

What's New in Budgeting / Budgeting Best Practices IMTA Treasurers Institute



Government Finance Officers Association

November 14, 2023

Instructor

- John Fishbein
Senior Program Manager
Technical Services Center
Government Finance Officers Association (GFOA)
Phone: 312-578-2268
Email: jfishbein@gfoa.org



Session Objectives

- Become familiar with GFOA's budgeting best practices and rethinking budgeting initiatives.
- <https://www.gfoa.org/materials/topic/rethinking-budgeting> (link where to find rethinking budgeting).
- <https://www.gfoa.org/best-practices/budgeting> (link where to find the best practices).



Rethinking Budgeting

Title	Publish Date	Content Type
Fiscal Fluency Made Easy	8/1/2023	GFR Article
<u>Should We Rethink Reserves?</u>	8/1/2023	GFR Article
Rethinking Public Engagement	5/22/2023	Research Report
Should We Rethink Reserves?	5/19/2023	Research Report
Fiscal Fluency Made Easy	5/9/2023	Research Report
Budgeting for Equity	5/9/2023	Research Report
Rethinking Public Engagement	4/1/2023	GFR Article

1. Adopting Financial Policies

Strong reasons for formal adoption:

- Institutionalizes good financial mgt practices
- Clarifies strategic intent for financial mgt
- Defines boundaries and framework for actions
- Supports good bond ratings
- Promotes long-term, strategic thinking
- Manages risk to financial condition
- Complies with established public management best practices

1. Adopting Financial Policies

Scope – Basic categories

- General fund reserves
- Reserves in other funds
- Grants
- Debt
- Investment
- Economic development
- Accounting and financial reporting
- Risk management and internal controls

1. Adopting Financial Policies

Scope – Basic categories

- Procurement
- Long-term financial planning
- Structurally balanced budget
- Capital
- Revenues
- Expenditures
- Operating budget

1. Adopting Financial Policies

Development

- Define problem to be addressed
- Draft policy – legal requirements, public comments, peer governments
- Review with governing body
- Governing body formally adopts
- Implement

1. Adopting Financial Policies

Design

- Must be in written form
- Expressed in understandable manner to the intended audience
- Available to stakeholders in more than one medium and accessible by multiple means
- Address all relevant issues and risks in a concise fashion

1. Adopting Financial Policies

Presentation

- Same section of the budget
- Original and revision dates on each policy

Review

- Monitored, reviewed and updated in a systematic way
- If not being followed, analyze reasons

2. Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

- Focus on *unrestricted fund balance* (GAAP)
 - Committed fund balance
 - Assigned fund balance
 - Unassigned fund balance
- Minimum level of *unrestricted fund balance*
 - Two months of regular revenues or regular expenditures

2. Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

- Factors to be considered in context of long-term forecasting
 - Revenue predictability, expenditure volatility
 - Perceived exposure to one-time outlays
 - Availability of other resources or potential drain by other funds
 - Impact upon bond rating, cost of borrowing
 - Commitments and assignments

3. Determining the Appropriate Levels of Working Capital in Enterprise Funds

- Use working capital as the measure of available margin or buffer in enterprise funds.
- Defined as current assets minus current liabilities
- Recommendations:
 - Establish appropriate allowance for uncollectibles.
 - Ensure inventories and prepaids included in current assets are realistic one-year estimates.
 - Target of no be less than forty-five (45) days worth of annual operating expenses.

3. Determining the Appropriate Levels of Working Capital in Enterprise Funds

- Considerations and factors for setting a working capital target:
 - Support from general government
 - Transfers out
 - Cash cycles
 - Customer concentration
 - Demand for services
 - Control over rates and revenues.

3. Determining the Appropriate Levels of Working Capital in Enterprise Funds

- Considerations and factors for setting a working capital target:
 - Asset age and condition
 - Volatility of expenses
 - Control over expenses
 - Management plans for working capital
 - Separate targets for operating & capital needs.
 - Debt position

4. Establishing Government Charges and Fees

- Adopt formal policy (public)
 - Factors to be taken into account in pricing
 - Intent to recover full cost?
 - Circumstances where more or less than 100% recovery permitted
 - Rationale for not recovering full cost
- Full cost should be calculated to provide a basis for setting fees or charges
- Review and update regularly

5. Establishing an Effective Grants Policy

- Provides staff guidance to staff in order to maximize the benefits and minimize the risks of receiving grants.
- Identifies formal steps to take prior to applying for or accepting a grant.
- Policy should include, at a minimum, the following:
 - *Grants identification and application*
 - *Strategic alignment*
 - *Funding analysis*
 - *Evaluation prior to renewal or grant continuation*
 - *Administrative and operational support*

6. Enterprise Risk Management

1. Risk identification

- Physical environment (disasters & infrastructure)
- Legal environment (laws and legal precedents)
- Operational environment (day-to-day activities within the organization, workforce demographics)
- Political environment
- Social/community environment
- Economic environment
- Internal environment (the attitude of individuals towards risk)

6. Enterprise Risk Management

2. *Risk evaluation*

- Frequency and severity

3. *Risk treatment*

- Loss prevention and control (training, workshops, etc)
- Risk transfer (financial, contractual, etc)
- Risk retention (self insures)
- Risk avoidance

4. *Risk management implementation*

5. *Risk management review*

7. The Public Finance Officers Role in Fiscal Sustainability

- Balance needed (“triple bottom line”)
 - Economy
 - Environment
 - Social Equity
- Categories of specific representations
 - Define sustainability
 - Reporting
 - Analyze return on investment
 - Integrate sustainability goals into planning and budgeting

8. The Public Finance Officers Role in Collective Bargaining

- Finance officer's expertise should be utilized.
- Develop timelines.
- Prioritize issues.
- Communicate financial pressures.
- Evaluate renegotiation triggers.

8. The Public Finance Officers Role in Collective Bargaining

- Make peer comparisons.
- Determine proposal costs and affordability.
- Determine the effects on different employee units.
- Evaluate retroactive proposals.
- Consider one-time payments or non-financial incentives.

9. Key Issues in Succession Planning

- Develop an integrated approach to managing succession.
- Continually assess potential employee turnover.
- Provide formal, written succession plans as frameworks.
- Develop written policies and procedures to facilitate knowledge transfer.
- Leadership skills should be a key component.

9. Key Issues in Succession Planning

- Encourage personal professional development activities.
 - Design better recruitment and retention practices.
 - Consider collective bargaining agreements and how those agreements fit in.
 - Consider non-traditional hiring strategies.
-

10. Establishment of Strategic Plans

- Every government should use some form of strategic planning
- Essential steps of a sound process
 - Initiate the process
 - Prepare a mission statement
 - Assess environmental factors
 - Identify critical issues
 - Agree on a small number of broad goals

10. Establishment of Strategic Plans

- Develop strategies to achieve broad goals
- Create an action plan
- Develop measurable objectives
- Incorporate performance measures
- Review or adopt the plan
- Implement the plan
- Monitor progress
- Reassess the plan

11. National Advisory Council on State and Local Budgeting

- NACSLB (1995-1997)
 - GFOA and 7 other SLG associations
 - Goal = set of recommended budget practices
- Recommendation:
 - Adopt NACSLB Framework and practice statements
 - Blueprint rather than mandatory prescriptions
 - Incremental implementation foreseen

12. GFOA Best Practice on Long-Term Financial Planning

Beyond the annual budget cycle and multi-year capital plan, governments need to identify long-term financial trends. Long-term financial planning involves projecting revenues, expenses, and key factors that have a financial impact on the organization. Understanding long-term trends and potential risk factors that may impact overall financial sustainability allows the finance officer to proactively address these issues. Going through a long-term financial planning process allows decision makers to focus on long-term objectives, encourages strategic thinking, and promotes overall awareness for financial literacy in an organization. Long-term financial planning creates commitment and motivation to provide a guide for decision-making.

Long-term financial planning relates to strategic planning, developing financial policies, capital improvement planning, and budgeting, but it is inherently different, as shown in the table below. Each process fulfills a different combination of planning purposes. As such, long-term financial planning is most valuable when accompanied by these other planning processes and often communicated together.

12. GFOA Best Practice on Long-Term Financial Planning

GFOA recommends that all governments prepare and maintain a long-term financial plan that projects revenues, expenses, financial position, and external factors for all key funds and government operations at least five years into the future.

Governments that utilize debt financing and/or utility rate setting should consider a long-term financial plan greater than five years. The plan should be reviewed on an annual basis and updated as needed or as major assumptions change. Long-term financial planning should be the starting point for capital planning, developing operating budgets, estimating revenue, and other planning processes.

