

May 1, 2008

Bringing
Knowledge
to Life!

Check List # 1J Adopting and Updating a Capital Improvement Program

*“Thirty seven million
acres is all the Michigan
we will ever have.”*

Former Governor
William G. Milliken

This is a step-by-step procedure for adopting and updating a capital improvement program. A capital improvement program (CIP) is a prioritization of various infrastructure and other public improvement projects that may need to be constructed in order to successfully implement a community's adopted plan. The CIP should take into consideration the requirements of all of the departments and agencies in the local government and shall include, in general order of priority, the public improvement projects that will be undertaken in the ensuing six year period. All local units of governments, (except those townships that do not own or operate a water supply or sewage disposal system) are required to prepare and update a capital improvement program each year.

This document is designed to provide a list of steps – in order – which leads to a well planned community. This outline is based on Michigan Public Act 33 of 2008, as amended, (being the Michigan Planning Enabling Act, M.C.L. 125.3801 *et. seq.*), recommendations of Jasneet Sharma, MSU Extension Land Policy Educator, budget finance recommendations derived from the Citizen Planner Leadership Academy Weekend “Budget Finance” training materials developed by Kurt Schindler, MSU Extension Regional Land Use Educator and Dean Solomon, Charlevoix County Extension Director and the *Community Planning Handbook* developed by the Michigan Association of Planning (MAP).

The Michigan Planning Enabling Act is a new statute, that changes how various planning procedures are done, and provides new duties and power to many planning commissions in the state. The purpose of this act was to create a single set of procedures to follow regardless of whether planning is being done by a city, village, township, or county. After September 1, 2008 (the effective date of the act) only the procedures in the Michigan Planning Enabling Act should be used as the act replaces the following statutes.

Michigan State University
Extension Land Use Team

<http://ntweb11a.ais.msu.edu/luaoe/index.asp>

*MSU is an affirmative-
action, equal-opportunity
employer. Michigan State*

Author:

Jasneet Sharma, LAND POLICY EDUCATOR

Phone: (517)264-5300

Fax: (517)264-5317

e-mail: sharmaj@msu.edu

overland mail:

MSU Extension, Lenawee County

1040 S. Winter Street, #2020

Adrian, Mich. 49221-3967

The author would like to thank the following individuals for their review and assistance with this publication:

■ Jason Ball, MSU GRADUATE STUDENT

■ Brad Neumann, LAND POLICY EDUCATOR, St Joseph County;

■ Kurt Schindler, REGIONAL LAND USE EDUCATOR, NW and west central Michigan;

■ Lincoln Sweet, MSU GRADUATE STUDENT

Only for matters that took place before September 1, 2008 should these old statutes still be referenced:

- County Planning Act, being P.A. 282 of 1945, as amended, M.C.L. 125.101 *et seq.*
- Township Planning Act, being P.A. 168 of 1959, as amended, M.C.L. 125.321 *et seq.*
- Municipal Planning Act, being P.A. 285 of

1931, as amended, M.C.L. 125.31 *et seq.* For any step of this process, the Michigan State University Extension members of the Land Use Team can assist with sample materials; coordinating efforts between the township, county, and the state; and providing guidelines.

Related Publications

There are also separate procedural checklists for performing other planning and zoning functions. They are:

