



Capital Improvement Plan Process Update

> June 3, 2024





Capital Improvement Planning Update

- ★ CIP Process Overview
- ★ CIP Guiding Principles, November 2023, Phase I
- ★ CIP Guiding Principles, June 2024, Phase II
- ★ Board Discussion

Capital Planning Elements

Capital planning essential elements

- › Multi-year essential - for up to ten years
- › Prioritization by importance, essential and long-term need
- › Strong emphasis on the timing of improvements - matching available capital sources with timing alternatives
- › Blending borrowed and pay-as-you-go sources as a means to diversify – perceived as strong credit-wise
- › Target improvements that improve operating efficiencies and improved service delivery

Utilize dedicated capital-only resources and affordability modeling

- › Separating operating and capital resources is essential to large CIP – Durham was one of the first to move to this method
- › Debt affordability modeling defines the ability to pay – the most efficient use of capital resources
- › Using a comprehensive debt model is a means of “managing” the constant change in CIP—project timing, change in cost, etc.

Steps Involved With Capital Planning

1. Facility Needs Assessment
2. Project Prioritization and Sequencing
3. Complete detailed cash flow projections
4. Evaluate Affordability
5. Update Capital Improvement Plan

Draft CIP Calendar

Fall 2023/Winter 2024

CIP Request from Departments

November 22, 2023

BOCC Policy Discussion, Draft CIP Guiding Principles

June 3, 2024

BOCC Presented CIP Framework and Guiding Principles, Phase II

June – July 2024

BOCC, Staff feedback on CIP Framework, Phase II

August 5, 2024

CIP Plan Update. Preliminary Project Review

Draft CIP Calendar

September 2024	Evaluate project placement in CIP. Use the “Shovel Readiness Checklist” to determine project sequencing.
October 7, 2024	Preliminary Recommendations to BOCC
October 2024	Financial Advisor Evaluates Draft CIP Plan
November 4, 2024	Board Reviews Preliminary Capital Improvement Plan
November 11, 2024	BOCC Adopts 2025-2034 Capital Improvement Plan

The background of the page is a repeating pattern of Durham County logos and seals. Each logo consists of the words "DURHAM COUNTY" above a stylized "DC" monogram, which is set within a shield-shaped seal. The seal also contains the year "1881" and the letters "NC". The pattern is light blue and covers the entire page.

Capital Improvement Plan Guiding Principles

CIP Guiding Principles

November 2023, BOCC Policy Retreat

> Board Evaluated CIP Guiding Principles in November 2023

DRAFT

Durham County Capital Improvement Plan Guiding Principles

The Durham County guiding principles for capital improvement projects include transparency in decision-making, prioritizing community needs, conducting thorough cost-benefit analyses, adhering to ethical and legal standards, promoting sustainable and resilient infrastructure, fostering public-private partnerships where applicable, and maintaining long-term maintenance plans. Additionally, ensuring effective stakeholder engagement and incorporating feedback throughout the project lifecycle is crucial for successful outcomes. These principles help ensure that the capital improvement plan is well-designed, efficient, and beneficial for the community we serve.

- Transparency: Publishing project information, budgets, and progress reports to keep the public informed.
- Community Needs: Prioritizing projects that address critical infrastructure gaps and serve the community's long-term interests.
- Cost-Benefit Analysis: Conducting comprehensive assessments to ensure optimal allocation of resources and maximal societal benefits.
- Ethical and Legal Compliance: Upholding legal regulations and ethical standards in all stages of the project, including procurement and construction.
- Sustainability: Integrating environmentally friendly and energy-efficient practices to minimize the project's environmental impact and ensure long-term sustainability.
- Resilience: Designing infrastructure that can withstand natural disasters and unexpected challenges to ensure long-term functionality and safety.
- Public-Private Partnerships: Collaborating with private entities to leverage expertise, resources, and funding for more efficient and innovative project delivery.
- Long-Term Maintenance: Planning for regular maintenance and upkeep to guarantee the sustainability and longevity of the infrastructure for the community's benefit.

CIP Guiding Principles, Phase II Review

June 2024

> Purpose

- > Establish a capital planning prioritization process to optimize the use of available resources.
- > Creation of a Capital Improvement Program Review and Advisory Committee (CIPRAC)

> Clearly define the CIP Process

- > By type of Assets
 - > well-defined scopes of work for the proposed improvements
 - > To better compare projects

> Prioritization Factors

SUBJECT: PRIORITIZING CAPITAL IMPROVEMENT PROGRAM PROJECTS

POLICY NO.:

EFFECTIVE DATE:

Capital Improvement Program (CIP) Defined

Durham County's Capital Improvement Program (CIP) is defined as the County's financial plan for constructing and maintaining its capital assets. Capital improvements include adding permanent structures, structural changes, or restore County's assets to enhance their value, prolong their useful life, or adapt them to new uses. The County's assets span various categories, including stormwater and drainage systems, water and sewer systems, public buildings (such as libraries, administration, vehicle repair facilities, public safety facilities (such as the Sheriff's Office and emergency management facilities, etc.) and system replacements (i.e. HVAC systems, Security systems, Information Technology systems) that affect business operations.

The Importance of Infrastructure

The importance of quality infrastructure cannot be overstated. Without functioning infrastructure, the County's critical daily functions, community safety, nor economic prosperity cannot be sustained. The quality of County infrastructure directly determines the livability of the County's residents. The community's health, safety, prosperity, and natural environment all depend on the availability of quality infrastructure. Decisions about capital investments affect the availability and quality of most government services and many private services.

Infrastructure connects residents to employment, healthcare, social services, and education opportunities via extensive transportation, water, sewer, and telecommunication networks. Ongoing investments will enhance the quality of life for every neighborhood and the entire community. In addition to legal mandates, the prioritization of CIP projects should also consider life safety, unfunded Federal and/or State environmental mandates, social, economic, and geographic factors and include evaluation factors to help ensure historically marginalized communities structurally do not continue to be excluded communities, as defined below, and reduce or eliminate disparities.

Definitions

Life Safety means a situation or infrastructure that is intended to protect but may currently or imminently threaten the public health, welfare, or safety; or the design and operating features of a building that provide its occupants with a reasonable level of safety during fires and other emergencies.

