

#96

WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) RE

Date: 9-23-2015

Weekly Agenda Date: 9-29-2015

ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN: Dennis D. Butler – Finance/ Operations Controller

SUBJECT: Review of the Capital Improvement Plan (CIP) Document for use in the prioritizing of the proposed CIP Projects.

ACTION REQUIRED:

Approve Ordinance <input type="checkbox"/>	Approve Resolution <input type="checkbox"/>	Approve Motion <input checked="" type="checkbox"/>
Give Direction <input checked="" type="checkbox"/>	Other: Informational <input type="checkbox"/>	Attachments <input type="checkbox"/>

WORDING FOR AGENDA ITEM: Discussion and Action on the Approval of the Capital Improvement Plan that will be used in for Prioritizing proposed projects in the County's Five CIP Covering Fiscal Years 2017 – 2021.

EXECUTIVE SUMMARY: This proposal will provide a formal mechanism for decision making for CIP projects. A basic function of the County is to provide Woodbury County with an orderly process for planning and budgeting for capital needs. Questions on what to buy, build, or repair: where and when to buy or build: and how much to spend are all dealt with during the CIP process. The County Board and staff must agree on the policies that will shape the program, estimate capital needs, prioritize those needs, identify and schedule funding sources, implement projects, and monitor project delivery. All of these activities are organized through the CIP process.

BACKGROUND: In the past there really has not been a prioritizing of CIP by the County. The County has many projects being proposed and to prioritize each project is becoming necessary so what funding is available can distributed be on a need and priority process. This CIP plan will give the County a way to accomplish this mission.

FINANCIAL IMPACT: To be determined as the planning process proceeds.

RECOMMENDATION: Approve this CIP planning process.

ACTION REQUIRED / PROPOSED MOTION: Motion by _____, second by _____ to adopt the CIP planning process to be used starting with our long term planning for FY 2017 and beyond.

Approved by Board of Supervisors March 3, 2015.

**Woodbury
County**

**2017 – 2021
CAPITAL
IMPROVEMENT
PLAN**

Adopted: December XX, 2015

The Capital Improvement Program

Annually, Woodbury County devotes a portion of the budget to capital projects. The financial investment is required to maintain and expand public facilities and infrastructure. Ongoing service delivery can be assured only if adequate consideration is given to capital needs. If the County fails to maintain its capital stock, facilities and infrastructure will deteriorate until costly, constant maintenance is required, services are threatened, and the County growth stagnates or even declines. Whether the County is growing, stable, or losing population, it needs to plan and budget for capital assets carefully to maintain existing infrastructure and meet future demand. A Capital Improvement Program (CIP) is a tool that can help ensure that decisions on capital projects and funding are made wisely and are well planned.

What are a capital asset and a capital project? For Woodbury County a capital asset is defined as a new or rehabilitated physical asset that is nonrecurring, has a useful life expectancy of greater than five years and a cost of \$5,000 or more or is considered to be an asset for which control is desirable. A capital project is undertaken to acquire a capital asset. Examples of capital projects include construction of public buildings, major street improvements, or major equipment purchases and improvements.

A CIP is a multi-year plan, identifying capital projects to be funded during the planning period. The capital program identifies each proposed capital project to be undertaken, the year in which it will be started or acquired, the amount expected to be expended on the project each year, and the proposed method of financing these expenditures.

The CIP helps to build consensus on what are the most important projects, thus helping to ensure these projects get undertaken first. The CIP also provides a picture of future financing requirements, which will allow the County to better align financial resources with future needs. Additionally, the CIP provides an important tool for growth management.

The CIP should not be confused with the capital improvement budget. The capital improvement budget represents the first year of the CIP. The capital budget is the County's annual appropriation for capital spending and is legally adopted by the County Supervisors. The capital budget authorizes specific projects and appropriates specific funding for those projects. Projects and financing sources listed in the CIP for years other than year 1 (called the "out years") are not authorized until the annual budget for those years is legally adopted. The out years serve only as a guide for future planning and are subject to further review and modification in subsequent years.

Purpose of the CIP

The CIP serves a number of important functions for the County, as described below.

A Formal Mechanism for Decision Making. A basic function of the CIP is to provide Woodbury County with an orderly process for planning and budgeting for capital needs.

Questions on what to buy, build, or repair; where and when to buy or build; and how much to spend are all dealt with during the CIP process. The County Board and staff must agree on the policies that will shape the program, estimate capital needs, prioritize those needs, identify and schedule funding sources, implement projects, and monitor project delivery. All of these activities are organized through the CIP process.

