

*Heritage Oak Park  
Community Development District*

# Capital Improvement Program

A ROAD MAP TO DEVELOPING A MULTI-YEAR CIP PLAN

*January 19, 2017*

You cannot escape the responsibility of tomorrow by evading it today.  
Abraham Lincoln (1809-1865)



# Goals for today

- ▶ Define essential concepts, terms and definitions
- ▶ Discuss CIP Framework
- ▶ Discuss Funding Sources
- ▶ Discuss Timeline
- ▶ Outline Next Steps

**S**

Specific

**M**

Measurable

**A**

Achievable/Attainable

**R**

Relevant/Realistic

**T**

Timely

# Essential concepts, terms and definitions

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- ▶ **Capital Improvement Program (CIP)** is a multi-year financial plan that:
  - I. Lists & describes capital projects a District plans to undertake
  - II. Indicates how projects will be funded, and
  - III. Projects the effects of the plan on key financial variables, (i.e. Assessments)

# Essential concepts, terms and definitions (continued)

- ▶ **Capital Assets** includes tangible or intangible assets (infrastructure, equipment, or networks) that are used in operations and have an initial useful life extending beyond a single reporting period.
- ▶ **Capital Budget** is the authorization of spending for the current or first year in the capital plan and related reserves.
- ▶ **Operating Budget** is a short-term (1 year or less) projection of all estimated income and expenses during a given period in which capital outlays are excluded.
- ▶ **Capital Project** is where the cost of a project is tracked, capitalized and depreciated. The project helps create, maintain, and/or improve an asset. (i.e. Infrastructure)

# The more we narrow our focus, the greater our chance of achieving our goals with excellence. (Stephen Covey)

- ▶ The inability to take high level goals & successfully execute them to achieve your key organizational outcomes is a major problem facing organizations.



**“Maybe we can turn it around ...  
I mean the chart, not the business.”**

# CIP Framework



# CIP Framework

## ▶ A CIP Plan:

- I. Is a decision-making and reporting tool that is a part of long-term strategic planning, depicting at least 5 to 7 years
- II. Includes projects approved by the Board of Supervisors and should be included within the budget process
- III. Projects are typically placed in out years until they are moved up and are included in the current year's capital budget
- IV. Projects may be passed over due to lack of funds and/or priority changes due to public safety or emergency need
- V. Should include resident/citizen input

# CIP Framework (continued)

## ► Steps to Developing the CIP Plan:

- I. Review status and viability of previously approved and/or current projects
  - i. Review current fixed assets
- II. Identify new projects
- III. Discuss/Analyze Alternatives
- IV. Evaluate ability to fund
- V. Develop and/or update CIP plan for final approval

# CIP Framework (continued)

- I. Review status and viability of previously approved and/or current projects
  - i. Comprehensive review of current fixed asset schedule. (Board, Staff, Severn Trent, Engineer)
- II. Identify New projects:
  - i. Project description, location, justification, cost by year, impact of future revenues, and future operating costs
- III. Discuss/Analyze Alternatives:
  - i. Criteria
    - a. Should be developed to select & rank CIP projects
    - b. Develop consensus on key projects.
  - ii. Consider
    - a. Will assessments have to be raised?
    - b. Who will benefit?
    - c. Public safety issues / Environmental concerns
    - d. Ongoing, reoccurring operational cost of the project (i.e. maintenance and repair)

# CIP Framework (continued)

- IV. Evaluate ability to fund:
  - i. Current Revenues or Fund Balance (AKA: Pay-as-you-go)
  - ii. Debt / bank loans (AKA: Pay-as-you-use)
  - iii. Bond Financing
- V. Develop and/or update CIP plan for final approval
  - i. To be submitted with budget during annual budget process

# Funding Sources

# Funding Sources Continued



# Funding Sources Continued

- ▶ Current Revenues or Fund Balance (AKA: Pay-as-you-go)
  - I. Requires current revenues or funds saved for that project to be utilized
  - II. Advantages are no interest or financing cost (well suited for smaller projects that are not feasible to finance)
  - III. Disadvantages are current taxpayers pay the entire cost of the project from which future taxpayers will also benefit; additionally this reduces future financial flexibility (less cash)
  
