FINANCIAL POLICES: CAPITAL IMPROVEMENT PROGRAM
CITY OF ROCKFORD, ILLINOIS

1. The Capital Improvement Plan shall identify projects, their costs and the revenue sources and amounts needed to finance them.

2. The Capital Improvement Program will be financed by borrowing, i.e., obligating future revenues, or the 'pay-as-you-go' method. This decision will be based on the following factors:

   a. Type of Project - The projected useful life of the project will be a determinant. The longer the life of the project, the greater justification for borrowing.

   b. Cost of the Project - The larger the cost of the project, the greater justification for borrowing.

   c. Funding Source - The degree of certainty that exists on the future level and availability of a particular source is a factor.

   d. Fund Availability - If adequate fund balances are available, there is less justification for borrowing.

   e. City Financial Position - Issues such as the existing level of long-term indebtedness of the City, and overall financial condition, should be considered when borrowing.

   f. Municipal Bond Market - Status of the market condition, i.e., interest rates, marketability of bonds, and terms.

3. Schedules will be created for planning ongoing capital replacement in enterprise funds and the funding program to refinance them. These schedules shall be integrated into the Capital Improvement Program.

4. The City shall utilize such debt instruments as are necessary to carry out the Capital Improvement Program.

5. The Capital Improvement planning process will include all revenue sources that are available for capital expenditure. These shall include the following:

   a. Property Tax
   b. Motor Fuel Tax
   c. Gas and Diesel tax
   d. Redevelopment Fund tax
   e. Water Revenues
   f. Parking Revenues

g. Community Development Block Grants
h. Special Service Tax Revenues
i. Tax Increment Financing
j. Special Assessment Revenues
k. Federal Aid to Urban Areas Funds
l. Special Bridge Replacement Funds
m. Other Federal, State or Local sources of revenue

6. For General Obligation Debt, the City will maintain a debt to assessed value ratio that is 20% more stringent than the state debt limit.

7. These guidelines shall be followed for the following funding sources:

a. Motor Fuel Tax

1. No more than 50% of the estimated annual revenue shall be obligated for long-term debt financing.

2. A portion of the annual revenue shall be used for construction/reconstruction projects.

3. A portion of the annual revenue shall be used for resurfacing each year.

b. Gas and Diesel Tax - After debt service and collection cost the remaining annual revenue should be used for annual street resurfacing (Expired 12/31/85).

8. Where feasible, the City shall use all sources of revenue available before using local property tax funds. Where funding sources (i.e., MFT, federal, etc.) carry strict requirements and restrictions that are not considered in the best interest of the City, the City shall utilize its own resources to achieve local objectives through local control.

9. The City shall give priority to those projects that create demonstrated savings and/or revenue in the annual operating budget.

10. Capital funds may be used to incur expenses to analyze the condition of the City's infrastructure, i.e., road and bridge inspection.

11. Where possible, the City will use revenue or other self-supporting bonds instead of general obligation bonds.

12. The length of the term of the bonds will not exceed the useful life of the assets and will be matched as closely as possible to bond buyer preference.

13. The City will not use long-term debt for current operations.

14. The City will make an effort to obtain an ‘A’ rating by the end of 1987 (achieved July 18, 1986) and an ‘AA’ rating by the end of 1995. The City currently has an A1 rating.