



Build a Capital Improvement Plan to Bolster Community Impact.

Your Guide To Effective CIP Development

Local governments play an essential role in developing and maintaining the infrastructure that keeps their communities safe, healthy, and vibrant. To accomplish these goals, local governments leverage the tried-and-true methods, processes, and tools of their proverbial tool belt – including capital improvement plans (CIP).

In this guide, we'll dive into what a capital improvement plan is and highlight its various benefits to your organization. We'll also explore what it takes to build and maintain an effective plan that will allow your agency to maximize funding and resources, as well as amplify community growth and development for optimized success.



What is a Capital Improvement Plan?

A capital improvement plan is a working blueprint for developing and sustaining community infrastructure, such as buildings, roads, bridges, parks, and other major projects requiring significant capital expenditures.

A CIP outlines long-term budget plans, ranging between four to ten years, and should be routinely updated to reflect a local government's changing needs, priorities, and funding constraints. Governments can decide what its CIP contains. However, a general rule of thumb is that anything over the \$5,000 threshold set by the Government Finance Officers Association (GFOA) should be included, and anything under that amount should be managed through the annual budget.

An effective capital improvement plan needs to categorize and prioritize a local government's largest projects and purchases, including:

- ↳ Funding resources
- ↳ Potential revenues
- ↳ Timelines and milestones
- ↳ Detailed costs
- ↳ Operational costs
- ↳ Project types and definitions

Overall, a CIP needs to be flexible to allow for any adjustments in financial decisions, technology costs, materials, and labor.



The Benefits of Developing and Maintaining a CIP

A CIP can unlock a range of benefits to local governments and their communities. These include:

- 🔥 **Improved Strategic Planning:** By providing a framework for long-term planning and decision-making, a CIP aligns infrastructure investments with broader community goals and priorities.
- 🔥 **Better Allocation of Resources:** A CIP can help local governments enhance resource allocation by prioritizing infrastructure projects based on their relative costs and benefits.
- 🔥 **Increased Accountability:** A CIP gives a clear roadmap for infrastructure investments, which can help local governments track progress, evaluate success, and hold all parties and stakeholders accountable.
- 🔥 **Elevated Public Engagement:** Through engagement with the public and other stakeholders in the development of a CIP, local governments can build trust and boost transparency, ensuring that infrastructure investments are prioritized and meet community needs.
- 🔥 **Enhanced Financial Planning:** A CIP can help local governments plan for future funding needs, identifying potential sources of income and outlining a clear timeline for infrastructure investments.
- 🔥 **Streamlined Project Delivery:** By identifying and prioritizing infrastructure projects in advance, a CIP can help streamline project delivery, reducing costs and delays associated with ad-hoc project planning.
- 🔥 **Increased Collaboration:** A CIP can help local governments coordinate with other agencies and stakeholders, aligning infrastructure investments with broader goals and priorities.





Key Considerations for Developing and Implementing a CIP

Building an effective CIP requires careful planning, collaboration, and communication among stakeholders. Here are some factors to consider when creating and implementing a CIP:

- 📌 **Community Engagement:** When developing your CIP, it's important to get buy-in from those who will be directly impacted by the plan — your constituents. To ensure your CIP meets the needs and priorities of a community, you can provide public meetings, surveys, and other forms of community engagement.
- 📌 **Prioritize Projects:** Building a CIP involves balancing the needs of various stakeholders and prioritizing community projects with their goals in mind. This requires a clear understanding of the costs, benefits, and impacts of each project.
- 📌 **Plan for Funding:** A CIP must be financially feasible, which means identifying potential sources of funding and developing a financial plan that aligns with the community's overall budget and priorities.
- 📌 **Implement and Monitor:** Once a CIP is built, it must be effectively implemented and monitored to ensure that projects are completed on time, on budget, and with the desired outcomes. This process requires robust project management and accountability, as well as effective reporting and evaluation to track progress and make any necessary adjustments.



Leveraging Budgeting Software to Streamline CIP Development

Employing manual tools like Excel and Word to create and maintain a CIP can be complex and time consuming. A variety of factors can hinder the development process, including limited collaboration, an increase in human error, insufficient information to make informed decisions, and reduced transparency into individual CIP related tasks.

Contemporary budgeting software like [Euna Budget](#), powered by Questica, can streamline the entire CIP development process by:

- 👉 **Centralizing data management** to enable local governments to consolidate all of their capital planning data in one place, providing a single source of truth for all CIP-related information.
- 👉 **Enhancing collaboration and communication** among various stakeholders involved in the capital planning process, allowing for efficient and effective decision-making.
- 👉 **Improving analysis and prioritization** to help local governments analyze projects and organize them based on their relative costs and benefits. This helps to align investments with broader community goals and priorities.
- 👉 **Streamlining project updates** to forecast data, reducing the time required for project management.
- 👉 **Elevating version control** to enable local governments to manage different versions of the CIP more efficiently, ensuring that everyone has access to the most up-to-date information.



An effective capital improvement plan helps your organization get the most out of its funding, enhancing community growth and development for long-term success.

Are you ready to take your local government's capital budget development and planning to the next level? [Schedule a demo](#) with a member of the Euna Budget Solutions team today.

