

## Five-Year Capital Improvement Programming Primer

On Thursday, June 5, 2008, close to twenty program attendees representing sixteen municipalities gathered at the Mt. Lebanon Municipal building for an introduction to Five-Year Capital Improvement Programming. Co-hosted by the Local Government Academy and the Government Finance Officers Association (GFOA) of Pennsylvania, the program featured presentations by four people actively involved in Capital Improvement Programming. The presenters shared their varied experiences and offered valuable advice to the attendees.

Regis Ebner, the Assistant Town Manager and Finance Director for McCandless, began the session with an overview of CIP's, defining what they are and how municipalities can use them to their benefit. Ebner noted the importance of having clearly defined and agreed-upon criteria for what construes a capital improvement project. He also touted the many benefits of a CIP, including the advantage of formalizing the long-range capital improvement needs of a municipality, and the benefit of using CIP's to facilitate inter-government as well as community-government interaction. He stressed the importance of planning for your community's future needs, goals and financial capability by looking at today's resources and looking into the future "with a practical eye". Ebner then spoke on how CIP's translate into financial stability and less waste of resources, and he concluded by stating the need to monitor the progress of capital improvement projects, take corrective action where necessary and, most importantly, to have fun.

Marcia Taylor, the Assistant Manager of Mt. Lebanon and former Director of Finance of same, presented on her extensive personal experience with Mt. Lebanon's Five-Year CIP. Diving into the specifics of putting a CIP together, she used Mt. Lebanon as a case study and cited examples from the plan, which was distributed to attendees for reference. Taylor emphasized the importance of creativity in formulating a CIP, and encouraged individual departments within a municipality to treat a CIP as an opportunity to create a five-year "wish list" for their departments, considering both pressing needs and less urgent projects that they would like to be considered. This is especially important because the CIP is put together months before the municipal budget, allowing for time to reconcile the two. She promoted a detail-oriented approach to capital improvement, discussing the importance of clear definitions of "capital" and "asset" that are tailored to your governmental entity. Taylor also pushed keeping detailed records of the progress and projected costs of each project, citing Mt. Lebanon's plan.

Dan Deiseroth of Gateway Engineers next gave a presentation entitled "Valuing the Assets of the Community" in which he addressed this particular aspect of CIP's from the perspective of an engineer. Deiseroth began by defining and discussing infrastructure, calling failing infrastructures one of the biggest problems in the United States today. Deiseroth's examples of infrastructure included roads, utilities, bridges, buildings and parks, and he stressed the importance of knowing the states of repair of the infrastructure of your community – especially with reference to "design life", or the functional life expectancy of a structure. He gave examples of the design life of various items, and then proceeded to discuss tools (like GIS) for use in determining the state of repair of community assets. When formulating a CIP, Deiseroth said, it is important to "understand what private facilities are doing on your local level."

The final speaker was Michael Whitico, the Director of Grants and Capital Programs for the Port Authority of Allegheny County. He discussed the Port Authority's approach to capital improvement and explained their capital budget process. This presentation was unique in that it presented the problems of planning a capital budget while struggling to cover basic operating costs. Recent changes at the Port Authority including fare hikes and service cuts have forced them to be more "creative" in seeking alternate sources of funding (for example, the North Shore Connector was in part funded by a federal grant). Under Act 44, the Port Authority is required to maintain both a 4-year and a 12-year capital program, but Whitico explained that most often the simple day-to-day costs of operation eat into any funds set aside for capital improvement.

Each speaker concluded his or her presentation by taking questions. Attendees left the program with a greater understanding of the purpose and practice of Capital Improvement Programming, as well as case studies and examples for guidance in producing their own.