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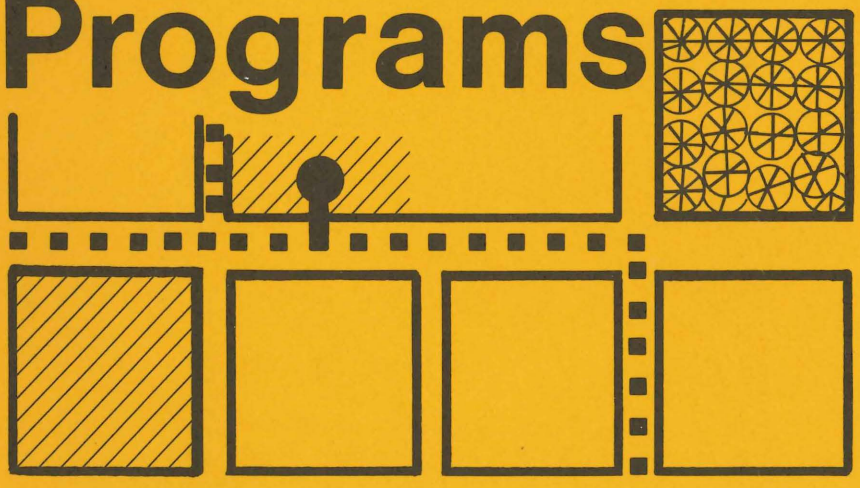
Capital Improvement Programs



A Guide For Minnesota Communities

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INTRODUCTION

Communities today are faced with the difficult task of allocating limited resources among a seemingly unlimited number of demands and needs for public services. In many instances, local officials must determine the merits of one project over another without benefit of sufficient information, or without time for adequate evaluation. This situation may result in misjudgment, and may further limit the community's ability to act precisely when the next major budget allocation decision is needed. One method available to local units of government to help manage and systematize the budget allocation process is a Capital Improvement Program.

A "Capital Improvement" may be defined as a major expenditure of public funds, beyond maintenance and operating costs, for the acquisition or construction of a needed physical facility. Salaries, supplies, and other overhead expenditures are considered maintenance and operating costs and are provided for in the annual budgetary process. Improvements or acquisitions of a permanent nature representing a long term investment such as those listed below may be considered Capital Improvements:

Municipal Buildings
Fire and Police Stations
Libraries
Park Acquisition and Development
Utility Construction and Waste Treatment Plants
Refuse Disposal Sites and Major Equipment
Road Construction and Parking Facilities
Joint School and Community Development Projects
Airports and Harbors
Hospitals
Fire Fighting Equipment

A Capital Improvement Program is simply a method of planning for these types of improvements and scheduling the expenditures over a period of several years in order to maximize the use of public funds. In other words, it is a means of coordinating a physical development plan with a financial plan. A Capital Improvement Program may cover a period of from four to ten years, but generally a six year term is considered adequate by most public administrators. Each year the Capital Improvement Program should be updated and extended one year to compensate for the year expired. In this way, a Capital Improvement Program is a current document that is kept responsive to the area's changing conditions and needs.

Why Undertake a Capital Improvement Program?

Carefully planned and prepared, a Capital Improvement Program will enable a community to realize a number of benefits. For example:

— Major improvements can be anticipated in advance rather than overlookd until critically needed. Thus, large expenditures can be budgeted over a period of several years.

— Specific community development projects contained in the comprehensive community plan stand a better chance of being implemented if they are included in the Capital Improvement Program.

— It enables the local officials to focus their attention on the needs of the entire community and to put into perspective pressures from special interest groups and proponents of special projects.

— It enables a community to take a long-range view of needed improvements and determine responsibilities for future development.

— Projects can be scheduled within a community's anticipated ability to finance, and time is available to determine merits of various sources of revenue.

— Capital programming permits better coordination between municipal departments, and facilities coordination with other government agencies.

— Capital programming improves local ability to use state and federal grant-in-aid programs. Applications can be timed to fit the development schedule.

How Does a Capital Improvement Program Relate to the Community's General Financial and Planning Program?

Before a capital improvement program is adopted, it is necessary to examine in detail the financial status of the community. An analysis of this type should include the following:

— Revenue sources (past trends, current and future estimates).

— Operating expenses (past and current trends.)

— Present or pending capital improvement expenditures.

— Present bonded indebtedness, terms of retirement and projected debt service payments.

— Projection of operating and maintenance costs related to proposed capital improvement projects.

— Examination of proposed bonding schedule and municipal debt capacity.

— Establishment of a fiscal policy to determine whether to issue bonds for capital projects, utilize general revenues, or request federal and state aids.

It is advisable that communities base Capital Improvements Programming Decisions on the area's Comprehensive Plan if one has been developed. The Comprehensive Plan contains an analysis of present conditions along with recommendations for future development. These recommendations

along with projects contemplated by operating municipal departments, will provide a basis for considering a Capital Improvement Program that will be responsive to the communities' current and projected needs.

Since it is unlikely that any community will have sufficient resources to undertake all the capital improvements that are needed, a system of criteria should be established where least important projects can be delayed or postponed. Listed below are some typical criteria which could be used to measure proposals.

Example of Priority System

Mandatory - projects that are urgently needed to protect life, or maintain public health.

Necessary - highly desirable projects needed to provide important public services for the convenience or comfort of its citizens, conserve endangered resources, or complete partially finished projects.

Desirable - projects which protect property, replace obsolete facilities, improve community attractiveness.

Acceptable - projects which will result in a reduction of operating costs. The Planning Commission will recommend priorities for capital improvements submitted by each department listing them according to the established criteria.

This is probably the most difficult step of the capital improvement process and requires a thorough understanding of the community and objective judgment in relating proposals to the established criteria.

In determining the priorities for capital improvement proposals, consideration should be given to the timing of the proposal and all available sources of financing. The following questions should be answered:

1. Is the improvement needed immediately or can it be delayed until some future date without jeopardizing the community's welfare?
2. Can the community absorb the costs through existing revenues and develop projects on a pay-as-you-go basis, or will revenue or general obligation bonds be necessary?
3. Are there federal or state aids available as a source of funding?

While a pay-as-you-go policy is considered desirable, most communities will find they need to utilize long term bonding programs. The Planning Commission and Finance Officer should analyze their community's relative position in the municipal bond market. While this will vary from time to time, some general observations can be made in comparison to other communities. One means of comparison used in Minnesota is the per capita debt, as calculated by adding all municipal bonded debt and the community's share of overlapping debts, then dividing by the estimated population of the community. In established communities, the rule of thumb is that this figure should not exceed $500 per capita. In rapidly expanding communities, the rule of thumb maximum is $1000 per capita.

