

# CITY COUNCIL COMMUNICATION FORM

**FROM:** Kim Weber, Finance Director  
**THROUGH:** Gary Suiter, City Manager  
**DATE:** September 8, 2020  
**ITEM:** 2021 6-Year Capital Improvement Plan

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DIRECTION  
 INFORMATION  
 ORDINANCE  
 MOTION  
 RESOLUTION  
 PROCLAMATION

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**I. REQUEST/ISSUE & BACKGROUND INFORMATION:**

In accordance with our City Charter along with our City Financial Policies, City Council is being presented with a 6-Year Capital Improvement Plan for review, discussion, and direction.

Departments submitted 61 project requests that require funding for 2021-2026. Management Team spent three meetings reviewing and ranking all 61 projects. The Finance Department updated revenue projections for 2020 – 2026. Based on information from the Regional Building Department, Building Use Tax and Excise Tax projections are set at 80% of the original budget. Projecting out from there, staff reduced those projections by another 5% for 2021 and then continued a steady projection due to the volatility of these taxes. Using the new revenue projections, projects were considered for funding until the reserves dropped below \$500,000.

**Proposed Changes Outside of Ranking:**

After the first glance at the 6-Year CIP based strictly on ranking, Management Team had additional proposed changes to move projects around and accomplish goals that weren't being accomplished in the scenario. Therefore

the following adjustments were made in order to provide you with the plan in Attachment 2:

1. Reduce General Paving Program request by \$300K in 2021, 2022, and 2023.
  - a) 2021 is funded at over \$1.3M for the next three years which is up from the current revised budget of \$820K, but less than original request
  - b) There is a pavement assessment being completed this year which will help determine future year needs
2. Funded Downhill Drive US40 Intersection in 2021 & 2022
  - a) This is funded from private contributions
  - b) Doesn't impact the reserves
  - c) Future year construction is unfunded
3. Funded Pedestrian, Bicycle & Transit Facilities in 2021, but not outlying years
  - a) Funded 2021 only
  - b) 2022-2026 is currently on the unfunded list
4. Funded Parks Facility Storage Building
  - a) Currently leasing a storage facility for \$30K/year
  - b) Cost of new facility is \$100K/year
  - c) Approximately a 3 year payback on investment
5. Funded Howelsen Hill Tubing
  - a) Based on projections, revenue opportunity for Howelsen Hill
  - b) Could have a relatively short payback on investment

In addition to the changes above, although the Airport Refueler parking Area project ranked high, the Public Works Department requested we wait to fund it from the Capital Projects Fund due to other funding opportunities. It is still an important project, but there is a chance there are other funding sources. If not, they will resubmit it for 2022 when it is scheduled to be constructed.

By moving these projects around in priority order, we were able to fund 36 projects from 2021 to 2026 in addition to the 28 that are already appropriated in 2020. However, we do have 2 projects that are only partially funded and 25 more that are noted as needed in the next 6 years, yet unfunded.

### **Central Fire Station & Mountain Station Rebuild**

These two projects are noted in the plan as being 100% funded with outside funding. The assumption is that these projects will be paid for with Fire/EMS Property Tax, sale proceeds from 840 Yampa Street, grant revenue, Fire District contributions, and debt proceeds. Currently there are no unassigned reserves being put to these projects.

### **Howelsen Hill Ski Lift**

Howelsen Hill Ski Lift is noted in this plan, however you will see that in 2021 and 2022 all funding is coming from "outside revenue". This is a combination of SSWSC contributions as well as Accommodation Tax Fund Reserves. In the final presentation of the budget, we will remove this from the plan and put it in the Accommodation Tax Fund capital plan.

There are several attachments to this communication form for your reference and for additional detail on the proposed projects.

**II. SUMMARY AND ALTERNATIVES:**

During this worksession, City Council may request that staff adjust the projects that are funded while still staying within reasonable reserve levels (approximately \$500K) each year. City Council may also ask for additional information be provided at the October 6<sup>th</sup> budget retreat when the Capital Projects Fund budget is reviewed.

**III. STAFF RECOMMENDATION:**

Staff's recommended 6-Year CIP is proposed in Attachment 2.

**IV. FISCAL IMPACT:**

The proposed 6-Year CIP would require an appropriation of \$17.5M for 2021.

**V. LEGAL ISSUES:**

None noted.

**VI. CONFLICTS OR ENVIRONMENTAL ISSUES:**

None noted.

**VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:**

None noted.

**ATTACHMENTS:**

- Attachment 1 - 2021 6-Year CIP Presentation
- Attachment 2 - 2021 6-Year CIP Spreadsheet
- Attachment 3 - 2021 CIP Ranking
- Attachment 4 - 2021 Individual Project Detail Sheets