When fully embraced by an organization, long-term financial planning can have many benefits including:

- Creating a long-term outlook into other planning processes like budgeting, capital planning, and revenue forecasting
- Helping to diagnose potential risks and causes of fiscal distress
- Stimulating “big-picture thinking”
- Providing a tool for evaluating long-term compliance with financial policies
- Allowing for pre-emptive action to mitigate forecasted financial distress
- Defining parameters for decision-making
- Communicating long-term financial position to residents and other stakeholders, including rating agencies and bond investors.

13. Budgeting for Results and Outcomes

- 1) Determine how much money is available.
- 2) Prioritize results.
- 3) Allocate resources among high priority results.
- 4) Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.

13. Budgeting for Results and Outcomes

- 5) Budget available dollars to the most significant programs and activities.
- 6) Set measures of annual progress, monitor, and close the feedback loop.
- 7) Check what actually happened.
- 8) Communicate performance results.

14. Performance Management

Principles adopted by the National Performance Management Commission, in a 2010 report,

A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving

- Information, measures, goals, priorities, and activities are relevant to the priorities and wellbeing of the government and the community.
- Information related to performance, decisions, regulations, and processes is transparent – easy to access, use, and understand.

14. Performance Management

Principles continued . . .

- Goals, programs, activities, and resources are aligned with priorities and desired results.
- Decisions and processes are driven by timely, accurate, and meaningful data.
- Practices are sustainable over time and across organizational changes.
- Performance management helps to transform the organization, its management, and the policymaking process.

15. Decide Purpose of Public Engagement

Articulating the purpose for conducting a public participation process is critical because the purpose becomes the foundation for deciding who to involve, how to select them, what activities they will be involved in, what information will be collected, and how the government will use the information. Consequently, determining the purpose should be the first step in designing a participation effort. Governments should not initiate public participation processes without first establishing a tangible purpose or objectives. Purposes may include one or more of the following, and, in addition, individual governments may identify other purposes for involving the public:

- *Performance.* Improve performance by better understanding what the public wants and expects from its government. Establish performance measures that incorporate the public's perspective. See GFOA's best practice on [performance measures](#).
- *Service Levels.* Adjust service levels more closely to citizens' preferences in the context of limited resources
- *Differentiate.* Differentiate among the expectations of a jurisdiction's various demographic groups in policy and service design.
- *Priorities.* Understand public priorities in planning, budgeting, and managing services. This is especially true when revenues are not sufficient, new services are required, or in disaster recovery situations.

15. Decide Purpose of Public Engagement

Encourage People to Engage

The best way to assure a broad perspective is to collect information in a variety of ways and from a variety of sources. Consider the following items to get the public involved in the process.

- *Schedule.* Start early enough that public input meaningfully influences decisions.
- *Transparency.* Provide information to the public in a format that they can understand.

This approach is appropriate at all stages and may include:

- Newsletters
 - Public notices in community media
 - Public hearings
 - Public reports, such as Budgets-in-Brief, Popular Annual Financial Reports, or performance reports
 - Web sites and Dashboards – GFOA has a best practice on Website Posting of Financial Documents
 - Individual or group emails, phone calls, and in-person contact
- *Education.* Educate the public about different budget options. This can make for more informed decision making. Reach a shared set of facts. Recruit volunteers to attend meetings and educate the public. Use formats that encourage discussion about trade-offs, (such as a “game” format).
- *Fairness.* Make sure that typically underrepresented groups are included. Recruit a diverse mix of participants.

15. Decide Purpose of Public Engagement

• *Groups.* Create public or neighborhood advisory groups, committees, and informal task forces. These can be ongoing and can be used both to seek information during planning and information gathering, as well as with subsequent phases, including consideration of alternatives, decision making, implementation, evaluation, and reporting. It is important to identify specific groups that will be affected the most by the decisions made.

• *Technology.* Use technology, such as a Constituent Relationship Management (CRM) systems to manage service relationships as well as to identify public preferences and priorities. It can also be a resource as to certain services that the public may have an interest in.

• *Preferences.* Identify citizen preferences and satisfaction levels.. Common methods for soliciting information include the following:

- Surveys, either in person or via mail, phone, or Internet
- Focus groups
- Interviews
- Comment (or point of service) cards
- Public meetings, such as public hearings, “Town Hall” meetings, and community vision sessions
- Interactive priority setting tools

15. Decide Purpose of Public Engagement

Provide the Engagement Medium

Conversations will be more productive if the following concepts are kept in mind.

- Facts*. Participants should have a common set of facts to work from. For instance, consider allocating budget dollars by discretionary and non discretionary funds. Focus on the public process with the discretionary dollars (money not set aside for mandatory or fixed costs). Make your information readily accessible, such as through a dedicated web page.
- Conversations*. The environment needs to be designed to facilitate the conversation. For instance, a school setting may be less formidable than city hall. Smaller group settings may be more amenable than larger groups.
- Enjoyable*. Make public participation an enjoyable experience.
- Trade-Offs*. Financial sustainability requires making hard decisions between competing uses of the community's resources. To truly engage the public in decision-making, they too must make hard choices.

15. Decide Purpose of Public Engagement

Show Opportunities for Future Engagement

Governments should systematically collect, maintain, monitor, and analyze information gained from public involvement activities, maintain contact information on individuals and groups that wish to be kept informed. Governments should use multiple communication mechanisms to ensure that those involved or interested in the process are notified of opportunities for additional feedback and of decisions made based on the public involvement process. Most importantly, governments should explain how public involvement has made a difference in plans, budgets, and performance, and gather public feedback on how successful the process has been through the public's eyes. Information derived from public involvement processes provides a critical perspective for making decisions in planning, budgeting, and management. However, such information should be considered along with expert knowledge and judgment (such as the engineering expertise necessary to build a bridge) and objective data (such as economic and demographic information, both of which are also critical to good decision making).

16. Financial Forecasting in the Budget Preparation Process

- Define assumptions – time horizon, objective, political/legal issues, major revenue and expenditure categories.
- Gather information.
- Preliminary/exploratory analysis
 - Business cycles
 - Demographic trends
 - Anomalies
 - Variables

16. Financial Forecasting in the Budget Preparation Process

- Select methods – extrapolation, regression, knowledge-based.
- Implement methods, make the forecast, and forecast ranges.
- Use the forecast.
 - Credibility of the forecaster
 - Presentation approach
 - Linking forecast to decision-making.

17. Effective Budgeting of Salary and Wages

- Personnel tracking system
- Vacancy adjustments
 - Start dates
 - Trends, attrition
 - Frozen positions
 - Funded versus unfunded
- Collective Bargaining Agreements

17. Effective Budgeting of Salary and Wages

- Impact of Inflation
- Optimal Staffing Level
 - Comparison to other Governments
 - Staffing Guidelines
 - Classifying Position by Goal
 - Use of Volunteers/Temporary Positions

17. Effective Budgeting of Salary and Wages

- Compensation approaches
 - Step and grade systems
 - Pay for performance
 - Surveys

17. Effective Budgeting of Salary and Wages

- Personnel categorization
 - Capital versus operating
 - Cost allocation
 - Funding sources
 - Privatization or shared services
- Monitoring

18. Inflationary Indices in Budgeting

- Inflation indices
 - CPI (BLS)
 - GDP Deflator (BLS)
 - Construction Price Index (*ENR*)
 - Employment Cost Index (BLS)
 - Municipal Cost Index (*American City & Co*)

18. Inflationary Indices in Budgeting

- Alternatives to using indices
 - Economic consultants
 - Local universities
 - Peer governments
 - Vendor contacts
 - Industry specific journals

19. Strategies for Managing Health-Care Costs

- Monitor medical plan network and prescription drug discounts.
- Set an appropriate level of employee cost sharing.
- Encourage good consumer behaviors.
- Analyze risks in self-insurance
 - Premiums, administrative fees
 - High-cost claims and high cost areas
 - Stop-loss insurance programs
 - Wellness programs

19. Strategies for Managing Health-Care Costs

- Measurements to assess plan performance
 - Medical loss ratio
 - Medical claim trends
 - Network discounts
 - Administrative fees
 - Prescription drug cost trend/generic drug substitution rate

19. Strategies for Managing Health-Care Costs

- Additional Strategies
 - Federal Requirements
 - Long-term Plan
 - Build Support
 - Educate Employees
 - Audit Plan Records
 - Rebid Periodically

20. Evaluating Service Delivery Alternatives

Carefully analyze all aspects of a service delivery option before changing service delivery methods.

