

**BEST PRACTICES IN MUNICIPAL  
CAPITAL IMPROVEMENT PLAN DEVELOPMENT**

COLORADO MUNICIPAL LEAGUE ANNUAL CONFERENCE  
BRECKENRIDGE, COLORADO



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**SESSION  
ROADMAP**

- What is a Capital Improvement Plan?
- Benefits of a Capital Improvement Plan
- Plan Development
- Programming and Implementation
- Questions/Answer

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**WHAT IS A CAPITAL IMPROVEMENT PLAN?**



- **Multi-year plan which identifies capital projects to be funded per year within the designated time period (normally six years).**
  - Meaningful tool for planning and decision-making
  - Includes funding amount anticipated to be expended each year
  - Provides financial options to implement plan
  - Aligns capital investments with citywide strategic goals and initiatives

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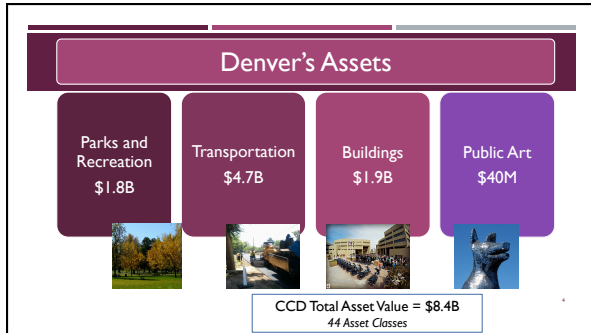
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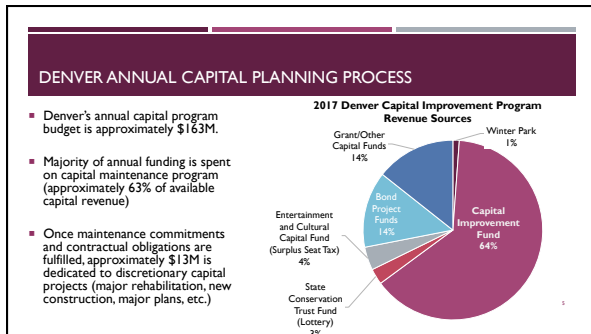
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### WHAT IS A CAPITAL IMPROVEMENT PLAN?

- A capital plan should try to answer the following questions:
  - Assets**
    - What assets do we currently own?
    - What is the condition of the assets?
  - Financial Capacity (short-term and long-term)**
    - How much will it cost to build, maintain and operate our assets?
    - What is our financial capacity to pay for our capital needs?
  - Prioritization**
    - How have we prioritized these capital needs?
    - How do these capital needs address community needs?
  - Implementation**
    - Can we effectively manage the programming and implementation of our capital needs?

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**BENEFITS OF A CAPITAL IMPROVEMENT PLAN**

- **Advancement of strategic goals and initiatives**
- **Fiscal sustainability**
  - Preservation of existing infrastructure (deferred maintenance)
  - Long-term planning to align need with available resources
  - Strengthens City's nexus between the operating budget and capital budget
- **Education and community awareness**
  - Collaboration opportunities

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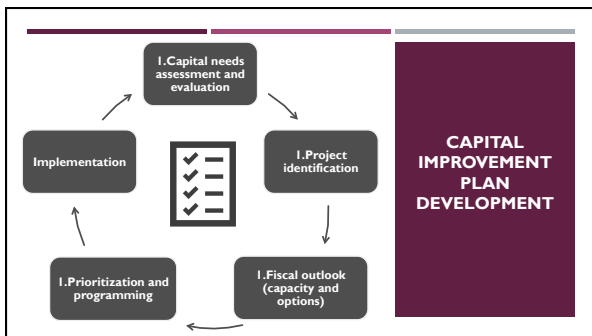
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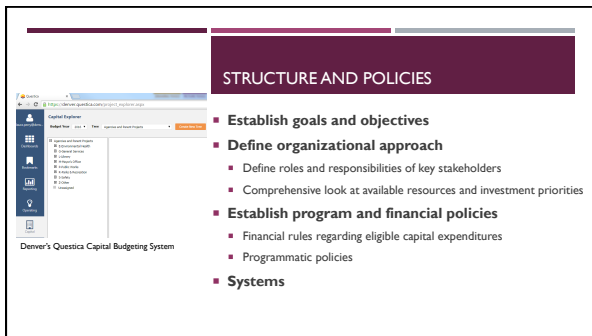
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**STRUCTURE AND POLICIES**

- **Establish goals and objectives**
- **Define organizational approach**
  - Define roles and responsibilities of key stakeholders
  - Comprehensive look at available resources and investment priorities
- **Establish program and financial policies**
  - Financial rules regarding eligible capital expenditures
  - Programmatic policies
- **Systems**

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**EVALUATION CRITERIA**

- Developing a list of priorities is critical to a successful capital plan.
- Agreed upon evaluation criteria should be used to help evaluate projects
- Example criteria:
  - Denver's Executive Development Council Evaluation Criteria**
    - Completes a project (or a meaningful project phase)
    - Leverages non-city funding
    - Implements a multi-departmental major plan (or plan component)
    - Facilitates partnerships with regional or local jurisdictions
    - Addresses a one-time structure need to meet minimum level-of-service

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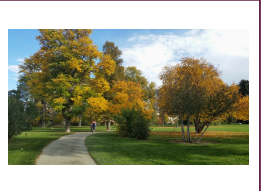
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**CAPITAL NEEDS ASSESSMENT AND EVALUATION**



- Asset inventory and condition assessment**
- Performance metric identification**
  - Example: Pavement Condition Index (PCI), Facility Condition Index (FCI), etc.
- Development of standards**
- Planning initiatives**
  - Comprehensive plans, neighborhood plans, etc.
- Community engagement**
  - Elected officials, departments, etc.

