

CONNECTIONS

City of Marshfield Newsletter - 207 W 6th St. Marshfield WI 54449



Friday, Dec. 20, 2019

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PUBLIC MEETINGS

No public meetings scheduled for Dec. 23-27, 2019

A financial planning tool - CIP (Capital Improvement Plan)



Steve Barg
City Administrator

For those of you who follow City government, the part of our finances that you likely keep a close eye on is the annual budget. It's in that document that the City sets forth its detailed plan for the coming year's revenues and expenditures, and the City's property tax rate is established, based upon the total amount levied. Although not chiseled in stone, the annual budget must be strictly followed, unless the Council approves a budget amendment allowing monies to be transferred from one account to another for very specific purposes. Budget amendments are intended to be an uncommon event, and a super majority (7 votes) is required for their approval.



Public Works Director Dan Knoeck
explains the CIP process to the Council
on Dec. 17, 2019.

We usually refer to the budget as our most significant financial document, but the Capital Improvement Program (CIP) is an extremely important financial planning tool too. The budget is detailed and specific, but the CIP (a 5-year plan updated annually) serves as a blueprint for future capital spending. Think of it this way: You and your spouse make a budget, chart out your expected income, and decide how to best use these monies to cover anticipated expenses (mortgage/rent, utilities, food, clothing, gas, insurance, etc.). You have a long-range list too, including items like home improvements, vehicle replacement, new furniture, and vacations, and you have some ideas on how to pay for these things when the time arrives. Your list changes over time, based on your most pressing needs, but it gives a framework to your future plans. This is your version of the CIP!

So what items are generally found in our capital improvement program? A large percentage of projects, comprising a majority of total cost, are for major street work (reconstructions, overlays, etc.). Despite how much the City spends on roads every year, we aren't able to keep up with our actual needs. Other CIP projects include maintenance of city buildings/facilities, along with improvement projects related to parks/recreation, community development, public safety, stormwater management, and our airport. In the 2020-2024 CIP approved earlier this year, we added larger projects not usually thought of as capital improvements, such as technology upgrades and plans for revaluation of all property in the City. This is because they have significant cost implications, and an estimated useful life of 5 years or more. The CIP development process is quite challenging, with the list of needs greatly exceeding the available funding. Revenues to pay for these projects come from a variety of sources, including tax levy funds, borrowing, room taxes, user fees, and applying current fund balances.

The annual CIP process begins shortly after the start of the new year, so you will probably hear us talking about it as early as mid-January. Unlike past years when a committee led the development, this process is now largely driven by City staff. But the proposed project list and funding plan must be reviewed and approved by the Council, which will likely be sometime in late spring. This document will then become our blueprint for larger capital spending for the years 2021-2025.

We greatly value your input, so please call me (715-486-2003) or e-mail me (Steve.Barg@ci.marshfield.wi.us) if you have any questions, concerns, or suggestions. Thank you very much, and I wish you all a wonderful holiday season!