

Capital Improvement Planning

Or, How to be Proactive instead of Reactive



Capital Improvement Plan

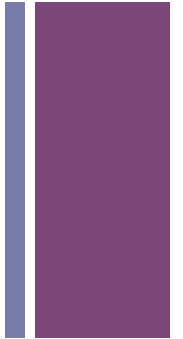


- A **Capital Improvement Plan (Program)**, or CIP, is a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan. Essentially, the plan provides a link between a municipality, its comprehensive plan and the entity's annual budget.



The CIP typically includes the following information:

- A listing of the capital projects or equipment to be purchased.
- The projects ranked in order of preference.
- The plan for financing the projects.
- A timetable for the construction or completion of the project.
- Justification for the project.



+ A CIP provides many benefits including:

- Allows for a systematic evaluation of all potential projects at the same time.
- The ability to stabilize debt and consolidate projects to reduce borrowing costs.
- Serve as a public relations and economic development tool.
- A focus on preserving a governmental entity's infrastructure while ensuring the efficient use of public funds.
- An opportunity to foster cooperation among departments and an ability to inform other units of government of the entity's priorities.





Scope of Capital Planning



Capital planning should take into account all appropriations for expenditures related to:

- Construction or acquisition of capital facilities, including land purchase, preparation and easements
- Acquisition, construction, demolition or replacement of a capital asset
- The major repair or renovation of a capital asset which materially extends its useful life or improves or increases its capacity
- Equipment
- The planning or design of any of the above
- Construction management, legal fees, and supervision costs
- Financing charges.



Specific Steps



- Establish a Capital Planning Committee with Bylaws
- Take Inventory of Existing Capital Assets
- Evaluate Previously Approved, Unimplemented or Incomplete Projects
- Assess Financial Capacity
- Solicit, Compile and Evaluate New Project Requests
- Prioritize Projects
- Develop a Financing Plan
- Adopt a Capital Improvements Program
- Monitor and Manage Approved Projects within the CIP
- Update Existing/Ongoing Capital Programs

+ Resources



- <http://www.osc.state.ny.us/localgov/training/modules/capplan/index.htm>
- <http://www1.osc.state.ny.us/localgov/training/modules/capplan/quest.cfm>