- Current service – level of service, secondary functions
- Required governmental control of service
- Risks and benefits
 - Flexibility, reversibility of the arrangement
 - Public opinion
 - Specialized knowledge

20. Evaluating Service Delivery Alternatives

- Risks and benefits
 - Mgt capacity for alternative arrangement
 - Continuity of competitive forces
 - Financial risks – legal liability for performance and safety
 - Continuity
- Risk mitigation
 - Transferring risk thru bonding/ insurance
 - Monitoring
 - Multiple vendors

20. Evaluating Service Delivery Alternatives

- Financial analysis
 - Focus on avoidable costs
 - Internal costing information accuracy
 - Present value analysis for multiple year contracts
 - Transitional financial impacts
 - Equipment, capital and infrastructure usage
 - Market input
 - Peer government comparisons
- Communication and change mgt strategy

21. Measuring the Full Costs of Government Service

- Calculate the full cost of all services
 - Useful when considering alternative service-delivery options
 - ✓ Distinguish avoidable costs from unavoidable costs
 - ✓ Consider cost of transition
 - ✓ Consider offsetting revenues

22. Pricing Internal Services

- Identify Goals
 - Govern demand for a service
 - Develop enterprise rate models
 - Calculate indirect costs
 - Provide input for full costing
 - Discuss value of service
 - Promote competition in service delivery
 - Customize service levels for different customers
- Decide Basis of Allocation
 - Cause and effect relationship
 - Benefit received
 - Fairness
 - Legal constraints

23. Presenting Official Financial Documents on Your Government's Website

- **Benefits**
 - Heightened awareness
 - Universal accessibility (range of potential users)
 - Potential for interaction with users
 - Enhanced diversity (use of different languages)
 - Facilitated analysis (can extract data)
 - Increased efficiency (reduce redundant reports)
 - Lower costs
 - Broadened potential scope (use of hyperlinks)

23. Presenting Official Financial Documents on Your Government's Website

- **Specific guidelines:**
 - Consistency with hardcopy version (if any)
 - Legibility (font size and page layout/direction) should be consistent
 - Pagination (numbers pages sequentially)
 - File size
 - Security (protect document from unauthorized changes)

23. Presenting Official Financial Documents on Your Government's Website

- Specific guidelines:
 - Placement (predominately on homepage)
 - Software compatibility
 - Features such as zooming, bookmark, facing pages and search mechanism should be available

24. Making the Budget Document Easier to Understand

- Organization – Consider Budget Awards criteria
- Avoid excessive detail
- Attractive, simple and easy to use design
- Consistency – ex. department presentations
- Highlights
 - Consider a budget-in-brief
 - Effective tables, charts, illustrations
- Format
 - PDF numbering matches document pages
 - Hot links in table of contents
 - All pages same direction

25. Budget Monitoring & Control

- *Revenues.* Governments need to carefully analyze sources of funds with particular attention to:
 - Seasonality, and whether comparable to prior observations
 - Any potential volatility and the resulting impacts
 - Trends and comparison to projections
 - Timing of receipts
 - Relationship to economic indicators and potential impacts
 - Changes in policy/practice of overarching governments involved in disbursement of revenues
 - Review of patterns at other similar/related governments

25. Budget Monitoring & Control

- *Expenditures.* Governments need to carefully monitor all expenditures as well – including one-time uses and also examining key aspects of the following:
 - *Personnel.* Examine additional detail beyond just regular payroll expenses, including analysis related to hiring and vacancy information and also, depending on magnitude, analysis of part-time, overtime and special pay. In addition, conduct analysis of re-class/promotions to see if on-track with expectations. And whether fringe benefit costs are within budgeted expectations as well.
 - *Non-personnel.* Monitoring needs to include more than just current expenses. Governments need to analyze draw down of encumbrances, outstanding purchase orders, and its major contracts to develop a better picture of not only what was spent, but what remains to be spent.

25. Budget Monitoring and Control

- How the elements should be analyzed
 - *Root cause.* Governments should move beyond just identifying deviations from budget versus actuals and work towards analyzing and articulating why deviations occurred in order to move towards resolution.
 - *Time frame.* Is it anticipated for any identified variance to continue or is there an underlying reason for the variance? How does the current spending pattern impact the subsequent year's budget?
 - *Requirements.* Structure budget monitoring to meet any interim reporting requirements that the government may have, if possible.

25. Budget Monitoring and Control

- At what level of detail should the analysis be conducted. This will vary depending on revenue/expenditure type. Organizations should discuss benefits of more versus less detail and its impacts on the timeliness, usefulness, and degree of difficulty to compile, among other factors. Potential levels at which to monitor the budget should mirror an organization's chart of accounts, including the following:
 - *Fund.* Use for high level analysis and also may be the only monitoring needed for minor revenue/expenditure areas
 - *Department.* Analysis at this level can be used to establish budget accountability for department heads
 - *Sub-department/division.* Appropriate to analyze in particular if budget accountability resides at the sub-department head level.
 - *Function.* Use to track expenditures by major organizational responsibilities, i.e. public safety, public works, etc.
 - *Object/account.* Utilize for examining key types of expenditures at an organization-wide basis, such as overtime.
 - *Project/program/grant/activity.* Use to track revenue/expenditures of specific activities associated with areas that need additional scrutiny or for reporting requirements

25. Budget Monitoring and Control

- Who is responsible and outlining roles
 - *Production.* Who produces the analysis, reports, etc. related to budget monitoring should be clearly articulated and disseminated.
 - *Roles.* Collaboration and ownership within the organization should be promoted to help provide context related to any potential issues.
 - *Ownership.* Identify who is responsible for resolving variances related to both spend and service delivery as well as any other problems identified that need attention.

25. Budget Monitoring and Control

- Tools for conducting the analysis
 - *Electronic system.* An organization's enterprise resource planning (ERP) system should drive data gathering and analysis related to budget monitoring. Use of the ERP system allows for real time information to be readily accessible for encumbrances and other time sensitive information as opposed to reliance on static, stand-alone reports.
 - *Automation.* Budget monitoring data and reports should be integrated into and generated by an organization's ERP system to ensure efficient use of staff time and also consistency of information.
 - *Overspend Protection.* Governments should also ensure that mechanisms are in place in their ERP system to automatically prevent overspending of budget and notify the organization's financial leadership.
 - *Consistency.* Off-system analysis should be consistently applied to all aspects of monitoring the budget and clearly articulated to both staff conducting the analysis and end users.

25. Budget Monitoring and Control

○ Communications

- *Frequency.* The frequency of how often budget monitoring reports and information is generated should be agreed upon at all levels of the organization.
- *Delivery.* How the information is communicated and to which stakeholders, both internally and externally, needs to be clearly structured.
- *Format.* The format for how information related to budget monitoring needs to be clearly established as well.
- *Transparency.* How can the information be shared on a wide spread basis to the community and include the proper context to best inform the public and minimize additional request for more information.

Capital Budgeting IMTA Treasurers Institute



Government Finance Officers Association

November 14, 2023

Capital Budget Presentation (Best Practice)

- Directly link to, and flow from, the multi-year capital improvement plan.
- Define capital expenditure.
- Place in a distinct section of the document.
- Focus presentation on financial sources and uses for both upcoming budget year and for multi-year plan.