A second measure is the ratio of the net bonded debt of the community to its total market valuation as most recently determined. State law limits a community's net debt to not more than 6.66% of its market value. In this analysis, Market Valuation is defined as the actual sale value of property in the current market.

How Is a Capital Improvement Program Prepared?

The preparation of a capital improvement program is normally the joint responsibility of the chief administrator or planning commission, mayor, department heads, governing body, and citizen committees. The administrative organization used to prepare a capital improvement program may vary from community to community depending upon local preferences, the form of government, and available personnel. In municipalities that have comprehensive plans, a planning agency review of a proposed capital improvement program is required by law. A few typical administrative organizations that may be formed to prepare a capital improvement program include:

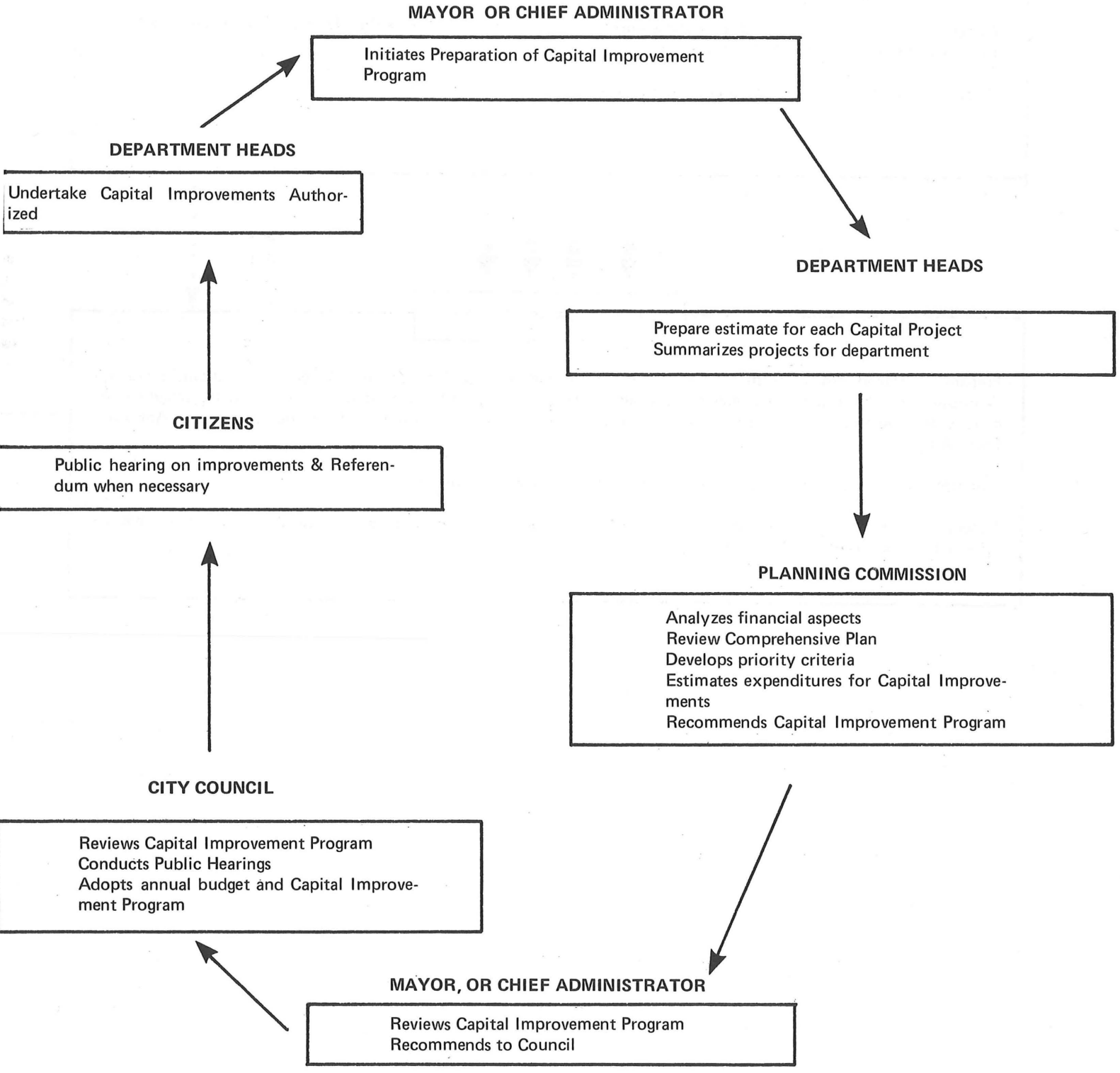
— The community planning commission and chief fiscal officer.

