

City Council Agenda Memo

From: Jacob Meshke, Assistant City Manager
Erick Rangel, Chief Financial Officer

Council Meeting: November 9, 2021

Subject: 10-Year Capital Improvement Plan (CIP)

Person(s) Responsible: Erick Rangel, Chief Financial Officer

Summary:

The Capital Improvement Plan (CIP) is a 10-year planning tool comprised of capital expenses equaling or exceeding \$25,000. Through the use of reserves and carryover, the CIP is balanced through 2026. However, further evaluation and strategic decisions will be required starting in 2027 as the CIP shows a manageable deficit due to outside agency funding commitments and existing facility maintenance needs.

Background:

The City previously operated with a five (5) year Capital Improvement Plan and a five (5) year Community Reinvestment Plan. As part of the 2020 Budget Process, the City combined both documents into a 10-year CIP, consolidated two accounts (212 and 213) into one (1) capital expense account, and better aligned capital and operating expenditures with appropriate revenue sources. The combined CIP meets all state and local fiduciary regulations.

Item Details:

The Capital Improvement Plan (CIP) is a planning tool comprised of capital expenses equaling or exceeding \$25,000 for a 10-year window. The primary revenue source to fund the CIP is 2nd Penny Sales Tax. Approved capital expenses are adopted on an annual basis as part of the annual budget ordinance.

Beyond year-to-year equipment, fleet, and facility maintenance, repair, and replacement for City operations, the CIP also includes funding for outside agency capital commitments and debt service.

Staff presents City Council with a balanced CIP through 2026 as a result of prioritization, strategic project timing and cuts, and utilization of City Council Priority Funding and reserves. However, further evaluation and strategic decisions will be required starting in 2027 as the CIP shows a manageable deficit due to increased outside agency funding commitments and existing facility maintenance needs.

Legal Consideration:

The budget process is dictated by code, policy, and state law.

Strategic Plan Consideration:

The 10-Year Capital Improvement Plan addresses all five (5) focus areas of Fiscal Responsibility; Safe, Inclusive, Connected Community; Service and Innovation Excellence; Sustainability; and, Economic Growth as the Plan serves as a policy tool, operations guide, financial plan, and communications device for all aspects of City capital investments.

Financial Consideration:

City staff presents balanced budgets which promote a sustainable future and help the community achieve its dreams.

Options and Recommendation:

The City Council has the following options:

- Approve as presented
- Amend
- Refer to a Study Session
- Deny
- Do Nothing

Staff recommends approval as presented.

Supporting Documentation:

Capital Improvement Plan