



TO: MAYOR AND TOWN COUNCIL
FROM: TOM FISHER, TOWN MANAGER
RE: 10-YEAR CAPITAL IMPROVEMENT PROGRAM
DATE: FEBRUARY 25, 2025

Summary:

On January 8, 2025, the Frisco Town Council gathered for a Town Council Retreat. At the retreat, the Council prioritized capital projects to be completed in the next 10 years. From the feedback gathered at this retreat, Staff now presents scenarios for the Council's review to accomplish these top priorities. The intent is that these scenarios capture both the Council's intent for capital spending and for meeting the strategic priorities and vision of the Town. Once adopted, staff will set up all the subprocesses such as research, concept development, procurement, financing, etc., that bring these capital projects to fruition. Overall, adoption of this plan will guide budget discussions, financing decisions, and project priorities. It is important to note that a list of unfunded capital projects remains.

Section 8-4 of the Town's Home Rule Charter requires a 5-year Capital Improvement Program to be submitted to the Town Council at the same time as the submission of the proposed budget and to adopt the plan by resolution. This has been accomplished for 2025, noting that the adopted Capital Plan can be updated by the Town Council at any point in the year. To accurately plan for future projects, Staff is requesting Council review and prioritize capital projects for the next 10 years, rather than just the 5 years as required under Section 8-4. Doing so will ensure proper financing strategies are established to account for project priorities over the next ten years.

In the second quarter of 2025, Staff will present a resolution to the Town Council adopting this updated Capital Improvement Program. As required by the Town Charter, upon the adoption of the 2026 Budget in the fourth quarter of 2025, Town Council will again be asked to adopt a Capital Improvement Program. This version of the capital plan adopted with the budget may either be identical to the version adopted in Q2 2025 or can be revised again prior to the Q4 adoption. Flexibility remains for Town Council to revise the Capital Improvement Program at any time.

Background:

In August 2024, Council adopted the Town of Frisco Strategic Plan with four strategic objectives and pillars that supported these objectives. Town Council was asked to allocate weights to each pillar, as this is critical to delivering results and determining budget allocations.

The pillar weights are not intended to reflect importance and are instead intended to express where resources are most needed to make progress. As Council adopts a 10-year Capital Improvement Program, it is important to reflect on the Strategic Plan to ensure the current and future needs of the Frisco community are being met.

A new mission and vision were also adopted as part of the Town of Frisco Strategic Plan and now read:

Mission: We create a powerful sense of community by maintaining public safety, providing quality core services, fostering connections to one another, and creating unparalleled experiences.

Vision: To be a welcoming mountain town that connects people with nature and supports opportunities for community well-being.

Staff is also currently working on the Frisco Comprehensive Plan, which will be back in front of Council in Q2 of 2025. Within this Plan are guiding principles which are the core values and beliefs of the community, highlighting what is important to consider for the future. Many of these goals support what is currently in the 5-year Capital Improvement Program and what are listed as “unfunded” future capital projects. As Council prioritizes future capital projects, Staff recommends using the Comprehensive Plan as a reference for what the community has identified as priority projects.

Analysis:

At the Council Retreat, Staff noted feedback from the Town Council to include the following:

- 1) Council understood and agreed that there are certain annual line items in the capital plan that have to be budgeted because they will happen to some level. Such recurring expenditures include: Environmental Sustainability, Trail Enhancements, Walkability Improvements, Technology Purchases, Vehicle & Equipment Replacements, Police Vehicle Upgrades, & Building Facility Improvements.
- 2) Council agreed with the list of “Unfunded Projects – Critical” that staff identified as needed and critical for operational success over the next 10 years. This list is in addition to the projects already identified in the approved 5-year capital plan and prioritizes maintaining Town infrastructure, avoiding deferred maintenance. This list includes:
 - a. Recapitalization of Town Hall
 - b. Island Grill/Lund House and Marina bathroom improvements
 - c. Infrastructure: Eye of the Needle Parking at the Adventure Park with minimal pavement
 - d. Infrastructure: Lights at the Tubing Hill / Adventure Park area
 - e. Marina playground replacement
 - f. Recapitalization of the Community Center at 3rd and Granite
 - g. Frisco Backyard work
- 3) Council also gave direction regarding the “Unfunded Projects – Need Direction” list that included the following:

- a. Support for improving the Boneyard area at the Adventure Park. This area is crucial to the Town's annual operations and trail network and not open at this time for alternative planning efforts.
 - b. A plan moving forward for the historic structures currently in storage includes disassembling the structures and using them as appropriate in new construction.
 - c. A total of \$3,000,000 will be recommended in the Housing Fund for future potential property purchases.
 - d. The Town will continue to collaborate with the County on a County-wide solution for micro-transit.
- 4) The Council expressed their support of using debt mechanisms to complete high priority capital projects. This information is presented in the Scenario 1 that prioritizes the Complete Streets project on Granite.
 - 5) The Council expressed their support in exploring a tax increase to support the funding of capital projects and/or ongoing operational expenses. Staff will confirm this position with Council during the February 25th work session. This question is being posed to Council to address the ability to fund and accelerate future capital projects.
 - 6) Council supported changing the threshold of a "capital expenditure" from \$5,000 to \$25,000. Staff will propose an amendment within the Town's Financial Policies to Town Council in March 2025 for adoption by Resolution.