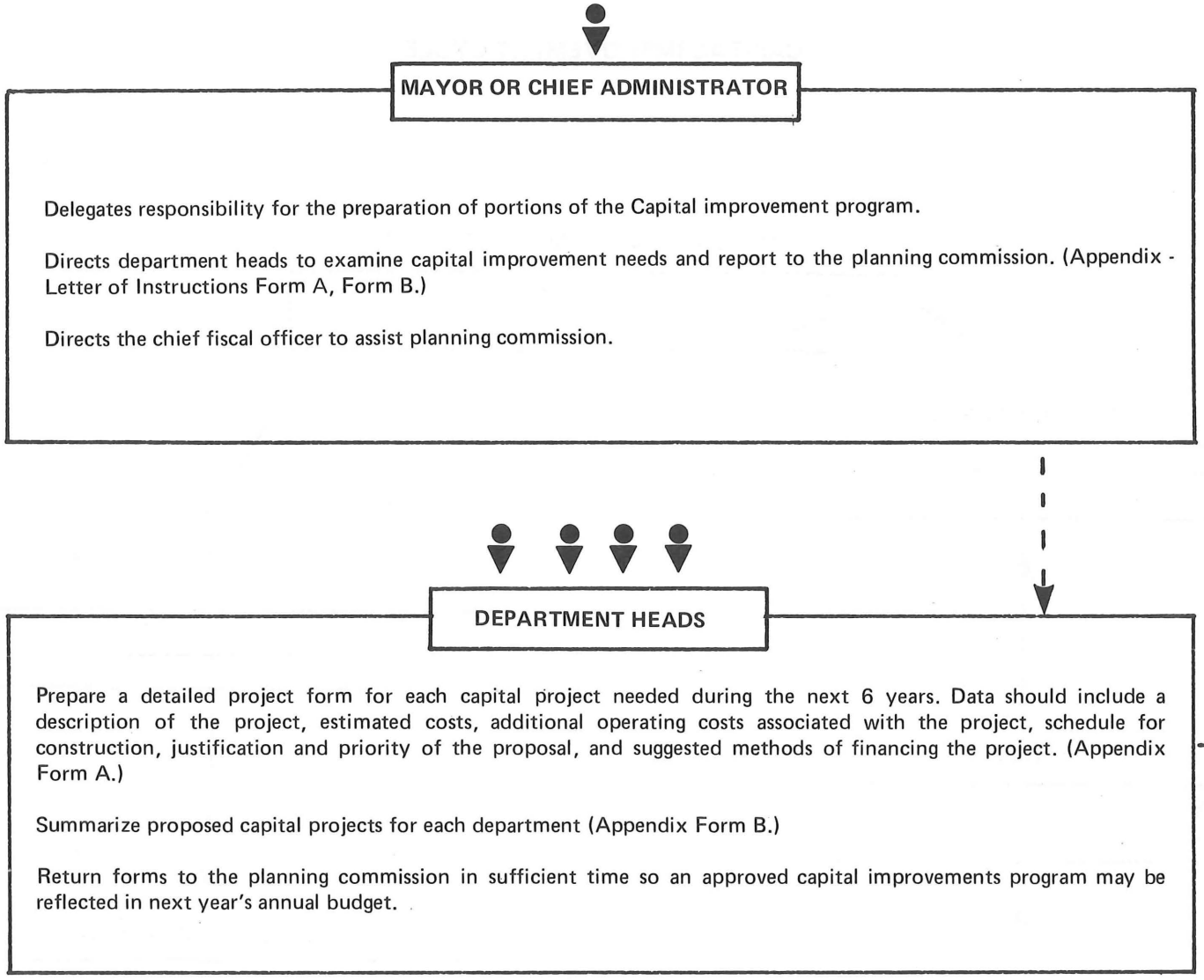
— A staff committee of department heads and the chief executive.

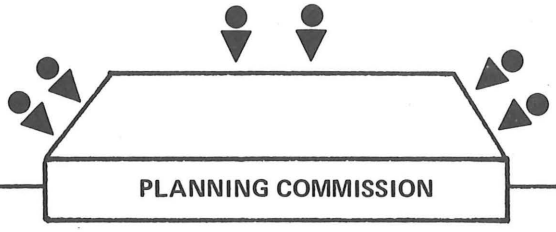
— A committee of citizens, principal department heads, existing commission representatives, governing body members.

Below is a schematic chart showing the steps that might be followed in the development of a capital improvement program in a small community with a limited staff.

A CAPITAL IMPROVEMENT CYCLE




MAYOR OR CHIEF ADMINISTRATOR
Delegates responsibility for the preparation of portions of the Capital improvement program.
Directs department heads to examine capital improvement needs and report to the planning commission. (Appendix - Letter of Instructions Form A, Form B.)
Directs the chief fiscal officer to assist planning commission.
DEPARTMENT HEADS
Prepare a detailed project form for each capital project needed during the next 6 years. Data should include a description of the project, estimated costs, additional operating costs associated with the project, schedule for construction, justification and priority of the proposal, and suggested methods of financing the project. (Appendix Form A.)
Summarize proposed capital projects for each department (Appendix Form B.)
Return forms to the planning commission in sufficient time so an approved capital improvements program may be reflected in next year's annual budget.



PLANNING COMMISSION

Analyze the financial conditions of the community with the chief fiscal officer or clerk and prepare the following:

1. Past trends and future estimates of property valuations, mill rates and taxes collected. (Appendix - figure III, IV.)

2. Past trends and future estimates of operating expenditures by major category, capital outlay and bond redemption. (Appendix - figure V, VI)

Contact other government agencies that may be planning projects that might affect the community's fiscal position and capital improvement schedule.

Review the comprehensive plan to identify capital improvement needs.

Examine and develop a list of criteria for establishing a priority.

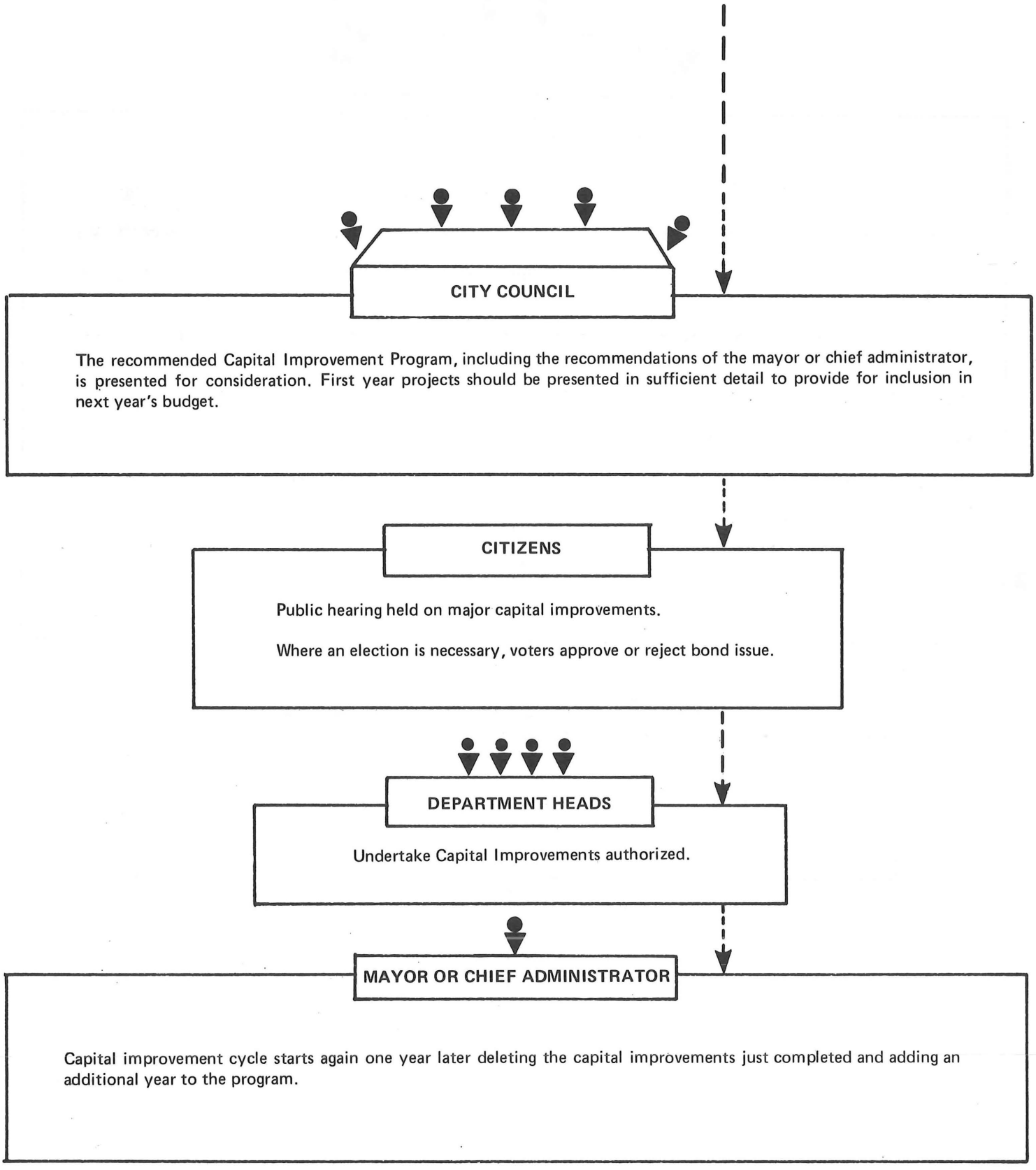
The recommended Capital Improvement Program should include in addition to capital project costs, estimates of any additional operating costs associated with each proposal. (Appendix - figures I, II, III) The completed Capital Improvement Program as recommended by the Planning Commission is submitted to the chief administrator and governing body for approval. The Capital budget recommendations listed for next fiscal year should be included in the annual municipal budget. (Appendix - Sample Capital Improvement Program)