Capital Budget Presentation (Best Practice - Continued)

- Communicate the decision making process.
 - Calendar juxtaposed with operating budget schedule and statutory deadlines
 - Criteria for prioritization
 - Schedule for reporting status and completion dates
- Identify projects as recurring or non-recurring
 - Greater detail for non-routine projects

Capital Budget Presentation (Best Practice - Continued)

- Include detail for each major project.
 - *Concise description* - purpose, funding sources, total project cost and current budget year cost
 - *Timetable*, including phases
 - *Graphic illustrations* – photos, maps
 - *Links to other organizational plans*
 - *Operating impacts*, described and quantified
 - Additional info as links or references, avoiding excessive detail

Capital Budget Presentation (Best Practice - Continued)

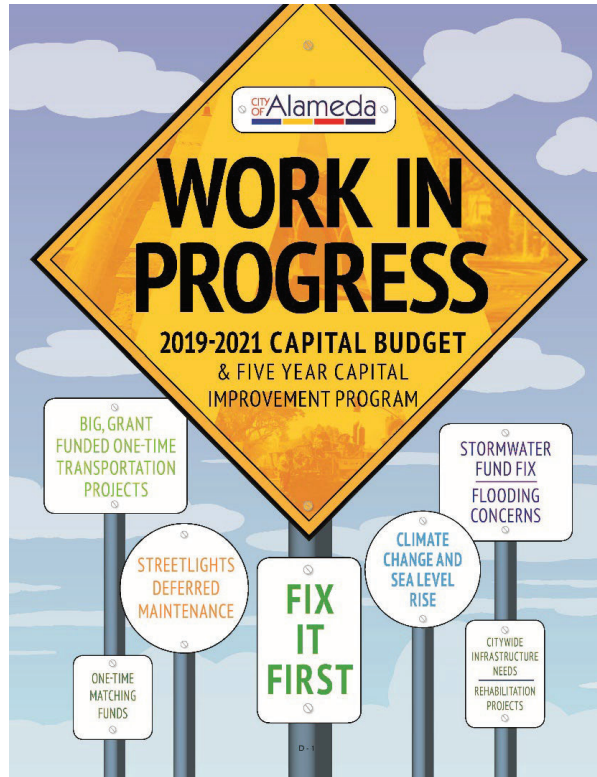
- A specific policy on operating impacts should be included under the capital section in the financial policies of the government. A rule might be established that the capital improvement program may not be submitted/approved until impacts are noted.
- In order to accurately reflect and describe these impacts, assumptions should be noted. Staff involved with estimating operating impacts should be trained on how to set up the methodology.

Capital Budget Presentation (Best Practice - Continued)

- Operating impacts can be classified into one of three elements or a combination of the three. These include increased revenues, increased expenditures or additional cost savings.
- Long-range financial plans should include anticipated operating impacts from approved or anticipated capital projects.

Special Capital Recognition Winners

Surrey	BC
Arvada	CO
Ankeny	IA
Lake County Forest Preserve District	IL
Winfield	IL
Hopkins	MN
Regional Municipality of York	ON
Woodlands Township	TX
Fairfax	VA
Leesburg	VA
Poulsbo	WA



Category	Description of Category	Replacement Strategy	Replacement Cycle
1	Major Facility and Infrastructure	10 – 15 years for major renovation and repair; 45 - 75 years useful life	Generally 7 - 10 years for major renovation and repair; 30 years for building revitalization
2	IT Infrastructure and Equipment	Rapid changes in technology require continuous upgrade and replacement of computer equipment to guarantee access to information resources.	Generally, every 3 - 5 years
3	ADA-Related Improvements	As identified by the ADA Coordinator	In accordance with replacement cycles of other Categories
4	Fleet and Vehicle Replacement	As determined by Fleet Manager	Generally, 5 - 7 years; heavy equipment is 10 years
5-A	Small Capital Projects (i.e. equipment and projects between \$500 and \$5,000)	These items are generally between \$500 and \$5,000 and are considered to have a useful life of three to five years. Replacement strategy is to replace when item become unusable due to obsolescence or wear and tear.	Generally, less than 5 years
5-B	Medium Capital Projects (i.e. equipment and projects between \$5,000 - \$50,000)	These items are generally between \$5,000 and \$50,000 and are considered to have a useful life of generally less than ten years. Replacement strategy is to replace when item become unusable due to obsolescence or wear and tear.	Generally less than 10 years
5-C	Large Capital Projects (equipment and projects between \$50,000 - \$500,000)	These items are generally between \$50,000 and \$500,000 and are considered to have a useful life of generally more than ten years. Replacement strategy is to replace when item become unusable due to obsolescence or wear and tear.	Generally more than 10 years

Asset Category	Considered a Capital Improvement Project	A Maintenance Project or Expenditure
Public Facilities	<ul style="list-style-type: none"> New facility construction. 	Major replacement or upgrading of the design of existing major building components (roof replacement, major heating system improvements.)
	<ul style="list-style-type: none"> Major remodeling and structural alternations to improve space utilization or increase capacity. 	Preventive maintenance repairs that do not significantly upgrade the structure or increase its previously estimated useful life (for example minor roof patching or gutter repair work.)
	<ul style="list-style-type: none"> Program to make energy-related physical improvements. 	
	<ul style="list-style-type: none"> Program to make handicapped-accessibility physical improvements. 	
Parks & Recreation Facilities	<ul style="list-style-type: none"> Development of a new park or public plaza. 	Repair or replacement of furnishings, equipment or landscape plantings that do not substantially upgrade the park or plaza.
	<ul style="list-style-type: none"> New park buildings or major new recreation facility within an existing park. 	General maintenance and repair of parks, park facilities and buildings.
	<ul style="list-style-type: none"> Major new physical improvements to parks and playgrounds, such as program of new landscaping or irrigation. 	
Streets, Traffic Signals & Lighting	<ul style="list-style-type: none"> New streets and roadways. 	Routine repair/patching/ sealing and other methods to extend pavement life. Lane marking and delineation.
	<ul style="list-style-type: none"> Physical alteration of street capacity or design including addition of bicycle lanes, medians, sidewalk configurations, and street landscaping. 	Equipment repair or replacement to maintain system operations or extend life.
	<ul style="list-style-type: none"> New or upgraded signal equipment or other physical improvements that enhance safety or system capabilities 	Repair or replacement, even if increasing width of existing sidewalks.
	<ul style="list-style-type: none"> Paving where none existed previously or new sidewalks, curbs & gutters. 	Replacement or repair of damaged lights.
	<ul style="list-style-type: none"> Addition of street lights or conversion of street lights to new fixtures. 	

Source

Description

ARPA	American Rescue Plan Act
C & I	Commercial and Industrial Tax
Cable	Cable Capital Grant
CMAQ	Congestion Mitigation and Air Quality
DRPT	Department of Rail and Public Transportation
FCPS	Fairfax County Public Schools
Federal	U.S. Federal Government
FVFD	Fairfax Volunteer Fire Department
Financing	Debt incurred with future periodic payments
General	City of Fairfax General Fund
HFCI	Historic Fairfax City, Inc.
I – 66	I – 66 inside the Beltway Funding Program
NVTA 30%	Northern Virginia Transportation Authority 30%
NVTA 70%	Northern Virginia Transportation Authority 70%
RevShr	State Revenue Sharing
RSTP	Regional Surface Transportation Program
Smart Scale	State of Virginia Transportation Funding Program
State	State of Virginia – various Funding Programs
Stormwater	Stormwater Utility Fund
Wastewater	Wastewater Enterprise Fund

Comprehensive Plan Timeframe Definitions

Ongoing	Routine or continuous
Immediate	Immediate: 0-2 years
Short-Term	Short Term: 2-5 years
Long-Term	Long Term: 5 years +
Varies	

Justification

During preparation of the capital project requests, agencies are asked to justify the need for each project by considering the following questions:

- Is there evidence of the need for this project?
- Has there been adequate planning? If not, should a planning appropriation be considered?
- Can a third party finance or share the cost of this project?
- Is renovating or remodeling more cost effective?
- Has leasing of capital assets been considered?
- Can this project be postponed until the following biennium?
- Would this project be necessary if the size of government was reduced? If population declined? If a technological breakthrough occurred? If demand for services declined? If not, what is the likelihood any of these will happen in the next ten years?
- What are the operating costs over the life of this project and are they reasonable? Will the state have to pay these costs? Can the state afford to do so? Is it cost effective to spend more at the outset of the project to reduce future operating costs (e.g., through redesign of a facility)?
- Have all the costs relating to this project been considered? Does the total cost include construction costs, architects' fees, contingency fees, construction supervision fees, equipment, insurance and bid costs, and site acquisition?
- What are the economies of scale? Would a bigger facility be cheaper per unit of service? If a bigger facility is built, can part of the space be rented?

NOTE: Adapted from "Capital Budgeting and Finance: The Legislative Role," published by the National Conference of State Legislatures.

Evaluation

The Office of the Governor and the Office of Management and Budget considered external mandates, program needs, state policy direction, and available funding sources in evaluating and prioritizing capital project requests.

External mandates include:

- Court orders.
- Health and life safety codes.
- Handicap accessibility regulations.
- Regulations regarding the historical significance of existing facilities.

Program needs include or are influenced by:

- Demographic shifts.
- Department goals.
- Public convenience.
- Program requirements.
- Obsolescence of existing facilities.

State policy direction is influenced by:

- Gubernatorial priorities.
- Economic development needs and initiatives.
- Consolidation of state services.

