

Financing Your Capital Improvement Plans

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A Capital Improvement Plan (CIP)...

Dynamic document - should be regularly reviewed and updated based on changes in underlying assumptions

cornerstone of a successful grant strategy

is a guide for capital investments over the following fiscal cycles

drives policy and budgetary decisions

is a useful tool for public outreach and communication

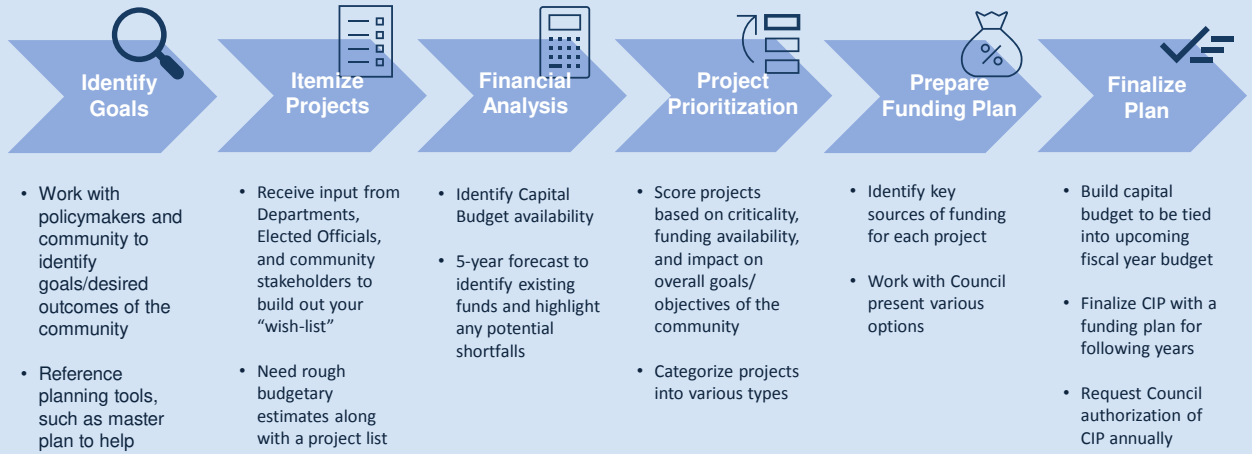
helps prevent continuation of deferred maintenance without intervention

allows the community to be proactive



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Creating a CIP



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Identifying Projects Seeking Help

Engaging with a planning firm to bolster city services is often a great investment. Here's why:

- Plan will be rooted in community goals and initiatives
- Adds visual interest
- Plan will include best and latest community planning practices
- Projected costs will be rooted in historical data
- Takes the burden off staff
- Firms are effective in grant acquisition

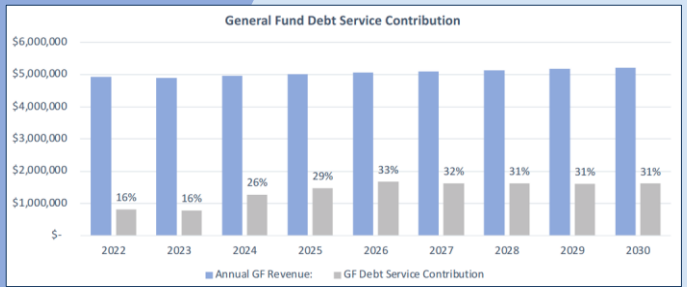


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Know Your Numbers

- ☑ Complete a future analysis
- ☑ Identify available resources
- ☑ Build scenarios
- ☑ Utilize as a discussion tool with Policy Board to help with prioritization of decision making
- ☑ Gamification of decision-making process

