

Date: April 28, 2026

To: Finance Committee

From: Rachelle Blich, Director of Financial and Administrative Services

Re: Capital Improvement Policy Update

The City's Capital Improvement Policy is due for a comprehensive update. Before staff begin drafting revisions, I would like to understand the Finance Committee's expectations regarding the level of involvement in shaping the updated policy. I have included the current Capital Improvement Policy for reference.

There are several foundational areas in which the committee may wish to provide policy direction. These include:

1. Purpose and Goals of the CIP

Clarifying what the CIP is intended to achieve—such as long-term financial stability, infrastructure stewardship, or alignment with strategic priorities.

2. Definition of a Capital Project

Establishing thresholds for minimum project cost, minimum useful life, and the types of assets that qualify for inclusion.

3. Funding Philosophy (Pay-Go vs. Debt Financing)

Determining when projects should be funded through sinking funds versus bonding, and whether decisions should be based primarily on useful life, cost, or a combination of both.

4. CIP Time Horizon

Confirming whether the City should use a five-year planning window or consider extending it to a longer horizon.

5. Project Prioritization Criteria

Identifying the criteria staff should use to evaluate and rank capital requests (e.g., safety, regulatory compliance, asset condition, community benefit).

6. Financial Guardrails

Setting expectations for debt limits, minimum sinking fund contributions, reserve levels, and other fiscal parameters.

7. Annual CIP Process and Council Role

Clarifying the Committee's and Common Council's role in reviewing, modifying, and approving the CIP each year.

8. Public Engagement Expectations

Determining whether and how public input should be incorporated into the CIP process.

9. Reporting and Monitoring Requirements

Establishing expectations for how staff should report on project status, cost changes, and schedule updates.

To move forward efficiently, I am requesting guidance from the Committee on the following:

- **Which of these areas you would like to discuss in detail**
- **Whether the Committee prefers to review a staff-drafted policy first, or**
- **Whether you would like to participate directly in shaping the initial draft**

Your direction will help ensure the updated policy reflects the Committee's priorities and provides clear, consistent guidance for future capital planning. Once the committee determines the areas in which it would like to be involved, staff can draft a tentative schedule outlining the topics to be reviewed each month until the policy update is completed.