



## Winter Newsletter

### Training

Check calendar and register on-line.

### Employment Opportunities

See openings or add an announcement.

### VGFOA Certification Program

Course content & requirements.

### Membership Directory

Contact someone, or update your information online

### VGFOA Board

Meet your Board, see committee assignments, and make contact

### Do you have a story to share?

Submit an article to the Editor for a future newsletter

### VGFOA's Strategic Plan!

Direction for the future

## From our President Steve Solomon. . .

Happy New Year! I am so excited and appreciative to be serving the nearly 700 members of our organization as your President for the coming year. The VGFOA Executive Board recently completed our planning session in Williamsburg and I want to share with you our very ambitious goals for the coming year. The Association's mission, developed through our Strategic Planning process, is "to be the premiere organization in developing leaders with financial and management expertise, through education, fellowship and professional development, to foster excellence in government." To accomplish this mission, we have planned initiatives for this year in the following areas:

- Maintaining an aggressive calendar of conferences and educational opportunities (e.g., the VGFOA 2008 Spring Conference will be held May 21-23, 2008 at the Hilton Oceanfront Hotel in Virginia Beach, VA.) To see additional conferences and educational events please check out this link <http://www.vgfoa.org/calendar.html>;
- Developing new and improved methods to enhance the benefits and opportunities for our Associate members to participate in the Association <http://vgfoa.asp.radford.edu/assomem.asp>;
- Developing five regional organizations (Southeastern, Southwestern, Central, Western and Northern) to meet the needs of government finance folks who cannot attend our conferences, but will be the future of your and our organization;
- Developing online training courses to expand the base of members who can receive technical training (building on the newly released online OPEB Course available on our Website) <https://aceweb.radford.edu/CourseStatus.awp?~08SVGF110>;
- Becoming the primary source for Virginia government finance officers job searches by serving as a common repository for government finance positions throughout the State <http://www.vgfoa.org/jobs.html>;
- Serving your educational and legislative knowledge needs as we implement OPEB <http://www.vgfoa.org/gasb45.html>;
- Providing up-to-date information on the implementation of SAS Nos. 103-112, the new risk assessment standards [http://www.gfoa.org/index.php?option=com\\_content&task=view&id=541](http://www.gfoa.org/index.php?option=com_content&task=view&id=541);
- Expanding the benefit of our membership to localities and authorities who have not previously participated. <http://www.vgfoa.org/directories.html>;
- Improving the speed and quality of our communication by offering state-of-the-art Web technology <http://www.vgfoa.org/>;
- Providing timely information on new legislative initiatives that affect your everyday jobs <http://www.vgfoa.org/oversightComm.html>;
- Working with other professional associations in the Commonwealth to maximize training and career opportunities for government finance officers in the State.

**Renew  
Membership**

Dues overdue?  
Renew your  
membership today.

**Announcements  
/News**

See the latest  
updates and news  
on the scrolling text

**VGFOA on the  
Web**

Visit now

**National GFOA  
on the Web**

Visit now

I'd like to introduce you to this year's Executive Board who, with your help, will enable us to reach our goals <http://www.vgfoa.org/board.html>. First, let me congratulate the other officers: Rebecca Owens, Past President, Carol White, President-Elect and State Representative, and Pat Weiler, Treasurer. Continuing to provide outstanding service on the Board are Charles Ramsey, Chairman of the Associate Member Relations Committee <http://www.vgfoa.org/assocComm.html>; Vivian McGettigan, Chair of the Education-Certification and Other Courses Committee <http://www.vgfoa.org/educComm.html> <http://www.vgfoa.org/certificate.html>; and Ann Shawver, Chair of the Awards and Membership Committee <http://www.vgfoa.org/awardsComm.html>. We are happy to bring on new Board members who have distinguished themselves through participation in the organization and represent the diverse regional needs of the Commonwealth. They are Karen Woodson, Chair of the Education: Conferences Committee <http://www.vgfoa.org/educConf.html>; John Wallingford, Chair of the Legislative and Standards Committee <http://www.vgfoa.org/GovtFINComm.html>; Jim Allmendinger, Chair of the State Representative and Historian Committee <http://www.vgfoa.org/history.html>, whose primary focus will be to establish and support the new regional organizations; and Nickie Champion, Chair of the Communications and Technology Committee <http://www.vgfoa.org/techcommittee.html>.

