

**FUTURE REPORT: JANUARY 22, 2008**  
**FOR COUNCIL MEETING OF: JANUARY 28, 2008**  
**AGENDA ITEM NO.: \_\_\_\_\_**

January 14, 2008

**TO: MAYOR AND CITY COUNCIL**  
*Linda Norris*  
**THROUGH: LINDA NORRIS, INTERIM CITY MANAGER**  
**FROM: TONY MOUNTS, DIRECTOR** *Tony Mounts*  
**ADMINISTRATIVE SERVICES DEPARTMENT**  
**SUBJECT: PRELIMINARY CAPITAL IMPROVEMENT PROGRAM**

**ISSUE:**

The City Council will receive the FY2008-09 through FY2013-14 Preliminary Capital Improvement Program (CIP) on January 28, 2008 and it will be distributed to interested citizens for their review.

**RECOMMENDATION:**

Information Only.

**BACKGROUND**

The City of Salem updates its five-year Capital Improvement Program (CIP) each year. The CIP is a five-year planning document which identifies the City's proposed capital projects. Capital projects are generally large-scale endeavors in terms of cost, size and benefit to the community. A capital project is defined as an activity that creates, improves, replaces or repairs a capital asset and results in a permanent addition to the City's fixed asset inventory. Fixed assets include land, site improvements, parks, buildings, streets, bike paths, bridges, utility improvements and major equipment and/or hardware purchases.

**FACTS AND FINDINGS:**

The Preliminary CIP will be distributed to the City Council on January 28, 2008 and released to interested citizens and neighborhood associations. The CIP process and document are evolving and incorporate changes each year. This year's CIP incorporates two significant changes. The first is the inclusion of an

Executive Summary that provides an overview of the projects and significant changes from last year's CIP. Staff would like feedback on whether the City Council finds the summary helpful.

The second change involves the treatment of grant-funded projects. In past CIPs many projects were identified as grant funded when, at the time of publication, there was no commitment by any funding agency and, in many cases, no known source for potential grants. Staff conducted a debrief after last year's CIP process and this was one of the issues identified. This practice tends to inflate the CIP (by as much as \$30-40 million) and gives the community the impression that projects may be implemented when the chance of funding is unknown. The recommendation, which is incorporated into this year's CIP, is to include projects as grant funded only when a grant has been awarded or where a granting agency has been identified and a grant application is planned. This policy results in a decrease of funded projects in the CIP of approximately \$39 million, primarily in the Utilities Group. The change in specific project groups are noted in the Executive Summary. Staff will continue working to identify funding sources and, as they are identified, these projects will be included in future CIPs.

The schedule for preparation, release and review of the CIP is provided in the following table:

DATE	DESCRIPTION OF ACTIVITY
August 13, 2007	City Council approved the CIP calendar
September 11, 2007	CIP Community Forum held
October 12, 2007	Deadline for general public to propose "New CIP Projects"
January 28, 2008	Preliminary CIP distributed to Council and the general public
February 26, 2008	Preliminary CIP presented to the Planning Commission
March 10, 2008	Work session to present Preliminary CIP to the Budget Committee and Council
March 24, 2008	City Council conducts CIP public hearing
April 2008	Year-1 of the Adopted CIP incorporated into the annual budget
June 2008	Adopted CIP document is published and distributed