Funding considerations include:

- Non-general fund dollars available for construction and operation.
- Existing state debt obligations.
- Operating efficiency of the proposed facility.

NOTE: Adapted from "Capital Budgeting and Finance: The Legislative Role," published by the National Conference of State Legislatures.

Priority I: IMPERATIVE (*Must-Do*) – Projects that cannot reasonably be postponed in order to avoid harmful or otherwise undesirable consequences.

- A. Corrects a condition dangerous to public health or safety
- B. Satisfies a legal obligation
- C. Alleviates an emergency service disruption or deficiency
- D. Prevents irreparable damage to a valuable public facility.

Priority II: ESSENTIAL (*Should-Do*) – Projects that address clearly demonstrated needs or objectives.

- A. Rehabilitates or replaces an obsolete public facility or attachment
- B. Stimulates economic growth and private capital investment
- C. Reduces future operating and maintenance costs
- D. Leverages available state or federal funding.

Priority III: IMPORTANT (*Could-Do*) – Projects that benefit the community but may be delayed without detrimental effects to basic services.

- A. Provides a new or expanded level of service
- B. Promotes intergovernmental cooperation
- C. Reduces energy consumption
- D. Enhances cultural or natural resources.

Priority IV: DESIRABLE (*Other Year*) – Desirable projects that are not included within five-year program because of funding limitations.

Project Urgency

- *What are the most urgent projects and why?*
- *Is the project needed to respond to state or federal mandates?*
- *Will the project improve unsatisfactory environmental, health, and safety conditions?*
- *What will happen if the project is not built?*
- *Does the project accommodate increases in demand for service?*

Project Readiness

- *Are project-related research and planning completed?*
- *Are all approvals, permits, or similar requirements ready?*
- *Have affected citizens received notice and briefings?*
- *Are the appropriate City operations including project management ready to move on the project?*
- *Is the project compatible with the implementation of the other proposed projects?*

Project Phasing

- *Is the project suitable for separating into different phases?*
- *Is the project timing affected because funds are not readily available from outside sources?*
- *Does the project have a net impact on the operating budget and on which fiscal years?*
- *Does the project preserve previous capital investments or restore a capital facility to adequate operating condition?*

Planning Questions

- *Is the project consistent with the Comprehensive Plan?*
- *Can projects of similar use or purpose be co-located at one location?*
- *Does the project increase the efficiency of the service delivery?*
- *What are the number and types of persons likely to benefit from the project?*
- *Will any groups be adversely affected by the project?*
- *What geographic areas does the project serve?*
- *Are there any operational service changes that could affect the development of project cost estimates?*

As capital projects are identified, the above evaluation questions are used as an assessment tool in concert with the Criteria for Recommending Future Capital Projects regarding the immediate, near term, long-term or future timing of project implementation.

CAPITAL RANKING PROCESS

City of Surrey, British Columbia

The City's Capital Ranking Process separates projects into four categories:

1) **Council Priorities**

Projects that Council deems to be high priority.

2) **Sustaining Capital**

Small-scale projects designed to maintain the City's existing infrastructure, such as investments in information technology, building renovations and the purchase of furniture and equipment.

3) **Capital From Statutory Reserve Funds**

Improvements to and expansions of sewer, water, and road systems funded by DCCs and other reserve funds.

4) **Large Scale Capital**

A selection of proposed large scale capital projects. The model uses six criteria:

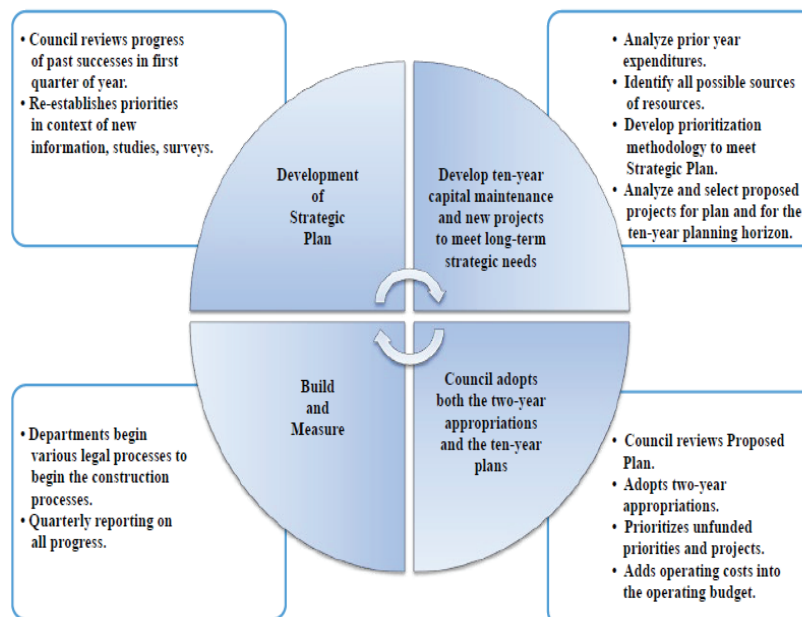
- Purpose;
- Consistency with Master Plans;
- Technical feasibility;
- Economic benefit;
- Social and environmental quality; and
- Availability of funding.



Park Improvements

City of Arvada, Colorado

The following graphic outlines the City of Arvada's ten-year Capital Improvement Plan process:



CIP Development Process

The City updates the CIP as part of the annual budget process in accordance with the City's Capital Improvement Plan Policy and in keeping with the City Charter Section 3.01(12), City's Comprehensive Plan, and City Code Section 2-99(b)(8)(b) and Section 2-99(b)(8)(c). The projects in the CIP were based on a Level of Service (LOS) analysis including the current demand, projected population growth, both existing and projected deficiencies, and facility obsolescence.

The departments then submit Project Development Worksheet forms to request funding consideration. Engineering Services Department staff work with each department to estimate project costs for each of the requested projects. The CIP Committee, comprised of City Department Directors, City Administration and Budget Division staff, reviews and prioritize the projects. The Finance Department suggests funding options for the CIP. The CIP Committee then presents the CIP schedule to the Commission for approval. The list of CIP projects that are not adopted for funding is maintained by the CIP Manager and is included at the end of this chapter. Departments are required to resubmit Project Development Worksheets annually for unfunded CIP projects for funding consideration in subsequent fiscal years.

The minimum levels of service established in the City's Comprehensive Plan are as follows:

- ✓ City Streets: LOS E
 - Exception for Downtown Transportation Concurrency Exception Area (TCEA)
- ✓ County or State Roads: LOS D
- ✓ Potable Water: average water consumption = 272 gallons per day (gpd)
- ✓ Sewer:

Single Family	350 gpd/dwelling unit
Multifamily	250 gpd/dwelling unit
Commercial	0.20 gpd/square foot
Industrial	0.15 gpd/square foot
Hotel	100 gpd/room

Friday, November 4, 2022		Finance Department distributes budget packages to departments.
Monday, November 21, 2022 to Friday, December 16, 2022		Departments file budget requests on staggered deadlines, including goals and objectives, with the Office of Management and Budgets. Depts enter requests and POCDs on Finance generated Capital Budget Form
Thursday, December 22, 2022		Board of Education submits its Capital Budget requests to the Finance Department.
Tuesday, January 3, 2023 to Tuesday January 10, 2023	ZOOM	Finance and Planning and Zoning Department meet with each Department to review their Capital Budget Requests.
Wednesday, January 11, 2023	ZOOM	Finance and Planning and Zoning staff meet with Board of Education to review their Capital Budget Requests.
Monday, January 16, 2023 to Thursday, January 26, 2023	ZOOM	Planning and Zoning Commission meets with Departments to review requests. Meetings begin at 6:00pm
Friday, January 27, 2023 (on or before)		Chief Financial Officer compiles and transmits requests together with recommendations to the Common Council, Board of Estimate and Taxation, and the Planning and Zoning Commission. Recommendations will include a report of the impact on the debt service in the Operating Budget and various debt ratios.
Wednesday, February 1, 2023		Planning & Zoning Commission conducts public hearings on departments' requests.
Wednesday, February 8, 2023		Chief Financial Officer presents Capital Recommendation to Planning and Zoning Commission (Regular meeting).
Friday, March 3, 2023 (on or before)		Planning and Zoning Commission transmits its recommended Capital Budget to the Mayor.
Tuesday, March 21, 2023 (on or before)		Mayor completes his review and transmits his recommended Capital Budget to the Board of Estimate & Taxation.
Monday, April 3, 2023 (before April 1st)		Board of Estimate and Taxation, after incorporating therein such recommendations as the Mayor, the Planning and Zoning Commission and the Comptroller may make, forward the same to the Common Council with an expression in writing of its judgment with respect to the amount of funds it is proposed to expend in such capital budget and the effect such expenditures will, in its opinion, have upon the operating expenses and credit of the City.
Thursday, April 6, 2023 (on or before April 15)	HYBRID	Common Council Economic and Community Development Committee review with Departments - (regular meeting 7:00 pm)
Tuesday, April 11, 2023 (on or before April 15)	HYBRID	Common Council may approve, reject or reduce any item in the capital budget by a vote of the majority of its members, present and voting, or may, by a vote of a majority of its members present and voting, reinstate therein any item which may have been previously disapproved. The Common Council shall thereupon approve the same as amended on or before the 15th day of April in each year, when it shall be certified to the Comptroller. Any item not rejected or reduced by the Common Council shall be deemed approved by it.
Friday, April 21, 2023 (on or before May 1)		Chief Financial Officer shall transmit to the Common Council and the Board of Estimate and Taxation his recommendations in respect to the most feasible and economical measures to finance the capital budget for the ensuing fiscal year.
Tuesday, May 9, 2023		Chief Financial Officer submits Bonding resolution to the Common Council