Finally, Bruce Chase, of GNAC, our Executive Secretary <http://bac.asp.radford.edu/GNAC/> keeps us all in line and provides daily support to the organization. Bruce is supported by Robert Taylor, Webmaster & Consultant to the Technology & Communications Committee [rtaylor@radford.edu](mailto:rtaylor@radford.edu); Jennifer Tunstall and Ashley Roberts (Conferences, courses, organization support and so much more).

To help you gain a better understanding of the organization, as well as previously mentioned roles and responsibilities, please review the following:  
<http://www.vgfoa.org/vgfoabl2.doc.htm>;  
<http://www.vgfoa.org/policy%20statement.html>.

I would now like to thank several members, who have recently transitioned off the Board, for their years of service to our organization. First, I would like to thank Terry Stone, whose "positive persuasiveness" and get it done attitude moved us forward into a more balanced and structured organization. Next, I'd like to recognize Leslie Beauregard for her dedication to the newsletter and communication. Further, thanks to Jo Ellen Kerns for her work recognizing government finance achievement. And finally, I'd like to express my appreciation to William Skinker, for his service as State Representative and organization historian and coordinator for the Association's 40<sup>th</sup> Anniversary Celebration.

I must also thank my immediate predecessor, Rebecca Owens, for her leadership in developing the Association's Certification Program and for her gentle, but effective, guidance in leading the organization's improvements.

I hope that I have identified one or more areas that the Association is working on that you think would help you grow as a professional and that you would enjoy being part of as a team of peers improving our industry. I encourage you to contact me or any of the folks on the Board if we can help match your interest with our work. I think all the Board members would agree that the networking, fellowship and knowledge gained from participating in the Association's activities have been invaluable to our career development. We'd also agree that we have a fun time getting there.

I wish you and your families a very happy, healthy and prosperous year, and I look forward to seeing you in Virginia Beach. (I can feel the warmth already!).

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## **Consider This New Book for Your Office Library. . .**

### **Capital Project Planning and Evaluation Expanding the Role of the Finance Director**

**Joseph P. Casey and Michael J. Mucha, Editors**

**Available from Government Finance Officers Association**

[www.gfoa.org](http://www.gfoa.org)

**2007**

**286 pages (paperback)**

**List Price \$35 Members \$50 Nonmembers**

**Reviewed By Art Kahn**

Justifying, budgeting and monitoring implementation of capital projects are dynamic and difficult tasks. The evolving nature of each project means that establishing an agreed upon framework of evaluation will greatly smooth the capital project implementation process. *Capital Project Planning and Evaluation: Expanding the Role of the Finance Director* from the GFOA Budget Series sets out guidance and substance in creating that common framework. The book, as its title suggests, provides the content with which the finance officer can establish and manage the optimal framework.

The book is organized in two sections. The first section contains an overview of the role of the finance officer and an examination of common components of all capital projects. The second section catalogs the major project types and the key constraints, risks and key performance indicators that the finance director can use to create the appropriate framework.

In the first section, Joe Casey, editor and primary author, identifies the evolving strategic role of the finance officer. The finance officer's role traditionally was to find money after priorities were set and to complain about the scope of a project after it invariably expanded. He advocates involving the finance officer at the initial stages of the process, creating a system to accurately measure the impact of capital projects.

Casey advocates for expanding the role of the finance officer to include correlating service level goals to capital needs at an early stage in the process. The identified benefits of this expanded role are: more effective strategic planning, better documentation of key performance indicators, better fact-based substantive project justifications designed to win the support of audiences ranging from the public to the elected officials, and better connection between operating and capital budgets.

Chapter Three begins to move to specifics, by discussing project scoping and cost estimation; key elements in the process of defining overall projected/estimated Capital Program costs and resultant budgets. The chapter identifies early project scope definition and cost estimation as key to the expanded role a finance officer

can play in identifying and framing justification for projects. The finance director brings to the team the strong skills in correlating or linking projects and their objectives to those goals associated with the bigger picture, master plan or service levels. Once linked, the finance director can then establish the framework to tightly connect performance indicators at both the operational and strategic levels. These key performance indicators can be used to both manage the scope of the project on a day to day basis and to build a justification to as wide an audience as possible.

Casey and Westerman further argue that the utilization of Key Performance Indicators (“KPIs”) is key to guarding against “scope creep”: the nasty habit a project has of becoming larger and more expensive than originally anticipated. Early establishment of benchmarks can create triggers that will focus the entire team on the project if it fails to meet these pre-established standards.

