



# Local Capital Outlay Planning

**Most municipal and county governments, water associations and other special districts, tribal governments, and other eligible political subdivisions plan for capital outlay projects through the development of an infrastructure capital improvement plan (ICIP), a five-year planning and budgeting process established to prioritize infrastructure needs based on urgency, quality of life, and economic impact.**

## Purpose

An ICIP provides policymakers with the pertinent information they need to make informed decisions about planning and allocating public funds for local capital improvement projects, construction and renovation of, and equipment for, public structures. Political subdivisions have a variety of sources for capital outlay – local funds, grants and loans from the New Mexico Finance Authority and various state agencies, federal grants, and legislative appropriations – and an ICIP provides them with both an internal planning tool and a means to communicate their priorities externally.

In addition, the ICIP process promotes public participation and government transparency in the development of local capital projects by encouraging political subdivisions to hold public hearings. State rules on ICIPs require governing bodies to adopt a resolution, and tribal governments may submit a letter, approving the projects as part of the ICIP submission to the state.

For direct appropriations to specific projects, the Legislature typically allocates funds first to statewide projects, then the Senate and House each allot an equal amount to each member for possible projects. While a political subdivision is not required to have an ICIP to receive an appropriation, the use of an ICIP is considered a best practice because funds are allocated to community-prioritized projects that have been vetted, phased, and – many times – partially funded.

## Process

The Local Government Division (LGD) of the Department of Finance and Administration is the lead state agency responsible for administering the local ICIP process.

LGD notifies political subdivisions each spring of the ICIP submission procedures, including deadlines, statewide training workshop locations and dates, and how to obtain technical assistance. Deadlines for submitting ICIPs vary by type of organization but generally start in early August and run through September.

Each ICIP must include, among other items, project prioritization based on need; total cost; cost of each phase of the project; lists of secured or potential funding sources; timelines for both the readiness of the start a project and project completion; and an assessment of which entity will own and have responsibility for maintaining the asset or assets.

LGD publishes on its website information on the projects in each ICIP and collaborates with LFC staff to educate legislators about ICIPs. LFC staff encourages legislators to review the project priorities within the ICIP.

## Participation

While the General Services Department and state agencies are required by state law to jointly develop a five-year ICIP for state-owned and -operated facilities, participation by political subdivisions is voluntary. According to LGD, about 98 percent of cities, counties, and tribal governments submit an ICIP.

Some local entities struggle with the technical requirements because of a lack of expertise or computer capabilities, which may hinder participation. Organizations, such as the New Mexico Association of Regional Councils, with offices throughout the state, are active partners with local governments and legislators in developing and submitting annual ICIPs.

### For More Information:

- LGD's website for ICIPs is <http://nmdfa.state.nm.us/ICIP.aspx>,
- The statute mandating an ICIP for state projects is Article 4, Section 6-5-1 NMSA 1978.
- The Economic Development Department has an infographic of resources available to communities called the *NM Resource Map* available at <https://gonm.biz/business-development/edd-programs-for-business/finance-development/nm-resource-map/>
- See also [Finance Facts: Capital Outlay Process](#) and [Finance Facts: Bonding Capacity](#).