

Capital Budget FY 2011 – FY 2015

The James City County Capital Improvement Program (CIP) is a planning and budget tool, which provides information about the County's infrastructure needs for a six-year time frame. The first year of the CIP is the Capital Budget and this first year is actually the only year where funding sources are identified and appropriated to projects. The remaining five years of the CIP list the capital projects identified for implementation, the estimated cost and possible funding sources. Each year the list of projects is reviewed for need, cost, and priority. New projects may be added and other projects deleted.

Generally, Capital Improvements are defined as physical assets, constructed or purchased, that have a useful life of ten years or longer, a cost of \$50,000 or more, and result in a County asset. Projects that meet this definition of a capital improvement are included in this CIP, such as:

- a. New and expanded facilities for the community.
- b. Large scale rehabilitation or replacement of existing facilities.
- c. Equipment for any public facility or improvement when first erected or acquired.
- d. The cost of engineering or architectural studies and services relative to the improvement.
- e. The acquisition of land for a community facility such as a school, a park, or for greenspace or conservation purposes.

Funding for the purchase of vehicles or equipment is included in the CIP when they have expected lives of ten years or longer and a cost of \$50,000 or more.

CAPITAL MAINTENANCE PROJECTS. Included as a separate component of the Capital Improvement Program are certain items meeting the definition of Capital Improvements, but which could just as easily be classified as "maintenance," either of a facility or of a program. Roof repairs and replacement fire trucks are generally shown as "maintenance" projects. School buses, as an example, are budgeted differently depending upon whether they are new buses or are replacements.

CAPITAL OUTLAY. The CIP does not include items defined as Capital Outlay. These items, shown within the County's Operating Budget, include such things as furniture, equipment, vehicles, and motorized equipment needed to support the operation of the County's programs. Generally, a Capital Outlay item may be defined as an item valued in excess of \$1,000, but less than \$50,000. A Capital Outlay item would usually have a life expectancy of less than 10 years, but there are items, such as pieces of furniture, that will probably be in use for much longer.

Capital Outlay may also include minor construction projects and facility repairs. If these items can be combined into a project category that would be defined as a Capital Project, then the project would most likely be shown as a Capital Maintenance project.

COMPREHENSIVE PLAN. The County's CIP is developed and proposed within the context established by the County's adopted Comprehensive Plan. This Plan is evaluated annually and is the focus of a major review every five years. Components of the Plan include goals, objectives, and strategies in major subject areas such as economics, public facilities, parks and recreation, housing, environment, transportation, community character, and land use.

PLANNING COMMISSION. The County's Planning Commission annually reviews the Capital Improvement Program and ranks each non-maintenance project within the context of the adopted Comprehensive Plan. The Commission's Capital Improvement Program rankings are submitted separately to the Board of Supervisors.

Capital Budget FY 2011 – FY 2015

STRATEGIC MANAGEMENT PLAN. Each year County departments and agencies review and revise the Strategic Management Plan that inspire their annual goals, objectives, and work program initiatives for the coming year. Most of the budget impacts of an adopted Strategic Management Plan are in the Operating Budget, but a few items may end up in the CIP.

PROJECT COSTS. The projected costs of each capital project are sometimes the result of detailed engineering studies, and are sometimes simply educated guesses. The project costs to be funded in the CIP should include all costs relating to design, acquisition, construction, project management, equipment, legal expenses, mitigation of damages, title costs and other land related costs, etc., when such information is available. Each year the CIP may be adjusted as the complete project costs become more firmly known.

FUNDING DECISIONS. Funding recommendations by staff to the Board are made based on a variety of information. The total amount of money available, the level of developer contributions or other private funding sources, the availability of grants or Federal and State funds, and the availability of previously appropriated, and unobligated funds are all factors that are considered in recommending a funding level. Consistency with either the Strategic Management and Comprehensive Plans, as well as the Planning Commission's priorities, are also considered in the funding recommendation.

DEBT FINANCING. Debt financing is an option that the Board of Supervisors may also consider as a financing option. There are essentially only two options for debt financing. The first is some form of owner financing or lease purchase, an installment sale, or any other financing instrument that must be reviewed and funds appropriated each year. The second type of debt financing is known as general obligation financing, where future Boards of Supervisors are required to set the tax rates at a level to pay off the debt. Except for specific exceptions, such as schools, general obligation debt can only be issued after a successful voter referendum authorizes the borrowing. Debt financing payments are then paid mostly from General Fund contributions. Past trends have been to “stair step” increasing contributions from the operating budget. The change from annual reassessments to reassessments every other year puts most of the funding pressure on the first year of the two-year budget process. For a further discussion of debt financing, please see page F-10.

SEPARATE CAPITAL IMPROVEMENT PROGRAMS. Some agencies and/or regional organizations adopt their own Capital Improvement Programs. These include the Virginia Peninsula Regional Jail, the Middle Peninsula Juvenile Detention Commission, the Community Action Agency, the Group Home Commission, and the James City Service Authority. The County's CIP includes items for regional groups, such as the Williamsburg Regional Library or the Williamsburg-James City County Public Schools, where the County is the major funding source.

SUMMARY. The Capital Improvement Program represents the mutual efforts of County departments and agencies to meet the infrastructure needs of County residents, businesses, and visitors. It usually cannot fully fund all the Capital Budget requests and the projects are closely scrutinized and prioritized to provide for the maximum benefit. Citizen input, the County's adopted Comprehensive and Strategic Management Plans, the recommendations of the County's Planning Commission, and the total funding available all play a role in allocating limited resources. The FY 2011-FY 2015 Capital Improvement Program is very lean compared to previous years as capital investments compete with ongoing operations for adequate funding.