

<b>SUBJECT:</b>	<b>INFRASTRUCTURE FUNDING POLICY</b>	<b>POLICY</b>	<b>EFFECTIVE</b>
		<b>NUMBER</b>	<b>DATE</b>
		<b>200-XX</b>	<b>07-01-2021</b>

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**PURPOSE:**

The City is committed to improving quality of life for residents while ensuring our city has the services and infrastructure to meet the needs of future generations. The Infrastructure Funding Policy establishes a framework for the development of a comprehensive funding strategy that addresses the City of Garden Grove’s growing infrastructure deficit, and enables sustainable strategic infrastructure investments for future growth.

**POLICY:**

**Infrastructure Defined**

For the purpose of this Policy, infrastructure includes roads (arterial and local), storm drainage facilities, buildings and structures, parks and medians, technology, as well as water and sewer facilities.

**Funding Strategies**

The City must balance a multitude of competing spending priorities with limited resources. As the City’s population continues to grow and our existing infrastructure assets age, the need to make sustainable, well-timed infrastructure investments is essential to ensure the City continues to deliver quality services for residents.

- Maximize Use of Existing Financial Tools
  1. Demonstrate financial commitment to the funding of infrastructure assets;
  2. Build consensus on an appropriate and sustainable level of tax-supported debt, and incorporate borrowing as part of the long-term capital financing plan;
  3. Consider the application of special purpose tax specially allocated to infrastructure funding;
  4. Evaluate grant funding opportunity to ensure cost effectiveness; and
  5. Review user fee structure and adjust periodically to ensure a clear link between the fee being assessed and the services/benefit being provided.
  
- Adopt Best Practices and Sustainable Development Practices
  1. Develop a comprehensive and coordinated capital planning process for infrastructure investment.
  2. Establish measurable benchmarks and perform periodic reviews to ensure accountability for results.
  3. Incorporate technologies and advanced techniques in all infrastructure programs.

4. Apply full cost accounting principles to all government services ensuring that the fees reflect the true costs of service(s) provided including assets utilized.
  5. Reinvest resulting efficiency gains/financial savings into priority infrastructure projects.
  6. Incorporate ongoing and long term infrastructure planning and investment strategy into sustainable development plans to ensure investments meet future challenges, including population growth, changes in customer expectations, legislative requirements and technological and environmental factors.
- Pursue Innovative Tools and Joint Development Opportunities
    1. Seek partnership with the private sector (P3) or other governmental agencies to narrow the gap between infrastructure needs and the limited resources.
    2. Use innovative financial models such as concession arrangements, lease back option or private financing.
    3. Create regional focus by delivering infrastructure services in partnership with neighboring municipalities.

## **Action Plans**

### Maximize the Use of Existing Financial Tools

1. Establish a Capital Asset Renewal and Replacement Reserves Policy to demonstrate financial commitment
  - Conduct an assessment on the state of the City's infrastructure by type and quantify infrastructure deficits;
  - Establish a target Capital Asset Renewal and Replacement Reserves amount for each infrastructure type; and
  - Identify funding mechanisms for the Reserves.
2. Update City's Debt Policy
  - Establish clear capital financing criteria;
  - Incorporate land-based financing as an allowable debt instrument; and
  - Set standard procedures for grant evaluation when applying grant funding for infrastructure projects.
3. Periodically update the City's Master Fee Schedule
  - Incorporate lifecycle costs in capital assets cost assessment; and
  - Apply full cost accounting principles to reflect true cost in relations to the use of capital assets in service delivery.
4. Augment infrastructure budgets to provide for annual increase equivalent to the rate of inflation and population growth unless during budget deficit years.

### Adopt Best Practices

5. Establish a formalized approach for Citywide capital infrastructure planning in the form of a Comprehensive Infrastructure Plan. The Plan will set series of criteria to prioritize infrastructure investment based on Master Plans for each asset class, including but not limited to the ability to generate economic growth, lifecycle cost assessment such as ongoing maintenance and replacement, overall return on investment, and environmental benefits. These criteria shall be standardized and weighted based on consensus among the City's leadership team.
6. Adopt measurable benchmarks for each infrastructure type based on the criteria identified in the infrastructures' Master Plans.
7. Develop Asset Management Plans at the City and Department levels to document multi-disciplinary management techniques through the lifecycle of the capital assets, to periodically assess asset condition and identify funding needs to maintain the asset.
8. Create an infrastructure subcommittee to ensure the proper implementation of the Comprehensive Infrastructure Plan.

### Pursue Innovative Tools and Joint Development Opportunities

9. Incorporate public-private partnership and inter-agency development options into the capital infrastructure planning when feasible, such as cooperative agreement projects with the Orange County Transportation Authority, i.e. Traffic Signal Synchronization Programs and existing joint-use agreements for water and sewer enterprises.
10. Establish criteria and performance standards of Public-Private Partnerships and develop standards/templates of formal arrangement between local governments to jointly share costs of infrastructure improvement.