

CITY OF MARQUETTE, MICHIGAN

CITY COMMISSION POLICY

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Date Adopted: September 28, 2015	
Department: Administrative	

SUBJECT: CITY OF MARQUETTE CAPITAL IMPROVEMENTS PROGRAM POLICY

PURPOSE: To provide a policy and procedures for the development, approval and publication of the City of Marquette’s six-year plan for Capital Improvements, known as the Capital Improvements Program.

POLICY:

SCOPE

This policy applies to all projects undertaken by the City of Marquette that meet the definition of a capital improvements project detailed in the definitions section.

LEGAL BASIS FOR THE CAPITAL IMPROVEMENT PLAN

The State of Michigan provides for the development and use of a capital improvement plan in the Municipal Planning Act (Section 125.3865, Act 33 of the Public Acts of 2008):

“To further the desirable future development of the local unit of government under the master plan, a planning commission, after adoption of a master plan, shall annually prepare a capital improvements program of public structures and improvements, unless the planning commission is exempted from this requirement by charter or otherwise. If the planning commission is exempted, the legislative body either shall prepare and adopt a capital improvements program, separate from or as a part of the annual budget, or shall delegate the preparation of the capital improvements program to the chief elected official or a nonelected administrative official, subject to final approval by the legislative body. The capital improvements program shall show those public structures and improvements, in the general order of their priority that in the commission's judgment will be needed or desirable and can be undertaken within the ensuing 6-year period. The capital improvements program shall be based upon the requirements of the local unit of government for all types of public structures and improvements. Consequently, each agency or department of the local unit of government with authority for public structures or improvements shall upon request furnish the planning commission with lists, plans, and estimates of time and cost of those public structures and improvements.”

The Charter of the City of Marquette, Michigan (Chapter 7, Section 7-2(b)) exempts the Planning Commission from being responsible for the preparation of the Capital Improvement Plan and provides the following:

“Capital improvements program. As part of the proposed budget, the city manager shall annually prepare a capital improvements program of public structures and improvements. The capital improvements program shall show those public structures and improvements that in the city manager's judgment will be needed or desirable and can be undertaken within the ensuing six-year period. The proposed capital improvements program shall be submitted to the planning commission for review and shall be adopted by the city commission. Neither the city manager nor the city commission shall include or appropriate for any capital improvements that have not been budgeted for.”

HISTORY

In 2006 the City adopted its first systematic approach to the development of a Capital Improvements Program (CIP). That system or a variant of it has been used since with positive results in the City's infrastructure condition. In 2015, the City decided to revisit many of the assumptions upon which the original model was based, with the goal of improving the document as a planning and financial management tool and to allow a holistic approach with all departments, committees and the public participating. A CIP team was assembled to develop a new process, new documentation and recommend a useful policy.

DEFINITIONS

The following words, when used in connection with this policy, shall have the meanings respectively ascribed to them herein.

Asset: Something that the City has acquired or purchased, and that has monetary value (its cost, book value, market value or residual value).

Budget: City fiscal year budget that includes operations and capital outlay.

Capital Improvements Program: Multi-year schedule of public, physical improvements based on the City's various long-range master plans.

Capital Improvement Plan (CIP): A document that identifies needs associated with the City's infrastructure assets, and schedules projects to address those needs for a six-year period based on prioritization of the needs, and availability of financial and staffing resources.

Capital Improvement Project: A capital improvement project is defined as a major expenditure that includes one or more of the following:

- Any construction of a new asset (i.e., a public building, water/sanitary sewer mains, storm sewers, major/local roadways, pathways, recreational facilities), an addition to, or extension of such a facility, provided that the cost is \$25,000 or more *and* that the improvement will have a useful life of three years or more.

- Any rehabilitation of all or a part of a building, its grounds, an asset, or equipment, provided that the cost is \$25,000 or more and the improvement will have a useful life of three years or more.
- Any purchase or replacement of major equipment to support City programs provided that the cost is \$25,000 or more and will be coded to a capital asset account.
- Any planning, feasibility, engineering, or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects provided that the entire project cost exceeds \$25,000 or more and will have a useful life of three years or more.
- Any acquisition of land for a public purpose that is not part of an individual capital improvement project or a program that is implemented through individual capital improvement projects.
- Infrastructure: Basic assets, services, and installations needed for the functioning of the community. These include the transportation systems, sanitary, storm, and water lines, parks, public buildings, etc., and the land affiliated with those assets.