- *Land Use Series*: "Check List #1A; To Create a Planning Commission or Amend an Existing Planning Commission Ordinance."
- *Land Use Series*: "#1B; Sample Ordinance to create a planning commission"
- *Land Use Series*: "#1C; Summary of changes between new Michigan Planning Enabling Act and the three old planning acts: Municipal Planning Act, County Planning Act, and Township Planning Act."
- *Land Use Series*: "Checklist #1D; Steps to Transition an Existing Planning Commission to Comply with the Michigan Planning Enabling Act"
- *Land Use Series*: "#1E; Sample Bylaws for a planning commission."
- *Land Use Series*: "Checklist #1F; What Should be in a Master Plan"
- *Land Use Series*: "Checklist #1G; For Adoption of a Plan in Michigan"
- *Land Use Series*: "Checklist #1H; The Five Year Plan Review."
- *Land Use Series*: "Checklist #1I; For Adoption of an Amendment to a Plan"
- *Land Use Series*: "Checklist #1J; Adopting and Updating a Capital Improvement Program"
- *Land Use Series*: "Checklist #1K; Review of Infrastructure and Public Capital Expenditure"
- *Land Use Series*: "Checklist #1L; Adoption or Amendment of Subdivision Rules"
- *Land Use Series*: "#1M; How Governments Make Submissions on a Neighbor's or County's Proposed Plan"
- *Land Use Series*: "#1N; How a Planning Commission Should Respond to Submissions"
- *Land Use Series*, "Checklist #2; for Adoption of a Zoning Ordinance in Michigan."
- *Land Use Series*, "Checklist #3; for Adoption of an Interim Zoning Ordinance in Michigan."
- *Land Use Series*, "Checklist #4; for Adoption of a Zoning Ordinance Amendment (Including PUD) in Michigan"
- *Land Use Series*, "Checklist #5: for Processing a Special Use Permit (Including PUD) Application in Michigan."
- *Land Use Series*, "Checklist #6: for Processing a Zoning Appeal and Variance in Michigan."

All of these are available at www.msue.msu.edu/lu/.

Glossary

The following terms are used in this publication, and have the following specific meanings.

§ means the section number of Public Act 33 of 2008, as amended, (being the Michigan Planning Enabling Act, M.C.L. 125.3801 *et seq.*),

Chief administrative official means the manager or other highest nonelected administrative official of a city or village.

Chief elected official means the mayor of a city, president of a village, supervisor of a township, or chair of a county board of commissioners.

Ex officio member means a member of a planning commission, with full voting rights unless otherwise specified by city or village charter, by virtue of holding another office for the term of that office.

Legislative Body means the county board of commissioners of a county, the board of trustees of a township, the council of a city or village, or other similar elected governing body of a county, township, city, or village.

Local Unit of Government means a county or municipality.

Municipality means a city, village or township.

Plan means any plan adopted under the Michigan Planning Enabling Act or one of the three former planning acts, regardless of what it is titled.

Planning Commission means the local unit of government planning commission created under the Michigan Planning Enabling Act or one of the three former planning acts, regardless of what it is titled.

Planning jurisdiction means the area encompassed by one of the following:

- For a city or village, the legal boundaries of a city or village, respectively, and any area outside of the city or village boundary that the planning commission deems related to the planning of the city or village;
- For a township, the legal boundaries of a township outside the limits of a city(ies) and village(s);
- For a township who's planning commission was formed under P.A. 285 of 1931, as amended, (M.C.L. 125.31 *et seq.*), the legal boundaries of a township outside the limits of a city(ies) and village(s), and any area outside of the township boundary that the planning commission deems related to the planning of the township. (See §31(1)(b))
- For a county, the legal boundaries of a county outside the limits of a city(ies) and village(s); or the county including any city(ies) and village(s) which has adopted the county plan (See §31(1)).

This outline is not designed as a substitute for reading and understanding the Michigan Planning Enabling Act. This outline is not a substitute for legal advice or for professional planner services.

It is **important** to document each step of the process in planning and zoning a community. Keep detailed minutes, affidavits of publication and mailing, open meeting notices, letters of transmittal, and communications all on file so years from now they are still available.

This checklist is divided into three columns. The first column has a place to check when the task is done, and a place to check when the

documentation has been placed in a permanent file. The second column is the step, or task, to complete in the order given to properly adopt a CIP. The third column is what should be included in a permanent file to document that work has been done. Sometimes the middle column is further divided into two columns. The heading will indicate which **one** should be followed in your community's case. It is always a matter of doing one or the other, never both.

This check list is intended to be linear, with each step being done in order, and most requiring the previous step to be done before starting the next.