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Expenses									
Series 2012	\$ 233,910	\$ 214,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2015	\$ 126,094	\$ 132,969	\$ 134,531	\$ 80,938	\$ 83,500	\$ 80,875	\$ 78,250	\$ 80,625	\$ 77,813
Series 2018	\$ 284,300	\$ 265,100	\$ 259,400	\$ 248,550	\$ 247,850	\$ 247,000	\$ 246,000	\$ 239,850	\$ 248,700
Series 2019	\$ 305,200	\$ 295,950	\$ 296,200	\$ 291,950	\$ 288,900	\$ 284,850	\$ 280,550	\$ 280,100	\$ 286,950
Series 2021	\$ 125,440	\$ 122,880	\$ 120,320	\$ 117,760	\$ 110,200	\$ 107,800	\$ 105,400	\$ 103,000	\$ 100,600
Maneuver 2021	\$ 52,360	\$ 51,740	\$ 51,395	\$ 50,870	\$ 50,435	\$ 49,900	\$ 49,465	\$ 48,930	\$ 48,495
2023 Sewell Creek / Eye Beach TIF	\$ -	\$ 326,256	\$ 329,875	\$ 325,563	\$ 326,250	\$ 326,750	\$ 327,063	\$ 327,180	\$ 327,125
2024 Conagra TIF	\$ -	\$ -	\$ 347,781	\$ 347,063	\$ 347,563	\$ 347,875	\$ 348,000	\$ 347,938	\$ 347,688
2023 Electrical System Upgrades	\$ -	\$ 286,516	\$ 288,438	\$ 284,688	\$ 285,918	\$ 287,000	\$ 287,875	\$ 288,563	\$ 289,063
2023 Paving Program	\$ -	\$ 16,008	\$ 169,393	\$ 173,038	\$ 171,488	\$ 169,683	\$ 172,303	\$ 170,460	\$ 173,093
2024 Paving Program	\$ -	\$ -	\$ 145,202	\$ 143,338	\$ 146,138	\$ 143,000	\$ 146,463	\$ 143,988	\$ 146,513
2024 N. Main St. Streetscape	\$ -	\$ -	\$ 191,060	\$ 193,000	\$ 192,400	\$ 193,000	\$ 194,000	\$ 190,400	\$ 193,000
2025 Paving Program	\$ -	\$ -	\$ -	\$ 226,400	\$ 230,200	\$ 230,000	\$ 231,200	\$ 228,400	\$ 226,400
2026 N. Main St. Improvements	\$ -	\$ -	\$ -	\$ -	\$ 189,883	\$ 191,450	\$ 188,263	\$ 190,075	\$ 191,875
Annual Debt Service:	\$ 1,127,312	\$ 1,206,084	\$ 2,133,812	\$ 2,484,161	\$ 2,670,789	\$ 2,621,489	\$ 2,621,371	\$ 2,609,641	\$ 2,616,576
2026 Service Obligation Revenues									
Electric Revenues toward 2023 Project:	\$ 121,440	\$ 409,396	\$ 408,758	\$ 402,448	\$ 396,138	\$ 394,800	\$ 393,275	\$ 391,563	\$ 389,663
Water Revenues toward Conagra TIF:	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Outstanding Special Assessment 2015 Bond:	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewell Creek TIF:	\$ -	\$ 326,256	\$ 329,875	\$ 325,563	\$ 326,250	\$ 326,750	\$ 327,063	\$ 327,180	\$ 327,125
Conagra TIF:	\$ -	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000
Total Electric Revenues toward Debt Ser.:	\$ 320,440	\$ 930,651	\$ 1,059,633	\$ 1,013,011	\$ 1,007,388	\$ 1,006,550	\$ 1,005,338	\$ 1,003,763	\$ 1,001,788
Annual GF Debt Service Contribution:	\$ 806,872	\$ 776,233	\$ 1,270,185	\$ 1,471,151	\$ 1,663,401	\$ 1,614,939	\$ 1,616,034	\$ 1,605,878	\$ 1,614,788
Annual GF Revenue:	\$ 4,821,488	\$ 4,896,696	\$ 4,954,175	\$ 5,007,425	\$ 5,061,456	\$ 5,095,683	\$ 5,133,737	\$ 5,171,174	\$ 5,214,899
GF Debt Carrying Cost to Revenue Ratio:	16%	16%	26%	29%	33%	32%	31%	31%	31%



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Creating the Funding Plan

Identifying the Gap

Project Name:	Project Description:	Estimated Cost FY 2022	Funding Sources:	Grant Opportunities:	Funded	Project Year
US 6 Corridor Phase 2	Repairing entire corridor	\$ 4,350,000	General Fund Revenue:	ODOT Urban Paving	Y	2024
	Traffic Pattern Modification		Streetscaping Assessments:	Erie County MPO		
	Multi-modal improvements		Stormwater Revenues:	ODOT Transportation Alternative		
	Streetscaping enhancements		Bond Financing:	ODOT Safety Dollars		
	Roundabout (Center St. and US		Grant Programs:			
			Total:			
	Gap:	\$ 2,030,000				

- Define each project's sources and uses
- Identify the gap in funds vs. project totals
- Identify potential grant opportunities

Having "shovel ready" plans for upcoming projects can increase chances of attaining grants



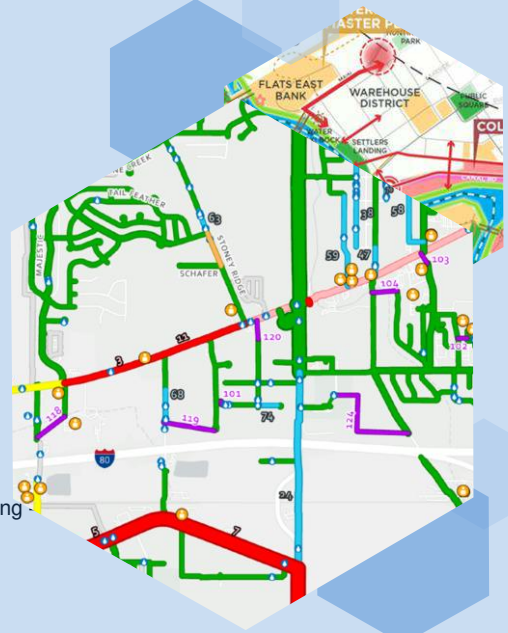
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Prioritization

