

# CAPITAL IMPROVEMENT PLAN (CIP)

A Capital Improvement Plan (CIP) is a five-year planning instrument used by governments to identify needed capital projects and to coordinate financing and timing improvements in ways that maximize the return to the public. The CIP plans the development and/or rehabilitation of public property to protect it from deterioration, extend its useful life and preserve the county's prior investments.

The CIP determines the timing, sequence and location of capital projects. The CIP can, to an extent, influence growth patterns in areas of the county exercising influence over the scope and timing of demand-based expenditures. The capital project budgets provide the resources for facilities, improvements, equipment, and technology.

The CIP is dynamic. Each budget year, all projects in the CIP are reviewed, a call for new projects is made, adjustments are made for future programming years arising from changes in the current year including funding, conditions or needs. Plan review continues throughout the year. The process is monitored, projects are re-evaluated and the plan is continuously updated.

A Capital Improvement Plan (CIP) is a long-range plan and program evaluation where all factors related to revenues and expenditures are balanced with community needs and desires in a way that maximizes the return to the public. The CIP includes new, expanded or rehabilitated facilities, infrastructure or major equipment that are relatively expensive and permanent.

Achieving a good CIP can be measured by the ability to:

- Visually represent the county's needs from corner to corner;
- Promote orderly development and redevelopment of the county's infrastructure and facilities, as well as equipment needs;
- Coordinate county improvements with those of our neighbors;
- Eliminate duplication of effort;
- Finance priority improvements in a way that avoids unplanned expenditures that will have a negative impact on the county's operating budget, and financing future projects that are currently unaffordable;
- Meet the needs of the county, and receives support as projects are implemented; and
- Develop a strategic, forward-thinking budget plan.

Capital improvement planning is a very exciting, proactive, "common sense" process that benefits our county now and for generations to come.

## The Capital Improvement Plan Benefits the County

The CIP promotes orderly, comprehensive replacement of capital facilities and equipment by providing continuity; minimizing disruption to citizens because the county is better able to schedule projects in a logical sequence; developing systematic schedules, plans and financing to insure cost effectiveness and conformance with established plans and policies.

The CIP preserves the county's capital investments by recognizing infrastructure development and/or maintenance, livability issues, customer service and sustainability; and meeting the county's future needs by planning for major capital improvements far in advance. The plan can eliminate the possibility of duplication of effort, time and money between and among the various public agencies. Potential shared costs with state, federal and neighboring communities and other level and agencies of government can be better scheduled and related to identified project needs, methods of financing and construction.

The CIP supports long-range planning goals in adopted plans and policies by incorporating identified projects into the plan; creating the opportunity to move forward with any project at any given time should opportunities arise; preparing for long-range fiscal planning; enhancing the county's bond rating; and incorporating appropriation figures as the project budgets for CIP projects.

The CIP is an integral part of the budgeting process. The first year of the program represents the actual budgets for the capital projects, and ongoing operating costs associated with all capital projects are identified and budgeted.

## Capital Improvement Projects

A Capital Improvement Project is a major, non-recurring capital expenditure for an item with an expected useful life of greater than 10 years. Examples of projects include:

- Construction, purchase, or major renovation of buildings, streets or other physical structures, including landscaping, costing more than \$50,000;
- Land purchases (excluding easements and rights-of-way);
- Capital materials and equipment or furnishings not associated with a construction project with a total cost of \$50,000 or more. Examples of these projects could include solid waste machinery and equipment, new carpeting in a facility, window replacement, roof replacement, etc.
- A project involving the purchase of several items of computer or communications equipment with a total cost of \$50,000 or more with a useful life of greater than five years. This can also include a scheduled replacement plan for computers and equipment, as well as the purchase or lease of software.

## Capital Project Budget

A Capital Project Budget contains the anticipated revenue and planned expenditures for an approved capital project. County Council appropriates funds by ordinance either during the budget adoption process or by supplemental appropriation. The Capital Project Budget becomes the legal level for expenditure control, and is reported in the Capital Projects Fund. Amendments, modifications or changes to a Capital Project Budget must be approved by County Council.

## Capital Improvement Plan Objectives

### Current Objectives:

- Introduce concept of a county-wide CIP process
- Incorporate CIP into budget process
- Create capital project budgets
- Create and maintain a dynamic CIP
- Create and publish an adopted CIP document

**Future Objectives:**

- Capital Project Budgets appropriated by County Council
- Enhance Planning Commission participation and ownership in the CIP process
- Enhance Boards and Commissions participation in the CIP process
- Enhance Public Participation in the CIP process
- Maintain a dynamic, policy-driven CIP

## **Support and Role Identification**

The Policy Team reviews the projects applications, assesses the projects (rates and weights), considers funding options and presents their findings to the County Administrator for incorporation of the first year into the proposed budget, and incorporates future years into the long-term financial forecast model. Because the CIP is dynamic, the plan may be updated during the year to recognize new projects and planned project changes. The Policy team is composed of staff members in the Budget Management Office and Finance Department, as well as the Assistant County Administrator.

County Council works with the Policy Team during the plan development. Council holds a Public Hearing, adopts the CIP and incorporates the CIP into the budget plan adoption process. Council may update the CIP during the year to recognize new projects and planned project changes. County Council also conducts public hearings and receives public input during the year before appropriating funds for capital project budgets.

The Planning Commission works with the Policy Team during the plan development, reviews the Policy Team's recommendations. The Planning Commission will be advised of new capital project applications brought forward during the year and added to the plan. Section 6-19-340 (A), (e) and (f) of State law requires the Planning Commission's participation in the review and adoption of a CIP.

Boards and Commissions are encouraged to participate in the plan development by identifying projects that need to be included in the review process.

The Public is encouraged to participate in the plan development by working with various Boards and Commissions and attending public hearings.

## **Capital Improvement Plan Document**

A separate FY 2008-12 Recommended Capital Improvement Plan document was presented to County Council in February, 2007. Included in the FY 08 Operating Budget document is a summary of the Capital Improvement Plan. The entire document with complete project descriptions and financial information can be accessed at <http://www.spartanburgcounty.org/govt/depts/bdgtmngt/cip/toc.htm>.