MAYOR OR CHIEF ADMINISTRATOR

Reviews recommended Capital Improvement Program and submits it to the governing body.

To City Council


CITY COUNCIL
The recommended Capital Improvement Program, including the recommendations of the mayor or chief administrator, is presented for consideration. First year projects should be presented in sufficient detail to provide for inclusion in next year's budget.
CITIZENS
Public hearing held on major capital improvements.
Where an election is necessary, voters approve or reject bond issue.
DEPARTMENT HEADS
Undertake Capital Improvements authorized.
MAYOR OR CHIEF ADMINISTRATOR
Capital improvement cycle starts again one year later deleting the capital improvements just completed and adding an additional year to the program.

APPENDIX

SAMPLE CAPITAL IMPROVEMENT PROGRAMS

CAPITAL IMPROVEMENT PROGRAM FOR THE CITY OF GRAND VALLEY

The 1974-1980 Capital Budget and Capital Improvement Program for the City of Grand Valley is presented in this report. It includes an estimate of capital expenditures necessary to meet the needs of the city during this six-year period. The capital projects contained are identified in the comprehensive city plan, and were selected after numerous public meetings by the City Council, Planning Commission, citizen groups, and the city staff. Only through careful fiscal planning can Grand Valley achieve a balance of programming capital improvements with anticipated amounts of revenues. This report also contains an analysis of revenues and expenditures during recent years and future projections for financing the Capital Improvement Program. The Capital Improvement Projects shown on Figure 1 were selected in accordance with a priority system designed to identify the most urgent needs of the community. In the absence of unforeseen critical economic conditions or a change in the city's financial status, it appears that anticipated revenues will be sufficient to finance the capital improvement projects recommended.

Capital Improvements

An extension of the city's water main along Main Street is recommended for the 1974 Capital Budget which will require a bond issue and repayment of $6,000 during 1975. Other projects scheduled in the Capital Improvement Program include street resurfacing, runway expansion at the municipal airport, and tree planting at the City Park. These projects are shown on the attached map and contained in Figure 1. In addition to the projects included in this Capital Improvement Program, several other needs have been recognized such as the construction of a library addition and a second fire station, which will be considered for inclusion in future Capital Improvement Programs.

FIGURE I.

PRIORITY LIST OF CAPITAL IMPROVEMENTS

Name of Project	Priority Rating	Bond Issue Amount	Estimated Costs During Capital Program	1975	1976	1977	1978	1979	1980
Water Main Extension	Mandatory	(100,000)	56,000	6,000	10,000	10,000	10,000	10,000	10,000
Streets, Resurfacing	Necessary	(40,000)	16,000			4,000	4,000	4,000	4,000
Airport Improvement	Desirable		6,000				2,000	2,000	2,000
Park Development	Desirable		6,000					2,000	4,000
TOTAL			84,000	6,000	10,000	14,000	16,000	18,000	20,000

Figure II shows a summary of estimated expenditures and revenue for the City of Grand Valley during the years 1974-1980. Expenditures for proposed capital improvements are scheduled to increase from $6,000 in 1975 to $20,000 in 1980. At the same time, there is expected to be an increasing balance for other projects of from $1,103 in 1975 to $6,993 in 1980.

