

Capital Improvements Planning

Capital improvement Planning is a tool for communities to be more effective in managing capital assets and reducing costs. This Bulletin provides an overview of capital improvements planning and helpful hints to enhance the outcome of the program.

What is a Capital Improvements Planning Program?

GOAL

“Provide communities with detailed information on the capital improvements needed during the upcoming planning period (typically 5 years), and the proposed method of financing these expenditures.”

COMPONENTS

- Administrative and Policy Guidelines
- Financial Analysis
- List of Needed Projects
- Estimated Costs
- Timetable for Implementation
- Sources of Project Funding

KEY ELEMENTS

- Must Match Communities Goals and Priorities
- Must Be Realistic
- Must Match Financial Resources
- Dynamic Fiscal Management Tools
- Must Be Flexible
- Updated Annually



What are Capital Improvements?

DEFINITION

“Capital items should have a useful life of at least three years and an acquisition cost of \$5,000 or more. Generally, all capital outlays financed by long-term debt should be included in the capital improvements plan and budget.”

CHARACTERISTICS

- Non-Recurring Expenses
- Long Lasting
- Fixed Asset

EXAMPLES OF CAPITAL IMPROVEMENTS

- Public Works Equipment
- Police & Fire Equipment
- Water System Facilities
- Sanitary Sewerage Facilities
- Storm Water Facilities
- Streets & Pedestrian Facilities
- Business & Industrial Parks
- Parks & Recreation Facilities
- Downtown Redevelopment
- Municipal Buildings



Why Develop a Capital Improvements Program

Benefits from having an effective capital improvements planning program include:

- **Anticipate** improvements before they become a crisis
- **Coordinate** street and underground utility projects for appropriate scheduling
- **Plan** long-range financial needs
- **Identify** available funding sources (grants, loans, TIF, etc.)
- **Anticipate** annual budget requirements
- **Create** advance reserve funds for capital expenditures
- **Stabilize** tax rates through good debt management

Capital Improvements Planning Process

ESTABLISH ADMINISTRATIVE AND POLICY GUIDELINES

- Organizational Structure
- Types of Expenditures to Include
- Length of Planning Period
- Planning Process

ANALYZE FISCAL CAPACITY

- Revenue Projections
- Operating Expenditures
- Debt Service & Debt Capacity
- Revenue vs. Expenditure Comparison
- Comparison to Other Communities
- Fiscal Policy

ANALYZE COMMUNITY CAPITAL NEEDS

- Inventory Existing Facilities
- Trends
- Identify Needs and Deficiencies

PREPARE PROJECT DESCRIPTIONS

- Why Project is Needed
- Scope
- Cost
- Schedule

FINANCIAL PROGRAMMING

- Selection of Funding Sources
- Scheduling of Expenditures

DEVELOP AND ADOPT CIP

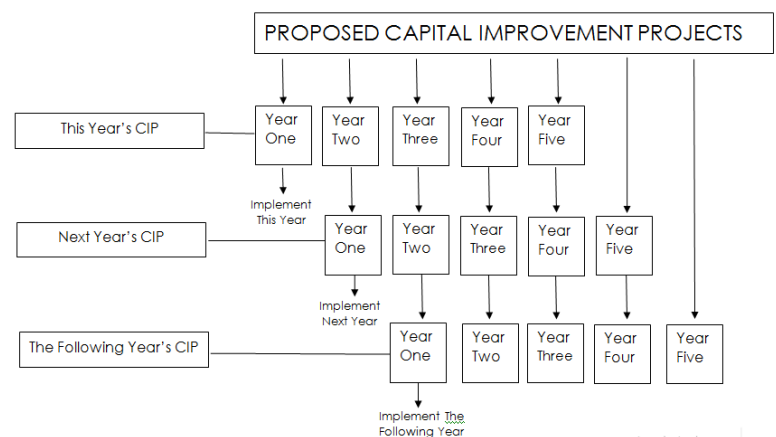
- Bring All of Above Together
- Prepare Draft(s)
- Public Review
- Committee Review
- Adoption By Local Governing Body

IMPLEMENTATION AND UPDATING

- Implement Year One
- On-Going Annual Process to Update



CAPITAL IMPROVEMENTS PROGRAM PROJECT SUMMARY



Vierbicher has assisted municipalities with capital improvements planning and implementation for more than 45 years, has secured over \$120 million in grant funding and created/amended over 235 tax increment districts. For additional information, please contact:

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