

**A RESOLUTION
OF THE CITY COUNCIL
OF THE CITY OF CHERRY HILLS VILLAGE
ADOPTING A CAPITAL IMPROVEMENT PROGRAM POLICY**

WHEREAS, the City Council of the City of Cherry Hills Village is authorized under its home rule charter and pursuant to its general municipal powers to adopt policies and procedures in furtherance of its municipal functions and authority; and

WHEREAS, the City Council is authorized to control the finances and property of the City in accordance with C.R.S. § 31-15-302 and its home rule charter; and

WHEREAS, in accordance with Section 4-1-50 of the Cherry Hills Village Municipal Code, the City Council desires to adopt a policy related to the City's fund balances/finance reserve as presented in this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHERRY HILLS VILLAGE:

Section 1. The City Council hereby adopts the City's Capital Improvement Program Policy as more fully set forth in **Attachment A**, attached hereto and incorporated herein.

Section 2. This Resolution shall be effective immediately upon adoption, and City Staff is directed to take steps necessary to document the foregoing policy's adoption in a policy log maintained in the office of the City Clerk.

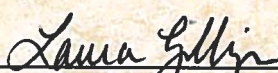
Section 3. This resolution shall be effective immediately.

Introduced, passed and adopted at the
regular meeting of City Council this 19th day
of September, 2023, by a vote of 5 yes 0 no.


(SEAL)


Kathleen Brown, Mayor

ATTEST:


Laura Gillespie, City Clerk

APPROVED AS TO FORM:


Kathie B. Guckenberger, City Attorney

ATTACHMENT A
CAPITAL IMPROVEMENT PROGRAM POLICY



CAPITAL IMPROVEMENT PROGRAM POLICY

The City of Cherry Hills Village recognizes the importance of maintaining, protecting, and prudently growing City Infrastructure and Capital Assets. After evaluating the City's operating characteristics, tax base, non-tax revenue sources, capital needs, local and economic outlooks and other contingent issues the City establishes the following policy regarding the Capital Improvement Program for the City of Cherry Hills Village.

I. **Authority**

The City Council of the City of Cherry Hills Village is authorized under its home rule charter, its general municipal powers, and Section 4-1-50 of the Cherry Hills Village Municipal Code to adopt policies and procedures in furtherance of its municipal functions and authority.

II. **Purpose**

This policy contains the guiding principles for the City's Capital Improvement Program to protect and develop the City's significant financial investment in infrastructure, public facilities, and other Capital Assets and Improvements.

III. **Scope**

This policy applies to the City's Capital Improvement Program which includes all current and future City Funds as approved by the City Council.

IV. **Definitions:**

Appropriation means a specific amount of money authorized by the City Council for identified goods and/or services for operating, capital, and debt service.

Budget means a complete estimated financial plan of the City that identifies Revenues, types and levels of services to be provided, and the amount of funds that can be spent during the relevant fiscal year. The City's Budget encompasses one calendar year. In practice, the term "Budget" is used two ways: it designates the financial plan presented for adoption ("Proposed"), or the final plan approved by City Council ("Adopted").

Capital Assets means any Public Facility, piece of equipment, or vehicle that costs in excess of five thousand dollars (\$5,000.00) and has a useful life greater than one (1) year. Items such as police vehicles, public works vehicles, parks and recreation equipment, major technology hardware or software, as well as Capital Improvements, Land, and Public Facilities are City Capital Assets.

Capital Improvements means the construction for the first time of any fixed Public Facility or part thereof, either inside or outside of the City that enhances, extends, expands, upgrades, or improves the fixed Public Facility. Capital Improvements includes, but is not limited to, City infrastructure such as streets and bridges, sidewalks, and water/sewer/stormwater systems.

Capital Improvement Program (CIP) is a multi-year financial plan containing proposed construction of physical assets such as Infrastructure, trails, parks, and public buildings as well as acquisition of other non-infrastructure Capital Assets such as information technology systems.

Capital Project means the process or processes, from commencement to completion, to acquire, construct, enhance, extend, expand, downsize, upgrade, or downgrade a Public Facility, including but not limited to the grouping of like facilities under a single project even though the geographic locations may be different.

