

## Legislation Text

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Adoption of the Capital Improvement Plan and Community Reinvestment Plan.

### **Summary:**

City staff updates the Capital Improvement Plan every year and reflects proposed expenditures for a five-year period. The Community Reinvestment Plan is an extension of the CIP and reflects and additional five years of larger proposed capital expenditures to serve as a guide for the future. These capital items are incorporated into the 2018 Annual Operating Budget.

### **Background:**

Capital expenditures are generally considered durable goods the City purchases during the course of the year and are generally considered to be: (i) land / real estate / property, (ii) equipment and vehicles, and (iii) infrastructure. Because of the cost of these items, they require special attention for providing for their expenditure, which frequently includes multi-year planning, phasing of large projects, and sometimes debt financing. Most funds have some degree of capital projects.

With regard to multi-year planning, the most crucial year is obviously the first year of the CIP, as it must be incorporated into the overall city budget currently being developed. Each successive year becomes more flexible as it is more difficult to project. As a result, these years and expenditures oftentimes become “place-holders” as a planning tool and a reminder that they need to eventually be addressed, and are subject to future changes based on priorities, age, use, cost, need, etc.

There are a few notable changes to the format of the CIP material. The CIP is again displayed in the traditional five-year chart with its respective list of expenditures broken down by department. Each departmental CIP Chart has an accompanying description of the various capital items containing photos and brief narratives providing further information and background on the item.

Each chart includes the itemized surcharge amount for the Public Art Dedication consistent with Ordinance 16-005. Actual public art surcharge amounts will be adjusted to be one percent (1%) of the actual expenditure amount and eventually transferred from the Capital Fund to the Public Art Fund at the time of the expenditure. The far column of each chart adds the various capital funds where the capital expenditures are budgeted to clarify which fund is financing the expenditure. At the end of the document are totals by year, category, and fund.

Finally, we have added the Community Re-Investment Plan (CRP), which is a five-year successive extension of the CIP. This companion document to the CIP provides for a longer window of major capital planning and is limited exclusively to Fund 213 (75% Second Penny, Public Improvement Capital Fund). Because it is long-range, it is much more speculative in its anticipation of expenditures. It is especially helpful for identifying debt service obligations and their impact on remaining funding for capital projects paid with cash, or additional debt service capacity.

The capital items identified for 2018 were injected into the operating budgets.

**Fiscal Impact:**

There are substantial fiscal impacts as capital expenditures are an inherent part of the organization's overall budget.

**Recommendation:**

Staff recommends approval.

**Attachments:**

2018-2022 CIP / 2023-2027 CRP Book

75% Second Penny Sales & Use Tax Cash Projections