EXAMPLE CAPITAL PROJECT MEMO

Department Heads and Office Managers:

The capital improvements planning process is once again upon us. Thank you for your cooperation and teamwork that you have always extended in the preparation of this important planning document. The general rules for a project to be classified as a capital improvement are:

- it should cost at least $10,000.00 AND
- be non-recurring

It is important to provide all of the information requested on each form as well as an up-to-date status report of all capital projects now underway or those to be completed.

Please return your Capital Project Forms, Vehicle Request Forms and update the attached Capital Project Status Report to [OFFICE/LOCATION] by [DATE]. Meetings will be scheduled by [NAME] to review and evaluate the proposed capital project(s).

Enclosed you will find the following items:

1. FY 20XX–20XX Capital Improvement Project Form:
   a. Capital improvement projects include construction and building replacement projects, major repairs and renovations to existing facilities and grounds, land acquisition, road and infrastructure construction or expansion, studies and advance planning for capital projects.
   b. In addition to all proposed capital improvement projects, vehicle needs are also to be included on the CIP Form. Qualifying as capital improvements include [LIST COMMON EXAMPLES].
   c. Distribute your proposals over the duration of the five fiscal years.
   d. Except for emergencies, no project should appear for the first time in fiscal year 20XX.
   e. Please use a separate form for each proposed capital project.
   f. Please use a separate form for each phase of a proposed capital project, if applicable (see below).

Please note that in-depth information is being requested for each proposed capital project that is to be included in the FY 20XX–20XX Capital Improvement Project Form, as follows:

- In-depth information is requested in Question #5b. For example, if a proposed capital project entails the construction of a new building, please identify each major step as a discrete phase and complete a separate CIP form for each phase. For example, the construction of a new building could entail all of the following phases: feasibility study, land acquisition, design/engineering and construction). This could also apply to, for example, developing new recreation areas and rehabilitating existing buildings. Whether all or some of these phases are required for a proposed capital project, please make sure that you carefully consider the various aspects of a proposed capital project as well as the cost and timing of each aspect.

- In-depth information is also requested in Question #9, which is broken down into four parts (#9a, #9b, #9c and #9d). The requested information involves additional staffing needs resulting from the proposed capital project and associated salary expenses. For any proposed capital project that necessitates additional staffing, please include the total number of additional staff that you think would be necessary as well as the annual salary.

2. Vehicle Request Form – This is the customary form for your proposed vehicle acquisitions. Remember to include vehicle accessories on this form, if any.
a. The Vehicle Request Form is to be used for basic, everyday automobiles and pickup trucks plus accessories for such vehicles including hitches, snow plows, lights and radios. The form is to be used for new and replacement vehicles.
b. Please use a separate form for each proposed vehicle.

3. **Project Priority Definitions** – Categorize each proposed project as URGENT, PRIORITY 1, PRIORITY 2, or PRIORITY 3 (**please select the priority very carefully**). No project should be categorized as URGENT in fiscal year 20XX unless:
   a. there is record of the project in previous fiscal years shown as increasing in importance from PRIORITY 2 to PRIORITY 1 to URGENT, or from PRIORITY 1 to URGENT
   b. the state or federal government has mandated it for immediate implementation [or]
   c. it constitutes a valid emergency

4. **Capital Projects Status Report** – The enclosed project status report was included in last year’s capital improvement program. Please review it and make all revisions that pertain to your department (e.g. corrections, omissions, completed projects, status of current projects, startup date of new projects, financing, expenditures, etc.) so that an updated Capital Projects Status Report can be prepared. **Please make sure to update your department’s Capital Projects Status Report and return it to [SPECIFY LOCATION].**

5. **FY 20XX–20XX Capital Projects and Vehicle Requests** – For reference purposes, enclosed are the capital project and vehicle requests that you submitted last year.

    **Capital Project Forms, Vehicle Request Forms and updated Capital Project Status Report** are due by [DATE]. Department head/office manager meetings with [NAME] will be scheduled to review your Capital Improvement Project Forms and Vehicle Request Forms.

Thank you for your cooperation and prompt attention to this important matter.

If you have any questions, as always, do not hesitate to call me.

Enclosures:
The following are the four capital project classifications and their respective definition. Each proposed capital project contained in the CAPITAL IMPROVEMENTS PROGRAM (Fiscal Years 20XX-20XX) is assigned a classification.

