

Buncombe County Capital Improvement Policy

Original Effective Date: 06-18-96

Dates of Revision: **11-10-17 DRAFT**

Purpose

The Capital Improvement Policy defines capital projects and establishes the process for adopting and amending the County's five-year Capital Improvement Plan (CIP). The scope of this policy includes all capital projects accounted for in Buncombe County's existing fund structure.

Buncombe County recognizes that a capital improvement policy used in combination with a CIP can help to effectively plan and organize capital expenditures and associated operating cost when they are put into operation, as well as:

- Strengthen a government's borrowing position by demonstrating sound fiscal management and showing commitment to maximizing public benefit within resource constraints;
- Assure sustainability of infrastructure by establishing a process for addressing maintenance and replacement; and
- Recognize interrelationships among projects to maximize resources and avoid duplication.

Both the Government Finance Officers Association (GFOA) and North Carolina Local Government Commission (NCLGC) strongly encourage the development of capital planning policies and capital improvement programs.

Definitions

A capital project is defined as construction, renovation or demolition project, or acquisition of land or other assets, valued in excess of \$25,000, and with a useful life of at least five years. This includes significant capital maintenance projects and information technology projects. Improvements to or expansions of existing assets must increase appraised value or add to life expectancy to qualify as a capital project.

The Buncombe County Capital Improvement Plan (CIP) is a long-range plan for analysis and approval of proposed capital improvement projects, which includes estimated project costs and funding sources that the County expects to carry out over a five-year period.

CIP Process

Capital projects requiring new funding should be identified and approved as part of the CIP. The Board of Commissioners may choose to approve a non-CIP project due to urgency or receipt of restricted funds.

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The CIP will be updated annually for the purpose of reassessing capital needs. A timeframe will be identified in the annual budget calendar for departments to submit new CIP projects and update existing CIP projects.

The requesting department or agency will provide the following information when requesting consideration of a new capital project:

- Project Title
- Project Manager
- Project Description and Scope
- Justification
- Stakeholder Impact
- Project Activities, Timeline, and Estimated Costs
- Funding Estimates and Sources of Funding
- Operating Budget Impacts

All capital project requests will be reviewed, analyzed, and presented to the County Senior Leadership Team to develop and update the County's five-year CIP. Prioritization of projects will be based on the alignment with one or more of the following criteria and any additional factors deemed appropriate by the Senior Leadership Team:

- **Critical:** Project results in prevention or correction of a significant potential health, environmental, or public safety hazard
- **Mandatory:** Project is mandated by State and/or Federal Law or Regulation
- **Strategic:** Project aligns with strategic initiatives of the Board of Commissioners
- **State of Good Repair:** Project maintains the integrity of current capital assets
- **Cost Savings:** Project produces a positive impact on the operating budget or County operations
- **Expansion:** Project expands the County's service delivery through investment in facilities, infrastructure, or new technology

Fiscal capacity will be considered so that the final CIP is based on what can realistically be funded. Projects not funded by a dedicated revenue source will be reviewed and classified as either Pay-Go or Debt-Funded projects. Pay-Go financing uses current resources, such as current tax dollars or accumulated reserves to fund a project. This determination will be made in accordance with the County's debt policy and will consider operating budget projections, available fund balance, and other financial policies and plans. The related debt service impact and financial implications for each classification will be identified.

CIP Adoption

The five-year CIP will be presented to the Board of Commissioners for consideration along with the County's annual operating budget. The first year of the Capital Improvement Plan will be approved in conjunction with the adoption of the annual Budget Ordinance. CIP approval by the Board of Commissioners establishes commitment to the first year capital projects and indicates conditional approval for those projects listed in future planning years.

The County shall appropriate all funds for capital projects with a Project Ordinance in

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accordance with the North Carolina Local Government Budget and Fiscal Control Act. A capital project will not begin until a balanced Project Ordinance is adopted.

Once adopted, a capital project may not be amended without Board approval.

Once an adopted capital project is complete, any remaining funds cannot be reallocated without Board approval. Remaining funds from Debt-Funded projects are subject to limitations set forth in the debt agreement.

Administration and Implementation

The Senior Leadership Team, including the County Manager, Budget Director, and Chief Financial Officer are charged with carrying out the policy.

A Capital Project Review Team will convene annually to evaluate project requests and assist in presentation of requests to the Senior Leadership Team. This team will consist of Budget Analyst(s), Performance Management Analyst(s), General Services Director or designee, Information Technology Director or designee, Chief Financial Officer or designee, and any other relevant project stakeholder(s).

The Budget department will provide support for the CIP process, publish the annual budget calendar, maintain CIP documentation, prepare Project Ordinance information, and be a resource for capital project stakeholders as needed.

Project Managers are responsible for monitoring the status of their capital projects as well as identifying and communicating any changes in project status, scope, or cost to their Senior Leadership Team representative.