FUNDING SOURCES

Because capital improvement projects involve the outlay of substantial funds, numerous sources are necessary to provide financing over the life of the project. Most capital funding sources are earmarked for specific purposes and cannot be transferred from one capital improvements program to another. The CIP has to be prepared with some projections as to the amount of money to be available. The following is an example of some possible funding sources for projects included in the capital improvements program (these sources should not be considered all-inclusive):

- Internal Reserve Funds
- Bonds and/or Other Financial Mechanisms
- State Tax Act 51 Funding
- Tax Increment Financing (TIF)
- Tax Millages
- Federal and State Funds
- Special Assessments

PUBLIC INVOLVEMENT

The City is committed to include the public in its CIP preparation. As the plan is prepared, draft information is posted on the City website for review by the public, as well as contact information for providing comments and feedback. Additionally, the Planning Commission and City Commission review the CIP and hold public hearings to obtain input on the plan.

In addition to the public involvement sought during the CIP process itself, the public's input is sought both before and after the actual CIP process. The City undertakes planning efforts to guide City staff and policy makers in making decisions about the physical development of the City. Many of these planning projects result in documents that are reviewed and adopted by the City and Planning Commissions as elements of the City's Community Master Plan or other stand-alone plans.

Other planning projects are focused on infrastructure and systems. Though these plans are more technical in nature, they are very important undertakings in their own right, as they also guide future decisions and recommendations by the City.

For example, plans currently adopted by the City (this list should not be considered all-inclusive):

- Citywide Plans
- Community Master Plan
- Strategic Plan
- Downtown Development Authority Plan
- Parks & Recreation 5 Year Master Plan
- Economic Development Plan
- Arts and Culture Master Plan

Plans and studies performed regarding City infrastructure and systems:

- Water System Study
- Sanitary Collection System Study
- Storm Water System Study
- City Traffic Study
- Complete Streets Guiding Principles
- Preliminary Engineering Study for Presque Isle and Founders Landing Marinas
- Third Street Corridor Sustainable Development Plan

PROVISIONS

CIP Review Committee: The CIP Review Committee will be a standing committee consisting of members of the Management Team whose responsibility it will be to review the various departmental requests for capital improvement projects and recommend priority assignments to the CIP Coordinator. Priority assignments will be based on the grading criteria and decision matrix as created per year one of the current six-year program.

CIP Coordinator: The position of CIP Coordinator will be assigned by the City Manager. The CIP Coordinator will be responsible for developing the six-year Capital Improvements Program to be reviewed and approved as set forth in the Procedures.

Planning Commission Review: The Planning Commission will be provided copies of the proposed CIP for their review and comment, based on development policies and the Community Master Plan. The CIP Coordinator and/or other members of the CIP Review Committee will present the proposed CIP to the Planning Commission at a regular or special meeting as set forth in the Procedures.

City Commission Approval: The City Commission is the final approval authority of all proposed Capital Improvements Programs.

PROCEDURES

INITIAL PROCESS

Asset Inventory: The initial task for the CIP Review Committee is to prepare a complete inventory of all the City's assets that would meet the intent for a Capital Improvement Project.

Scoring Criteria and Decision Matrix: The CIP Review Committee will create an objective means of scoring the value of the projects that are being considered for the six-year CIP. In examining the factors that should be part of the scoring criteria, items to consider include: statutory requirements, policy issues, cost analysis, public service factors, safety, resiliency, funding availability, etc.

Project Priority List: The department heads will submit a proposed list of projects to the CIP Review Committee for consideration in the six-year CIP. The projects will be placed in ranked order per department based on the scoring criteria and decision matrix.

Boards and Commissions: Department heads and their staff liaisons will provide and review their proposed list of projects with their respective board/commission. Comments will be received from each board/commission based on input received from the public and submitted to the CIP Review Committee.

Draft Six-Year Capital Improvement Plan Creation: The CIP Review Committee will review the project priority list as submitted by the department heads, boards, and committees. Any revisions will be done in an objective way by the committee with the department head. When review is complete, a draft plan will be developed by the CIP Review Committee and forwarded to the Chief Financial Officer (CFO) and CIP Coordinator for review by the City Manager (CM).

City Manager Review: The CM will review for consistency and intent. Once complete, the CM will meet with the CFO and CIP Coordinator to discuss any revisions. The CFO and CIP Coordinator will bring back the revisions to the Committee for processing.