- Projects are scored based on multiple variables:

- Age
- Impact on critical components
- Systems
- Existing Conditions / Urgency for Intervention
- Geographic Location
- Funding Availability

- Match projects to available funds to start building out
- Identify gaps where critical/impactful projects do not align with funding



Funding the Gap Tactics



Increase Taxes + Fees

- Long-term predictability in revenue collection
- A more reliable source of income – can plan around it and safely issue debt against it.

- High political costs – can depend on voter approval
- Can have unintended consequences

Municipal Bonds + Loans

- Accelerates implementation of capital improvement plans (or makes them possible altogether)
- Can be utilized/leveraged with economic development programs and grants to increase buying power locally
- More equitable as each generation of taxpayers contributes towards the repayment over the useful life of the infrastructure compared to cash financing

- Face interest rate risk/ added costs/ future insolvency risk
- May need voter approval, depending on size/purpose
- Moral issue: Getting today's improvement at the cost of future generations' access to cash flow.

Funding the Gap

Tactics

State Programs



- Accelerates implementation of capital improvement plans (or makes them possible altogether)
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Economic Development Tools



- Programs such as TIF, SIDs, and NCAs generate revenue sources that shift the cost burden of capital to the developer
- Way to maximize impact of a development in your community



- Funding is dependent upon there being private development occurring
- Revenue sources are not as iron-clad as traditional tax revenues

Funding the Gap

Tactics

Public Private Partnerships



- Can be opportunities to more efficient or cost-effective
- Can free the city from some general regulations – private enterprise has more flexibility
- Both public and private entity absorb risk
- Can be used as a bridge to a wholly public solution (broadband)
- Expand access to capital for public agency



- Mixed results on cost effectiveness, both for gov't and for end users – ensure sound financial analysis
- Adds profit incentive to projects – ensure fees/proforma are fully vetted out ahead of time

Grants

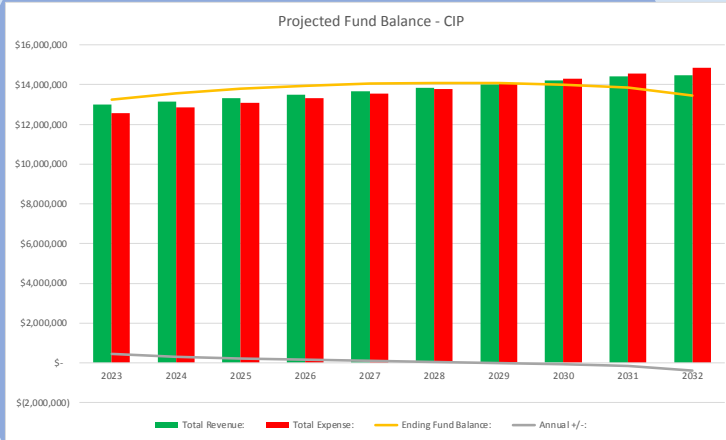


- Reduces the agencies costs, therefore lowering the burden on the tax-payer
- Can accelerate or expand capital plans
- Increases the buying power of the agency



- Be aware of necessary matching dollars
- Don't become overly reliant on them – great to target, but not sufficient to fund capital programs solely on unreliable/one-time grant funding.

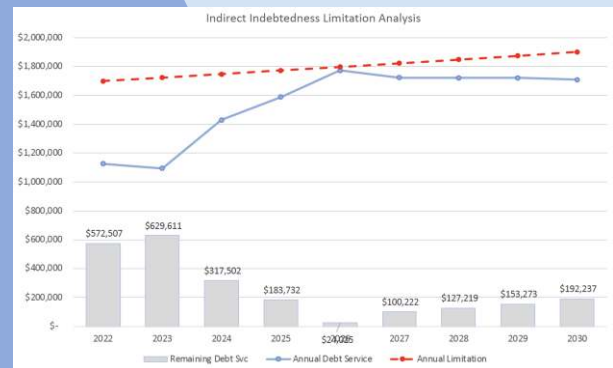
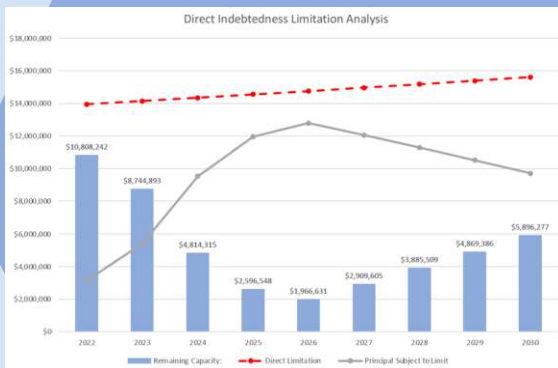
Analysis of CIP Funding Plan



