

# Focus on Capital Planning

DON'T GET SIDETRACKED WITH TOO MANY SHORE EXCURSIONS



# Introductions

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# What is Capital Planning?

**Capital planning** is the process of allocating financial resources to long-term investments and projects to support an organization's strategic goals.



# Itinerary for Smooth Sailing



Identify needs.



Determine financial impacts.



Prioritize requests.



Develop a comprehensive financial plan.



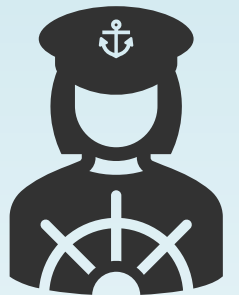
Implementation

# Identify Needs

## Capital Asset Management

Local, state and provincial governments should establish a system for assessing their capital assets and then appropriately plan and budget for any capital maintenance and replacement needs.

- Developing policies to guide capital asset management practices that are supported by both finance and operational/engineering expertise.
- Condition/functional performance standards for each type of asset.
- Monitoring and communicating progress toward stated goals and the overall condition of capital assets.



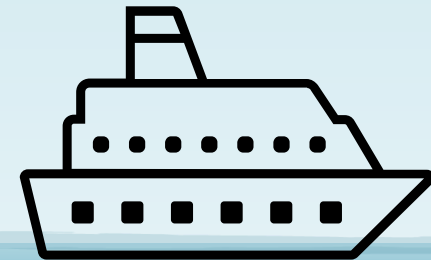


# Identify Needs

## **Master Plans and Capital Improvement Planning**

Governments should consider multiple important elements of Master Plans during its Capital Improvement Planning.

- Transportation Master Plan
- Water & Wastewater Master Plans
- Parks and Recreation Master Plan
- Citywide Trails Master Plan
- Facilities Master Plan
- Arts Master Plan



# Determine Financial Impacts

## **Project Scope & Timing**

The scope and timing of a planned project should be well defined in the early stages of the planning process.

- Scope creep is best managed by having a defined scope early in the planning process.
- Timing of projects should be coordinated to avoid conflicts and to align capital needs with funding capacity.

# Determine Financial Impacts

## **Cost Estimates**

- Clear estimate of major project components: land/ROW, design, construction, contingency, post-construction.
- External assistance can be used to estimate costs if needed.
- Adjust cost projections based on anticipated inflation.

# Determine Financial Impacts

## **Non-Capital Costs**

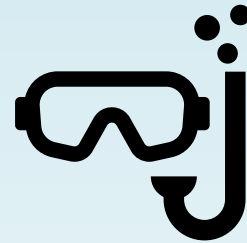
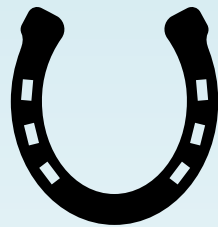
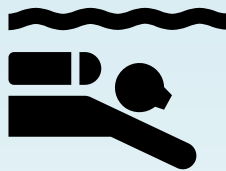
- Project Management capacity is limited
- Operating costs and revenue offsets
- Maintenance and replacement costs



# Prioritize Capital Requests

GFOA recommends that, when evaluating capital requests, governments should prioritize based on:

- **Health and Safety:** Priority should be given to high-risk safety issues that require a capital project to correct.
- **Asset Preservation:** Capital assets that require renewal or replacement based on capital asset life cycle.
- **Expansion/Addition:** Infrastructure improvements needed to support government's policies, plans, and studies.



# Prioritize Capital Requests

- Coordination with departments can be useful to avoid conflicts/overlaps.
- Alignment with the strategic plan.
- Fight the pirates.

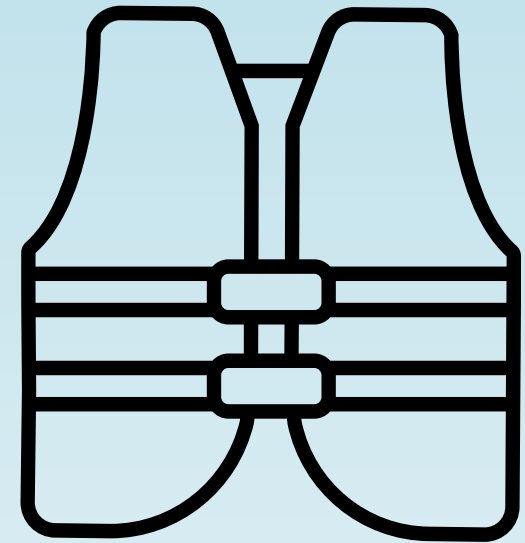


# Develop a Comprehensive Plan

- Anticipate expected revenue and expenditure trends including their relationship to multi-year financial plans and ongoing impacts to the operating budget due to the capital plan.
- Prepare cash flow projections of the amount and timing of capital financing.
- Consider sources and uses for debt service.
- Evaluate the affordability of the financing strategy, including the impact on debt ratios, applicable tax rates, and/or service fees.

# Implementation of the Voyage

- Design and Engineering
- Groundbreaking
- Construction
  - Lowest Bid
  - Competitive Sealed Proposal
  - Construction Manager/Agent
  - Construction Manager at Risk
  - Design-Build
- Operational Set-Up
- Ribbon Cutting



# Communications

- Talking to Non-Finance Crew Members (Internal Communication)
  - Calendar year/fiscal year
  - Contract approval vs. money out the door
  - Contingencies
  - Competition for resources
  - Map looking for overlaps/conflicts
- Signaling to Shore (External Communication)
  - Project updates to Council
  - Project dashboards or websites
  - Signage on site (make sure it's up to date)

# A Shameless Plug...

*We Are*  
**HIRING**

**CONTROLLER**  
*Finance Department*

**QUALIFICATIONS**

- Bachelor's Degree in Finance, Accounting, Public Administration or related field
- CPA and/or CGFO preferred
- PFIA certification
- 5+ years experience managing in local government setting
- Competitive salary based on qualifications

**POSITION OVERVIEW**

- Accounting department operations oversight.
- Federal, State and local regulations compliance.
- Resolve complex accounting issues.
- Annual Comprehensive Financial Report preparation.
- Maintain internal controls, policies and procedures.
- Oversight of treasury and debt functions.

# Questions?

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