

TITLE

The Mayor and City Council shall discuss and provide direction on the proposed 10-Year Capital Improvement Plan (CIP).

AGENDA ITEM DESCRIPTION

What is the Capital Improvement Plan: The Capital Improvement Plan (CIP) is a roadmap that provides direction and guidance for the City of Maricopa on carefully planning and managing its capital and infrastructure assets. Identifying capital projects and their anticipated funding sources assists in the planning and scheduling of finances for projects and the manpower needed to plan, design, oversee, and construct the projects.

The CIP communicates timing and costs associated with acquiring, constructing, and maintaining publicly financed facilities and improvements with a total cost over \$25,000 and a useful life of three or more years. Capital expenditures that are less than \$25,000 with a useful life of less than three years are typically expended from the City's operating funds.

The CIP is updated annually to reflect changing priorities and economic conditions. Generally, all projects within the first two years of the program need to have clearly available and approved sources of funding and an allowance for maintenance and operating costs. All projects presented in this plan, for the first two years of the program, are projected to have clearly available and approved sources of funding.

The CIP plan is a 10-year estimate of the projects necessary to meet the capital priorities through FY23-24. This Plan is used as the basis for preparing the final FY14-15 CIP budget. The FY14-15 CIP budget, along with the FY14-15 operating budget, is currently scheduled for final adoption June 3, 2014.

How are projects in the CIP paid for:

The 10-year CIP is a format by which the City reviews the funding of desired capital improvements that compete for scarce financial resources. Generally, there are two primary sources of funding for capital improvements – revenues sources and the issuance of City bonds. Other sources such as State Aid and Federal Aid may augment the funding for projects.

Revenue sources for most cities range from general and special revenue (sales and development taxes, Highway User Revenue, State Shared Revenue, Federal and State grants, fines) to enterprise revenue (water, wastewater, solid waste, etc.) The City of Maricopa does not have any enterprise revenue sources; reliance is on general and special revenues. FY14/15 requests include the use of the following funding sources:

- *General Governmental CIP Fund* - Revenues in this fund consist primarily of one-half of total construction sales tax revenues collected.
- *County Road Tax Fund* - Revenues are from the Pinal County, voter-approved half-cent sales taxes.
- *Parks Bond Fund* - Proceeds are from the sale of voter approved general obligation bonds.
- *Development Impact Fee Funds* - Revenues are from impact fees, meant to offset the impact of growth, at the time building permits are issued. Separate funds are established to account for the different types of impact fees collected.

- *Highway User Revenue Fund (HURF)* - Primarily referred to as the gasoline tax, revenues in HURF fund both capital projects and operating costs for restricted street and highway purposes.

CIP Requests

Departments are responsible for preparing and submitting CIP requests, which may include outside consultation to determine scope of projects. Departments are cognizant of available sources of funding to construct improvements and operate facilities if necessary. As it is not unusual for individual capital projects to extend beyond a fiscal year, the CIP plan includes an estimate of unexpended amounts, appropriated in FY13-14, requested to be re-appropriated as part of the FY14-15 budget. This is referred to as "carryforward" appropriations.

For FY14/15, a little over \$88 million in CIP projects have been identified. Sixty percent (60%) of the \$88 million involves grant funding for the SR347 grade separation project. Key projects outlined for FY14/15 include:

Project	Request (millions)	General Governmental CIP \$	Other Funding Sources (approximate)
SR347 Grade Separation – Phase 1 (Amtrak station relocation and rail siding design and construction)	\$6.1	\$5.8	\$300,000 - grants
SR347 Grade Separation – Phase 2 (Honeycutt Road)	\$3.8		Transportation Dev.
SR347 Grade Separation – Phase 3 (Overpass)	\$52.5	\$500,000	\$52 million - grants
Maricopa Police Department Substation at Copper Sky	\$4.0	\$4.0	
Public Works & Fire Fleet Maintenance Facility	\$6.2	\$1.8	\$4.2 million - HURF \$250,000 - Transportation Development
Edison Road extension to SR238	\$3.3		Transportation Dev.
SR347 widening (Smith Enke to approximately Cobblestone Farms Drive)	\$1.2		Transportation Dev.
Santa Cruz Wash Regional Flood Control Solution	\$2.0		General Government Dev.
Street Maintenance	\$1.8		Local Road Tax County Road Tax
Police RWC Repeater Station	\$1.5	\$1.5	
Total	\$82.4		

There are several summary schedules and detailed project information worksheets provided in the 10-Year CIP Plan as follows:

- ***Schedule 1 - Capital Improvements by Department*** - This schedule summarizes projects, by department, and identifies estimated carryforward funding requests.

- **Schedule 2 - Fund Cash Flows** - This schedule summarizes projects by fund and estimates fiscal year end fund balances to determine whether funds have the capacity to finance the listed projects.
- **Schedule 3 - Capital Improvements Alpha List** - This schedule is a single alphabetical listing of all CIP projects.
- **Schedule 4 - Capital Improvements Projects with Funding Sources** - This schedule is an alphabetical listing of all CIP projects and contains additional information such as a project description, project costs incurred prior to FY13-14 and funding sources for each project.

Questions for the Council to Consider

1. Should projects be reduced or eliminated altogether?
2. Should projects be increased or added?
3. Should the timing of projects be moved up or deferred?

STAFF RECOMMENDATION

Staff recommends Council discuss and provide direction on the draft 10-Year Capital Improvement Plan (CIP).