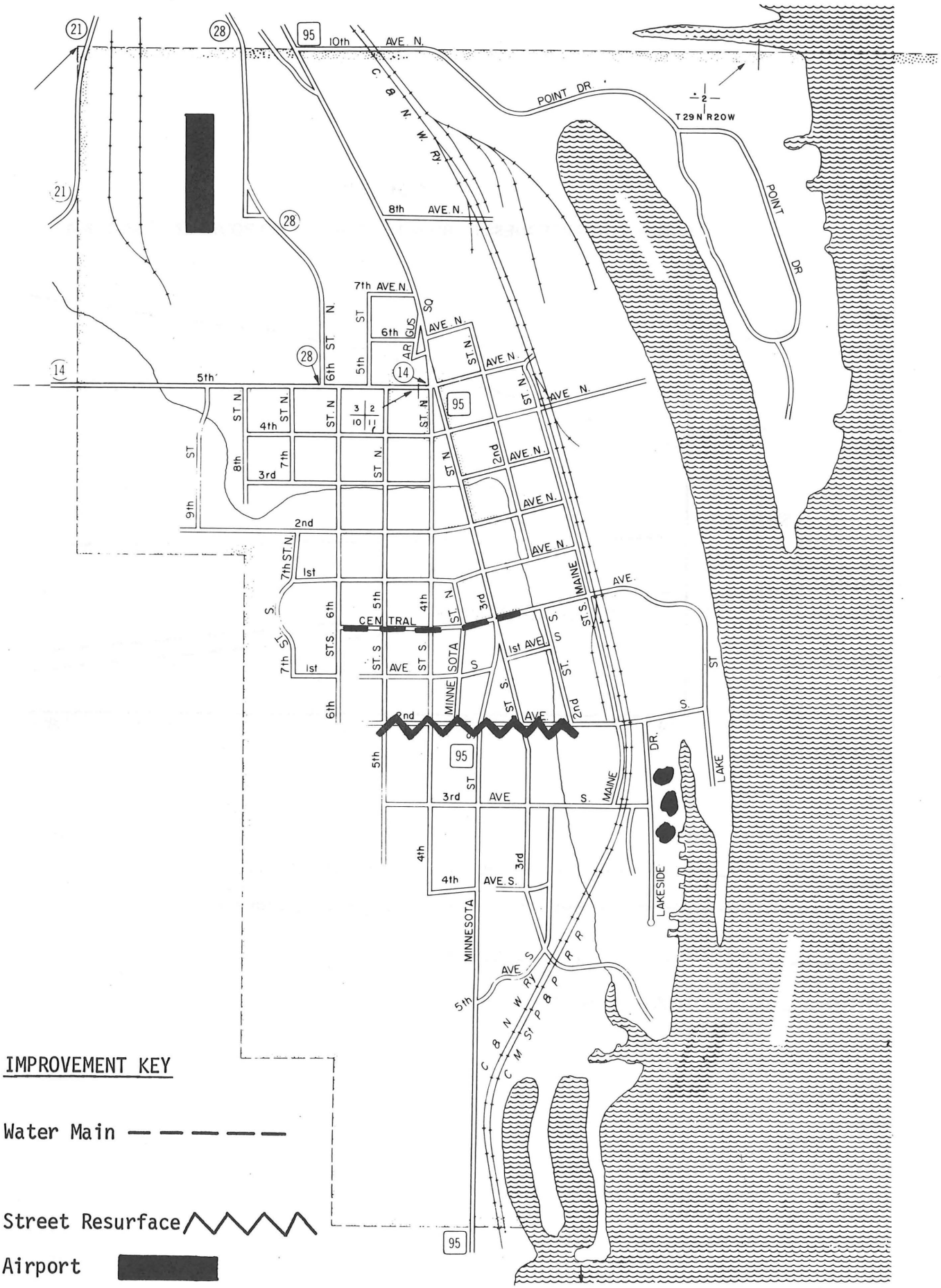
A community's ability to issue municipal bonds to finance capital improvement projects is determined by several interrelated factors. The most important of these are: 1. Amount of present bonded indebtedness; 2. The tax delinquency rate; and 3. Growth trends of assessed evaluation.

Figure III shows the relationship between Grand Valley's current and projected bonded indebtedness and the maximum net debt limits according to state law and a generally accepted standard of indebtedness. MSA 475.53 limits the maximum net bonded indebtedness of a municipality to 6.66% of the current market valuation. A general accepted standard of maximum public indebtedness limits the total indebtedness, including direct and overlapping, to not exceed $500 per capita (for established communities, and $1,000 per capita for rapidly expanding communities). Including the proposed capital improvement bonding schedule, our indebtedness ratio will be kept well within these two standards.

FIGURE II

SUMMARY OF CAPITAL IMPROVEMENTS, REVENUE AND EXPENDITURES 1974 - 1980

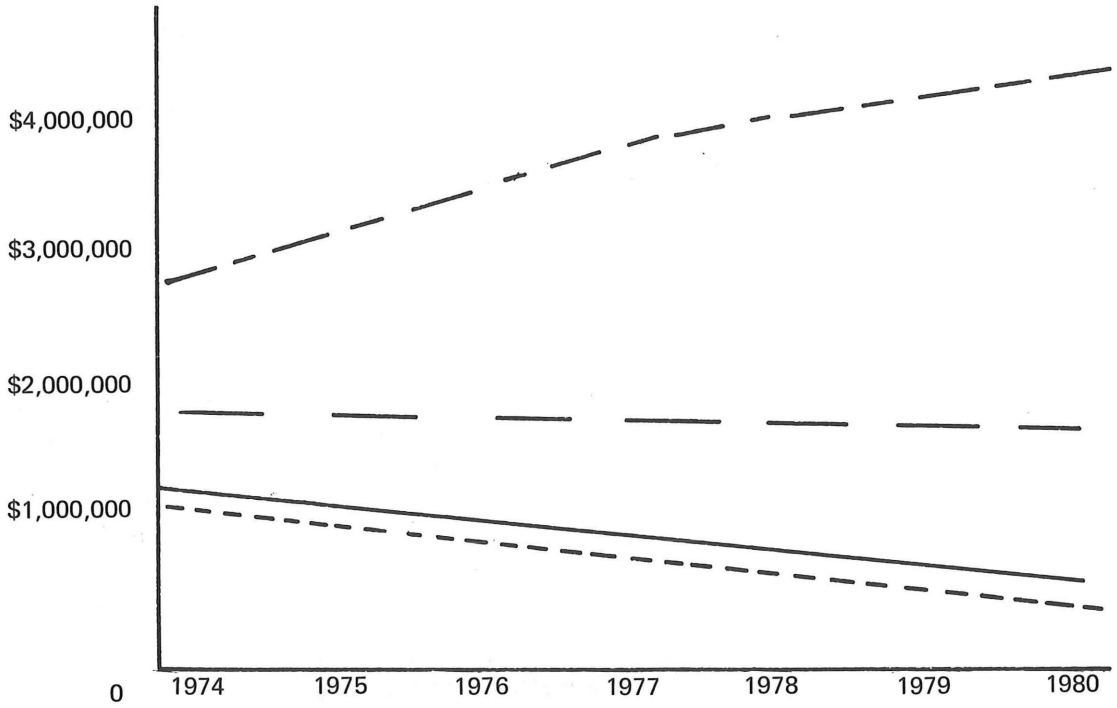
	(Current) 1974	1975	1976	1977	1978	1979	1980
Total Funds Available	299,288	307,932	318,120	328,707	338,494	348,682	358,632
Operating Expenses	235,667	243,329	250,991	258,653	266,315	273,977	281,639
Current Capital Improvements Expenses	60,500	57,500	56,000	55,000	53,000	51,500	50,000
Proposed Capital Improvements		6,000	10,000	14,000	16,000	18,000	20,000
Balance for Other Projects	3,121	1,103	1,129	654	3,179	5,205	6,993