Data collected from pavement evaluations completed in October/November 2016 of all the streets maintained by the Village of La Grange was entered into a database using a widely accept industry software for pavement analysis. Pavement condition was rated and rehabilitation strategies and total repair costs were developed for the 53 miles of streets currently maintained by the Village. This study was completed using a Pavement Condition Index (PCI) rating system (0-100), which is an objective analysis of the pavement condition of each Village Street. In general a PCI rating over 85 represents a pavement that requires little or no maintenance while a PCI of 20 or less represents a failed pavement requiring complete reconstruction. The area-weighted average PCI rating of all Village streets in 2016 is 64. By comparison the area-weighted PCI rating in the previous study in 2011 was 78.

The primary goal of a successful pavement management plan is to rehabilitate streets on a schedule that targets streets just before their condition rapidly declines and becomes far more expensive. This strategy is the most effective use of the Village’s allocated budget regardless of its amount. The cost to complete all identified roadway maintenance and rehabilitation on all Village streets in 2017 totals \$18.7 million. In order to maintain the current average road PCI rating of 64, the Village would need to allot an annual roadway maintenance and rehabilitation budget of \$2.8 to \$3 million. While this may be an unrealistic budget for the Village, it highlights the point that the average condition of the Village streets are deteriorating each year, and reversing the trend requires a significant investment in the Village's street system.

Multimodal Transit Transfer Center Feasibility & Concept ...

PRELIMINARY TOTAL PROJECT BUDGET		4/28
1. This budget is based on construction dates as follows:		
Construction Contract Award Date:	1-Jul-21	
Final Completion Date:	30-Oct-22	
Construction Duration (Days):	486	
2. Escalation Rates:		
Annual Rate:	3.0%	
Mid-Point of Construction:	1-Mar-22	
Current Date:	28-Apr-20	
Years to Mid-Point:	1.84	
Escalation Rate (Current to Mid-Point):	5.6%	
3. Budget for Construction Contract Award Price (CCAP)		
CCAP	8,455,101	includes design contingency
Escalation	5.6%	472,882
Total CCAP	\$ 8,927,983	
4. Construction Phase Contingency		
Percent of Item 3	10.0%	\$ 892,798
5. Total Construction Budget	\$	9,820,781
(Line 3 plus Line 4)		
6. Professional Services		
Architecture / Engineering	10.0%	\$ 982,078
Land Survey		\$ 10,000
Geotechnical Investigation		\$ 15,000
Specialty Consultants		\$ 10,000
7. Other Costs		\$ 400,000
A/E Expenses		\$ 10,000
Bid Documents Print & Distribute		\$ 5,000
Land Acquisition Cost		\$ 385,000
Other Expenses		
8. TOTAL PROJECT COST		\$ 12,361,645
Construction + Professional Services + Other Costs		\$11,237,859
Owner's Contingency	10%	\$ 1,123,786

Ways to pay for capital improvements

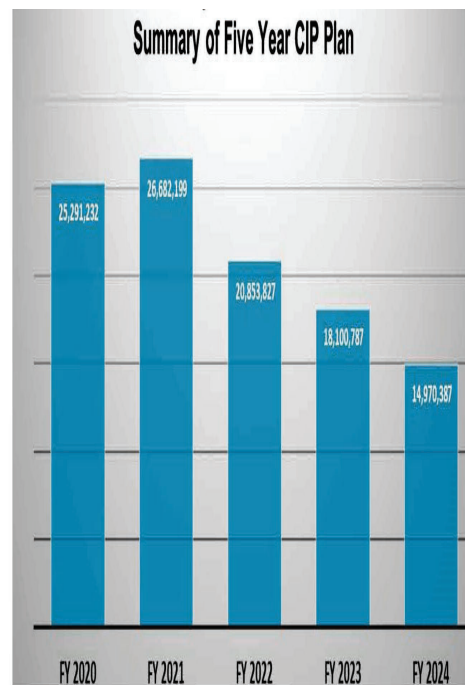
In addition to cost containment measures, trustees are mulling how to raise additional revenues to quicken the pace of sewer installations, road resurfacing and other capital improvements projects over the next five years.

Option	Impact	Rationale
Raise \$9 million property tax levy by 4 percent annually through 2012.	The village portion of a \$9,000 bill would rise by \$24 annually.	Pro: Levy has been raised once in 9 years. Con: Property owners also face hikes from other taxing bodies.
Tap into the Permanent Fund, now at \$35 million, and slated for future village-wide capital projects.	Adds \$7 million to the \$8 million already drawn from this fund for road and sewer work in 2008.	Pro: The funds are there. Con: Drawing down the fund decrease4s the interest it earns.
Increase home-rule sales tax from one-half of 1 percent to three-quarters of 1 percent.	Raises about \$2.5 million	Pro: Would make Glenview's home-rule sales tax equal to or lower than all but five of the 22 area communities that collect the tax. Con: Higher sales taxes may drive customers away.
Impose a \$10,000 tax on any demolished building.	Would raise from \$300,000 to \$500,000 annually	Pro: At board's discretion, proceeds could be dedicated to road and sewer projects. Con: Might discourage development.
Impose a real estate transfer tax on buyers.	At a rate of \$3 per \$1000 of sale price, from \$2 million to \$3 million annually could be raised	Pro: At board's discretion, funds could be dedicated to road and sewer projects. Con: Voters must approve this new tax via referendum.
Impose a home-rule tax on food and beverage sales.	Each 1 percent of tax would raise about \$750,000 annually.	Pro: Would raise new revenues. Con: Glenview isn't a tourist town, food and drink prices likely would rise and business proprietors would face a filing burden they don't have now.
Issue long-term debt	Interest on a 20-year bond could cost about 4.25 percent.	Pro: Would make funds immediately available and the cost would be borne by residents who benefit from the improvements. Con: Adds to village's total debt, and would hike property taxes to repay it.



Categories	Expenditures For Planning Years					Projected Five
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Year
Category Type	FY 2020- FY 2024 Capital by Category and Fund					
Public Safety	\$ 599,065	\$ 1,269,409	\$ 716,417	\$ 960,387	\$ 385,387	\$ 3,930,665
Public Services	\$ 7,885,203	\$ 8,087,120	\$ 7,426,740	\$ 7,499,740	\$ 7,150,000	\$ 38,048,803
Culture and Recreation	\$ 3,338,000	\$ 6,736,670	\$ 3,916,670	\$ 596,660	\$ -	\$ 14,588,000
Public Utilities	\$ 13,057,964	\$ 10,209,000	\$ 8,544,000	\$ 8,854,000	\$ 7,435,000	\$ 48,099,964
Information Technology	\$ 411,000	\$ 380,000	\$ 250,000	\$ 190,000	\$ -	\$ 1,231,000
Total Expenditures	\$ 25,291,232	\$ 26,682,199	\$ 20,853,827	\$ 18,100,787	\$ 14,970,387	\$ 105,898,432

