FACILITIES FINANCIAL PLANNING PROGRAM

PURPOSE

To establish the policy for the administration of the City's Facilities Financial Planning Program.

DISCUSSION

In addition to the annual Capital Improvement Program (CIP), the City has established a long term plan for replacement of aging General Fund supported facilities. The primary focus of the program is the replacement or major renovation of existing physical infrastructure. The addition of new facilities is also a goal of the program. The emphasis is on structures and adjacent grounds, rather than transportation, environmental, or other projects funded either in whole or in part by the General Fund.

OBJECTIVES

A. To insure that a long-term program addressing large, non-recurring projects for replacement of facilities is addressed as part of the budget process each year.

B. To insure that development fees, proceeds derived from redevelopment or redeployment of existing land and capital assets owned by the City, and other non-recurring revenues are dedicated to the replacement of infrastructure facilities, rather than ongoing operating expenses.

C. To provide a consistent, level funding plan that will minimize the 'peaks and valleys' in General Fund support levels for elements of the program.

D. To insure that projects are properly prioritized and scheduled, taking into consideration the relative age, condition, and functional viability of current facilities; pairing of projects where prudent; and cost implications of immediate projects for the overall long-term program.

E. Budgeting the cost of facilities while those facilities are in use is consistent with good government management practices. However, creating a legacy of

excessive fixed costs for debt service is not. Therefore one of the objectives of this program is to insure that future generations will not be required to carry a disproportionate fiscal burden for previously completed projects.

SOURCES AND USES OF FUNDS

Funding for the program comes from development fees, proceeds derived from redevelopment or redeployment of existing land and capital assets owned by the City, contributions from individuals and organizations within the community, annual budget allocations from the General Fund, net proceeds of Certificates of Participation or other financing instruments, and investment earnings on temporarily idle funds.

Program funds are used for actual site acquisition, design, construction, and directly related costs; as well as debt service expenses.

POLICY AND PROCEDURE

A. Each year, as part of the budget process, staff shall prepare an update of the Facilities Financial Planning Tool for review, modification, and approval by the City Council.

B. Unless otherwise specified in individual development agreements, other governing documents, or as otherwise specifically directed by the City Council, all development fees received by the City will be dedicated to the Facilities Financial Planning Reserve fund.

C. Prudent assumptions regarding revenue and expenditure growth, inflation, and all relevant factors will be included in each year's update of the Facilities Financial Planning Tool.

D. General Fund contributions to the Program shall not be less than 3.0% of the total General Fund Operating Budget. If there is a shortfall in General Fund revenue due to a decline in economic activity and it is necessary to reduce expenditures, General Fund contributions to the Facilities Financial Planning Program can be temporarily modified to maintain contributions under the 3% threshold.

E. The financing duration for any borrowed funds shall not exceed 30 years or the projected life of the new facility, whichever is less.

F. The Facilities Financial Planning Tool may be amended by City Council action in the event of a natural disaster or financial crisis.

Adopted – August 11, 2009
Amended – May 14, 2013