Cost of Administration means the costs directly attributable to design, engineering and planning, accounting, auditing, and tracking revenues and expenditures for Capital Improvements and Major Capital Maintenance.

Expenditures are the actual spending of financial resources set aside by Appropriation.

Fund is a set of inter-related accounts to record cash and other financial resources, in addition to all related liabilities and residual balances or equity, which may be segregated for the purpose of specific activities or objectives.

Infrastructure means facilities and structures that support the daily life and growth of the City, including streets, traffic signals, bridges, and curb/gutters, and which have long useful life, and specifically including information technology equipment with a useful life of greater than five years.

Land means real property and includes City easements and right-of-way.

Major Capital Maintenance means repair and maintenance required to maintain existing fixed Public Facilities in proper operating condition that is either:

- a. Intended to have a corrective effect of five or more years, or
- b. Necessary to prevent immediate and substantial deterioration.

Operational Maintenance means any repair or maintenance to Capital Improvements other than Major Capital Maintenance.

Public Facility includes but is not limited to a City structure, building, street, sidewalk, curb and gutter, park, recreational facility, waterway, bridge, and utility line used by the City or in the performance of municipal functions.

Revenues are funds received from the collection of taxes, fees, interest income, grants, and other miscellaneous revenues during the fiscal year.

V. **Capital Planning Objectives**

Planning for capital replacement, major maintenance, and improvements is prudent financial management. Capital Assets and Infrastructure are important legacies that serve current and future generations. A sound multi-year CIP that clearly identifies capital needs, funding options, and produces operating Expenditure impacts is necessary to adequately address current and long-term needs of the City of Cherry Hills Village.

The first step in capital planning is identifying needs based on the City's asset life cycle for Capital Assets. The Capital Asset life cycle should include costs to operate, maintain, administer and replace the Capital Asset. In addition, the City will utilize adopted City plans such as the Master Plan to identify capital needs.

When developing the CIP, the City will prioritize capital requests, considering:

- Health and Safety – priority should be given to high-risk safety issues that require a Capital Project or Capital Asset to remedy
- Asset Preservation – Capital Assets that require renewal or replacement based on Capital Asset life cycles
- Service/Asset Expansion/Addition – Infrastructure improvements needed in response to the City's policies, plans, and studies
- Funding Availability – some level of priority should be given to projects that leverage City funds against external funds (grant funds or cost-sharing with other entities)

In this process, consideration will be given to:

- Coordination opportunities with related entities;
- Incorporating input and participation from major stakeholders and the general public as part of the normal Budget process;
- The impact on operating Budgets resulting from Capital Projects;
- Applying analytical techniques, as appropriate, for evaluating potential Capital Projects (e.g., net present value, payback period, cost-benefit analysis, life-cycle costing, cash flow modeling);
- Preserving existing Infrastructure before building new Public Facilities;
- Incorporating ADA-compliant improvements within new street and sidewalk construction projects; and
- Using a rating system to facilitate decision-making.

The CIP will be developed to promote and support its feasibility. The CIP should:

- Anticipate expected Revenue and Expenditure trends including operating impacts;
- Include cash flow projections;
- Comply with all financial policies;
- Recognize appropriate legal constraints;
- Consider and estimate funding amounts from all appropriate funding alternatives;
- Consider sources and uses for debt service;
- Evaluate affordability of the financing strategy;
- Include projects that are high quality and low maintenance;

- Include a procedure for accumulating necessary capital reserves for both new and replacement purchases; and
- Be monitored by City staff via reporting to the City Council as part of the normal Budget process.

VI. **Program Development and Reporting:**

Annually, a multi-year CIP and a long-range financial forecast will be prepared and submitted to the City Council no later than the date of the submission of the proposed annual Budget. The estimated cost for each Capital Project shall include inflationary projections and funding sources. Any contingent funding source shall be excluded in the CIP Budget until it becomes reasonably apparent that such funding will be available.

Routine operating and maintenance costs which do not add to the value or useful life of a particular Capital Asset shall be excluded as a capital Expenditure in the CIP but will be included in the annual Budget.

Remaining capital improvement project obligations at year-end may be re-appropriated in the subsequent Budget, subject to the City Council approval. The project estimates for the current and subsequent budget years will be communicated to the City Council prior to Budget adoption.