Check List	Step/Task to do	Documents to file
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 1. First adopt a master plan (see <i>Land Use Series</i>: “Checklist #1G; For Adoption of a Plan in Michigan”), or amendment of a master plan (see “<i>Land Use Series</i>: Checklist #1I; For Adoption of an Amendment to a Plan”).</p> <p>Step 1a. Planning commission adopts the CIP. The local unit of government annually prepares a CIP (§ 65(1)).</p> <p>A. The requirement of preparing a CIP does not apply to a township unless the township, alone or jointly with one of more local unit of governments, owns or operates a water supply or sewage disposal system (§ 65(2)). Although not required, such a township may still choose to prepare an annual CIP using the procedures here. Otherwise go to <i>STEP 12</i>.</p> <p>B. The planning commission may recommend to the appropriate public officials, programs for public structures and improvements and for the financing thereof, regardless of whether the planning commission is exempted from the requirement to prepare a capital improvements program. Go to <i>STEP 4</i> to see sample review criteria.</p> <p>Step 1b. Legislative body adopts the CIP. (Because the local unit of government charter or otherwise explicitly exempts the planning commission from CIP preparation duties). The legislative body shall (§ 65(1)):</p> <p>A. Prepare a CIP, separate from or as part of, the annual budget;</p> <p>B. Delegate the preparation of the CIP to the chief elected official or a non-elected administrative official.</p>	<p>Copy of the charter, or resolution exempting the planning commission from preparing a CIP. AND/OR Copy of the resolution delegating body/official responsible for preparing the CIP. AND/OR Copy of the minutes where the decision to start the capital improvement program process was made. capital improvement program capital improvement program capital improvement program</p>

Check List	Step/Task to do	Documents to file
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 2. (RECOMMENDED)</p> <p>The planning commission may set up a special CIP advisory committee consisting of volunteers from the community or a combination of volunteers and representatives from each department within the local unit of government.</p> <p>The planning commission should also include the following individual(s), agencies, and departments in preparing the capital improvement plan.</p> <ol style="list-style-type: none"> 1. Chief Executive (city manager, department heads, township manager, county controller/administrator, supervisor, city mayor, village president, etc.); 2. All departments within the government; 3. Finance and budget department: The financial office or the person responsible for conducting the financial analysis and projections on costs and revenues for a capital improvement program. The department(s) and determine(s) the best possible means to finance each capital project. 4. The Planning department staff (if one exists). 	<p>Copy of the minutes of the planning commission meeting where the motion was adopted to appoint the advisory committee.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 3.</p> <p>The planning commission shall request from each agency or department of the local unit of government (with authority for public structures or improvements) for an annual inventory of desired public improvement projects with lists, plans and estimates of time and cost involved (§ 65(1)).</p> <p>This task can also be undertaken by the planning staff, if they are the coordinating the CIP process on behalf of the planning commission or the CIP advisory committee.</p>	<p>Copy of the letter, and list of who it was sent to, requesting inventory of desired public improvement projects sent to various agencies or departments of the local unit of government.</p>

