



Meeting Date: 09.06.2017  
Agenda Item: #\_\_\_\_\_

### **Mission Statement**

To provide our growing dynamic community excellent municipal services to make Fernley a great place to live, work, and play.

Together, we enhance the desirability, safety, friendliness, aesthetics and quality of life in our city.

## **FERNLEY CITY COUNCIL MEETING - STAFF REPORT**

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**REPORT TO:** Mayor & City Council

**REPORT FROM:** Daphne Hooper, City Manager

**REVIEWED BY:** Brandi Jensen, City Attorney

**REVIEWED BY:** Denise Lewis, Finance Director

**AGENDA ITEM:** Discussion and Possible Action to create a Capital Improvement Committee and appoint two (2) members from the City Council to serve on the Committee.

**ACTION REQUESTED:**  Consent  Ordinance  Resolution  Motion  Receive/File

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### **RECOMMENDED ACTION BY CITY COUNCIL**

Staff recommends the following action:

"I move to create the City's Capital Improvement Committee and appoint \_\_\_\_\_ and \_\_\_\_\_ to the Capital Improvement Committee."

### **Key Points:**

- The City Council requested staff to create a Capital Improvement Committee.
- The Committee will include the City Manager, the City Treasurer, the City Engineer, the Public Works Director, the Planning Director, and two members from City Council.
- The purpose of the committee will be to review the Capital Improvement process, plan, review, and finalize the plan for final approval by the City Council.
- The initial meeting for the committee will include establishing meetings times and finalizing the process for the completion of the CIP.

## **POLICY REFERENCE**

*Nevada Statutes:* NRS XXX

*Fernley Municipal Code:* FMC XXX

*Policies & Procedure Manual:*

*Community Assessment:* N/A

*Other:*

## **SUPPORTING INFORMATION**

Investment in capital improvement – those long-lived fixed assets that are essential to economic and social well-being – entails a substantial commitment of financial and human resources by government. Generally, public capital improvements represent a government’s fixed assets in its accounting ledgers and are of four types:

- **Infrastructure:** General-purpose assets such as streets, storm drainage, water and sewer lines, other utility lines, wastewater treatment facilities, streetlights, and sidewalks. In municipal budgets, these capital improvements constitute the largest capital outlay.
- **Public buildings:** Government offices, community centers, and other public-purpose structures.
- **Equipment:** Items that are large or costly, such as vehicles, communications, and facilities.
- **Land acquisition:** The cost of purchasing and preparing land for construction.

Public capital improvements are selected, prioritized, and funded in the capital budget.

The City of Fernley prepares a rolling CIP that spans a five (5) period and provides details on projects they wish to undertake during those years.

For multiyear projects, such as major road construction, the CIP identifies the year in which the project is to begin, the expected cost for each year of the project, the sources of funding, and the expected completion date. Because local governments rarely have enough money to meet all the capital needs, a CIP allows decision makers to schedule the most pressing needs. Each year, the CIP is updated, revenue and expenditure estimates for the outlying years are revised, new projects may be added to the five-year time frame, and projects already in the plan may be dropped or delayed as other, more pressing requests take priority. Annual repetition forces staff and Council to reevaluate each project more than once and to judge the merits and urgency of new capital request against those already in the CIP. While the City Council must adopt the capital budget as an appropriation, it does not necessarily endorse or even review the CIP. If it does endorse the CIP, implementation will depend on the availability of funding and is subject to revision in subsequent years.

A few requests may require immediate approval for funding because of their urgency, and may move to the current year without going through the multiyear review process. However, if this happens repeatedly, the CIP loses much of its value as a planning device. The CIP allows City Council and staff to examine the full range of projects, rank them by priority and urgency, and identify revenue sources.

Because of the sizeable investment public improvements require, decisions on their timing and design carry much greater risk than decisions regarding operating expenditures. Large sums of money are usually at stake in a capital project, and an error in the design or location of the project can result in disastrous political and economic consequences. This, the identification, prioritization, and funding of the public improvements should be reviewed in a separate process from that of the operating budget.

Preparation of the capital budget requires staff to determine the exact cost of each project and make a detailed estimate of revenues. Most capital projects eventually lead to higher operating costs in subsequent years. During actual construction of capital projects, staff must carefully coordinate spending with available revenues.

The Capital Improvement Committee is an important tool for planning, reviewing and prioritizing capital improvements for the upcoming budget cycle and for the next five years. The City Council requested staff establish a Capital Improvement Committee for this review. Members of the committee will include the City Manager, the City Treasurer, the City Engineer, the Public Works Director, the Planning Director, and two members of the City Council.

The Committee will meet initially to determine a meeting schedule and establish a formal process for the capital improvement plan.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

1. Is There a Fiscal Impact? No
2. Is it Currently Budgeted? No
3. If Budgeted, Which Line Item/Account?

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**FISCAL SYNOPSIS:**

There is no fiscal impact for the creation of the committee.

**PRIOR COUNCIL ACTION/REVIEW**

June 21, 2017 – City Council requested staff bring forward a staff report for the Capital Improvement Committee.