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### ASSET INVENTORY AND CONDITION ANALYSIS

Periodically measure condition of assets to inform strategic and proactive capital planning.

**Assess**  
capital  
standards

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**Analyze**  
cost to  
build and  
maintain

➔

**Adjust**  
capital plan  
and  
funding

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### FCI by Organization and Location based on Assessor Correction Cost for 2014 FCAP

As of last assessment on 07 May 15, 2017

Organization	Location	Location Description	Location Code	Current Status	Building Management Code	Cost of Original FFI	Value of Original FFI
SPD	ZSR	Pro Station #8	BLDG	0311		\$2,842,000.00	\$25,794.00
SPD	ZSR	Pro Station #9	BLDG			\$3,096,270.00	\$11,000.00
DPL	JVM	Adams West Library	BLDG	0300		\$1,544,000.00	\$90,000.00
DPL	WVL	West Valley Library	BLDG	0300		\$3,423,000.00	\$127,300.00
DPL	DCL	East Calmar West American Business Library	BLDG	0303		\$1,022,000.00	\$44,000.00
DPL	BRH	Byers Library	BLDG			\$1,362,000.00	\$154,000.00
DPL	CDK	Central Library	BLDG	0300		\$16,019,000.00	\$780,000.00
DPL	DWR	Dorner Library	BLDG			\$1,470,000.00	\$203,000.00
DPL	HEC	Englewood Library	BLDG			\$3,700,000.00	\$103,700.00
DPL	FCR	Fountainview Library	BLDG			\$3,171,000.00	\$36,000.00
DPL	GMK	Green Valley Forest Library	BLDG			\$4,740,000.00	\$67,200.00
DPL	HND	Hendry Library	BLDG			\$3,088,000.00	\$175,100.00
DPL	HMP	Hampden Library	BLDG			\$3,498,000.00	\$118,000.00
DPL	WLD	Windsor Library	BLDG	0302		\$3,432,000.00	\$38,000.00

**DENVER'S  
FACILITIES  
CONDITION  
ASSESSMENT  
PROGRAM  
(FCAP)**

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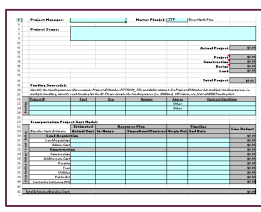
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### PROJECT IDENTIFICATION



- Develop scope/budget for new projects
- Project Management Plans
  - Detailed project budget and implementation plan
  - Guides scope development
  - Consistency and accuracy
- Regulatory and environmental considerations
- Contingencies
  - program level and project level
- Phasing or scaling opportunities

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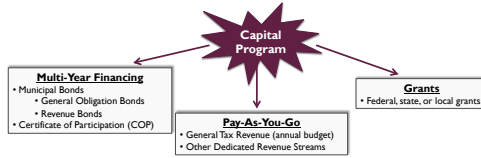
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### FISCAL OUTLOOK

- Development of multi-year financial forecast identifying income and expenditures in future years for capital projects.
- Debt capacity (assets with a substantial useful life (10+ years))
- Operating expenditures, reserves, and debt service should also be taken into consideration.



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### PRIORITIZATION AND PROGRAMMING

- There are several levels of prioritization that occurs within a capital plan:
  - Programmatic (department level)
  - Financial (financial parameters)
  - Executive Level (balancing of broader community objectives)
- Prioritization could be informed by asset condition, legal mandates, economic development, public input, etc.
- Programming
  - Plan is adopted as part of the annual budget.
  - Plan is refreshed each year as part of the annual budget cycle

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### CAPITAL PLAN IMPLEMENTATION



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IMPLEMENTATION

**Owner's Representative (project manager)**

- Working for the owner's interests
- Manages budget, schedule and scope
- Should be first person to work on project
- Push the contractor and designer to do better
- Staff member or contracted services?

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IMPLEMENTATION

**Project Delivery Method**

- Hard Bid – Traditional Design, Bid, Build process
- CMGC/CMAR – Owner hires designer and contractor as part of design team
- Design Build

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IMPLEMENTATION

**Design**

- Scope
  - Creep
  - Investigate Conditions
- Picking a design professional
  - Interview
  - Call References
- Stakeholder Review

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IMPLEMENTATION

**Picking a Construction Firm**

- Request for Proposals
- Establish fees, general conditions, and other “mark ups” at beginning
- Call References – no surprises
- Pick best fit for project

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IMPLEMENTATION

**Public Involvement**

- You might learn something
- Provide regular updates through social media, newsletters, website, etc....
- Celebrate the successes and milestones

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IMPLEMENTATION

**Closing Remarks**

- Owner’s Rep must ask questions and expect answers.
- Designer and Contractor are not always right. Push for excellence.
- If design process was done right, the easy part is the construction.

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QUESTIONS

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