URGENT: An URGENT project is one that would address a situation which **could impose a hazard to life, safety, or cause disruption of a vital service if not carried out immediately**. A project will also be considered URGENT if it is required for immediate compliance with any city, state, or federal regulation(s). This would have to be an FY 20XX project.

PRIORITY 1: A PRIORITY 1 project is one that would address a situation, which, **if deferred**, could become a financial burden resulting from increasing maintenance expenses, severely reduce service delivery, or increasingly pose a public safety hazard such as deteriorated roads/walkways, unsafe municipal buildings, athletic fields, or other similar physical deterioration. This would typically be an FY 20XX or 20XX project.

PRIORITY 2: A PRIORITY 2 project is one that constitutes a preventive/maintenance measure which **if not undertaken as scheduled**, could lead to physical deterioration, curtail economies of operation, pose a significant economic hardship or a downgrade in service. Examples include repairs, renovations or construction of facilities that, if postponed, could hamper program activities and service delivery and potentially lead to a PRIORITY 1 project. This would typically be an FY 20XX, 20XX or 20XX project.

PRIORITY 3: A PRIORITY 3 project is one that **can be deferred or which anticipates long-range development**. Examples include, but are not limited to, projects which will provide a higher level of service, improve existing operations, enhance efficiency or productivity, or ensure that the delivery of services and performance of daily departmental operations will, in the future, generally reflect modern standards, methods, and concepts. Projects could include (a) land acquisition, (b) infrastructure expansion, (c) building replacement, or (d) advance planning for capital projects. This would typically be an FY 20XX project (or beyond).
1. Please complete this form in its entirety and be as clear, descriptive and accurate as possible.
2. If you are proposing a multi-phase capital project, please use a separate form for each phase.
3. Use additional sheets of paper if necessary.
4. If you need assistance or clarification, please contact [NAME] at extension [XXXX].

1. Department: 

2. Proposed Capital Project Title: 

3. Estimated Capital Project Cost: $ 

4. Capital Improvement Project Description: 

5a. Indicate the fiscal year that the proposed capital project should be implemented: Fiscal Year 

5b. If the proposed capital project is to be phased, please identify each phase (e.g., feasibility study, land acquisition, design, construction) and prepare a separate form for each phase.

6. Departmental Priority (check one): Urgent [ ] Priority 1 [ ] Priority 2 [ ] Priority 3 [ ]

7. Justify the capital improvement project and explain the priority assigned: 

8a. Anticipated Financing Source (check all that may apply): City [ ] State [ ] Federal [ ] Other[ ]

8b. Explain the reason for selecting the funding source(s) in Question 8a and provide information regarding the availability and eligibility of the selected funding source(s):

9a. How many years could this capital improvement be expected to last? Year(s) 

9b. What is the fiscal impact of the proposed capital project as compared to the current operation? Please explain any estimated annual savings/payback resulting from this proposed capital project.

9c. What is the proposed capital project's estimated additional annual operating cost, if any (e.g., utilities, maintenance, insurance, or maintenance contract): $ 

9d. Would the proposed capital project require additional staff? If so, please indicate how many additional employees and whether part-time or full-time. Specify the positions(s) and the associated annual salary.

   Additional # of Staff: 
   Position(s): 
   Salary: 
   Part- or Full-time: 

VEHICLE REQUEST FORM, FY 20XX-20XX

1. Please complete this form in its entirety and be as clear, descriptive and accurate as possible.
2. Use additional sheets of paper if necessary.
3. If you need assistance or clarification, please contact [NAME] at extension [XXXX].

1. Department: ____________________________________________________________

2. Type of vehicle requested (e.g., automobile, pick-up truck, bus, etc.): ____________________________________________________________

3. Description of vehicle (include make, model, and any special features): ____________________________________________________________

4. This is a [ ] replacement vehicle or [ ] new vehicle (Check one and complete either Question 5 or 6)

5. If the requested vehicle is a replacement vehicle, describe the condition of the vehicle that it is intended to replace (include year, model, mileage, condition, any remaining life expectancy): ____________________________________________________________

6. If a new vehicle is proposed, justify the need for the vehicle: ____________________________________________________________

7. Fiscal year vehicle is needed: Fiscal Year: __________

8. Estimated vehicle cost: $ __________

9. How many years could this vehicle be expected to last? Year(s) __________

10. What is the fiscal impact of the proposed vehicle as compared to the current situation? Please explain any estimated annual savings/payback resulting from this proposed vehicle.

11. Note any vehicle accessories requested with vehicle (e.g., snow plow, radio, emblem, special lighting).