

What Makes a Project a Capital Improvement?

Capital improvements are major, infrequent expenditures, such as construction of a new facility, a major rehabilitation or repairs to an existing facility, or the purchase of major equipment. Capital improvements are non-recurring expenditures that tend to be both large in physical size and cost, and have a longer useful life. Some examples of capital projects could include:

- Construction of a new township hall or fire station
- Major road construction, such as bridge replacement or substantial repaving
- Extension of a sewer and/or water line
- Purchase of a new fire truck
- Major repairs and/or renovations to the township hall or fire station
- Development of a new township park
- Major repairs and/or renovations to existing township park facilities

The following projects are examples of expenditures that would be categorized as operating expenses, and would not usually constitute a capital improvement project:

- Purchase of new office furniture or other office supplies
- Purchase of new/used small equipment, such as lawn mowers/tractors, copiers, individual computers, network, server, or software materials, etc.
- Recurring or ongoing maintenance of existing facilities
- Minor repairs to buildings, grounds, or equipment
- Minor improvements to existing buildings, such as carpet, painting, fixtures, etc.

What is Watertown Charter Township's Capital Improvement Policy?

The term "capital improvement" is inherently relative – what is "major" to Watertown Charter Township could be considered "minor" to another. The follow section describes Watertown Charter Township's policy for determining how a capital improvement is defined.

A capital improvement is a major, non-recurring expenditure that meets one or more of the following criteria:

- Any acquisition of land for a public purpose which costs \$20,000 or more;
- Any construction of a new facility (township building, water or sewer lines, parks, etc.), or any addition to an existing public facility, the cost of which equals \$20,000 or more and has a useful life of five or more years;
- A non-recurring rehabilitation (not including annual/recurring maintenance) of a building, its grounds, a facility or equipment, the cost of said rehabilitation being \$20,000 or more with a useful life of five or more years;
- Purchase of major equipment which, individually or in total, costs \$20,000 or more with a useful life of five or more years;
- Planning, feasibility, engineering or design studies related to an individual capital improvement project with a cost of \$20,000 or more.

Individual Project Proposal

Description | Justification

Prepared by: _____ Date prepared: _____

Project title: _____ Department: _____

Project Description: Give a brief (1-2 paragraph) description of the proposed project. Provide basic information, such as the location, size, acreage, floor area, capacity, etc.

CIP Evaluation Criteria: Review the criteria set forth in attachment A of this document (e.g., risk to public health, safety or welfare, state/federal law requirements, implementation of master plan action item, etc.). Write a brief description of how this proposed project meets as many of the criteria as may be applicable.

Schedule: This project must be slated for commencement within the next five years. If the project will take more than one year to complete, outline the schedule here. If applicable, include work done in previous years, including studies or general planning.

Dependencies: If the project is dependent on one or more other CIP projects, identify them and note their relationship to the proposed project. If the proposed project is not dependent upon, but could be linked to one or more other CIP projects, identify those linkages and their relationship.

Project Priority: Review the prioritization schedule set forth in attachment A of this document and write a brief description of the priority and priority year of this proposed project. (Note: the highest priority does not have to occur in the current year, and priorities may not necessarily follow in chronological order. It may be that your most important project may not be needed or ready for action until a few years from now.)

Check one: **Urgent** **Important/Necessary** **Desirable** **Deferrable**

Estimated Cost: (In current year dollars) \$ _____

For projects that will take more than one year, list each year separately and show total.

Basis of cost estimate: Check one of the following:

- Cost of comparable facility or equipment
- Unit costs
- From cost estimate from engineer, architect, vendor, etc.
- From bids received
- "Preliminary estimate" – no other basis for cost estimate, "guesstimate."

If you wish to provide additional detail, please describe below or provide attachments.
Number of attachments, in pages _____

Alternative Financing: Include an amount and source here only if it is a source other than the general fund or reserve/restricted/revolving fund. Complete this section only if you know of a specific source, such as a state or federal grant or reliable private funding.

Attachment A | Evaluation Criteria Schedule

When considering the project proposal, ask yourself the following questions:

Is the proposed project:

- Addressing a risk to public health, safety, and/or welfare?
- Required and/or mandated by state or federal law?
- Implementation of a master plan action item?
- Necessary due to a prior commitment of funds, and/or the next step in a sequence of steps to complete a project that is already in progress?
- Promoting a joint use of facilities or a regional approach to services?
- A means to leverage private, state, federal or grant funds?
- Improving efficiency of operations and/or maintenance costs?
- Serving a wide range of community interests?
- Encouraging more efficient governmental administration?
- Fulfilling an unmet community or neighborhood need?
- Other, please describe: _____

Attachment A | Prioritization Criteria Schedule

When assigning a priority to the project proposal, please consider the following:

Is the proposed project:

- Urgent** – The project requires immediate action due to a public health, safety, and/or welfare concern; the building or facility is deteriorating and/or unsafe for occupation; or state or federal law requires the project to be completed. The project cannot be reasonably postponed. Any project necessary to address an emergency situation.
- Important/Necessary** – The project should be carried out within the next few years to meet the anticipated needs of a current township service, or to replace unsatisfactory facilities.
- Desirable** – Projects which are necessary for expansion of a service, the exact timing of which can wait until funds are available.
- Deferrable** – Projects which are necessary for ideal operation, but which are not currently recommended for action. They can be postponed without detriment to existing or present services.
- Not ranked** – Projects which were proposed but do not meet the evaluation or prioritization criteria at this time. There may not be enough information available for recommending funding, the proposed project was vague, or the responsibilities for implementation are outside the jurisdiction of the township. Not ranked projects can be resubmitted in future years in more information becomes available or greater need is presented.