

# **PROJECTS BEYOND 2016**

# APPENDIX

## **COMMUNITY INVESTMENT PLAN**

### **PROJECT PRIORITY EVALUATION MATRIX**

Establishing project priority is important when the amount of capital demands exceed the amount of capital resources available. This matrix system was used to help determine projects rank and establish priority for funding. Staff reviewed possible options for establishing priorities and then use the matrix to rank projects as either Level 1 (highest), Level 2 or Level 3 (lowest) priority.

The initial measure or the project's priority is first establishing using the following factors:

#### **HIGH**

- Project may be mandated by local, State or Federal regulations
- Project is a high priority of the City Council
- Project reduces losses in revenue or provides for increased revenues

#### **MEDIUM**

- Project maintains existing service levels
- Project results in increased efficiency or improved service delivery
- Project reduces operational costs
- Project improves work force morale

#### **LOW**

- Project is not mandated by law or regulations; no contract or agreement
- Does not impact service levels
- Does not impact service delivery and/or efficiency

Four criteria were included to evaluate all projects against factors established to help separate projects with a greater "Need", like Health, Safety & Welfare issues as compared to new projects that might be more "Desired" than "Needed" based on their impact to the City and its residents. The four criteria are summarized as follows:

HEALTH/SAFETY/WELFARE—Projects/programs that protect the health, safety, and welfare of the citizens of Peoria

MAINTENANCE/REPLACEMENT—Projects/programs that provide for the maintenance of existing systems, equipment, structures, etc. (\*most of the non-discretionary request will be in this category)

EXPANSION OF EXISTING PROJECT/PROGRAMS—Projects/programs which enhance the existing systems, assets, and programs, etc thus allowing for expansion or augmentation of existing services

NEW PROJECTS/PROGRAM—Projects/programs that allow new programs and services

## ***CIP PRIORITY EVALUATION MATRIX***

After each project is rated on the priority criteria and project criteria (*see previous page*), the project is placed on the grid of the matrix shown below:

**Prioritization Matrix**

CRITERIA		PRIORITY		
		HIGH	MEDIUM	LOW
Health/Safety/Welfare	1	Level 1	Level 1	Level 2
Maintenance/Replacement	2	Level 1	Level 2	Level 2
Expansion of Existing Program	3	Level 2	Level 2	Level 3
New Program	4	Level 2	Level 3	Level 3

**Level 1** – projects that have a high priority and included in the health/safety/welfare or maintenance/replacement categories or of medium priority and in the health/safety/welfare criteria.

**Level 3** – projects that have medium priority and are included in the new program criteria or projects in the low priority and in the expansion of an existing program or new program criteria.

All other projects that are in other combinations of priority and project criteria in the matrix are identified as **Level 2** projects.

All projects have been reviewed and scored using the project priority and project criteria ratings as identified in this report. Included in this document is a summary sheet that shows all of the projects and their rank as a **Level 1**, **Level 2** or **Level 3** project.

*The City of Peoria*  
**CAPITAL BUDGET ADMINISTRATIVE POLICY**

The City of Peoria capital financial policies establish the basic framework for the fiscal management of the capital budget and the capital projects within it. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller, and Finance Department in both decision-making processes and the establishment of policies for the Operating Departments implementing the Capital Budget. Current activities and future projects are evaluated on City Council's approved criteria and policies outlined below.

The Community Investment Plan (CIP) is the long-range plan of improvements throughout the City, which adheres to any or, all of the following components: A) the project exceeds \$10,000, B) the project extends more than one fiscal year, and/or C) the project is a non-recurring item too costly for the operating budget. The Operating Departments of the City submit requests annually, which are reviewed by the CIP Committee, which consists of representatives from the various departments within the City. The CIP is prepared as a five year planning document with year one of the CIP serving as that year's capital budget. The capital budget is the yearly appropriation in the Annual Budget addressing the City's capital needs. A capital project is an element of the CIP; it demonstrates one or all of the previously outlined components classifying it as a capital project.

Presently, the City manages seven (7) capital funds. They include the Capital Fund (comprised of public benefit, special assessment, drainage, economic development, and capital equipment projects), CDBG/HOME Fund, Riverfront Development Fund, Road Fund, TIF (Tax Increment Financing) Development Funds, Sewer Fund and Solid Waste/Landfill Fund. Each fund operates under various revenue constraints, which provide the necessary cash flow to fund the various projects (e.g., state and local motor fuel taxes provide the revenue stream to the Road Fund).