Check List	Step/Task to do	Documents to file
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 4. The planning commission (CIP advisory committee or planning staff) shall organize these public structures and improvements in the general order of their priority. Only those public structures and improvements that will be needed or desired, and can be undertaken in the ensuing 6-year period, shall be considered (§ 65(1)).</p> <ol style="list-style-type: none"> 1. The CIP drafted by the planning commission shall be based on the requirements of the local unit of government for all types of structures and improvement (§ 65(1)). 2. (RECOMMENDED) The planning commission may make use of expert advice and information from staff from the planning department or private consultants. <ol style="list-style-type: none"> A. Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements –and Management's Discussing and Analysis– For State and Local Governments. B. Population studies C. Economic studies D. Land Use Maps E. Future Plans 3. (RECOMMENDED) The planning commission should develop a formal set of criteria or use other techniques to rank the projects in order of importance. The following issues at a minimum should be considered: <ol style="list-style-type: none"> A. Description, location and purpose of project; B. Justification of the project; C. An explanation of its relationship to other projects; D. The cost of project (submit detailed budget); E. Estimation of annual income from projects; F. Estimation of annual operation costs for the project; G. Status of plans/specifications for the project and the expected length of time the capital project will last; H. Year construction of project should start; I. The rank/importance of project within department submitting it; J. Environmental, health, and safety impacts; and energy consumption. 	<p>Copy of responses to the letter sent in step 3.</p> <p>Minutes of meetings to draft the CIP.</p> <p>Copies of studies, documents, and reports leading up to the preparation of the CIP.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 5. (RECOMMENDED) The planning commission should review each project to determine the conformance of the projects with the community comprehensive plan, development policies, and the objectives and goals of the community.</p>	<p>Minutes of meetings where the review took place.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 6. (RECOMMENDED) The planning commission should provide an opportunity for agencies to present their arguments for including any given project in the program.</p>	<p>Copies of correspondence, notes, or minutes where this opportunity was afforded.</p>

Check List	Step/Task to do	Documents to file
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 7. (RECOMMENDED) The planning commission should incorporate some form of public review into the decision making process.</p>	<p>Minutes of hearing, meeting, or record of the public review.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 8. The planning commission based on the CIP advisory committee (if one was appointed) or administrator/staff recommendations acts on the completed CIP (§ 65(1)) and;</p> <ol style="list-style-type: none"> 1. Formally adopts the CIP. 2. Adopts an amended version of the CIP. 3. Does not approve, thus does not adopt, the ranked project priorities. <i>Go back to STEP 4.</i> 	<p>Certified copy of the minutes approving or disapproving the CIP.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 9. The planning commission makes a recommendation and forwards the CIP to the legislative body for adoption (§ 65(1)).</p>	<p>Certified copy of the minutes approving submission of the proposed CIP to the legislative body.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 10. The legislative body reviews the CIP (§ 65(1)) and:</p> <ol style="list-style-type: none"> 1. Adopts the final CIP as is; 2. Rejects the CIP and refers it back to the planning commission. <i>Go back to STEP 4.</i> 3. Adopts the CIP with modifications (the legislative body has final authority over what is or is not included in the CIP). 	<p>A certified copy of the minutes of the legislative body's action on the CIP.</p>
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 11. The planning commission shall annually review and update the CIP (§ 65 (1)).</p> <ol style="list-style-type: none"> 1. The planning commission must review the next year's proposed capital projects to determine whether the projects still help fulfill the community's current planning goals and objectives. 2. The planning commission (with staff assistance if available) shall reexamine the entire CIP and prepare an updated CIP with revised costs, funding sources, timings, etc. for a new six-year period (Repeat steps 2 through 10). 	<p>Copies of studies, documents, reports leading up to the review of the CIP.</p> <p>Notes or minutes of meetings, or copies of letters</p>

Check List	Step/Task to do	Documents to file
<input type="checkbox"/> Task is done <input type="checkbox"/> In the file	<p>Step 12. After the adoption of a CIP or in the absence of a CIP (especially in those townships that are exempted from the requirements of preparing a CIP), construction shall not be started, or authorized, on a street, square, park, playground, public way, ground, or other open space or public building or other structure covered by a municipal master plan or county plan unless the legislative body or other body having jurisdiction over the authorization or financing of the project shall submit information regarding the location, character, and extent of the proposed street, public way, open space, structure or utility project to the planning commission for review and approval (§ 61(1)).</p> <p>See <i>Land Use Series</i>: “Checklist #1K; Review of Infrastructure/Public Capital Expenditure” for how those reviews should be conducted.</p>	Information regarding proposed infrastructure improvement received by the planning commission for review.

[April 30, 2008; Wexford County MSUE CED: C:\Documents and Settings\Kurt Schindler\My Documents\wp\Presentation Handouts\2008MiPlanningEnablingAct\pamphlet1J CIP.wpd]