



Legislation Text

File #: 10-1353, **Version:** 1

Recommendation to request City Manager to prepare a long-term capital improvement plan to be included with the Fiscal Year 2012 Budget.

Spending on capital projects is long term in nature, as the projects tend to span fiscal years. They also provide long-term benefit. These considerations are why capital projects should be planned for over a multi-year period, as opposed to a one-year period typical of the City's operational expenses.

Long Beach's Capital Improvement Plan (CIP) is currently a one-year plan. The best practice in public finance is recognized to be a multi-year plan, generally from three to ten years. According to the Government Finance Officers Association, "It is extremely difficult for governments to address the current and long-term needs of their constituents without a sound multi-year capital plan that clearly identifies capital and major equipment needs, maintenance requirements, funding options, and operating budget impacts," (See "Best Practice: Preparing and Adopting Multi-Year Capital Planning (2006)," attached)

Also, in an audit completed in July 2008, the City Auditor made the following recommendations:

"Implement a multi-year capital plan. The importance of capital needs can be much better communicated to the council, executive management and citizens with such a document. It is difficult to make the case for funding without a plan.

While an inventory of street condition is an important planning tool, and an estimate of total needs is also useful, the City needs a realistic plan for at least five years to show what it can do with resources that are likely to be made available." (July 2008 Long Beach Streets Audit, Pages 3 and 23)

While funding for many of these projects may be unavailable, it remains useful to know what the approximate cost of these projects are, and what the priority projects are for the City when and if funds do become available. Thus, Long Beach should implement a multi-year Capital Improvement Plan for FY12. While this plan would span several years, it would be amended each year by Management and Council as part of the normal budget process.

Public Works and the City Manager have indicated that a five-year Capital Improvement Plan would be ideal and would allow those departments to start prioritizing projects listed in the Unfunded Projects section of the most recent Capital Improvement Plan for Council input and consideration. As part of this plan, Management should take care that the capital needs presented are based on current information whenever possible.

Long-term capital planning is essential for the efficient use of resources. For example, preventative maintenance today can avoid large capital expenditures tomorrow. To the extent long-term capital planning encourages such capital investments, there will be a significant but unknown positive fiscal impact.

Approve recommendation.

Councilmember James Johnson, Seventh District
Councilmember Gerrie Schipske, Fifth District
Councilmember Dee Andrews, Sixth District