



CAPITAL IMPROVEMENT PLAN

PURPOSES OF CAPITAL IMPROVEMENT PLANNING

- Ensure the timely and systematic repair and replacement of aging infrastructure.
- To forecast capital needs for the near and long term future to serve as a guide in making budgetary decisions.
- Identify the most economical and efficient means of financing capital improvements.
- Provide an opportunity for public input in the budget and financing process.
- Help to eliminate unanticipated, poorly planned, or unnecessary capital expenditures along with potential increases in tax rates, user fees, etc. to cover the associated expenses.
- Ensure that patterns of growth and development are consistent with the comprehensive plan.
- To strike a balance between desired public improvements and the County's ability to provide financial resources.

What is a CIP?

A capital improvement plan (CIP) is a community planning and fiscal management tool used to coordinate the location, timing, and financing of capital improvements over a multi-year period. Capital improvements are tangible and intangible assets acquired for use in operations that will benefit more than a single fiscal period (normally a useful life of 3-5 years). Typical examples are land, improvements to land, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and various intangible assets. The CIP includes a description of proposed capital improvement projects ranked by priority, a year-by-year schedule of expected project funding, and an estimate of project costs and funding sources. The CIP is a working document and is updated annually to reflect changing community needs, priorities, and funding opportunities.

What is it used for?

Annual Capital Budgeting

Preparation of the CIP and annual budget are closely linked. The first year of the CIP, known as the capital budget, outlines specific projects and appropriates funding for those projects. It is formally adopted in conjunction with the County's annual operating budget. Projects and financing sources outlined for subsequent years are not authorized until incorporated into the annual budget for those years and legally adopted. The out years serve as a guide for future planning and are subject to further review and modification.

Plan Implementation

The CIP is a powerful tool for implementing a community's comprehensive plan, strategic plan, and other planning documents.

The capital improvement plan is used to identify, prioritize, and assign funding to major capital expenditures such as land, buildings, public infrastructure, vehicles, and equipment.

A COMMON PROCESS:

1. *Project Submission* - Local agencies and departments are asked to submit a list of capital improvement projects in order of priority. Project request forms may prompt the applicant to provide a project description and justification, an estimate of initial project costs, ongoing operating and maintenance costs, and recommended funding sources.
2. *Evaluation and Selection* – A CIP team or governing body reviews, prioritizes and selects projects based on specific criteria. Ranking projects based on pre-determined, measurable criteria such as number of residents served, geographic area served, or socioeconomic needs can help ensure that public improvements are strategically located where public needs and priorities are greatest.
3. *Financial Analysis* – Financial data, including historic and projected local government revenues, expenditures and debt service are used to assess the community's ability to pay for proposed projects and to select appropriate financing tools.
4. *Plan Preparation* – The draft CIP includes a list of recommended projects by funding year, project and scheduling details, and financing sources. Detailed maps, photos, graphs, timelines and other illustrations may accompany the plan.
5. *Review and Adoption* - Following public review and revisions, the governing body adopts the CIP and capital budget.

Once approved, projects recommended in the CIP are funded through the annual capital budget. A variety of funding mechanisms may be used to fund individual projects such as property taxes, user fees, impact fees, special assessments, grants or bonds. The presence of a CIP can help a community to achieve other financial goals such as securing a good credit rating (thus lowering borrowing rates), promoting economic development, avoiding unexpected expenditures, and competing more successfully for state or federal funds.

CIP IN TETON COUNTY

See the Teton County CIP Process Outline for detailed information. The general steps are as follows:

1. Individual Office/Agency/Department/Division completion of CIP-related forms
 - a. Master CIP workbook
 - b. A Singular CIP workbook for each capital request in the “Capital Budget” (the first fiscal year of the CIP)
2. Individual Office/Agency/Department/Division submission of CIP-related forms to the County Administration Office
 - a. CIP compilation and distribution by the County Administration Office
3. CIP Review and Adoption by the Board of County Commissioners
4. Capital Budget funding request by individual Office/Agency/Department/Division
5. Capital Budget approval by the Board of County Commissioners

WHAT IS A CAPITAL IMPROVEMENT?

- Capital improvements are tangible and intangible assets acquired for use in operations that will benefit more than a single fiscal period.
- Common examples of capital expenditures include:
 - * Land
 - * Improvements to land
 - * Easements
 - * Water Rights
 - * Buildings
 - * Building improvements
 - * Vehicles
 - * Machinery
 - * Equipment
 - * Infrastructure
 - * Other intangible assets
- **Teton County further defines a Capital Improvement as having a useful life of at least two years, and costing \$5000 or more.** When determining cost of a capital asset, ancillary charges necessary to place the asset in its intended location (e.g., freight charges) and/or to place it in its intended condition for use (e.g., installation and site preparation charges) should be included.
- In Teton County, capital assets that cost less than \$5000 and/or have a useful life of less than two years are considered operational and should be accounted for in the applicable Department / Division budget.