A Link to a Long-Range Plan. The CIP serves as a link to the County's planning process and should be developed in concert with the comprehensive land use plan, strategic plan, or other long-range plans. Preparation of the CIP considers not only repair and replacement of existing infrastructure but also facilities that are expected to be needed in the future. Changing population and employment patterns, socioeconomic and demographic characteristics of community residents, and land use patterns may bring about the need for new roads, water and sewer facilities, public buildings, or other capital assets. In developing the CIP, these new demands are weighed against the need to maintain existing infrastructure, based on goals established through the County's planning process.

Financial Management Tool. An overriding consideration in developing the CIP is to prioritize current and future needs to fit within the anticipated level of financial resources. The CIP considers not only what the County needs but, equally important, what it can afford. By explicitly recognizing the County's financial outlook and the revenues and financing mechanisms that will be available for the capital program, projects can be prioritized to ensure that the most important needs and goals of the County are achieved. Moreover, better planning can be undertaken with regard to the scope and timing of capital projects. Developing a financially constrained CIP based on realistic estimates of revenues to be available enhances the ability of the CIP to serve as a planning and management tool rather than a wish list of projects that cannot be fully implemented.

A Reporting Document. The CIP document presents a description of proposed projects that will be undertaken over the five-year plan. This document communicates to residents, businesses, and other interested parties the County's capital priorities and plans for implementing projects. It also includes the expected source of funding for projects, including use of bond proceeds, installment purchase contracts or other debt, reserves, and grant funding. Thus, the community has a better understanding of the County's plan for capital spending and can make decisions accordingly.

Advantages of a Capital Improvement Program

A CIP requires staff time for its development, implementation, and maintenance; however, the advantages of a CIP should not be overlooked. Some of the major advantages of a CIP are cited in the following paragraphs.

A CIP Focuses Attention on County Goals, Needs, and Financial Capability. Through the CIP process, decision makers select projects that will be consistent with community goals and needs. As part of the process, the County Board, Staff and citizens consider the current and future outlook for community development and the services

needed by residents and businesses. This outlook serves as a basis for determining infrastructure and equipment needs to be included in the capital program. An important aspect of developing the CIP is balancing the County's needs with its ability to pay for them. The process thus focuses attention on the financial capability of the government over the long term. Consistency of projects with community goals and needs provides a way to select among competing projects for the limited financial resources available to the County.

A CIP Builds Public Consensus for Projects and Improves Community Awareness.

An important component of the CIP process is the involvement of citizens in the selection and prioritization of projects. Public participation helps to build support for capital projects that are both popular and unpopular. The public gains a better understanding of community needs and capitals projects through the process and thus are more likely to support the capital program. Moreover, the CIP process serves to educate citizens on the capital costs associated with County goals, such as economic development. Through the CIP process, the County is able to gain greater insight into the costs residents are willing to bear for these activities. Once approved, the CIP document informs citizen groups, developers, and others of the County's planned public improvements. These groups are then better equipped to plan their own activities and are less likely to pressure for funding of projects not included in the plan.

A CIP Improves Inter-/Intergovernmental Cooperation and Communication. A CIP enhances coordination of capital improvements among departments and agencies both within and outside the County. As a result, fewer scheduling problems and fewer overlapping or conflicting projects are likely to occur. The CIP also serves to inform other local governments of planned capital activity, thus affording them an opportunity to coordinate related project funding and timing. By promoting intergovernmental communication, the CIP helps eliminate project duplication efforts. Capital projects therefore can be planned in conjunction with other government units to best serve the interests of the community as a whole rather than the interest of the County.

A CIP Avoids Waste of Resources. With its multiyear focus, capital improvement programming helps to avoid costly errors resulting from citizen opposition to projects, failure to anticipate linkages with other projects or activities, or insufficient funding. Because capital projects are considered over several years, the County is better able to forge consensus on the need for projects before funds are spent. The multiyear focus also encourages consideration of how different phases of a project must be scheduled, given available funding, in order to complete the project as planned. Finally, the CIP allows the County to anticipate future facility needs and to develop a financing approach that meets those needs.

A CIP Helps to Ensure Financial Stability. By anticipating the fiscal resources that are necessary to pay for capital projects, the CIP can help to promote financial stability. Capital projects are prioritized and scheduled to fit within expected funding levels, thereby limiting the need for dramatic tax increases or unanticipated bond issues in any one year. In addition, by systematically addressing capital needs, the County is less

likely to be faced with the need to divert resources from other programs to make unanticipated capital expenditures.