Public Hearing: The draft six-year CIP will be considered at public hearings convened by the Planning Commission and then the City Commission to accept comments and input from the public on the content of the Plan. Notice of said public hearing date, place, and time will be made in accordance with the State of Michigan statutes governing public notification. Copies of the proposed six-year CIP will be made available to the public prior to the scheduled hearing date and at the hearing.

Final Six-Year Capital Improvement Plan: Input from the public will be reviewed by the CM, CFO, and the CIP Coordinator for consideration in the Plan. Once the draft is considered final, the CM will bring to the City Commission for adoption.

ANNUAL PROCESS

Asset Inventory: The inventory will be revised as assets are replaced, refurbished, or removed from the City's assets by the department head to meet the intent of a Capital Improvement on an annual basis.

Annual Updates/Schedule: Annually, the Chief Financial Officer and the CIP Coordinator will submit a proposed CIP development calendar to the City Manager for review. Based on this calendar, the CIP

Coordinator will initiate a request to the department heads and staff liaisons for submission of updates, revisions and new projects towards the six-year Capital Improvements Program.

Format: The department heads will utilize the approved six-year CIP as a base for developing recommended additions, deletions, or changes for incorporation in the updated CIP for the ensuing year. The department heads will utilize the standard format provided to submit new projects or propose revisions to existing projects. All new projects will include a comprehensive estimate of the impact of the new project(s) on the City's annual budget.

CIP Committee Review: The CIP Review Committee will consist of management from the various departments. The CIP Review Committee will meet as needed with the CIP Coordinator to review all submissions for the revised CIP and to develop a project priority list, from among the submitted projects, according to their relative importance to established City goals. The priority list will be based on the scoring criteria and decision matrix as created per year one of the current six-year program. A copy of the draft of the proposed CIP revisions will be distributed to members of the CIP Committee.

Chief Financial Officer (CFO): A copy of the proposed CIP will be provided to the CFO and the CFO may consult with the City's bond counsel and others as necessary for review and comment. These reviews will focus on the legality of proposed projects and funding sources, and compliance with the City's Debt Policy. The CFO and/or bond counsel may submit any recommendations for revisions to the proposed CIP to ensure that it is in compliance with State of Michigan statutes and City ordinances, policies, and procedures.

The CFO shall assist the CIP Coordinator as necessary in all facets of Capital Improvements Program development and review including production of debt service schedules, mill levy calculations, revenue estimates, and estimated growth in assessed valuation as well as overall financial analysis of the proposed program. Additional assistance may be requested to help produce draft documents, etc.

City Manager Review: The CFO and the CIP Coordinator will provide a copy of the proposed CIP document to the City Manager for review and comment prior to distribution of the CIP document to the Planning Commission and the City Commission.

Planning Commission Review: The Planning Commission will review the proposed CIP each year for consistency with the City's Master Plans and Studies and may recommend program changes to the City Commission for their consideration. Consistent with state law, the Planning Commission review should focus on the implications of the proposed CIP on land uses and other broad planning issues rather than specific merits or timing of individual projects.

Public Hearing: The proposed CIP will be considered at public hearings convened by the Planning and City Commissions to accept comments and input from the public on the content of the Plan. The public hearing may be held as part of the annual public hearing on the proposed budget or may be held as a separate public hearing. Notice of said public hearing date, place, and time will be made in accordance with the State of Michigan statutes governing the publication notice for the annual proposed budget, or if the public hearing will be separate from the annual proposed budget. Copies of the proposed CIP will be made available to the public prior to the scheduled hearing date and at the hearing.

City Commission: The final draft of the revised CIP will be submitted as an agenda item for formal approval by the City Commission at a regular or special call meeting. Upon approval, the CFO will assist the CIP Coordinator in preparing the formal CIP document for public distribution.

Distribution: A copy of the approved CIP document will be published on the City's external website.

Implementation: Upon adoption of the CIP and those projects approved in the budget, projects may be implemented by the appropriate department head in compliance with the City's Purchasing Policy.

RESPONSIBILITY FOR ENFORCEMENT

The City Manager, Chief Financial Officer, and CIP Coordinator will be responsible for ensuring that this policy is followed and/or updated as necessary.

REFERENCES

City of Marquette Code Section 2-500 through 2-504.

City of Marquette Code Chapter 7