



Office of the Independent Budget Analyst

**Capital Improvement Program:
Public Input and the
Need for a Multi-year Plan**

**Report to the
Budget and Finance Committee**

September 26, 2012

Item 8



Overview

- Community and business groups have raised concerns about certain elements of the City's Capital Improvement Program (CIP).
- These concerns focus on the desire for increased:
 - public involvement in identifying/ prioritizing projects,
 - communication from City staff, and
 - transparency of the CIP process.



Overview

Following extensive discussion at the July 25th 2012 Budget and Finance Committee meeting, Committee Members agreed that:

- Outreach through the Community Planners Committee (CPC) is the preferred method for increasing public input and requested that City staff report on their outreach efforts in September.
- A Multi-year Capital Plan is needed and requested the IBA to assess and provide information on how other cities approach infrastructure planning.



Public Input for FY 2014 CIP Budget

City staff undertook a significant effort to facilitate a successful process, including:

- Provided training to educate on the CIP and operating budget process and establish realistic expectation of available funding for projects.
- Disseminated comprehensive lists of existing capital projects and project information, such as necessary funding to complete the project, for each community planning area.
- Compiled condition assessments and unfunded needs lists provided by each of the asset-owning departments. These are available on [CPC's website](#).



Assessing Project Requests

- Staff anticipate creating a task force of representatives from departments involved in and responsible for various aspects of the CIP.
- This task force will evaluate planning group requests along with needs and priorities established by each department and determine if funding is available for priority projects.
- If funding is available, priority projects will be included in departmental FY 2014 budget proposals which will be forwarded to the CIP Review and Advisory Committee (CIPRAC) and ultimately to the Mayor for approval.



Challenges

Community Planning Group representatives recognize that this is a valuable opportunity to provide input, but also realize the challenges they are facing:

- The CIP process is complex and there is a steep learning curve, but having a solid level of understanding is important to facilitate valuable input.
- The CIP has funding constraints and there is typically little discretionary funding. Therefore, only a small number of the new projects requested are likely to make it into the FY 2014 budget. But many community priorities are likely to be on departments' priorities lists, as well.



Challenges Highlight the Value of a Multi-Year Capital Plan

- Staff can more effectively plan for CIP projects to address community needs over five-years rather than in one year.
- Planning over five years will enable staff to look for financing opportunities in advance to identify needed funding for projects, such as bond issuances and federal and state grants.
- A Multi-year Capital Plan would implement needed projects so that the visions, policies, and guidelines set forth in the General and community plans will be realized.



Challenges Highlight the Value of a Multi-Year Capital Plan

- A Multi-year Capital Plan could link other City plans—such as the Five-Year Deferred Capital Funding Plan and Regional Transportation Improvement Plan—to decrease duplication and identify Citywide deficiencies or gaps.
- Ultimately, a Multi-year Capital Plan will enable the Mayor, City Council, department staff, members of the public, and other stakeholders to look forward and develop a comprehensive infrastructure improvement strategy for the City.



Other Cities' Approaches to Capital Planning

Denver, CO; San Francisco, CA; Houston, TX; and San Antonio, TX – Have been doing capital planning for several years and developed comprehensive plans that generally include:

- an assessment of capital infrastructure needs,
- the investment required to meet those needs,
- funding sources and projected revenue, and
- a strategy for financing projects where annual capital revenue falls short.



Other Cities' Approaches to Capital Planning

Important common themes of these cities' plans:

- Solid information on the condition of capital assets;
- Prioritization of ongoing and preventative maintenance for existing infrastructure;
- Significant public input on community needs;
- Transparency over the capital process, including how projects are selected and status of ongoing projects;
- A strategy for financing capital needs that cannot be funded with available annual revenues; and
- Public involvement and support for financing programs.



How Do We Get There?

- Other cities' Multi-year Capital Improvement Plans provide some good ideas, but these cities have been doing capital planning for several years and have developed comprehensive plans.
- The ultimate goal would be to have a comprehensive plan for San Diego. The City can take initial steps by planning for the following over multiple years for the following:
 - Citywide infrastructure needs and priorities,
 - the investment required to meet those needs,
 - funding sources and projected revenue, and
 - identifying priority unfunded projects.



How Do We Get There?

The City currently has several key elements needed for the development of a Multi-year Plan:

- E&CP staff have planned projects for each of the five years for the Five-Year Deferred Capital Funding Plan which could provide a foundation for the Multi-year Capital Plan.
- The City's public outreach been enhanced which will provide some important elements, including:
 - A list of ongoing capital projects and project information developed by E&CP staff;
 - Condition assessments and unfunded needs from each of the asset-owning departments;
 - Prioritized capital needs and project requests from Community Planning Groups, which the City will receive in November.



How Do We Get There?

Also as part of public outreach efforts, a staff task force is being convened to assess communities' requests for projects.

- This provides a unique opportunity for staff to begin to look at projects and priorities and determine how they can be addressed in the future.
- Although it would be difficult to develop a draft Capital Plan for FY2014, staff could conduct a pilot by developing a plan for a specific asset-type or for a shorter time period.
- Through this pilot, the task force could gain a greater understanding of a multi-year process and potentially recommend an approach for developing a comprehensive multi-year plan for FY2015.



Conclusion/Recommendations

- Improvements to infrastructure enhance the safety, mobility, and lifestyle of citizens and communities and have a positive impact on the local economy.
- The condition and sufficiency of infrastructure can significantly impact the tourism industry, which is a large part of the City's economy.
- Decisions made regarding the CIP are very important, because capital improvements projects are generally large and expensive, and the assets they create will likely be required for decades of public use.



Conclusion/Recommendations

- As the City continues to deal with budgetary and resource constraints, competing priorities, and an increasing backlog of deferred capital projects, the City could benefit from a Multi-year Capital Plan which outlines an infrastructure improvement strategy.
- Recent and ongoing efforts to improve the CIP process, have provided some key elements needed for the development of a Multi-year Capital Improvement Plan.
- Public involvement and support in an infrastructure improvement strategy is vital to its success—both in providing input on community needs and priorities and helping to identify and support future financing efforts so that Citywide and community goals can be achieved.



QUESTIONS ?

Budget and Finance Committee Meeting
September 26, 2012