Chapter Three also sets forth how cost estimation fits tightly with project scope but has its own characteristics. Casey and Westerman argue that the chief difference is that cost affects multiple dimensions of the capital program portfolio simultaneously. Funding sources, the feasibility of the project and inclusion of the project in a given planning cycle of a capital improvement plan are each a function of the cost estimate. The cost estimation is an iterative process that is refined over time. Depending on the size and scope of the project, cost estimation will have a sliding scale of attention and effort devoted to it. The closer a project is to implementation, the greater the amount of attention will be paid to it. The cost estimate must take into account any significant impact to both the capital and ultimately the operating budget of a jurisdiction. The chapter provides a checklist of the multiple dimensions to cost estimation that should be considered and applied to each project.

In Chapter Four, authors Sue Cutsogorge and Bradley Black address the impact of project schedule on capital projects. This is an area where greater involvement of the finance officer can make a critical contribution through greater organizational coordination. Contract management, cash flow management, and land acquisition are all critical schedule issues on which the contribution of the finance officer can have a dramatic affect on the result of the project implementation. Cutsogorge and Black argue that the key is centralizing responsibility for project oversight, and they provide a description and application of a number of techniques and tools to facilitate this oversight and monitoring.

Although the authors aptly describe the various milestones a project may face and the common issues that can arise, they do not address the portfolio impact that schedule and resource constraints can have on a capital program as a whole. The perspective of project managers or engineers for a capital project is primarily one of schedule and resource constraints, with budgetary issues as an afterthought. Understanding the implications of project scheduling is critical in enabling the effective management of the capital program portfolio. In my experience this perspective is not as well understood as it could be by most finance directors.

Schedule and resource constraint issues have the broader dimensions than cost estimation. For example, project schedules can be impacted dramatically by bidding cycles. If, for instance, ten road projects are scheduled in the capital plan for the next budget year, but because of internal staff turnover, the project managers only have the capacity to bid five projects in time to meet the construction season, then the five remaining projects will be delayed until the next planning cycle. The deferral of these projects will have a cascading effect,

delaying other projects and impacting the schedule and budget of the balance of the portfolio. The tight interplay of resource loads, cost inflation and schedule impacts is an area that future updates of the book could address.

The twelve chapters of the second section of the book are written by a variety of authors, each with experience in executing different types of projects. These chapters start with a description of the history and evolution of the project type. They then move to fairly detailed descriptions of the moving parts for each project type. This format is very valuable in setting the proper orientation for the finance director. The authors each outline the unique financing opportunities for each project type. For example, Chapter Eleven, "Water and Waste Water Systems" details the evolution of the federal support for water and sewer projects. Each chapter covers funding options, outlining which projects may be more appropriate for "Pay as You Go" or "Pay as You Use" financing. The authors also touch upon operating issues and costs that are associated with each project type.

The book does an exceptional job of setting out the advantages of how earlier involvement of the finance officer in the capital project planning process can benefit the execution of a capital program. It sets a framework for evaluation and provides the particular key performance indicators that are applicable to each project type. It is my sincere hope that this book will continue to evolve as its value is significant, and will draw upon the knowledge and input of a wider contributor base.

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Art Kahn:

Art is the Vice President of Marketing for CIPPlanner Corporation developers of CIPAce a leading Capital Program Management solution for the local government sector. He has more than 25 years of experience in IT development and the delivery of technology solutions with respect to Corporate Re-Engineering and Process Management. His experience and expertise have specifically focused on Strategic Planning and Management. Before joining CIPPlanner, Art has held management level positions with the likes of Unisys, Aeroflex Corporation, and Dayton T. Brown in serving the public sector, Federal, State and local governments. As a consultant for over 15 years to the government sector Art has served the public sector with respect to refining and redefining Government Business Models including Electronic Commerce Initiative of the Department of Commerce and the Business Modernization Program for the Defense Department.

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## **Upcoming VGFOA Classes . . .**

Online registration is available for 2008 courses. A tentative schedule of 2008 courses have also been posted. To see class details or to register, go to <http://www.vgfoa.org/calendar.html>.

*The Virginia Government Finance Officers' Association shall be the premier organization in developing leaders with financial and management expertise through education, fellowship and professional development to foster excellence in government.*