# Staff Report

October 20, 2025 Council Workshop Meeting

2026 Capital Budget Presentation
Presenter: Debra Brooks, Budget Analyst and Cathy Huber Nickerson, Finance Director
Time Estimate: 30 minutes

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**BACKGROUND:** The 2026 Capital Budget presentation is to review the proposed capital projects with both revenues and expenses. The presentation will also cover how the City determines the projects to be funded and scheduled by reviewing long-term planning efforts and how the projects fit in the City's Strategic Plan.

**SUMMARY:** Capital budgets fund the construction and equipment projects of the City. These budgets include street construction, park development, stormwater, water and sewer infrastructure projects as well as fleet acquisitions.

Funding sources for these projects include capital dedicated revenues such at real estate excise tax, impact fees, service development charges, grants, and in some cases for larger projects debt financing.

**BENEFITS TO THE COMMUNITY:** Capital project budgets are generally at the end of a long process of planning, policy requirements, feasibility studies, rate studies, public engagement, engineering and architectural designs, and council presentations. This process is essential to ensure the City is utilizing resources prudently given the size of projects. These projects are intended to last a long time to benefit current and future residents.

**STRATEGIC PLAN:** Capital projects for 2026 meet the following priorities:

- Safe and Accessible Community
- Stewardship of City Assets
- Vibrant Community Amenities
- Economic Prosperity

Several projects fall in safety and accessibility include transportation projects which include as part of the Complete Streets design include ADA accommodations for example. Other projects enhance or extend to life of older City assets such as water and sewer transmission lines or reservoir replacements. Some projects enhance the City's parks and the Library amenities while others such as new city arterial meet Economic Prosperity goals.

**POTENTIAL CHALLENGES:** The potential challenges for any capital projects currently are unanticipated cost escalators such as inflationary pressures, tariffs, supply chain issues, and high bid responses.

**BUDGET IMPACT:** The 2026 Capital Budget is largely a continuous of projects designed or started in 2025 as well as several projects funded with the 2025 UTGO bond, LTGO bond and the 2025 Revenue bonds.

**RECOMMENDATION:** Next steps include the public hearing and consideration for the 2026 Budget Ordinance on December 1, 2025.