Evaluating Capital Projects

Often the County will find that the list of potential capital projects and purchases far exceeds the available funding. Yet, choosing among them is likely to be difficult. Capital projects are proposed to support different County goals and often benefit particular constituent groups. A methodology is needed both to pare down the list of projects to an affordable level and to balance diverse and sometimes competing County values and needs. The following project evaluation criterion was developed for this purpose.

All capital improvement projects and equipment purchases will be evaluated on the criteria below with a priority factor of 0 to 5, with a priority factor of 0 being not at all and 5 being a very high priority. Each evaluation criteria is weighted based on importance. The priority factor is multiplied by the weight factor to arrive at a criteria score. The scores are added together to achieve a priority ranking.

Public Health & Safety: Weight Factor of 1.50. Does the project or purchase improve the wellbeing of the general public? A priority factor of zero would be it does not affect the wellbeing of the general public and a priority factor of 5 would be it very much affects the wellbeing of the general public.

Employee Health & Safety: Weight Factor of 1.25. Does the project or purchase improve the wellbeing of County employees? A priority factor of zero would be it does not affect the wellbeing of employees and a priority factor of 5 would be it very much affects the wellbeing of employees.

Regulatory Mandate: Weight Factor of 1.50. Is the project or purchase required by a Federal, State, or other governing body mandate? A priority factor of zero would be there is no mandate requiring the project or purchase and a priority factor of 5 would be there is a current mandate. A rating in between would mean there is a mandate that will take place but there is a time period before the County must comply.

Frequent Problem: Weight Factor of 1.25. Are there frequent problems or issues that require the project to be completed? Problems could be that the street requires frequent patching or equipment needs repairs or the design of something causes frequent accidents. A priority factor of zero would be no problems, while a priority rating of 5 would be frequent problems or issues.

Ability to Finance: Weight Factor of 1.00. Does the County have the ability to pay for the project or equipment purchase? A priority factor of zero would mean there is no funding available to finance the project or purchase and a rating of 5 would mean the County has the funds available to finance the project or purchase.

Other items to consider would if funds are not currently available, how easily would it be to fund the project in the future?

Cost of the Project: Weight Factor of 1.00. What is the total cost of the project or equipment purchase? The higher the cost of the project the lower the priority factor rating would be. For example a project costing \$5,000 may have a priority factor of 5, where as a project costing \$5,000,000 may have a rating of zero.

Generates Fees or Revenues: Weight Factor of 1.20. By constructing the project or purchasing the asset can the County generate funds? An example might be that construction of a gun range in a park could generate rental of the park by the public thus bring funds into the County's budget. Priority factor of zero would be no fees or revenues would be generated from the project or purchase and a rating of 5 would be a large amount of funds could be generated.

Generates Cost Savings: Weight Factor of 1.20. Does the project or purchase result in reduced expenditures for maintenance or repairs? For example restructuring a sidewalk entrance may result in reduced cost for snow removal. The higher the cost savings the higher the priority factor would be.

Ongoing Operations Cost: Weight Factor of 1.00. Is there any ongoing future operation cost due to the project or purchase? For example, the remodeling of a County building would have annual electric and gas costs to operate the facility along with other operating costs. The priority factor would be a 5 for a project that has no impact on future operating costs and zero for a project or purchase that has a large future operating budget cost impact.

Age or condition of Existing: Weight Factor of 1.00. If the County has an existing asset that is being replaced, what is the age or condition of the existing asset? A very old asset that is very poor condition would have a priority factor of 5.

Public Benefit: Weight Factor of 1.10. Does the project or purchase provide any benefit to the general public? For example a building improvement project may provide better access to the area, which would be considered a public benefit, whereas the purchase of a County pickup truck may not provide any public benefit. In the case of the example, the street project would receive a priority rating of a 5, whereas, the truck purchase would receive a zero priority rating.

Public Demand: Weight Factor of 1.25. Are the residents requesting the project be performed or the equipment purchased? For example the residents in an area of the County may desire the purchase and installation of playground equipment in a park. A priority factor of 5 would be high public demand verses a zero for no public demand.

Synergy with Other Projects: Weight Factor of 1.10. Does the purchase or project enhance or influence other County goals or projects? Projects or purchases that affect other projects or purchases would have a rating of 5 whereas, projects or purchases that stand alone would be rated zero.

Strategic Goal: Weight Factor of 1.05. Does the project or purchase meet a strategic goal of the County? An example would be if the County has a goal to increase park use and the project was to build a park shelter/warming house, that project may receive a priority factor of 5 for meeting this goal.

