



CITY of NOVI PARKS, RECREATION & FORESTRY COMMISSION

Meeting Date: July 10, 2008

SUBJECT: Review of the Six Year Capital Investment Plan process, and the associated completion dates.

SUBMITTED BY: Superintendent of Parks Matt Wiktorowski

PARKS, RECREATION & FORESTRY DIRECTORS APPROVAL:

R. Auler

BACKGROUND INFORMATION:

The City of Novi's Capital Investment Program (CIP), is a planning tool with a goal to identify and schedule capital investments over a six year period from 2009-2015. The CIP is an opportunity to formulate strategic long term policy decisions that extend beyond the current fiscal year. This plan assists in tracking multi year projects that require planning, design, land acquisition, and construction.

The projects identified in the CIP represent the City of Novi's plan to serve residents and anticipate the needs of a growing community. A capital investment is defined as any new equipment, construction, acquisition or improvement to public lands, buildings or structures in excess of \$25,000 with a minimum life expectancy of five years. Maintenance-oriented, operational or continuous expenditures are not considered to be capital investments.

The CIP allows for responsible and thoughtful planning of future major expenditures that are not necessarily financed or automatically included in the annual budgeting process. A comprehensive CIP will recommend investment of 6%-8% of the annual operating budget toward municipal improvements. All capital projects, as they pertain to the definition of capital investments above, should be part of the CIP with the specific following purpose:

- Identify and evaluate the needs for public facilities
- Determine cost estimates for each capital project submitted
- Determine if there will be future operating cost for such projects
- Determine potential sources of funding for such projects
- Adopt policies for implementing capital investment construction
- Anticipate and pre-plan projects with an emphasis on seizing opportunities for partnerships and alternative funding

The department's capital investment program will be built around eleven steps. Each of the steps is subcategorized to break down the intricacies of each process allowing for thorough plan submittal. In developing this years plan the department will be following the criteria listed below.

1. Establish an Administrative Structure

- Appoint a coordinating unit or individual
- Distinguish between capital and operating expenditures
- Determine the number of years in CIP (Six)
- Prepare calendar of key events
- Formulate procedures for citizen input

- 2. Establish the Policy Framework**
 - Develop programmatic policies
 - Develop financial policies
- 3. Develop Capital Project Evaluation Criteria**
- 4. Prepare Capital Needs Assessment**
 - Prepare Capital Inventory
 - Evaluate weather to repair or replace facilities
 - Identify future needs
- 5. Identify Project for Capital Investment Program**
 - Review status of previously approved projects
 - Identify and develop information for new projects
 - Examine capital project alternatives
 - Complete and submit project request forms
- 6. Undertake Financial Capacity Analysis**
 - Evaluate financial condition
 - Assess likelihood past trends will continue
- 7. Evaluate Funding Options**
- 8. Evaluate and Program Capital Projects**
 - Review project applications
 - Prioritize capital projects
 - Select projects, schedule, and assign a funding source
- 9. Adopt Capital Program and Budget**
 - Prepare a CIP document
 - Submit preliminary CIP to legislative body
 - Engage in formal public hearings
 - Revise CIP and send to legislative body for adoption
- 10. Implement and Monitor Capital Budget**
 - Assign a project manager
 - Refine project milestone and cost schedules
 - Prepare progress reports
 - Review progress and take corrective actions
 - Assess bond-funded projects
 - Monitor external environment
- 11. Evaluate CIP Process**
 - Consider organizational/process issues
 - Review forms and documents
 - Examine financial assumptions and funding sources

To achieve success in capital programming, the process should be kept as simple as possible. Citizens and staff will more readily accept, participate in, and support a capital programming process that is easy to understand and easy to follow. The timeframe outlined below to complete our 2009-2015 Capital Investment Plan is:

- Parks, Recreation and Forestry Commission Review August, September, November.
- August 30 – Departmental recommendation of a Six Year Capital Investment Plan
- October 15 -- budget sheets will be available for data input
- November 15 – CIP budget submittals due (Completed forms and All supplemental documentation)
- December 15 – CIP to City Manager

As the CIP coordinator for the department, I have the responsibility for evaluating the process; however, all of the divisions and partners involved should be given an opportunity to critique and offer suggestions to improve the process annually. As the department gains more experience with this detailed process, less time will be needed to make refinements. The time spent to learning from past mistakes will help identify ways to make the process better, enhancing the quality of the CIP and its ability to serve as a useful planning, financing, and management tool.