Funding Sources	Expenditures For Planning Years					Projected Five
	FY2020	FY2021	FY2022	FY2023	FY2024	Total
General Fund	\$ 1,537,035	\$ 3,477,169	\$ 2,117,057	\$ 2,367,047	\$ 535,387	\$ 10,033,695
Bonds	\$ 3,000,000	\$ 5,000,000	\$ 3,000,000	\$ -	\$ -	\$ 11,000,000
Hotel/Motel	\$ 150,000	\$ 180,000	\$ 150,000	\$ 140,000	\$ -	\$ 620,000
TSP/LOST	\$ 6,769,203	\$ 6,300,000	\$ 6,589,740	\$ 6,589,740	\$ 7,000,000	\$ 33,248,683
50 Worst Properties	\$ 30,000	\$ 27,000	\$ 27,000	\$ -	\$ -	\$ 84,000
Condemned Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MCT Funds	\$ 326,030	\$ 826,030	\$ 226,030	\$ -	\$ -	\$ 1,378,090
Grants	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Water & Sewer Fund	\$ 6,970,000	\$ 6,680,000	\$ 5,055,000	\$ 5,120,000	\$ 5,230,000	\$ 29,055,000
Electric Fund	\$ 3,466,000	\$ 1,460,000	\$ 1,495,000	\$ 1,195,000	\$ 505,000	\$ 8,121,000
Solid Waste Fund	\$ 296,964	\$ 49,000	\$ 49,000	\$ 839,000	\$ -	\$ 1,233,964
Storm Water Fund	\$ 2,325,000	\$ 2,020,000	\$ 1,945,000	\$ 1,700,000	\$ 1,700,000	\$ 9,690,000
Internal Funds	\$ 421,000	\$ 583,000	\$ 200,000	\$ 150,000	\$ -	\$ 1,354,000
Total Funding Sources	\$ 25,291,232	\$ 26,682,199	\$ 20,853,827	\$ 18,100,787	\$ 14,970,387	\$ 105,898,432



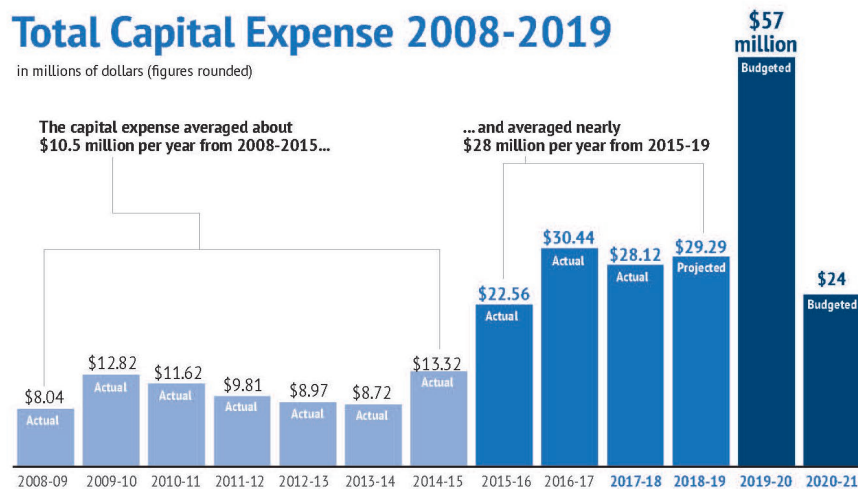
Water & Sewer Fund Capital Projects Summary

Fiscal Years 2024 to 2028

Maintenance Projects Total							
Project	Page	2024	2025	2026	2027	2028	Total
Leak Detection	190	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 40,000
Lift Station Pump Repairs	192	\$ 26,000	\$ 27,000	\$ 28,000	\$ 29,000	\$ 30,000	\$ 140,000
Hydrant Painting and Repair	193	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000
Sanitary Sewer Rehabilitation	194	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000
Valve Testing and Replacement	195	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ 90,000
Storm Sewer and Ditching Program	196	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 80,000	\$ 240,000
Klein Creek Water Pump Repair	198	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Maintenance Projects Total		\$ 514,000	\$ 255,000	\$ 366,000	\$ 257,000	\$ 368,000	\$ 1,760,000

Total Capital Expense 2008-2019

in millions of dollars (figures rounded)



City of Alameda, California

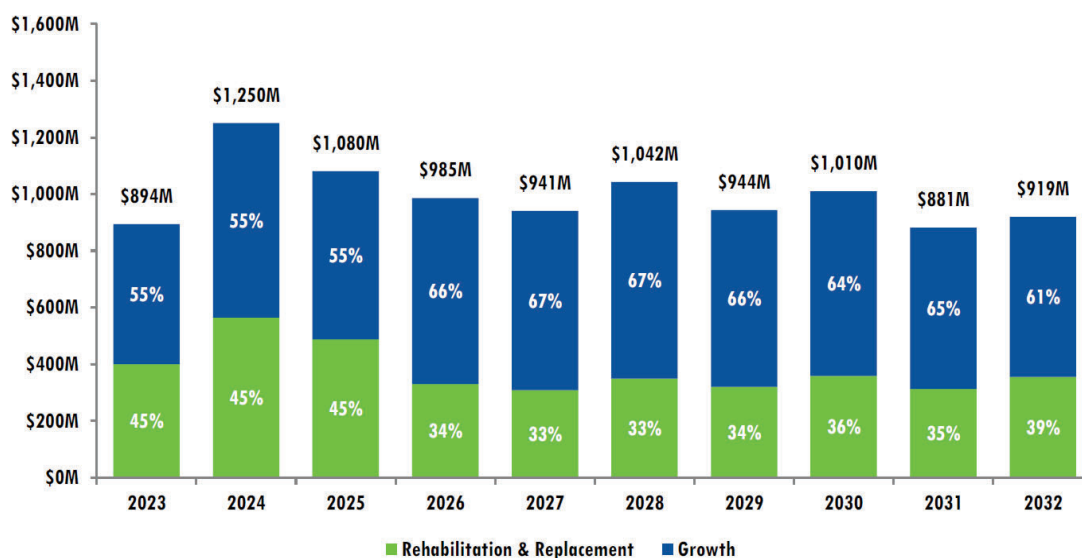
Follow the money.

■ **Annual capital activity increased** from ~\$10.5 million per year from 2009-2015 to nearly \$30 million annually. That's the City's third straight year of running a three-fold increase in capital work from the 2009-2015 average.

■ **The increase in capital work** is due to greater investment—and thus work—in construction of new parks, annual rehabilitation of streets and sidewalk, repairing key components of City buildings, and construction of the Cross Alameda Trail.

■ **All of this work is being completed** with only two additional full-time employees in our engineering division, a huge boost from ARPD on parks-led projects, and Public Works continuing to have difficulty filling three current engineering vacancies.

61.9% of planned 10-year capital spending will go to growth-related projects



More than 60% of the 10-year capital plan supports expected growth

Growth initiatives, which are generally undertaken to serve population growth, account for 61.9% of the 10-year capital plan, as the graph on page 52 shows. Investments to rehabilitate or replace existing assets, also referred to collectively as renewal, represent the balance. Renewal investments are made to ensure infrastructure is in place and in a state of good repair to serve ongoing needs.

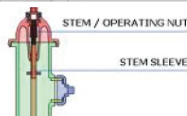
- The total capital plan for Public Works, which is responsible for the largest asset portfolio, is about \$7.2 billion over 10 years or almost three-quarters of the Region's entire plan. Of this about 56.2% would go to growth-related projects, focused mainly on roads and wastewater projects. Other important investments include ongoing electrification of the transit fleet.
- The Region's share of Yonge North Subway Extension work over the next 10 years, amounting to \$1.0 billion, makes up 10.5% of the 10-year plan and is 100% growth-related.
- Corporate Services accounts for \$775.4 million or 7.8% of the total 10-year plan. Of this, \$499.5 million or 64.4% would be for property services, of which \$422.7 million would support growth. Investment in information technology assets would be \$276.0 million or 35.6% of the Corporate Services plan, and 100% would support renewal.

Water Hydrant Painting and Repair

Account Number: 010-70-84000.000

This project is for the repair or replacement of water hydrants throughout the community. Currently, there are 635 water hydrants across the Village. Hydrants are tested when possible, with repairs identified through testing, employee observation, or emergency. Because of the varying condition of hydrants, repair costs can range from a few hundred to several thousand dollars.

