
305	Bridge Construction	22,667,000	3,290,000	3,277,000	6,680,000	6,620,000	2,800,000
306	Traffic Construction	7,413,648	991,000	2,423,648	1,717,000	1,297,000	985,000
307	Park Improvements	5,591,500	766,000	1,785,500	1,255,000	1,285,000	500,000
308	Fire Improvements	7,200,975	450,000	5,333,975	500,000	500,000	417,000
309	Forestry Improvements	165,000	33,000	33,000	33,000	33,000	33,000
310	Police Improvements	8,800	-	8,800	-	-	-
311	Recreation Improvements	4,511,150	33,800	2,336,350	391,000	197,000	1,553,000
312	Riverfront Improvements	87,600	10,000	25,000	25,000	20,000	7,600
313	Ushers Ferry Improvements	87,500	2,500	20,000	33,000	15,000	17,000
315	Veterans Memorial Bldg Improv	4,170,000	155,000	300,000	335,000	380,000	3,000,000
316	Public Library Improvements	310,200	17,000	247,000	46,200	-	-
317	Animal Control Improvements	132,600	-	113,550	11,550	3,750	3,750
320	Aviation Improvements	494,581	494,581	-	-	-	-
321	Downtown Improvements	7,615,898	2,714,898	1,351,000	1,750,000	1,800,000	-
324	Aquatic Improvements	1,115,687	280,000	-	37,500	64,500	733,687
325	Trail Improvements	15,692,993	148,000	6,344,993	2,300,000	2,500,000	4,400,000
326	Urban Renewal	375,000	375,000	-	-	-	-
351	FMIS Improvements	70,100	70,100	-	-	-	-
353	Miscellaneous Construction	53,258,230	6,755,363	9,807,753	24,185,364	11,509,750	1,000,000
515	Airport Construction	59,085,155	14,626,700	15,911,955	13,266,400	8,485,640	6,794,460
535	US Cellular Center Constr	1,974,213	-	1,874,213	50,000	50,000	-
555	Ice Arena - Construction	544,000	35,000	507,000	-	2,000	-
615	WPC - Construction	48,450,000	6,125,000	6,425,000	5,325,000	17,075,000	13,500,000
625	Water - Construction	86,155,000	14,945,000	21,565,000	17,530,000	14,015,000	18,100,000
635	Parking - Construction	13,522,396	5,509,500	5,560,036	828,860	697,000	927,000
655	Sanitary Sewer - Construction	50,978,500	4,952,000	12,461,500	12,340,000	9,795,000	11,430,000
665	Five Seasons Trans - Const	1,750,000	1,170,000	580,000	-	-	-
695	Golf - Construction	2,384,328	21,000	525,000	520,828	517,500	800,000
	CIP Combined	<u>629,361,629</u>	<u>83,082,457</u>	<u>152,098,680</u>	<u>125,982,830</u>	<u>140,913,974</u>	<u>127,283,688</u>