Comprehensive Plan Component: Weight Factor of 1.05. Does the project or purchase help achieve a component of the County's Comprehensive Plan? An example would be if an area of the County that was deemed Commercial/Industrial/Retail and the project was for the County to replace utility lines with oversized commercial utility lines to the area, that project would be rated a 5 as a priority factor.

It's important to note that the evaluation criteria above is to be used as a guide and a project that scores low might still be included in a given year based on project affordability and how it fits in with relationship to other projects.

Woodbury County's Five-Year Capital Improvement Plan

The remainder of this document is the County's five-year CIP. The next xxxxx pages is a list of all projects and equipment planned for the next five years and the revenue sources to fund each project or equipment purchase.

The rest of the document is the description of each project or equipment purchase proposed. These descriptions include the project name, priority ranking, project type, useful life, and the responsible department. This is followed by the project description and justification where the project or equipment purchase is described in detail. Next is the project costs (expenditures) and funding source section where each department/fund responsible for purchasing or paying for or funding the asset is provided. The next section is for describing any future operational impact the project or purchase will have on future budgets and/or where any other comments about the project or purchase can be provided. Future operational impacts which are projected to increase future expenditures are shown as positive numbers and those which will decrease future expenditures or provide additional revenue are shown in bracketed or as negative numbers. Finally there is the project or equipment purchase priority ranking calculation. These sheets are filled out and provided for each project or asset purchased during the next five-year cycle.

Criteria Template and Questions for the Deliberative Process

Criteria	Description	Rating Scale (1-9)
Project Requirements	Is the project required to meet legal, compliance, or regulatory mandates?	1 == not required or mandated 5 == pending requirement 9 == required or mandated
Strategic Alignment	To what extent is the project aligned with the government's overall strategies?	1 == no alignment with strategies 5 == partial alignment with strategies 9 == full alignment with strategies
Value to Citizens	How much value will the outcome of this project bring to our citizens?	1 == minimal value 5 == partial value 9 == high value

Exhibit 3: Expanded Matrix Criteria

Project Name:
Priority Ranking:
Project Type:
Useful Life:
Responsible Department

Project Description and Justification: _____

Expenditures	2017	2018	2019	2020	2021	Total
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Revenues	2017	2018	2019	2020	2021	Total
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Operational Impact/Other Comments: _____

Operating Budget Impact	2017	2018	2019	2020	2021	Total
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Priority Ranking Criteria	Weighting Factor	Priority Factor	Score
Public Health and Safety	1.50		
Employee Health and Safety	1.25		
Regulatory Mandate	1.50		
Frequent Problems	1.25		
Availability of Funding	1.00		
Cost of Project	1.00		
Generates Revenue	1.20		
Generates Cost Savings	1.20		
Ongoing Operation Costs	1.00		
Age or Condition of Existing	1.00		
Public Benefit	1.10		
Public Demand	1.25		
Synergy with Other Projects	1.10		
Strategic Goal	1.05		
Comprehensive Plan Component	1.05		
Total Score			

Woodbury County CIP Evaluation

Project Name: Climbing Hills Bathrooms remodeling
Priority Ranking: 24.05
Project Type:
Useful Life: 25 Years
Responsible Department:



Priority Ranking Criteria	Kenny		Dennis		Kenny		Dennis	
	Weighting Factor		Priority Factor (0-5)		Score			
Public Health and Safety	1.5	1.5	2	1	3	1.5		
Employee Health and Safety	1.25	1.25	0	2	0	2.5		
Regulatory Mandate	1.5	1.5	1	2	1.5	3		
Frequent Problems	1.25	1.25	0	1	0	1.25		
Availability of Funding	1	1	5	5	5	5		
Cost of Project	1	1	4	4	4	4		
Generates Revenue	1.2	1.2	0	0	0	0		
Generates cost Savings	1.2	1.2	0	0	0	0		
Ongoing Operation Costs	1	1	0	0	0	0		
Age or Condition of Existing	1	1	3	4	3	4		
Public Benefit	1.1	1.1	3	1	3.3	1.1		
Public Demand	1.25	1.25	0	0	0	0		
Synergy with other Projects	1.1	1.1	1	0	1.1	0		
Strategic Goal	1.05	1.05	3	0	3.15	0		
Comprehensive Plan Component	1.05	1.05	0	0	0	0		
Total Score	17.45	17.45	22	20	24.05	22.35		

