

BOARD OF ALDERMEN

ITEM NO. B(3)

AGENDA ITEM ABSTRACT

MEETING DATE: March 2, 2004

TITLE: Request to Approve Capital Improvement Plan FY2004-05 Through FY2009-10

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Recommended Capital Improvement Plan, FY04-05 through FY09-10	FOR INFORMATION CONTACT: Steven E. Stewart, Town Manager, 918-7315 L. Bingham Roenigk, Assistant Town Manager, 918-7300

PURPOSE: The Town Manager's FY2004-05 Capital Improvement Plan (CIP) was presented to the Board for review on February 10, 2004. The Board requested that no changes be made to the CIP and that it be brought back for formal adoption. The CIP document is a plan that enables staff and the Board to plan for a vibrant community with an eye toward protecting the Town's positive fiscal position while meeting the most critical needs facing the Town over the next six years.

INFORMATION: The recommended six-year CIP schedule is an update of the Town's CIP plan last reviewed in a comprehensive manner in 1999. The CIP includes short and long-term maintenance and other operational requirements for proposed projects. Capital purchases, including vehicles and equipment that exceeds \$25,000 per item shall be considered for the town's lease-purchase schedule identified in the capital improvement plan. The vehicle replacement schedule enumerated in the lease-purchase schedule within the CIP document is based on criteria established in the recently implemented town vehicle replacement policy.

The recommended CIP has been modified since the Board's review on February 10, 2004. The projected cost of vehicle and equipment needs is significantly less than presented in the original document due to an oversight whereby a number of vehicles were listed twice. This error was discovered after the document was produced for the February 10th meeting and thus it was too late to make corrections at that time. The list of vehicles and equipment will be revisited during the annual budget process as in past practice and the recommendations from the Town Manager regarding the Town's vehicle and equipment needs may change as departmental budgets are reviewed for the upcoming year.

The CIP now totals \$29,203,742, including project expenditures that will have occurred through FY03-04. Of this total, \$14,228,819 will be funded through debt financing instruments such as general obligation bonds and installment purchases. Of the total debt to be financed, \$4,485,897 represents installment financing needed to maintain the Town's rolling stock and equipment for day-to-day operations.

Financing capital needs means that a revenue stream must exist to pay for the debt service costs. Implementation of the all of the projects listed in the proposed CIP may impact the current property tax rate beyond what is acceptable to the community. Looking forward though, there are factors that may mitigate the debt burden created by the recommended CIP.

FISCAL IMPACT: The potential fiscal impact of the CIP, if implemented as recommended, is documented on page 3.6 of the CIP document.

ADMINISTRATION'S RECOMMENDATION: The Board is requested to formally adopt the CIP document.