YEAR	IMPROVEMENT KEY
1975	Water Main
1976	
1977	Street Resurface
1978	Airport
1979	Park Development

FIGURE III

BONDED INDEBTEDNESS DURING THE CAPITAL IMPROVEMENT PROGRAM



Current Total Bonded Indebtedness (Direct and Overlapping)

Net Bonded Indebtedness With Proposed Capital Improvements

Bonded Indebtedness at $500 Per Capita

6.66% of Market Valuation

Financial Analysis Summary

Revenues

As shown in Figure IV, total revenues for Grand Valley have increased from $191,138.00 in 1965 to $299,288.00 in 1974, which is an average increase of 5.7% annually. Property taxes are the largest single source of General Fund revenue making up approximately 23% of the total municipal revenues each year. Other major categories of revenue include shared state taxes through the local government aid formula (12%), special assessments and miscellaneous service charges (28%), liquor store and utility transfers (30%), and other revenues (7%). Based on an average increase during the past ten years in each category of revenue, the total revenue available is expected to increase from $307,932.00 in 1975 to $358,632.00 in 1980.

Because property taxes provide the largest amount of General Fund revenue, a more detailed examination is in order. Figure V shows both past and projected trends in taxable evaluation and tax delinquency rates. The trend in taxable valuation showed an average increase of 4.9% each year from 1965 to 1974. A steady increase in valuation based upon a modest projection of new construction and property appreciation can be anticipated in the next few years. Property tax receipts, even without a significant increase in the mill levy, have shown proportionate increases during the past ten years. Property tax levy has increased from $44,921.00 in 1965 to $69,637.00 in 1974, even though the mill rate has only increased .52 of a mill. Future projections are based on the constant mill rates of 14.37 which will result in an estimated tax collection of $93,410.00 in 1980 based on a 99% rate of collection. The tax collection rate in Grand Valley has been steadily maintained at about 98% since 1965. Based on an average collection rate of 99.2% during the recent ten years we project an anticipated tax collection rate of 99% during the next six year period. It is generally held that a desirable tax collection rate is anything above 98%.

FIGURE IV

CITY OF GRAND VALLEY

Revenues, Trends and Future Estimates

Year	Property Taxes	Local Gov't. Aid (Shared State Taxes)	Special Assessments Licenses & Permits Fines & Forfeits Miscellaneous Service Charges	Public Service Enterprises	Other Revenue and Non-Rev.	Total
Past Trends						
1965	44,113	26,221	58,216	54,672	15,916	191,138
1966	44,826	28,693	61,062	59,829	17,418	211,828
1967	45,408	30,928	68,645	63,814	16,327	225,122
1968	49,885	29,617	65,086	67,627	18,515	230,730
1969	52,737	31,402	73,721	70,315	20,402	248,577
1970	55,063	33,215	75,413	76,236	19,681	258,908
1971	56,834	32,308	78,318	81,821	19,972	269,251
1972	60,708	34,617	78,214	84,464	21,506	279,509
1973	63,401	34,236	80,383	86,821	23,417	288,258
1974	69,150	35,565	82,612	90,343	21,618	299,288
Future Estimates						
1975	73,495	36,000	85,050	93,910	19,477	307,932
1976	77,526	36,150	87,490	97,477	19,477	318,120
1977	81,556	36,300	89,930	101,044	19,477	328,307
1978	85,586	36,450	92,370	104,611	19,477	338,494
1979	89,617	36,600	94,810	108,178	19,477	348,682
1980	93,410	36,750	97,250	111,745	19,477	358,632

FIGURE V
City of Grand Valley
Property Valuation and General Tax Revenue

Year	Market Valuation	Taxable Valuation	Mill Rate	Tax Levy	Taxes Collected (1)	Percent Collected
Past Trends						
1965	$9,742,000	$3,243,408	13.85	$44,921	$44,113	98.2
1966	9,963,000	3,315,963	13.60	45,097	44,826	99.4
1967	10,145,000	3,345,081	13.71	45,861	45,408	99.0
1968	10,367,000	3,384,102	14.86	50,288	49,885	99.2
1969	10,946,000	3,648,627	14.60	53,269	52,737	99.0
1970	11,208,000	3,730,509	14.79	55,174	55,063	99.8
1971	11,969,000	3,981,693	14.36	57,177	56,834	99.4
1972	12,441,000	4,154,745	14.70	61,075	60,708	99.4
1973	13,523,000	4,626,654	13.80	63,848	63,401	99.3
1974	14,650,000	4,846,008	14.37	69,637	69,150	99.3
Future Estimates (2)						
1975	15,500,000	5,166,150	14.37	74,238	73,495	99.0
1976	16,350,000	5,449,455	14.37	78,309	77,526	99.0
1977	17,200,000	5,732,760	14.37	82,380	81,556	99.0
1978	18,050,000	6,016,065	14.37	86,451	85,586	99.0
1979	18,900,000	6,299,370	14.37	90,522	89,617	99.0
1980	19,750,000	6,566,010	14.37	94,354	93,410	99.0

(1) Includes current and delinquent receipts.

(2) Future market value estimates are based on a projected rate of residential construction of 10 homes per year at average market value of $25,000 plus a 4% increase in valuation reflecting appreciation for a total increase of $850,000 per year.

Expenditures

Expenditures in Grand Valley are categorized under two major headings: operating expenses, and non-operating expenses as shown in Figure VI.

Operating expense accounts consume the major share of the annual budget and provide for most of the "visible" services to the general citizenry of Grand Valley. For purposes of this report, expenditures under the operating expense heading have been classified into five main categories: general governments, public safety, public utilities, streets and highways, and other. The total operating expenditures have increased from $99,232.00 in 1965 to $175,871.00 in 1974, with an average annual increase of 7.7%. The largest increase is in the general government category, owing to additional staff needed to consolidate the accounting and record keeping procedures in the various city departments. The major share of the increased general government expenditures is accounted for by increased costs in salaries and supplies. Future projection of operating expenditures are estimated to increase to $281,689.00 by the year 1980. This amount is based on average annual increases in expenditures during the 1965 to 1974 period, and reflects additional staff needed to support the capital improvements recommended in this report.