Upon further review, Staff also recommends the following projects to be added to the 10-year Capital Improvement Program (highlighted in red in attached scenarios):

- Ten Mile Drive Improvements
- Burying Overhead Lines with Xcel
- Adventure Park Maintenance Shed + Fuel System
- Adventure Park Restrooms & Shade Structure

Assumptions Within Scenarios:

- Real Estate Investment Fee (REIF) - 5% annual growth
- Conservation Trust Fund = 3% annual growth
- Transfer from General Fund = 3% annual growth
- Storm System Revenue = 5% annual growth 2030-2034 (flat first 5 years) and after the formation of a Storm Water Utility
- Grant Revenue = \$1M Complete Streets (reduced from \$2M); \$425k for Lusher Sidewalk Project; opportunities are declining and constrained (this is only a list of grants we reasonably could expect. Further grants will be pursued based on availability and measures of success related to a project)
- Sale of Assets = 40% of current year vehicle expenditures
- Misc Revenue = Investment Income annual growth at 3% & Basecamp debt revenue (2033 balloon payment)
- Current debt is retired on its existing schedule

Scenarios

As a result of the feedback that was gathered at the January 8 Town Council Retreat, Staff has compiled two scenarios.

- Scenario 1: Utilizing Certificates of Participation (COPs) to accelerate projects. In this scenario, Granite Street Complete Streets is identified as a high priority project. By financing the project, it can be accelerated to be constructed in 2027 – 2028 to coincide with the Exit 203 project. Project borrowings also allow for a Town Hall project to be completed within the 10-year program, with construction in 2033. The full list of proposed projects can be viewed within the attached scenarios.
- Scenario 2: Without use of financing mechanisms. With the Complete Streets project on Granite being a high priority, this project cannot be accomplished until 2029-2030. This scenario is presented for purposes of comparison of the plan without acceleration of projects afforded by financing. Without financing mechanisms, the capital program is limited to approximately \$5,000,000 annually.

Scenario 1 vs Scenario 2

- Complete Streets accelerated in Scenario 1 from 5 year phased approach in 2029-2033 to 2 year projects in 2027-2028
- Town Hall Master Plan and Design moves from 2033 to 2031; Scenario 1 includes Town Hall construction in 2033
- Other Financing = \$11M Complete Streets in 2026; \$20M Town Hall in 2033
- Debt = \$10M for Complete Streets @ 4.3% = \$900k in 2027; \$20M for Town Hall @ 4.3% = \$1.17M in 2033

Town Council may wish to adopt a scenario as presented, develop a hybrid of a combination of scenarios, add projects not currently included in either scenario presented, or subtract projects currently included. During the work session, Staff will review this information with the Council. The 10-year project list will include the current 5-year capital plan plus the additions as presented above. A few items to note that have been moved off the approved 5-year capital plan include:

- Boardwalk Bridge Analysis and Design. No longer a high priority.
- Marina Park Mobility Improvements. A lesser priority than the Island Grill/Lund House and Marina bathroom improvements.
- Historic Park Land Use Plan & Implementation. This Plan is currently funded in 2026 under the approved 5-year capital plan. However, funding for implementation of the Plan is not accounted for in the proposed 10-year capital plan. Staff recommends moving this planning effort to 2030, and funding \$2,000,000 for implementation in years 2033.
- Marina sand replacement for the beach will become an operational expense and not a capital expense.

Questions for Town Council include:

1. Are these Council's top priority projects? If so, are they assigned to the right year?
2. Are the Staff identified projects appropriate to include in the 10-year plan?
3. Which Scenario(s) does Council support or does Council want to see additional scenarios explored?

4. Is Council supportive of exploring a tax increase to support the funding of capital projects and/or ongoing operational expenses? If so, a community survey would be prepared by a third party to gauge the community support and additional work sessions would be held with Council to discuss and review strategy.

Financial Impact:

Both scenarios presented allow for the Capital Improvement Fund to maintain a positive fund balance for all 10 years included within the plan. The 2034 Ending Fund Balance proposed in each scenario is approximately \$1,000,000. The additional borrowings proposed in Scenario 1 remain within legally available limits.

Alignment with Strategic Plan: The proposed 10-year Capital Improvement Program scenarios have been prepared with Town Council's Strategic Plan and Pillars at the forefront of decision-making.

Environmental Sustainability: The proposed scenarios each include an overarching environmental sustainability lens through which all projects are viewed across the 10-year plan. Environmental sustainability will remain at the forefront of the minds of Staff and Town Council as the plan is implemented.

Staff Recommendation: Staff encourages Councilors to come prepared to the work session to discuss capital project priorities and the questions presented above. The goal is to gather consensus on project priorities and funding mechanisms to ultimately produce a 10-Year Capital Improvement Program. The adoption of this plan will guide budget discussions, financing decisions, and project priorities. Pending the results of this discussion, staff will present a 10-year capital plan for Council review and adoption through Resolution in Q2 of 2025.

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Reviews and Approvals:

Diane McBride, Assistant Town Manager
Leslie Edwards, Finance Director
Chris McGinnis, Public Works Director
Addison Canino, Senior Capital Projects Manager

Attachments:

Attachment 1 – Scenario 1: Utilizing Certificates of Participation to accelerate projects
Attachment 2 – Scenario 2: Without use of financing mechanisms
Attachment 3 – List of unfunded projects