

City of Granada

Capital Improvement Plan

2020 – 2024

PURPOSE: A capital improvement plan authorized under Minnesota Statute § 475.521, subdivision 3, allows a city to adopt a plan covering at least a five-year period beginning from the date of adoption setting forth certain statutory requirements and allowing for planning for capital improvements by estimated costs, sources of revenue, and a proposed schedule. A capital improvement plan is necessary to allow for the establishment of a capital improvement fund for future allocations, as well as for the issuance of capital improvement bonds. The Capital Improvement Plan is a tool to guide decision-making and budgeting to provide for the funding of necessary capital improvements. The plan is subject to change based on changes in community needs of Council priorities, as well as environmental factors and changes.

GOALS: The primary goals of a Capital Improvement Plan are to provide for necessary capital improvements in the budget on an ongoing basis and to provide additional ease in review and approval of annual capital budgets as well as inviting public participation in the annual budget and capital planning process. Moreover, a Capital Improvement Plan assists in linking capital expenditures to operating budgets and to link capital improvement requests with the City's overall strategic plan and operating budgets.

CAPITAL PLANNING: Capital planning is the process by which the Council identifies and prioritizes capital requirements for City needs, and to determine funding sources available for capital improvements as they become needed in reference to available resources. Capital planning assists in directing the long-term viability and functioning of the City.

STATUTORY REQUIREMENTS: Pursuant to Minnesota Statute § 475.421, subd. 3, a capital improvement plan must cover at least a five year period beginning with the date of adoption. The plan must set forth the estimated schedule, timing, and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and sources of revenue to pay for the improvement. For each project, the Council must consider: 1) the condition of the City's existing infrastructure, including the projected need for repair or replacement; 2) the likely demand for the improvement; 3) the estimated cost of the improvement; 4) the available public resources; 5) the level of overlapping debt in the City; 6) the relative benefits and costs of alternative uses of the funds; 7) operating costs of the proposed improvements; and 8) alternatives for providing services most efficiently through shared facilities with other municipalities or local government units.

2020

Planned Improvement(s):

Acquisition of new public works storage facility, additional details
607 E. Meagher Street PID# 35.225.0245 and 35.225.0240.

Estimated Schedule/Timing:

Closing 30 days from hearing.

Condition of existing infrastructure; projected need for repair:

The City does not presently have an existing dedicated structure for storage of public works vehicles and supplies. Acquisition would improve local response to City needs and emergencies such as snow removal and provide long-term protection for City assets in providing adequate storage and maintenance.

Demand for improvement:

As noted, the City does not have a dedicated facility to serve the purpose contemplated by this acquisition. Accordingly, demand is prevalent to provide such a facility with the corresponding benefits associated with acquisition.

Estimated Cost:

The estimated cost includes a purchase price of \$185,000, along with annual debt service requirements necessary to obtain funding to procure the building.

Available Public Resources:

Public resources are not available to meet the needs satisfied by the acquisition. Public resources in the operating budget are sufficient to maintain the debt associated with acquisition.

Overlapping Debt:

The Water Tower debt is \$226,000.00.

Benefits and costs of alternative uses of funds:

Alternative uses of funds allocated for this project are not considered relevant. The costs of debt service to acquire long-term City asset are minimal and the benefits obtained by procuring a dedicated building, noted above, outweigh alternative uses of funds.

Operating costs of the improvements:

The facility will have minimal operating costs long-term is serving as a storage and maintenance facility. Any annual costs associated with acquisition are minimal and within the City operating budget.

Alternatives for providing services, if any:

None.