Expenditures under the non-operating classification of accounts include current bond redemption payments, direct capital outlay, and unallocated surplus. As shown in Figure VII, the city currently has a total indebtedness of $910,000.00. By 1980 this will decrease to $750,000.00 and debt service payments will decrease from the current $60,500.00 to $50,000.00. If the capital improvements recommended in this report are subsequently approved by the Council, our debt service payments will increase slightly as shown in Figure VI.

FIGURE VI

CITY OF GRAND VALLEY

Expenditures, Trends and Future Estimates

	Operating Expenses					Non-Operating Expenses			
Year	General Government	Public Safety	Public Utilities	Streets & Highways	Other	Bond Redemption		Other	Total
Past Trends									
1965	8,323	18,216	24,814	18,567	29,312	46,540		43,493	189,265
1966	10,248	19,917	26,322	21,347	30,409	47,200		51,983	207,426
1967	12,167	20,314	28,419	26,517	32,618	48,500		54,583	223,148
1968	13,703	21,415	28,336	29,623	33,321	49,600		53,845	229,843
1969	14,817	23,226	30,016	32,513	34,817	51,850		54,087	241,326
1970	16,221	25,348	32,769	30,080	35,523	53,600		62,373	255,914
1971	17,167	27,417	33,528	32,927	36,528	55,500		61,970	265,037
1972	19,203	29,306	36,373	34,414	37,614	57,460		63,056	277,426
1973	22,612	32,886	38,171	33,529	39,827	58,700		58,794	284,519
1974	25,405	34,103	40,528	35,932	39,903	60,500		59,796	296,167
Future Estimates						Proposed Capital Improvements			
1975	27,113	35,691	42,099	37,668	40,962	57,500	6,000	59,796	306,829
1976	28,821	37,279	43,670	39,404	42,021	56,000	10,000	59,796	316,991
1977	30,529	38,867	45,241	41,140	43,080	55,000	14,000	59,796	327,653
1978	32,237	40,455	46,812	42,876	44,139	53,000	16,000	59,796	335,315
1979	33,945	42,043	48,383	44,612	45,198	51,500	18,000	59,796	343,477
1980	35,653	43,631	49,954	46,348	46,257	50,000	20,000	59,796	351,639

FIGURE VII

CITY OF GRAND VALLEY

CURRENT DIRECT BONDED INDEBTEDNESS

Year	Purpose Date of Issue Face Amount	City Hall 2-1-72 150,000	Streets 1-10-55 60,000	Sanitary Sewers 6-1-67 1,000,000	Water Mains 4-2-70 600,000	Total Indebtedness	Debt Service Payments
1974		140,000	10,000	400,000	360,000	910,000	60,500
1975		135,000	5,000	390,000	350,000	880,000	57,500
1976		130,000		380,000	340,000	850,000	56,000
1977		125,000		370,000	330,000	825,000	55,000
1978		120,000		360,000	320,000	800,000	53,000
1979		115,000		350,000	310,000	775,000	51,500
1980		110,000		340,000	300,000	750,000	50,000

OVERLAPPING BONDED INDEBTEDNESS

Year	Purpose Date of Issue Face Amount	High School Construction 1-1-52 600,000	City's (1) Share	County Library 6-1-70 120,000	City's (2) Share	Total Overlapping Debt
1974		420,000	210,000	100,000	40,000	250,000
1975		410,000	205,000	90,000	36,000	241,000
1976		400,000	200,000	80,000	32,000	232,000
1977		390,000	195,000	70,000	28,000	223,000
1978		380,000	190,000	60,000	24,000	214,000
1979		370,000	185,000	50,000	20,000	205,000
1980		360,000	180,000	40,000	16,000	196,000

(1) City's future share is based on the estimate that its assessed property valuation will remain at 50% of the school district valuation.

(2) City's future share is based on the estimate that its assessed property valuation will remain at 40% of the county valuation.

DEFINITION OF TERMS COMMONLY USED IN THIS REPORT

Capital Budget - A list of priority capital improvements projects to be included in the community's annual budget.

Capital Improvement Program - A five or six year priority list of proposed capital improvements that will be needed to provide essential services of the community.

Debt Service - The principal and interest costs required for the repayment of outstanding bonded indebtedness.

General Obligation Bond - Are bonds which are guaranteed by the general taxing power of the community and can be assessed against the revenues from the property taxes.

Mill Rate - Is the rate set by governmental units at which property is taxed. A mill is equal to 1/1000 of a dollar. Thus, a tax rate of 20 mills on a property with a taxable valuation of $1,000.00 would yield $20.00 in taxes.

Market Valuation - Is the valuation of personal and real property as the price a willing buyer would pay a willing seller. In practice, "Market Valuations" as listed in assessment records are almost always lower than actual market values. Thus, actual market valuations need to be estimated with the assistance of the chief fiscal officer or bonding consultant.

Operating Expenditures - Are those community expenses for operating general government services. This category normally includes personnel salaries and overhead expenses.

Personal Property Taxes - Are the taxes on tangible items of value including household and other personal belongings, as well as commercial inventories and equipment used in production of income. Since 1967, many personal property tax items have been eliminated.

Real Property Taxes - Are the taxes on real estate property including the land, buildings and improvements on it.

Taxable Valuation - Is the valuation as listed on the assessment rolls which is used to compute tax liability.

SAMPLE LETTER OF INSTRUCTIONS TO DEPARTMENTS

The attached forms are to be filled out by each department head showing the capital projects which are needed during the next six year period. These forms should be filled out and returned as soon as possible in order for the Planning Commission to complete its consideration of the six year Capital Improvement Program.

If improvements you recommend are not identified in the comprehensive plan, your request for capital funds should be accompanied by a recommendation to the planning commission that the comprehensive plan be changed or amended to include the recommended improvements. (Capital expenditures covering equipment are not part of the comprehensive plan.)

Estimates must be submitted on forms A and B. Four copies of each are to be made. The original and two copies are to be delivered to the planning commission, and one copy is to be retained for the department file. Where space provided on the forms is not sufficient for a complete explanation, please use a separate page.

Show, if possible, all projects on one map of the city, with the following colors designating the proposed year of construction:

1975 Black	1977 Red	1979 Yellow
1976 Purple	1978 Pink	1980 Green

In filling out these forms, please bear in mind the following definition of capital improvements: "Capital Improvements" are construction or acquisition projects or public improvements having a long life expectancy, a fixed nature, and are generally large in size.

