

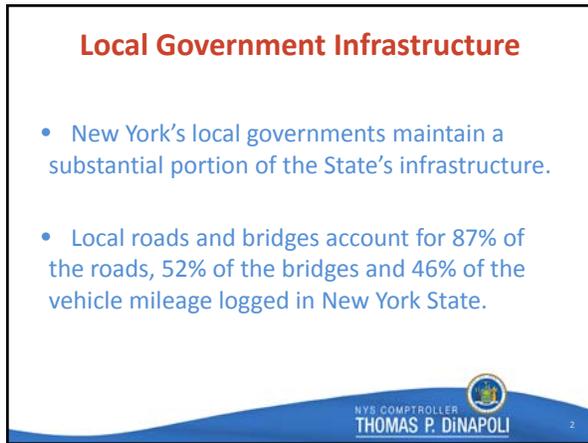
Capital Planning

Presented by:
Maria Stamoulis, Senior Examiner
Division of Local Government and School Accountability



Local Government Infrastructure

- New York's local governments maintain a substantial portion of the State's infrastructure.
- Local roads and bridges account for 87% of the roads, 52% of the bridges and 46% of the vehicle mileage logged in New York State.



Local Government Infrastructure Needs

- Local roads and bridges are a vital and indispensable part of our transportation infrastructure.
- Well-maintained public infrastructure is crucial to economic development.
- Infrastructure needs are mounting, and effective capital planning is essential to meeting them.



Condition of New York's Bridges

From 2002 to 2012, there was a decrease in the number of deficient bridges. Still, 34% are considered deficient.

Local Bridge Information					
Year	Inventory	Deficient	% Deficient	Closed	% Closed
2002	8,164	3,209	39%	86	1%
2004	8,141	3,005	37%	84	1%
2008	8,160	2,892	35%	73	1%
2010	8,159	2,841	35%	76	1%
2012	8,193	2,819	34%	100	1%
Change	29	(390)	(5%)	14	NA

NYS COMPTROLLER
THOMAS P. DINAPOLI

4

Condition of New York's Roads

- In 2007, 46 percent of local roads were in poor or fair condition.
- In 2012, 48 percent of local roads were in poor or fair condition.
- DOT estimates an average annual investment of \$2.3 billion is needed through 2030

NYS COMPTROLLER
THOMAS P. DINAPOLI

5

Condition of New York's Wastewater Infrastructure

- One quarter of the 610 sewage and wastewater treatment facilities in NY are operating beyond their expected useful lives.
- In 2008, DEC estimated that \$20 billion will be needed for wastewater infrastructure over the next 20 years.

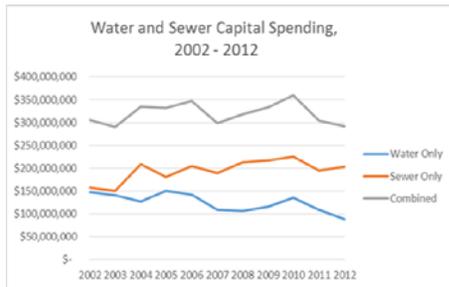
NYS COMPTROLLER
THOMAS P. DINAPOLI

6

Condition of New York's Drinking Water Infrastructure

- Department of Health has reported that the State's drinking water systems are approaching or exceeded 100 years of age.
- In 2008, the NYS Department of Health stated that \$10.7 billion would be needed over the following 20 years.

Water and Sewer Spending Trends



Water and Sewer Spending vs. Needs

Category	Estimated Annual Investment Needed	2012 Reported Spending
Water	\$535.0 million	\$88.8 million
Sewer	\$1.01 billion	\$202.6 million
Total	\$1.55 billion	\$291.4 million

Mission of Multiyear Capital Plans

To maintain and improve a local government's capital assets over time.

First step: Gain consensus on the goals and objectives of the plan

Developing a Capital Planning Process

Capital plan should answer:

- What assets do we currently own?
- What are your improvement needs?
- How are these needs prioritized?
- How much will they cost to build and maintain?
- What is your fiscal capacity to support capital spending over time?
- What is the best way to finance these capital investments?
- How can we effectively manage these projects?

Developing a Capital Planning Process (cont'd)

Next steps:

- Agree upon a process
- Develop clear time frames for necessary planning events
- Connect project approval process with budget cycle
- Participants should agree on respective roles and responsibilities

Create an Asset Inventory

Inventory should include:

- Sanitation, water and sewer systems, solid waste facilities
- Highways, roads and bridges
- Public buildings
- Equipment, vehicles and furnishings
- Improvements other than buildings

Prioritize Capital Projects

Factors to consider:

- Health and safety concerns
- Legal mandates and court orders
- Economic, environmental or social value
- Operational benefits to the local government
- Specific needs or demands for improved service
- Investment return
- Capacity to leverage other resources
- Project feasibility
- Project risks

Prioritize Capital Projects (cont'd)

Priorities should be developed and reviewed at various levels:

- Departmental or functional priorities
- Fiscal priorities
- Executive priorities

Assess Budgetary Impact

Capital plan should capture:

- Current and future debt service costs
- Lease or installment purchase contracts
- Pay-As-You-Go costs
- Reserve funds
- Future operating costs
- Impact on revenues
- New costs and/or savings associated with new capital assets

Financing Capital Acquisitions

Indicators that need to be considered when evaluating municipal debt:

- Adequate operating position
- Designated capital reserves
- A mix of pay-as-you-go and debt financing
- Local debt capacity

Adopting a Capital Plan and Budget

Adopted plan should include:

- Capital portion of budget for upcoming fiscal year
- Projections for capital plan period
- Relevant information outlining proposed capital priorities
- Capital and operating budget expenditure projections

Monitoring Plan Results

- Follow-up is essential to determine if capital program goals are being met.
- Routine monitoring of approved capital projects helps to ensure that projects remain on schedule and within budget.

Conclusion

Creating an effective multiyear capital planning process can help local governments maintain and improve our public infrastructure without overburdening taxpayers or disrupting vital services.

Resources

OSC Website

- Capital Planning and Budgeting Tutorial
- Local Government Management Guides
- Capital Planning Tool [.xls]
- <http://www.osc.state.ny.us/localgov/planbudget/index.htm>

Questions?

NYS COMPTROLLER
THOMAS P. DiNAPOLI

22

Thank You



Division of Local Government and
School Accountability
localtraining@osc.state.ny.us

NYS COMPTROLLER
THOMAS P. DiNAPOLI

23
