

## City of Winooski Capital Improvement Policy

### Purpose Statement:

The City of Winooski recognizes that purchases of capital assets, improvements to capital assets, or infrastructure construction are part of the overall value of the City and as such its capital assets belong to residents. These assets and their condition are critical to the quality of services that the City can provide to residents and visitors. A capital improvement plan (CIP) is a multi-year financial plan for the construction or acquisition of capital assets. It provides for the estimation of future financial resources, financing needs including allocations from operating budgets, use of capital reserves, or the issuance of debt, and the operational costs to maintain capital assets once they have been acquired in order to better manage the long-term financial position of the City. The purpose of this Policy is to establish a capital improvement plan (CIP) for the City of Winooski in accordance with Vermont Statute.

### Definitions:

**Capital Assets:** land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations that have initial useful lives and cost exceeding amounts set in policy.

**Capital Reserve Fund:** any funds set aside or established by the City Council for the sole purpose of funding capital improvements.

**Land:** a long-term asset account that reports the cost of real property exclusive of the cost of any constructed asset on the property that is not depreciated.

**Land and/or Site Improvements:** improvements, other than currently existing municipal sites, which ready the land for its intended use. Such improvements can include parking lots, athletic fields, fencing, paths and trails, and landscaping.

**Buildings and Building Improvements:** permanent structures that are intended for use in normal City operations and/or used as a shelter of persons, materials or equipment, or extends the useful life of a building or increase the value of the building or both.



Equipment: an item of tangible, nonexpendable personal or public property with a useful life of more than three (3) years, and includes machinery and vehicles.

Infrastructure: fundamental facilities and systems serving the City including streets, sidewalks, curbing, water lines, sewer lines, storm water lines, and the wastewater treatment facility.

**Applicable Standards:**

1 V.S.A. § 317a  
24 V.S.A. § 2804  
24 V.S.A. § 4433

**Statement:**

The Public Works Director and Finance Director will be responsible for the annual creation of a sustainable capital improvement plan for the general fund and each enterprise fund that is consistent with adopted policy and strategy goals of the City and allows existing operations to be maintained. This capital plan should consider all capital needs as a whole, assess the financial capacity of the associated fund, plan for debt issuance, and understand impact on reserves and operating budgets so that the final capital plan is based on what can realistically be funded by the City rather than a wish list of unfunded needs. The proposed CIPs will be reviewed adopted by the City Council during the annual budget process.

Presentation

The capital improvement plans will cover a five-year future period. These plans at a minimum will include a summary list of capital projects proposed to be undertaken during each of the five years, the estimated cost of those projects, the proposed method of financing, and annual debt service payment obligations. The CIP will also include proposed funding of reserves in a given year in accordance with Vermont statute to accumulate resources to pay for CIP projects in future years. The use of such reserve funds should minimize large fluctuations in the tax rate and will reduce the need for incurring additional debt. Other capital improvements may be funded by bond issue, grants, donations, or through the operating budget.

The CIP will be presented with anticipated annual debt service clearly delineated to ensure compliance with the City's debt policy demonstrating sound fiscal management and showing our commitment to maximizing benefit to the public within limited resources.



Individual projects should be presented in more detail using a single page project sheet. Each project sheet will include a photo if available, a description of the project or asset to be purchased, the estimated total cost, the proposed method of financing, the duration of any debt obligations proposed, and the estimate of additional operating costs.

### Capital Asset or Project

In order to be classified as a capital asset or project the expense must meet all of the following requirements

1. Have a useful life of five (5) years or more;
2. Have a total cost that meets or exceeds the cost threshold below:
  - a. Land and land improvements \$10,000
  - b. Buildings and Building Improvements \$20,000
  - c. Equipment and Vehicles \$5,000
  - d. Infrastructure \$20,000
3. Used in the current operations of City or in the case of land within a planned or expanded use by the City in its capital improvements planning

### Prioritization

The City will establish a procedure to evaluate the priority of the capital projects including public review. Capital projects and/or capital assets will receive a higher priority for funding if they meet some or most of the following criteria:

1. Meet a policy goal or fulfills a strategic objective of the City
2. Is required under a state or federal mandate, law, or regulation
3. Will mitigate or eliminate a known safety hazard
4. Will maintain or improve the delivery of public services to residents
5. Will improve the quality of existing infrastructure
6. Will fulfill a need of an underserved population or area of the City
7. Will impact the ability to complete future planned project

### Amendments

Changes to the City's needs and priorities may occur following the adoption of a capital plan. Any changes to the projects that will be completed in a given fiscal year must be presented to the City Council for approval by a majority of the board. No appropriation for a capital



project will be made without an identified funding source. Funding for project changes may come from reserves, reassignment of annual budget allocation, donations, or grants.

The size and scope of some capital projects can lead to a variance between actual and budgeted costs. It is the responsibility of the Public Works Director in conjunction with the Finance Director to track project costs. Budget shortfalls under five percent (5%) of the approved project costs will automatically be covered by assigned reserves or undesignated reserves with most restrictive funding considered to be used first. In the event of a budget shortfall exceeding five percent (5%) The Public Works Director and Finance Director will create a funding coverage plan. Budget shortfalls under the signatory threshold established for the City Manager may be approved by the City Manager with a coverage plan using only assigned reserves. Budget shortfalls exceeding this threshold or not authorized by the City Manager must have the coverage plan presented to City Council for approval. Any budgetary surplus existing at project completion will be considered an assigned balance for use on projects of the same type and classification (i.e., Police Vehicle, Public Works Equipment). Proceeds from the sale of a capital asset will be considered an assigned balance for projects/assets of the same type and classification. Any surplus in the capital fund generated from bond refunding will be considered unassigned.

#### Inventory

The City shall maintain a capital asset inventory with the data required by applicable standards. This list shall contain all items including main building features such as roofs, heating systems, and other improvements. The inventory will be conducted annually by the department in possession of the asset or responsible for its maintenance and filed with the Finance Director. This inventory will verify the possession and condition of the capital asset held by the City which will be used to inform and update the City's capital improvement plan.

#### **References:**

GFOA Capital Planning Policy Best Practice  
VLCT Capital Program and Budget Model Policy

#### **Author:**

Angela Aldieri, Finance Director

#### **Review/Approval:**



# City of Winooski

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Finance Commission Review: 8/10/2021  
City Council Approval:

