



March 26, 2013

# Frequently Asked Questions: Beaufort SC Capital Improvement Plan FY2014

## 1. What are “capital improvements”?

**Answer:** A capital improvement generally is defined as a non-recurring expenditure or any expenditure for physical improvements, including costs for the acquisition of existing buildings or land; construction of new structures such as the proposed \$2.27 million new Beaufort fire station at Mossy Oaks; construction/expansion of streets, highways, sidewalks or utility lines; acquisition of fixed equipment including police vehicles or fire trucks; landscaping; and similar expenditures.

Capital improvements are investments in the infrastructure – in this case, for the City of Beaufort.

## 2. So what is a Capital Improvement Plan?

**Answer:** Beaufort’s Capital Improvement Plan (CIP) is a plan that examines capital needs against the City’s overall goals and objectives. The Capital Improvement Plan is a short-range plan, usually one to five years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan. The plan links the City and its comprehensive and strategic plans to the City’s annual budget.

Key elements include:

- It uses a multi-year timeframe that ties to the Civic Master Plan
- It contains projects budgeted in FY14 as well as projects in subsequent fiscal years for which funding may not yet have been obtained or authorized, including grants
- Since the CIP is not a legally binding document it can and does change.
- Frequently, the Capital Improvement Plan is seen as a “rolling document” since older projects drop off when completed and new ones are added each year.

There are series of documents that form a relationship to the Capital Improvement Plan:

1. The Comprehensive Plan

2. Beaufort Civic Master Plan (the Strategic Plan)
3. Long-term Operating Budget Plan
4. Capital Budget
5. Operating Budget
6. Affordability Analysis
7. Capital Needs Study

### **3. What goes into developing a Capital Improvement Plan for the City of Beaufort?**

**Answer:** It's a multi-step process to tie capital needs to the Beaufort Civic Master Plan and Council goals. Key points include: Expenditures related to completing Capital projects generally span longer than an operating year; there is an integration between the Capital projects budget and the operating budget; and once the decision is made to move forward on implementing capital projects, those plans cannot easily be changed because of payments made and projects being started.

During staff review starting in late 2012, we identified projects from Chapter 11 of the Civic Master Plan that had a one-year to three-year implementation projection. We then examined other capital projects related to stormwater drainage or other Public Works areas.

With that list, we obtained project estimates in current year dollars. Finally, we developed a schedule by major category, tying funding and time to a timeline for each project that can be assigned through the capital budgeting process. All of these categories can change based on changing economic, environmental and community factors.

#### **Steps to developing a CIP and Capital Budget:**

- a. Organize the process
- b. Identify/select the projects and funding options
- c. Prepare and recommend a Capital Plan and budget
- d. Adopt the Capital Budget
- e. Adopt the Capital Budget with the entire amount for all the approved projects that are funded in the current fiscal year, regardless of whether those funds will be spent in a year or not
- f. Any unused capital funds from the current year are carried forward into the next fiscal year budget and approved again as part of the adopted budget process
- g. New projects are added to the capital budget during the budget process as funding become available.

### **4. What's the connection between the Civic Master Plan and the Capital Improvement Plan?**

**Answer:** In 2009 the "Vision Beaufort" Comprehensive Plan included a wealth of information about targeting public investment, establishing community design objectives, pursuing potential catalyst projects, and most importantly, implementing the vision that would guide Beaufort into its next decade of growth and development.

From the Comprehensive Plan, City Council charged the Redevelopment Commission to develop the Strategic Plan that is now known as the Beaufort Civic Master Plan.

The Civic Master Plan is the result of extensive efforts to establish principles and standards for all public and private development. It provides a guide for identifying and promoting investments within the City. The Civic Master Plan is expected to generate discussion points, establish budget priorities, and create targeted projects and/or areas for the City over the next generation.

The Civic Master Plan is Beaufort's Strategic Plan that is instrumental in developing the City's Capital Improvement Plan and the Capital Budget.

## **5. How does the Capital Improvement Plan fit into the annual City budget process?**

**Answer:** The heart of the Capital Improvement Plan is the *projects*. At this stage of the FY2014 budget process (March 26, 2013), note that there funded and unfunded CIP projects that need to be taken into consideration in making budget decisions.

The projects are categorized by major elements that link to the Comprehensive plan and the Strategic Plan, which is the Beaufort Civic Master Plan. The CIP contains a series of tables that show which proposed projects will be built, when, where and how much they will cost.

The CIP and the Capital Budget are presented together and contain a summary of funding sources available to pay for the projects.

- ✓ The capital budget is the first document of the Capital Improvement Plan. It is the implementing document. The capital budget is where funds for capital projects are identified and authorized as part of the budget adoption process.
- ✓ The capital budget contains detailed information about the design, costs, financing and schedule for the capital projects for the current fiscal year.
- ✓ The capital budget is a separate budget document but the current funding commitments are rolled into the adopted Operating Budget.

## **6. Where can I find the list of recommended Capital Improvement Projects for the City of Beaufort?**

**Answer:** Visit [www.cityofbeaufort.org](http://www.cityofbeaufort.org) and go to Departments / Finance for the complete list. Note that some of these projects have funding sources identified while others don't.

## **7. What's next with the Capital Improvements Plan?**

**Answer:** This is a systematic approach. First, we link the capital projects to the Sector plans identified in Chapter 11 of the Civic Master Plan. Then staff and Council review

the list to ensure that it contains the priority projects that City Council would like to complete in one to three years.

Next, staff and Council will take a closer look at each Sector plan to assist in developing the Capital Project Book, and review funding options and the timing for each project. Finally, capital improvement plan recommendations to Council are made for approval as part of the FY14 budget process.

*For more specific details, visit these online links:*

*Civic Master Plan:* <http://cityofbeaufort.org/civic-master-plan.aspx>

*Comprehensive Plan:* <http://visionbeaufort.blogspot.com/>

*Comprehensive Annual Financial Reports:*  
<http://www.cityofbeaufort.org/comprehensive-annual-financial-reports-cafr.aspx>

*Annual City of Beaufort Budgets:* <http://www.cityofbeaufort.org/budgets.aspx>

*Finance Department:* <http://www.cityofbeaufort.org/finance.aspx>