



City of Maricopa

Legislation Text

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The Mayor and City Council shall discuss and possibly take action on the proposed 10-Year Capital Improvement Plan. Discussion and Action.

At the March 20, 2012 City Council Work Session, staff presented the draft 10-Year Capital Improvement Plan. Included in this presentation was a request for the UPRR Grade Separation for \$937,187. A revised request for this project now includes funding for construction in FY13-14 and FY14-15 totaling \$77.8 million. Total project costs are estimated at \$78.7 million.

Overview

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

Although the CIP plan is a 10-year estimate of the projects necessary to meet the capital priorities through FY21-22, only the FY12-13 request is formally adopted by Council.

The CIP is updated annually to reflect changing priorities and economic conditions. The plan also serves as a foundation to the City's annual operating budget to ensure that certain capital projects and operating costs are sufficiently recovered and budgeted. Generally, all projects with in the first two years of the program need to have clearly available and approved sources of funding and allowance for maintenance and operating costs. Discussions surrounding the operations of the multi-generational center (aquatic center) and regional park (sports complex) will occur in subsequent operating budget discussions. All projects presented in this plan are projected to have clearly available and approved sources of funding.

Highlights of the 10-Year CIP are as follows:

- Total 10-Year CIP = \$350.5 million
- Total Projects = 76

As FY12-13 is the only year formally adopted by Council, highlights of the FY12-13 plan is as follows. Final FY12-13 CIP budget adoption is scheduled for May 15, 2012.

- Total CIP Requests = \$127.2 million (includes \$61.5 million in grant funded projects)
- Total CIP Requests excluding grant funded projects = \$65.7 million
- Total Projects = 42
- Debt Financed Projects = \$30.9 million
- Cash Financed Projects = \$34.8 million (excluding grant funded projects)
- Largest Project = \$60 million SR347 Grade Separation Project (grant funded)

CIP Sources of Funding

CIP projects are funded by a variety of sources. Some of the larger funding sources proposed in the FY12-13 request include General Governmental (Gen'l Gov't) funds (primarily consisting of construction sales taxes dedicated to CIP projects), proceeds from debt issuances (general obligation bonds and annual appropriation debt), development impact fees (DIF) and other resources.

As presented at the January 17, 2012 City Council Work Session, staff will be bringing forward a request to

establish a General Governmental CIP Fund at a subsequent City Council Regular Meeting. Currently, a capital projects reserve fund is maintained in the General Fund, and the request will be to transfer these funds into the newly established General Governmental CIP Fund. This allows improved tracking of CIP and operating costs, prevents commingling of CIP and operating funds and is considered a government finance best practice.

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. The \$127.2 million in departmental requests consists of \$98.4 million from Development Services' projects (77%), \$22.5 million from Community Services' projects (18%) and \$6.3 million from the other departments (5%).

As it is not unusual for capital projects to extend beyond a fiscal year, the CIP plan includes an estimate of unexpended amounts, appropriated in FY11-12, requested to be re-appropriated as part of the FY12-13 budget scheduled for adoption on May 15, 2012. This is referred to as "carryforward" appropriations. The \$127.2 million FY12-13 plan is comprised of carryforward appropriations of \$26.6 million plus FY12-13 requests of \$100.6 million.

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

- Summary Schedules
 - **Schedule 1 - Capital Improvements by Department** - This schedule summarizes projects, by department, and identifies estimated carryforward funding requests.
 - **Schedule 2 - Capital Improvements by Fund** - This schedule summarizes projects by fund. Projects may have with multiple funding sources, and therefore, may be identified in multiple funds; however, this would not affect the total funding request. Carryforward funding is also identified on this schedule.
 - **Schedule 3 - 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 4 - Capital Improvements Alpha List** - This schedule is a single alphabetical listing of all CIP projects.
 - **Schedule 5 - 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 FY11-12 and funding sources for each project.
- Project Information Worksheets
 - Detailed Project Sheets

A listing of FY12-13 CIP requests (in millions) and their funding sources is summarized below.

Project	Request	Funding Source(s)
City Services Complex	\$ 13.1	Debt, DIF
Fire Station #575	\$ 2.4	Gen'l Gov't
Honeycutt Road @ 7 Ranch (South)	\$ 3.5	DIF
MCG Highway Interim Improvements	\$ 4.5	DIF, Grants
Recreation/Aquatic Center	\$ 12.1	G.O. Bonds
Regional Park/Sports Complex	\$ 10.3	G.O. Bonds
Santa Cruz Wash-Flood Control	\$ 6.9	Gen'l Gov't
SR347 Grade Separation Project	\$ 60.0	Grants
All Other Projects	\$ 14.4	various
Total	\$ 127.2	

Debt Funded Projects

The FY12-13 CIP Plan (**Schedule 3 - Fund Cash Flows**) recommends the issuance of \$17.2 million in General Obligation (GO) bonds and \$13.0 million in Annual Appropriation debt to finance the aquatic center, sports complex and City services complex. Through discussion with Piper Jaffray, the City's financial advisor, it is anticipated that the debt issuances would occur sometime midway through FY12-13 and would finance the completion of the projects, the FY12-13 request plus FY13-14 planned projects. This is to minimize borrowing costs.

In November 2008, voters authorized the City of Maricopa to incur \$65.5 million in General Obligation debt for library and parks and recreation facilities. Currently, a total of \$20.0 million in GO bonds have been issued leaving \$45.5 in remaining authorization. The proposed CIP issuance of \$17.2 million would leave \$28.3 in remaining authorization. GO bonds are repaid through secondary property taxes levied on all taxable property within the City.

At the November 15, 2011 City Council Work Session, the Council was presented with debt financing options for the City Services Complex. Staff was directed to develop information about funding this project with annual appropriation debt. At the January 17, 2012 mid-year budget presentation, staff presented the impact of annual appropriation debt on the General Fund. This presentation assumed \$18 million of debt issuance; however, per the \$17.5 million CIP request, it is estimated that \$13.0 million in annual appropriation debt could be issued with the remaining funding coming primarily from DIF.

FY12-13 CIP Accomplishments

The proposed CIP requests accomplish the following:

- Continues Street Maintenance
- Completes Fire Station #575
- Completes the Public Works Fleet Maintenance Yard
- Initiates Construction of the Multi-Generational Center and Regional Park
- Continues Construction of the City Services Complex
- Appropriates Grant Funding for the SR347 Grade Separation Project

Staff recommends Council adopt the 10-Year Capital Improvement Plan.