- ▶ Debt / Bank Loans (AKA: Pay-as-you-use)
  - I. Issuance of debt to fund the cost of capital projects
  - II. Advantages are that each generation of taxpayers who benefit from the project will pay for their use or share of the project over its useful life; this preserves financial flexibility by not requiring the use of reserves (well suited for larger projects with longer expected useful life)
  - III. Disadvantages will include interest and financing cost; lower rated credits usually pay higher interest cost; will need to have a revenue stream dedicated to the payment of the debt (which may be a new revenue stream, use of fund balance or an increase in an assessment)
  
- ▶ Bond Financing

# Timeline



# Timeline

- ▶ What is our timeline?
  - I. **January 19, 2017** Kickoff Meeting
  - II. **2<sup>nd</sup> Meeting** Review Current Projects / Fixed Assets Meeting
    - i. To establish the CIP plan starting point
  - III. **3<sup>rd</sup> Meeting** Project Discussion Meeting
    - i. To gather all input and start prioritizing projects
  - IV. **4<sup>th</sup> Meeting** Continuation of Project Discussion Meeting
    - i. Meet to finalize priorities and funding
  - V. **5<sup>th</sup> Meeting** Approve plan



# Next Steps

# Next Steps



*"I was wondering when you'd notice there's lots more steps."*

# Next Steps (continued)

## ▶ Next Meeting

- I. Review fixed asset schedule
  - a. Next time we meet – we will discuss any/all changes/priorities from all members
- II. Complete CIP forms and prioritize your projects
  - a. Terri Lusk will continuously collect this information – we will discuss all projects and prioritize as a group
- III. Contact Terri to submit and/or review your completed CIP forms – Severn Trent will provide copies for all for future meeting
  - a. **Terri Lusk – [terri.lusk@stservices.com](mailto:terri.lusk@stservices.com)**
  - b. **(954) 753 – 5841 ext. 40522**

# Next Steps (continued)

## Fixed Assets Review

Heritage Oak Park Community Development District  
Capital Assets  
Fiscal Year End September 30, 2016

	Beginning Balances	Additions	Reductions	Ending Balances
<b>General Fund</b>				
Capital assets, not being depreciated:				
Land	\$ 1,363,637	\$ -	\$ -	\$ 1,363,637
Total capital assets not being depreciated	1,363,637	-	-	1,363,637
Capital assets, being depreciated				
Buildings	1,140,352	-	-	1,140,352
Infrastructure	6,177,564	17,250	(17,250)	6,177,564
Recreational amenity	12,688	-	-	12,688
Equipment and furniture	140,331	-	-	140,331
Total capital assets being depreciated	7,470,935	17,250	(17,250)	7,470,935
Less accumulated depreciation for:				
Buildings	(436,514)	(28,509)	-	(465,022)
Infrastructure	(2,727,296)	(220,666)	1,211	(2,946,751)
Recreational amenity	(8,551)	(605)	-	(9,157)
Equipment and furniture	(128,758)	(6,730)	-	(135,488)
Total accumulated depreciation	(3,301,118)	(256,510)	1,211	(3,556,417)
Total capital assets being depreciated, net	\$ 4,169,817	\$ (239,260)	\$ (16,039)	\$ 3,914,517
Governmental activities capital assets, net	\$ 5,533,454	\$ (239,260)	\$ (16,039)	\$ 5,278,154

