CAPITAL PLANNING POLICY

I. POLICY

Capital assets have a significant impact on the ability of the County to deliver services, the economic vitality and overall quality of life for County of Ottawa residents. The Ottawa County Board of Commissioners support multi-year planning process to fund capital projects with a focus on preserving current systems and accounting for future needs. The results of planning or Capital Improvement Plan (CIP) will be incorporated into the strategic planning and annual budget processes.

II. STATUTORY REFERENCES

MCL 141.421 et seq


III. COUNTY LEGISLATION OR HISTORICAL REFERENCES

The original Board policy on this subject matter was adopted 9/23/97 per BC 97-340.

Board of Commissioners Policy Adoption Date and Resolution Number: October 13, 2015; B/C 15-195

Board of Commissioners Review Date and Resolution Number: September 23, 2015; B/C 15-175

Name and Date of Last Committee Review: Planning and Policy Committee: December 14, 2017

Last Review by Internal Policy Review Team: December 1, 2017
IV. PROCEDURE

A. The County Board of Commissioners (the Board) must grant approval to all capital projects. To assist the Board in the capital improvement decision making, County administrative staff will:

1. Prepare a 5-10 year Capital Improvement Plan (CIP) for new and existing County assets.

   a. Capital projects are defined as the acquisition, expansion, or major rehabilitation of a County asset. Capital projects generally exceed $50,000 and will be capitalized and depreciated based on the applicable useful life. As a part of the annual budget process, departments submit capital project requests to Fiscal Services to be forwarded to the CIP committee. These requests will include additional operating costs that will result from the project.

   b. The CIP committee is comprised of the Assistant County Administrator, the Fiscal Services Director and Assistant Director, the Facilities Director, the I/T Director & the Planning and Performance Director.

   c. The CIP committee will review and prioritize the department requests and make recommendations to the Administration and the Board of Commissioners through the Planning and Policy and Finance Committees.

B. Financial Planning and Budgeting for Capital Projects:

1. The funding for capital projects is at the discretion of the Board. The nature and amount of capital projects, as well as the County’s financial resources and market conditions, determine the financing method for capital projects. Specifically, care must be exercised to ensure that the payment stream for the project does not exceed the expected life of the project. Although the County has paid for several projects with cash, each project must be analyzed separately to determine if it is in the County’s financial interest to pay cash, borrow or bond. The County’s cash balances and the ability of the operating budget to absorb debt service payments will also influence the financing method selection process.

2. The CIP is incorporated into the annual budget process and funding is appropriated to the projects.

3. Each project will have a project sponsor and a project manager who are responsible for the monitoring of the project status for adherence to the project budget.
4. The Fiscal Services Department is responsible for supporting activities related to the capital projects and assist with the oversight of the financing for the approved projects.

5. No project will be added to the Capital Improvement Plan unless authorized by the Board of Commissioners after recommendation of the Planning and Policy Committee.

6. Pursuant to the Uniform and Budget Accounting Act and the Board approved budget resolution, the County Administrator can execute transfers between projects up to $50,000 without prior approval of the Board. All other amendments must be approved by the Board.

7. Capital Project Closure Process: Periodically throughout the year, Fiscal Services will be requesting information from the project manager as to the status of the project. If the project is completed and fully paid, Fiscal Services will move this project to the closed status. The remaining balance of the project will be unappropriated and the funds made available for future projects.

V. REVIEW PERIOD

The Internal Policy Review Team will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.