



# Capital Expenditures and Improvements Policy

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## I. Authority

The Fort Worth City Council is responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of the City of Fort Worth. The City Manager ~~and the Assistant City Managers are~~ responsible for carrying out the policy directives of the City Council and managing the day-to-day operations of the executive departments, including the Department of Financial Management Services. This policy shall be administered on behalf of the City Manager ~~and the Assistant City Managers~~ by the Chief Financial Officer / Director of Finance.

## II. Purpose:

This policy is intended to establish guidelines for the management of certain City capital expenditures, to review and monitor the state of the City's capital assets, setting priorities for the addition, replacement, and renovation of such assets based on needs, funding alternatives, and availability of resources.

## III. Scope:

This policy shall apply to all funds under the budgetary and fiscal control of the City Manager and the Mayor and City Council.

## IV. Glossary

See definitions related to this policy provided in the appendix.

## V. Policy:

### A. Capital Improvements Planning

The City shall review annually the needs for capital improvements and equipment, the current status of the City's infrastructure, replacement and renovation needs, and potential new projects. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance, and replacement costs shall be fully ~~identified~~ ~~costed~~.

### B. Replacement of Capital Assets on a Regular Schedule

The City shall annually prepare a schedule for the replacement of its non-infrastructure capital assets. Within the resources available each fiscal year, the



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City shall replace these assets according to the aforementioned schedule.

### C. Capital Expenditure Financing

The City recognizes that there are three basic methods of financing its capital requirements. It can budget the funds from current revenues (pay-go funding); it can take the funds from unassigned fund balance, assigned fund balance, or Net Position as allowed by the Unassigned/Assigned Fund Balance or Net Position Policy Statements; or it can borrow money through the issuance of debt. Debt financing includes general obligation bonds, revenue bonds, certificates of obligation, lease/purchase agreements, certificates of participation, commercial paper, tax notes, and other obligations permitted to be issued or incurred under Texas law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

### D. Lake Worth Infrastructure Fund

Proceeds from the sale of Lake Worth leases shall be escrowed and designated for water and wastewater improvements within the area of the City of Fort Worth surrounding and adjoining Lake Worth.

### E. Surplus Bond Funds (M&C G-14441, July 27, 2004)

A “Restricted Residual Account” shall be established to record and manage surplus project funds. Surplus project funds may become available after the completion of a specific, voter- approved bond project or may result when a bond project is modified or eliminated without being simultaneously replaced by another eligible project.

Funds in the Restricted Residual Account may be used for projects consistent with the voted purpose of the bonds to:

- Finance cost overruns on bond projects within the same bond proposition;
- Reduce outstanding debt at the end of the bond program; and
- Fund newly identified projects within the voted purposes of an approved bond proposition only after all voter-approved projects /\_categories within the same proposition are substantially complete. A project would be considered substantially complete when design has been fully completed, construction is substantially underway, and staff has prepared cost projections that include ample contingencies to complete the project in the event unforeseen costs should arise.