




Midpeninsula Regional
Open Space District

Memorandum

DATE: December 7, 2020

MEMO TO: Board of Directors

THROUGH: Ana Ruiz, General Manager 

FROM: Mike Bower, Budget & Analysis Manager

SUBJECT: Development of a True Multi-Year Capital Improvement and Action Plan

BACKGROUND

The Capital Improvement and Action Plan (CIAP) is prepared annually under Board direction and forms a significant portion of the fiscal year work program for the Midpeninsula Regional Open Space District (District), encompassing all the key projects and initiatives that meet the minimum \$50,000 capital threshold. The CIAP is comprised of projects that begin or continue in the new fiscal year with cost estimates provided for the new year and subsequent two years for projects that may carry over multiple years. This has resulted in a true one-year CIAP with three years of anticipated project expenses.

As the District continues to expand its budget and action planning capabilities and strives to develop more complete fiscal year budget projections, it behooves the District to move toward a true multi-year CIAP. A multi-year CIAP will best assist the District in prioritizing projects, setting timing goals, and anticipating eligible projects for potential grant funding. A multi-year CIAP will also improve the District's financial planning and staff growth projections as future revenues and staffing needs are evaluated against planned funding allocations for capital projects. With the goal of eventually arriving at a true multi-year CIAP in mind, the General Manager will begin by expanding the FY22 CIAP by one year to serve as a true two-year CIAP with a complete project list for FY22 and FY23. The General Manager intends to continue expanding the CIAP in future years to ultimately arrive at a true three to five year CIAP.

The current Measure AA (MAA) Five-Year Project List as last approved by the Board on March 15, 2018 will guide the development of the FY22 CIAP. As the CIAP is expanded over time, the MAA portion of the CIAP could replace the MAA Five-Year Project List with the benefit of being annually updated as part of the budget and action plan development cycle, keeping this list fresh and up to date.

While a three to five year CIAP is often considered a budgeting best practice for many governments, unique aspects of the District make this challenging to fully implement up front. Relative to its overall size, the District is unique in the type, complexity, and large number of

capital projects that are undertaken each year. Most District projects and initiatives are prone to unexpected scope, schedule and budget adjustments due to many outside factors, including weather and permitting. In addition, many District projects are opportunistic, relying heavily on willing sellers, ready partners, and grant revenues. A number of projects are also difficult to anticipate, including actions that follow a new acquisition, repairs to newly damaged facilities, and activities to address newly emerging issues. As a result, the process for expanding the CIAP will take some time to thoughtfully develop and anticipate future needs, evaluate recurring or deferred activities, consider outstanding commitments, and plan out future project phases.

NEXT STEPS

High-level resource loading calculations will be prepared for the true two-year FY22 CIAP to confirm that the proposed workload is manageable for FY22 and FY23 based on staff capacity. The lessons learned in developing the true two-year FY22 CIAP will be used to improve future processes as the District expands to a three to five year CIAP.

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