- Assess Future viability of funding plan
- Use the tool to explore various scenarios for decision making
- Allows you to have long-term planning conversations
- Drive decisions based on financial outcomes – visible and easy to digest for policy board members



Debt Forecasting



- Analysis of agency's ability to fund the gap utilizing bond financing within ORC guidelines
- Includes both capacity analysis and affordability analysis

Keep in Mind

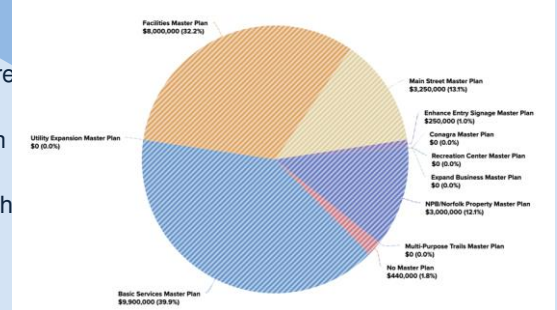
Project Name/Description - Master Plan #	Type	Design Cost	Caterpillar Fee	Inspection Fee	Total Cost	Funding Source	Grant Start	Lines Item	City Share	Five Year Capital Improvement Plan											
										2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
										\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Public Works Department - Public Works										2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Public Works Department - Street Cleaning Station	1 - Congra	401	\$ 61,556	\$ 458,450	\$ 520,000	City/Other	\$ 500,000		\$ 50,000	\$ 41,556	\$ 488,450										
Congra Utility Extension	1 - Congra	401	\$ 66,500	\$ 520,000	\$ 586,500	TPP			\$ 63,600	\$ 60,500	\$ 567,100										

- Not every project will be able to be funded
- Highlighting this clearly helps Council prioritize projects
- Conservative planning sets expectations

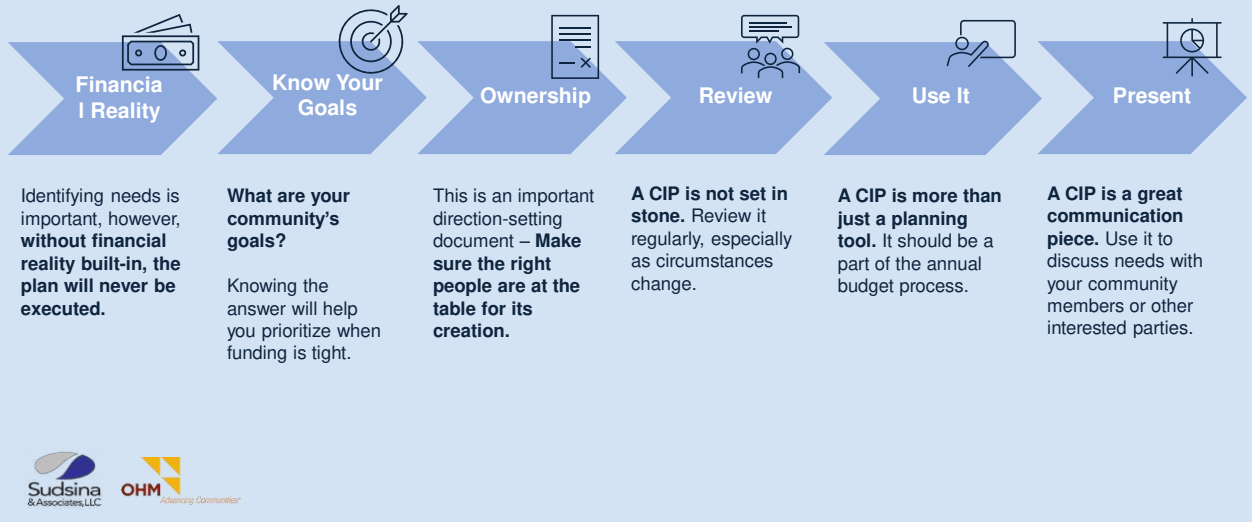


Finalizing and Utilizing Your CIP

- Build a CIP book (use of an external firm can help with this)
- Add visual interest – tools such as GIS or budgeting software can help
- Get Policy Board buy-in: include as a budget document each fiscal year
- Report – use it to highlight your community’s successes (both past and anticipated future)
- Tie it back to your master plan if available
- Make it public and easy to find



Practical Tips for Utilizing CIP's



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Thank you

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