Water Hydrant Paint/Repair	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2024-28 Total
Replacement	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
Painting	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
Fiscal Year Total	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000



PROJECT INFORMATION							
Name:	Scoreboard - Fairfax High School			Project # 320-681239-580208			
2035 Comprehensive Plan Reference:	E.1.2.4 p.131			2035 Comprehensive Plan Timeframe:		Short-Term	
Comprehensive Plan Element							
<input type="checkbox"/> Land Use <input checked="" type="checkbox"/> Multimodal Transportation <input checked="" type="checkbox"/> Community Services				<input type="checkbox"/> Environment and Sustainability <input type="checkbox"/> Economic Vitality <input checked="" type="checkbox"/> Other City Plan/Policy			
Statement of Need:				Picture:			
This project provides funding to update and replace the current scoreboard at Fairfax High School. Video scoreboards are making a difference in schools all around the globe. The impact ranges from providing amazing game-time experiences to helping students build real-world experience in game production. The video aspect of the system is more than just a scoreboard – its flexibility can power endless alternative uses that can impact everyone in your school and community. Scoreboards are being utilized by schools to individualize the sport being played, highlight student athletes, make announcements, and promote safety at the games. Lastly, marketing is using scoreboards for Sports Marketing Classes, video production for TV Film or Journalism courses, math and coding classes, and to promote the community spirit at the events.							
Funding Allocation							
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Totals
Equipment - New Purchase	-	346,000	-	-	-	-	346,000
Total Costs	\$ -	\$ 346,000	\$ -	\$ -	\$ -	\$ -	\$ 346,000
Funding Sources							
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Totals
General Fund	-	346,000	-	-	-	-	346,000
Total Funding	\$ -	\$ 346,000	\$ -	\$ -	\$ -	\$ -	\$ 346,000
Estimated Project Timeline							
Project Origination Date	07/01/23		New Project		Responsible Department(s):		
Project Design Start Date	03/01/24		✓	Cable TV	PW Admin		
Construction Start Date	06/30/24			CD&P	PW Environment		
Project Completion Date			City Manager	PW Fleet			
			Finance	PW Operations			
			Fire	PW Signs/Signal			
			Historic	PW Stormwater			
			Human Svc	PW Streets			
			IT	PW Transport			
			Parks & Rec	PW Wastewater			
			Police	Schools			
Financial Impacts							
Annual Revenue Generated:	\$ -						
Annual Cost Savings:	\$ -						
Annual Increase in Operating Costs:	\$ -						
Projected Future Savings:	\$ -						✓

**Water & Sewer Fund Capital Improvement Projects
FY 2024-2028**

Watermain Replacement

Account Number: 010-70-83000.000

With aging infrastructure, the Village has set aside funds in the future for the purpose of systematically replacing aging water mains. The sections in the Village to be repaired will be identified based on the age, condition, and repair history of the watermain. This is an ongoing program in order to maintain the Village's water mains. Originally funded every year at \$200,000, this was changed to funding every other year at a cost of \$400,000. This is to allow for a bigger project on alternating years to obtain better pricing.

Watermain Replacement	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2024-28 Total
Engineering	\$40,000	\$0	\$40,000	\$0	\$40,000	\$120,000
Contractual	\$360,000	\$0	\$360,000	\$0	\$360,000	\$1,080,000
Fiscal Year Total	\$400,000	\$0	\$400,000	\$0	\$400,000	\$1,200,000



**Capital Improvement Projects
General Administration**

Median Renovations



Description

This project includes a citywide assessment of medians in need of construction improvements. Medians are evaluated, and prioritized, on the basis of key criteria: safety, water efficiency, and percentage of dead/dying plant material. Improvements will include lower maintenance landscaping and drought resistant materials.

Project Justification

This project will result in minimized safety hazards for Parks Maintenance team members, improved community aesthetics, and increased water conservation and efficiency. Currently, team members need to mow and repair materials in high-traffic medians, doing so at a heightened safety risk. In addition, ongoing maintenance costs will be minimized as a result of landscaping features that require less water and irrigation equipment. The project will remove dead and dying plant material from existing medians and will greatly improve the aesthetics of our community roadways.

Strategic Plan Alignment

Strategic Priority: Vibrant Community and Neighborhoods
A vibrant community is engaged in civic life, the arts, and the outdoors. It comprises individuals and groups who are dedicated to their community, get involved with neighborhood associations, and participate with local government to ensure responsiveness to changing needs, resulting in Arvada being the preferred place to live, work, play, and stay.

Strategic Principle:
Provides meaningful ways for the community to engage with local government and strategic partnerships to advance quality of life by embracing both Arvada's small town traditions and history and changing to achieve an inclusive, equitable, diverse, prosperous, and resilient community that cares about its neighbors.

Project Funding

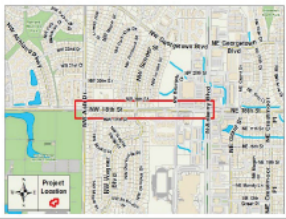

This project is fully funded.

Sources	2023	2024	2025	2026	2027	2028-2032	10-Year Total
98-101 \$	\$200,000	\$206,000	\$212,800	\$218,545	\$225,302	\$1,203,849	\$2,292,776
Other City \$	-	-	-	-	-	-	-
External \$	-	-	-	-	-	-	-
Total Sources	\$200,000	\$206,000	\$212,800	\$218,545	\$225,302	\$1,203,849	\$2,292,776

Project Cost Estimate and Timeline

This is an ongoing project.

Uses	2023	2024	2025	2026	2027	2028-2032	10-Year Total
Design	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Acquisition	-	-	-	-	-	-	-
Construction	200,000	206,000	212,800	218,545	225,302	1,203,849	2,292,776
Total Uses	\$200,000	\$206,000	\$212,800	\$218,545	\$225,302	\$1,203,849	\$2,292,776

NW 18 th Street Reconstruction – NW Ash Drive to North Ankeny Boulevard							
Department	Public Works						
Type	Improvement						
Useful Life	40 Years						
Category	Streets						
Council Goal	 Upgrade Essential Infrastructure						
Description	This project includes reconstructing and widening NW 18 th Street from approximately 300 feet west of NW Ash Drive to approximately 250 feet west of North Ankeny Boulevard. The existing two-lane street will be improved to a three-lane street with left turn lanes, right turn lanes where needed at intersections and a raised median between NW Briargate Drive and North Ankeny Boulevard. The project also includes construction of storm sewer, fiber optic cable in conduit, sidewalks, utility adjustments, replacing the traffic signal at the NW Ash Drive intersection and adding a traffic signal at the NW Briargate Drive intersection.						
Justification	This segment of NW 18 th Street is experiencing significant deterioration of the existing joints and pavement structure. It requires regular maintenance (primarily cold patching) by the Public Works Operations division to maintain a drivable street surface. The project's construction costs assume full depth removal and replacement of the existing pavement structure.						
		2023	2024	2025	2026	2027	Total
Expenditures							
	Engineering	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000
	Construction	4,950,000	-	-	-	-	4,950,000
	Street Lighting	50,000	-	-	-	-	50,000
	Total	\$5,400,000	\$ -	\$ -	\$ -	\$ -	\$5,400,000
Funding Sources							
	GO Bonds – Storm Water	\$5,400,000	\$ -	\$ -	\$ -	\$ -	\$5,400,000
	Total	\$5,400,000	\$ -	\$ -	\$ -	\$ -	\$5,400,000
Operating Costs							
	Maintenance Costs	\$ -	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (30,000)
	Utilities	-	1,500	1,500	1,500	1,500	6,000
	Total	\$ -	\$ (6,000)	\$ (6,000)	\$ (6,000)	\$ (6,000)	\$ (24,000)
Budget Impact	This project will reduce the annual maintenance costs for the City because the Public Works department will not have to do less effective preventative maintenance (e.g. cold patching) on the existing pavement. The new traffic signal will result in additional electric power costs for the City.						

Project Description

Adding a North Chase Library branch will move the library system closer to its long-range, strategic plan to provide library services within five miles of all citizens. There is currently no convenient library branch serving the north end of New Hanover County and the fast-growing Porter's Neck, Ogden, Murrayville and Castle Hayne communities. This puts more pressure on the current Main and Northeast facilities. Expansion of existing facilities would be needed to accommodate the growing population in northern New Hanover County. Providing a branch in North Chase would ease crowding at the Northeast Branch and Main Library.

Impact on Operations

The design phase will have no impact on operations. Once constructed, there will be an increase in the Library's material (\$40,000) and supply (\$5,000) budgets to accommodate the needs of this branch. Based on existing library facilities, utility costs will increase \$80,000 and Information Technology costs and maintenance will increase at least an additional \$70,000. Depending on the design and service plan, four to six additional full-time staff will be needed at an estimated cost of between \$250,000 and \$400,000.

Type of CIP: Nonrecurring