(Source: International City Managers' Association, Municipal Finance Administration Third Addition pp. 353-356)

FORM A
(INSTRUCTIONS ON REAR SIDE)

ESTIMATES FOR SIX-YEAR PROGRAM OF CAPITAL IMPROVEMENTS 1976-1981

City of _____

Summary Sheet of _____ Dept.

Division of _____ Date submitted _____

Recommended Financing

GR	Ren. Revenue	FA	Fed. Aid
SC	Service Chgs.	SA	State Aid
UR	Utility Rev.	RB	Rev. Bonds
GOB	Gen. Obl. Bonds	SR	Spec. Reserves for Cap. Exp.
		WC	Working Cap. or Rev. Fund

Status of Plans

0	Plans not needed	4	Work on plans sched.
1	Nothing done except this report	5	Sketch plans in prep.
2	Prelim. estimate rec'd	6	Sketch plans compltd.
3	Surveys completed	7	Detail plans in prep.
		8	Detail plans and specifications

Page of

Prop. Prior	Proj. No.	Name & Location of Project	Finance Method	Total Es-mated Cost	Total for 6 Years	1976	1977	1978	1979	1980	1981	Prior	Later	Addit. Annual Opr. Costs After Compl.	Status of Plans	Remarks (Benefits) & Reference to Com-prehensive Plan

Form A: This form is to be used for recording capital projects - by which is meant all construction projects and their equipment, including purchases of land, major alterations and major repairs of existing buildings or grading and development of land. For a building construction project, include equipment and furniture, if required. (Do not record as a capital project ordinary repairs and maintenance.)

Each project described on a Form B should be listed on Form A. Please fill out all columns and add any remarks necessary in the final column.

Give each project a priority number. The major criteria for considering each project in order of relative importance are:

(1) Mandatory - Protection of life or maintenance of public health.
(2) Necessary - Provision of public services, including convenience and comfort, conserve endangered resources, finish partially completed projects.
(3) Desirable - Protection of property, replace obsolete facilities, improve community appearance.
(4) Acceptable - Reduction in operating costs.

Include in your department program only such projects as are, in your opinion, required during the next five years, entering the expenditure in the year in which it should be made.

Each project should have a project number in addition to the priority number.

The column "later" should show the amount of money needed for a project after the six year period shown, providing the project is begun or approved in prior periods or the project is to be begun within this period, and the financing will extend beyond June 30, 1981. "Prior" figures should be the sums of money that have already been made available for projects for which additional funds are required.

It is particularly important to fill in the column showing the additional annual operating costs wherever a project will involve such items. These will constitute a continuing annual expense which may constitute a serious burden on the city and must be carefully considered. Any anticipated operating income should be entered for similar consideration. If a new project will involve a saving in operating and maintenance expenses, this should be indicated also, under "Remarks."

The proposed method of financing can be abbreviated as shown at the top of Form A and the status of plans should be expressed in the numerical code, also shown at the top of the form.

SAMPLE PROJECT ESTIMATE FORM B

INDIVIDUAL PROJECT ESTIMATE
July 1, 1976 - June 30, 1981

Project No. _____

City of _____ Date _____ 19 ___

1. Department _____ 2. Division of _____

3. Description of project -
   a. Name, physical descript., location -

   b. Purpose -

   c. Shown on map attached _____ (yes or no)

4. Need for project (use sep. sheet if necessary)
   a. Why requested -

   b. In comprehensive Plan? _____ Page ____

5. Relation to other projects, where applicable -

6. Estimated cost -
   A. Planning (totals a, b, c) _____
      (a) Architects services _____
      (b) Engineering _____
      (c) Inspection _____
   B. Land
      (a) Site is secured ____
      (b) To be secured _____
   C. Construction (totals a,b) _____
      (a) Labor _____
      (b) Non-labor _____
   D. Miscellaneous equipment (totals a, b) _____
      (a) Equip. _____
      (b) Furniture _____
   E. Other _____

   TOTAL ESTIMATED COST _____

   F. Cost prior to July 1, 1976 (included above) _____

   ESTIMATED ADDITIONAL COST _____

7. Future burden resulting from project -
   (a) Annual cost: maintenance, repair and operation _____
   (b) Annual estim. cost of new staff required _____
   (c) Future expend. for addit. equip. not included in proj. cost _____

8. Income from project (Estimated annual, direct and indirect)

9. Estimated construction period -

10. Status of plans and specifications - (Place check mark opp. proper status)
    ____0 Plans not needed
    ____1 Nothing done except this report
    ____2 Preliminary estimate received
    ____3 Surveys completed
    ____4 Work on plans scheduled
    ____5 Sketch plans in preparation
    ____6 Sketch plans completed
    ____7 Detail plans in preparation
    ____8 Detail plans and specifications completed

11. Proposed manner of construction - (contract or day labor)

12. Project expenditures by years -

    1976 _____ 1977 _____

    1978 _____ 1979 _____

    1980 _____ 1981 _____

ENDORSEMENT (Questions 13, 14, 15 to be filled in by Dept. Heads)

13. Priority rating -

14. Year recommended for construction -

15. Recommended financing:

General Revenue	GR
Service Charges	SC
Utility Revenues	UR
Gen. Obliga. Bonds	GOB
Federal Aid	FA
State Aid	SA
Revenue Bonds	RB
Special Reserves for Capital Expenditures	SR
Working Capital or Revolving Fund	WC
Total	

Form B: This form is for recording the more detailed information as to costs and the supporting reasons for each project entered on Form A. Fill them out fully, but make the descriptions and supporting reasons as brief as possible. Each project should have a project number.

Question 3A should give the project name, and street address or approximate proposed location, or the fact that the site has not been chosen. Include, if possible, the size (length, square feet, etc.) and character of the structure or nature of improvement.

Attention is especially invited to the sections pertaining to purpose and need for the project. These data constitute the justifications for the project and should be as brief as possible, but they should include such reasons or benefits as particular service to be rendered, the character of the area served, number of people, and value of property served.

Question 5, in addition to its relation to any other specific project within the same department or a project by another department, should show what specific needed facilities or utilities (i.e. sewerage, water, power, roads, sidewalks, etc.) have yet to be coordinated with this project. Also list other agencies, groups, or organizations (federal, state, or local) which are concerned or associated with the project.

Pictures, drawings, etc., of the project or of similar projects, should accompany Form B.