The following tenets are underpinnings to this policy:

- 1) **Maintenance of Capital Fund Balance** - It will be the policy to maintain annually a minimum available (i.e., unreserved) Capital Fund balance of \$500,000. This available fund balance shall serve two purposes: 1) cover any unanticipated capital projects which may occur throughout the year and 2) cover any project cost overruns. While this may drop below \$500,000 during the year, it is intended to replenish annually if needed. This balance will cover any shortages incurred by the other five (5) special project funds mentioned above (i.e., CDBG, Riverfront Development, Road, Southtown Development, and Landfill Funds).
- 2) **Inactive Capital Project Review/Reprogramming** - All projects which have either minimally expended funds and/or have not started within two (2) years of being budgeted will be reviewed at the end of the second year. "Minimally expended funds" refers to projects which, when reviewing the cost of the entire project, have expended a proportionally minimal amount in the overall budgeted cost of the project. "Projects not started" refers to projects which have expended zero funds budgeted.

At the time of review, based upon information acquired from the department managing the project, the City Manager and Finance Director/Comptroller shall determine the appropriateness of reprogramming a project's budgeted funds; subsequently, submit a recommendation and progress report to Council. With Council's guidance during budget discussion, the projects shall then be designated as inactive and the funds reprogrammed.

The City Council will have the final approval of projects to be reprogrammed.

- 3) ***Council Notification of Forecasted Capital Project Budget Overages*** - Projects over budget by less than \$10,000 will be adjusted administratively. Forecasted overages in excess of \$10,000 or 10% of original project budget, which ever is the greater, will require City Council action (specifically, when the total project costs exceed the budget by the greater of \$10,000 or 10% of original budget).
- 4) ***Active Projects Status Reporting System*** – Departments managing capital projects shall receive a monthly active projects status report indicating actual percent expended. Projects with expenditures over 90% will be identified and planned final expenditures will be summarized and submitted to the Finance Department. Additionally, Departments managing capital project will submit on a semi-annual basis a status report for each active project to the Finance Department. The status reports submitted to the Finance Department will include any forecasted project overages by the departments. A condensed report will be submitted to the City Council and City Manager subsequently; it will include, but is not limited to, a financial accounting of expenditures to date and a status update on the projects.
- 5) ***Completion of Capital Projects - Closing of Projects*** - Upon completion of capital projects, the Finance Department shall reconcile the project budgets versus actual expenditures. After the reconciliation occurs, the project shall be closed in the computer accounting system. Any funds other than bond proceeds which remain from budgeted projects (i.e., should the project be completed *under* budget) shall be reprogrammed in the available fund balance for future projects. Bond proceeds must be used according to the bond ordinance, which typically requires that the unexpended funds be applied to debt service; the Administration will follow the bond ordinances in reprogramming any remaining balances from completed projects.

The department managing the project shall submit a project summary upon completion to the Finance Department. A summary of completed capital projects shall be submitted to the City Council and City Manager.

**THE CITY OF PEORIA**  
**CAPITAL ASSET CAPITALIZATION POLICY**

The City of Peoria financial policies establish the basic framework for the fiscal management. These policies are intended to assist the City Council, City Manager, Finance Director/Comptroller and Finance Department in both decision-making processes and the establishment of procedures for the operating departments.

A capital asset is defined as land **(including permanent easements and rights-of-way)**, land improvements, buildings, building improvements, vehicles, machinery, equipment **(including internally generated software)**, infrastructure, works of art and historical treasures, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. **Capital assets shall be reported each fiscal year in the City of Peoria's government-wide financial statements.**

It is the policy of the City of Peoria that depreciable capital assets owned by the City, including infrastructure, that equal or exceed \$25,000 **per unit acquisition value, shall be annually depreciated on a straight-line basis according to the following schedule:**

<u>Capital Asset Classification</u>	<u>Useful Life</u>
<b>Personal</b> Computers	<b>3</b> years
<b>Standard</b> Vehicles	5 years
Radios	5 years
<b>Non-Standard</b> Vehicles	<b>7</b> years
Major Equipment	10 years
Sidewalks	<b>15</b> years
<b>Land</b> Improvements	<b>15</b> years
<b>Building Improvements</b>	<b>15</b> years
Roads	<b>20</b> years
Street Lights & Traffic Signals	<b>20</b> years
Buildings	40 years
Sewers	<b>40</b> years
<b>Bridges</b>	<b>40</b> years

For depreciable capital assets, **material** expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas, **non-material** repairs and maintenance are expensed.

**Material** infrastructure additions and improvements, which increase the capacity or efficiency of assets and/or **significantly extend or preserve an infrastructure asset's useful life**, shall be capitalized. **Land is classified as a non-depreciable capital asset.**

This policy is effective for fiscal years **2012** and thereafter until amended.