



Appendix C Capital Improvement Program



Capital Improvements Program

What is a Capital Improvements Program?

“Capital improvements are those physical facilities which involve a substantial investment and last a long time . . . as opposed to the operating expenses that occur during the same year they are budgeted.” Examples of capital improvements include: municipal buildings (e.g., City Hall, fire stations, etc.), parks and recreation facilities, streets and alleys, and utilities (e.g., water and sewer lines). A capital improvements program (CIP) is a six-year prioritized listing of those projects along with the following information: location, date of construction, cost, means of financing, sponsor, and relationship to other facilities (if pertinent). The CIP “is updated annually with the first year being a current year capital budget” according to the [Michigan Planning Guidebook](#) (May 2008).

Why Prepare a Capital Improvements Program?

Section 65 of the MPEA —the Michigan Planning Enabling Act (PA 33 of 2008), as amended— requires the Planning Commission to “annually prepare a capital improvements program of public structures and improvements,” upon the adoption of this comprehensive plan unless exempted by the City Council. If the Planning Commission is exempted, the City Council “shall prepare and adopt a capital improvements program [(CIP)], separate from or as a part of the annual budget, or shall delegate the preparation of the capital improvements program to the” Mayor, the City Manager, or a designee “subject to final approval by the” City Council. The CIP shows “those public structures and improvements, in the general order of their priority, that in the Planning Commission’s judgment will be needed or desirable and can be undertaken within the ensuing 6-year period . . . [and] shall be based upon the requirements of the [City] for all types of public structures and improvements. Consequently, each agency or department of the [City] with authority for public structures or improvements shall upon request furnish the Planning Commission with lists, plans, and estimates of time and cost of those public structures and improvements.”

Of course, there are also benefits to developing and maintaining a CIP. Chief among those benefits is the coordination of seemingly disparate projects. For example, water and sewer projects can be coordinated with street paving projects eliminating the potential for streets to be repaved, only to be torn up for a water or sewer project two or three years later. It is also important to note that “plans for new public works that are identified in the [Plan can] actually come to fruition through the CIP” and to ensure that “new public facilities are built in locations and consistent with the public policy for development in particular areas or neighborhoods as spelled out in the” Plan, according to the [Michigan Planning Guidebook](#).

Developing a Capital Improvements Program

The following information should be used to develop the capital improvements program (CIP) upon the completion of the comprehensive plan:



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A. Establishing Objective Criteria

“Without objective criteria, the [capital improvements process (CIP)] can quickly break down into a strictly political process where those agencies or neighborhoods with more political or fiscal resources (or both) will run roughshod over smaller agencies or weaker neighborhoods,” according to the Michigan Planning Guidebook, and simply ranking proposed projects as ‘urgent,’ ‘important,’ or ‘desirable’ “leave room for disagreement in determining priority. More robust criteria are often used first to examine each project:”

- Does the proposed facility address a risk to public safety or health?
- Is the current facility deteriorated or unsafe?
- Is the proposed facility part of a systematic replacement program?
- Will the proposed facility result in improvement of operating efficiency?
- Is the proposed facility necessary to:
 - Meet a state or federal statutory or administrative requirement?
 - Is the proposed facility part of a systematic replacement program?
 - A court order?
 - A major public goal of City Council?
- Will the proposed facility result in the equitable provision of services or facilities to a part of the population with special needs?
- Will the proposed facility protect or conserve sensitive natural features or natural resources or the air or water quality of the City?
- Will the proposed facility protect the investment in existing infrastructure from becoming over capacity?
- Will the proposed facility result in a new or substantially expanded facility to provide a new service or new level of service in the City?

Those answers can then be used to place proposed facilities into groups based upon the following criteria:

- The proposed facility is urgent and fills a high priority need that should be met.
- The proposed facility is a high priority that should be done as funding becomes available.



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- The proposed facility is worthwhile if funding is available (but may be deferred).
- The proposed facility is a low priority that is desirable but not essential.

B. Establishing a Process

The Michigan Planning Guidebook recommends that a community the size of Jackson create a special committee to advise the City Planning Commission on the capital improvements program (CIP). The committee should be comprised of the city manager and representatives from the city planning commission, city council, and pertinent departments (e.g., engineering; finance; fire; parks, recreation and grounds; public works; purchasing; and water). A total of eight steps are recommended for the development of a CIP:

- Prepare and inventory of all capital facilities.
- Rate the existing level of service for each infrastructure element.
- Identify the structure needs.
- Identify options to meet needs and cost estimates to all projects over the next six years.
- Prepare a draft CIP that includes a review of each project against the master plan and CIP prioritization criteria:
 - Establish financial capacity for financing public works proposals over the next six years.
 - Develop a project schedule for the next six years based on the ranking of selected projects and the availability of funding.
 - Select projects to be undertaken during the coming year which become the capital budget. The remaining projects become part of the capital improvements program for the subsequent five years.
 - Develop a project schedule for the next six years based on the ranking of selected projects and the availability of funding.
- After public review and hearing, the proposed CIP is adopted by the city planning commission with any agreed upon amendments. The CIP is then forwarded as a recommendation to the legislative body for final development.
- Implement current year of the CIP.
- Monitor projects and update the CIP annually.