# Next Steps (continued)

## Fixed Assets Review (continued)

Heritage Oak Park CDD Asset Replacement Plan

Asset	Year placed in service	Life span (years)	Original Cost	20% increase over original cost	Anticipated Replacement Date	Number of years till replacement date	Current reserves	Balance of costs	Yearly funds needed for replacement
Recreational Facility	2000	40	887,276	1,064,731	2040	23	2,500	1,062,231	\$ 46,184
Infrastructure	2002	30	3,067,234	3,680,681	2032	15	2,500	3,678,181	\$ 245,212
Streetlights	2002	30	190,000	228,000	2032	15	368,264	(140,264)	\$ (9,351)
Wall & Monuments	2000	30	150,000	180,000	2030	13	-	180,000	\$ 13,846
Water	2000	30	370,000	444,000	2030	13	-	444,000	\$ 34,154
Wastewater/Water Mgmt.	2000	30	1,090,000	1,308,000	2030	13	-	1,308,000	\$ 100,615
Irrigation System	2014	25	248,393	298,072	2039	21	-	298,072	\$ 14,194
Roads	2002	20	450,000	540,000	2022	5	-	540,000	\$ 108,000
Drainage Improvements	2010	30	51,992	62,390	2040	23	-	62,390	\$ 2,713
Roof	2000	20	80,000	96,000	2020	3	75,000	21,000	\$ 7,000
Swimming Pool	2000	20	30,000	36,000	2020	3	21,475	14,525	\$ 4,842
Irrigation Pumps	various	15	-	-	-	-	-	38,218	\$ 1,745
Air Conditioner Unit - Fitness / Pool Bldg.	2009	15	5,218	6,262	2024	7	-	6,262	\$ 895
Air Conditioner Unit - Library / Craft Bldg.	2009	15	6,765	8,118	2024	7	-	8,118	\$ 1,160
Air Conditioner Unit - Sport Bldg.	2014	15	5,066	6,079	2029	12	-	6,079	\$ 507
Park Entrance Lighting	2012	10	6,054	7,265	2022	5	-	7,265	\$ 1,453
Security / Alarm System	2010	10	19,765	23,718	2020	3	-	23,718	\$ 7,906
Maintenance Garage	2010	40	76,596	91,915	2050	42	-	91,915	\$ 2,188
Furniture & Fixtures	2011	5	8,777	10,532	2018	1	200	10,332	\$ 10,332
Carpeting / Valences - Sports Bar	2011	5	8,257	9,908	2016	1	-	9,908	\$ 9,908
Sound System & Microphones	2008	5	6,578	7,894	2013	1	-	7,894	\$ 7,894

# Next Steps (continued)

## Reserve Schedule

### HERITAGE OAK PARK COMMUNITY DEVELOPMENT DISTRICT

#### **Motion: Assigning Fund Balance as of 09/30/2016**

The Board hereby assigns the FY 2016 Reserves as follows:

#### **General Fund**

Operating Reserve	\$170,127
Reserve – Recreation Facilities	\$ 9,191
Reserve – Roads & Streetlights	\$354,395
Reserve – Roof	\$ 70,000
Reserve – Swimming Pool	\$ 18,975

#### **Irrigation Fund**

Operating Reserve	\$ 3,023
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# Next Steps (continued)

## Capital Projects Form

Capital Improvement Project							
Project							
Priority						Project Manager	
Project Location							
Fiscal Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total	Prior Years
Plans and Studies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Engineering, Architecture & Permitting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Acquisition/ Site preparation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment/Furnishings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (Miscellaneous)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL COST:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Source	NF	NF	NF	NF	NF	NF	NF
Description (Justification and Explanation)							
Annual Impact on Operating Budget							
Personnel							
Operating	\$ -						
Replacement Cost	Year: 2037	\$ -					
Revenue/Other							
Total	\$ -						



# Next Steps (continued)

- ▶ Keep in mind when Prioritizing Projects:
  - I. Expand project descriptions
    - a. Project names are insufficient (Detailed project elements are required)
  - II. Question priorities/timelines
    - a. Every project cannot be the top priority (what if there were no funds?)
    - b. Capital maintenance (a top priority) – current fixed assets need to be kept in good conditions (more expensive to fix later if assets fall into disrepair)
    - c. New Needs – is the new need a safety issue? Does it impact a large number of citizens?
  - III. Segregate by Categories
    - a. Water, wastewater, stormwater, park & rec, sidewalks, roads, building/facility, etc.

# Next Steps (continued)

- ▶ Keep in mind when Prioritizing Projects, cont.:
  - IV. Operating cost of the improvement
    - a. Impact on rates and charges
  - V. Impact on future revenues
    - a. Availability of cash, budgetary impacts
    - b. Impact on outstanding debt
  - VI. Life cycle cost analysis
    - a. Ability to maintain the asset

Any questions?



# The End