CRITERIA	DESCRIPTION	Rating Scale (:
Project Requirements	Is the project required to meet legal, compliance, or regulatory mandates?	1=not required or mandated 5=pending requirement 9=required or mandated
Strategic Alignment	To what extent is the project aligned with the government's overall strategies?	1=no alignment with strategies 5=Partial alignment with strategies 9=full alignment with strategies
Value to Citizens	How much value will the outcome of this project bring to our citizens?	1=minimal value 5=partial value 9=high value
Total Score		11 3

Woodbury County CIP Evaluation

Project Name: Lec Front Entrance
Priority Ranking: 39.95
Project Type: Replace Deteriorating Steps (Front Entrance)
Useful Life: 25 Years
Responsible Department : Building Services = Kenny Schmitz



Priority Ranking Criteria	Weighting Factor		Priority Factor (0-5)		Score	
	Kenny	Dennis	Kenny	Dennis	Kenny	Dennis
Public Health and Safety	1.5	1.5	3	4	4.5	6
Employee Health and Safety	1.25	1.25	3	4	3.75	5
Regulatory Mandate	1.5	1.5	1	2	1.5	3
Frequent Problems	1.25	1.25	2	4	2.5	5
Availability of Funding	1	1	5	5	5	5
Cost of Project	1	1	4	3	4	3
Generates Revenue	1.2	1.2	0	0	1.2	0
Generates cost Savings	1.2	1.2	2	3	2.4	3.69
Ongoing Operation Costs	1	1	0	0	0	0
Age or Condition of Existing	1	1	3	5	3	5
Public Benefit	1.1	1.1	3	3	3.3	3.3
Public Demand	1.25	1.25	0	0	0	0
Synergy with other Projects	1.1	1.1	0	0	0	0
Strategic Goal	1.05	1.05	1	1	1.05	1.05
Comprehensive Plan Component	1.05	1.05	0	0	0	0
Total Score	17.45	17.45	27	34	32.2	40.04

CRITERIA	DESCRIPTION	Rating Scal	
Project Requirements	Is the project required to meet legal, compliance, or regulatory mandates?	1=not required or mandated 5=pending requirement 9=required or mandated	Both Kenny and Dennis
Strategic Alignment	To what extent is the project aligned with the government's overall strategies?	1=no alignment with strategies 5=Partial alignment with strategies 9=full alignment with strategies	Both Kenny and Dennis
Value to Citizens	How much value will the outcome of this project bring to our citizens?	1=minimal value 5=partial value 9=high value	Both Kenny and Dennis
		Total Score	23 23

Woodbury County CIP Evaluation

Project Name: LED Lighting Project
Priority Ranking: 37.45
Project Type: Replace the lighting in all the County Buildings with LED lighting
Useful Life: 15 Years
Responsible Department : Building Services = Kenny Schmitz



Priority Ranking Criteria	Kenny	Dennis	Kenny	Dennis	Kenny	Dennis
	Weighting Factor		Priority Factor (0-5)		Score	
Public Health and Safety	1.5	1.5	3	3	4.5	4.5
Employee Health and Safety	1.25	1.25	3.5	4	4.375	5
Regulatory Mandate	1.5	1.5	0	0	0	0
Frequent Problems	1.25	1.25	1	2	1.25	2.5
Availability of Funding	1	1	5	5	5	5
Cost of Project	1	1	3	2	3	2
Generates Revenue	1.2	1.2	0	0	0	0
Generates cost Savings	1.2	1.2	5	5	7.5	6
Ongoing Operation Costs	1	1	0	1	0	1
Age or Condition of Existing	1	1	2	5	2	5
Public Benefit	1.1	1.1	3	3	3.3	3.3
Public Demand	1.25	1.25	0	0	0	0
Synergy with other Projects	1.1	1.1	0	0	0	0
Strategic Goal	1.05	1.05	5	3	5.25	3.15
Comprehensive Plan Component	1.05	1.05	3	0	3.15	0
Total Score	17.45	17.45	33.5	33	39.325	37.45

CRITERIA	DESCRIPTION	Rating Scal	
Project Requirements	Is the project required to meet legal, compliance, or regulatory mandates?	1=not required or mandated 5=pending requirement 9=required or mandated	Both Kenny and Dennis
Strategic Alignment	To what extent is the project aligned with the government's overall strategies?	1=no alignment with strategies 5=Partial alignment with strategies 9=full alignment with strategies	Both Kenny and Dennis
Value to Citizens	How much value will the outcome of this project bring to our citizens?	1=minimal value 5=partial value 9=high value	Both Kenny and Dennis
Total Score		15	15