

## CAPITAL BUDGET PROCESS

---

- **Capital Improvement Budget** - The Capital Improvement Budget (CIB) is prepared concurrently with the Operating Budget and spans the same fiscal cycle - July 1st through June 30th. As with the Operating Budget, the process for the CIB preparation begins with the City's Five -Year Forecast in the fall of each year. Through the Five - Year Forecast, the City estimates the resources available and the anticipated expenditures for the Operating Budget and the funding available for additional debt service to support new Capital Improvement Budget requirements. The Operating Budget document includes a Capital Budget Summary, which highlights specific debt management policies, the level of debt service, and the specific capital projects. However, the Capital Improvement Budget is prepared as a separate budget document, which provides greater detail on the CIB development and process.
- **Relationship to the Operating Budget** - Developing and adopting the Operating and CIB during the same time frame, promotes sound fiscal policy and cohesiveness by allowing Council and management to review both requests simultaneously. Further, the Operating and the Capital Improvement Budget development are specifically integrated by:
  - Incorporating projected operating costs for each capital project in the City's Five - Year Forecast.
  - Incorporating the anticipated level of debt service in the City's Five - Year Forecast.
  - Appropriating the required level of debt service as part of the Operating Budget.
  - Appropriating the required operating costs associated with completed capital projects in the Operating Budget.

## POLICIES GUIDING DEVELOPMENT OF THE CAPITAL BUDGET

---

The following is a list of policies used in evaluating projects for the Capital Improvement Budget (CIB). The CIB is a separate document, but the Operating Budget document includes a summary of the CIB under a separate section at the end of this document.

- Prepare the Capital Budget for construction and repair of building, roads, and school with project cost over \$100,000 in any fiscal year.
- Review each project included in years two through five of the Approved CIP for revised cost estimates.
- Review the inventory of unfunded capital projects and revise the inventory to reflect the elimination or addition of projects.
- Rate projects to be considered for funding using the following criteria:
  1. Replacement of existing infrastructure.
  2. Reduce the cost of operations.
  3. Support economic development efforts.
  4. Improve safety and reduce risk exposure.
  5. Comply with the City's current Comprehensive Plan.
  6. Generate additional net revenue to the City of Chesapeake.
  7. Outside revenue sources available to leverage City funds.