

# BOARD OF ALDERMEN

ITEM NO. B(7)

## AGENDA ITEM ABSTRACT MEETING DATE: January 11, 2005

**TITLE: Request to Approve Capital Improvement Plan FY2005-06 through FY2010-11**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: NO</b>
<b>ATTACHMENT: A. Resolution</b>	<b>FOR INFORMATION CONTACT: J. Patrick Childs, Purchasing and Budget Administrator, 918-7301</b>

### PURPOSE

The FY2005-06 Capital Improvement Plan (CIP) was presented to the Board for review on November 9, 2004. The Board did not request any changes to be made before bringing it back for formal adoption at the January 11, 2005 meeting. The town staff recommends that the Board adopt the attached resolution.

### INFORMATION

The recommended six-year CIP schedule is an annual update of the Town's CIP that includes short- and long-term maintenance and other operational requirements for proposed projects. Capital purchases, including all vehicles as well as equipment exceeding \$25,000 per item are considered in the Town's lease-purchase schedule identified in the CIP. The vehicle replacement schedule enumerated in the CIP document is based upon criteria established in the vehicle replacement policy.

The recommended CIP totals \$29,580,847 up 1.2 percent compared to last year's Adopted CIP. At the November 9, 2004 meeting, the Board asked the following questions: (1) what inflation factor was used to project future costs and (2) why is the Recommended CIP only 1.2 percent greater than the current Adopted CIP? In regards to the inflation factor, staff did not use a standard, across-the-board inflation factor for all departments and their projects. Rather, each department estimated their costs based upon their research including projections from consultants. Some of the projects are so far off in the future that relatively accurate costs are difficult to estimate. In response to the question pertaining to why the Recommended CIP is 1.2 percent greater than the current Adopted CIP, many projects from the Adopted CIP have been completed or will be concluded this fiscal year and, therefore, are not included in the Recommended CIP. A different set of projects are involved with the Recommended CIP as compared to the Adopted CIP, and staff estimated the costs for both with the Recommended CIP projected to be 1.2 percent greater for its particular set of projects.

Approximately \$19,148,266 of the \$29.5 million total will be funded through debt financing instruments such as general obligation bonds and installment financings. Of the total debt to be financed, \$4,625,362 represents installment financing needed to maintain the Town's rolling stock and equipment for day-to-day operations. The projected increase in the overall funding compared to the previous year is largely attributable to the increased costs of street resurfacing, the inclusion of the Public Works facility construction as a funded project in FY10-11, and the greater costs projected for purchasing parking lots due to the growing cost of land in the downtown area.

Financing capital needs means that a revenue stream must exist to pay for the debt service costs. Implementation of all of the projects listed in the Adopted CIP may impact the current property tax rate beyond what is acceptable to the community. Looking forward, however, factors such as expanded tax base through growth and the revaluation of real property every four years may mitigate the debt burden created by the Adopted CIP.

FISCAL IMPACT

The potential fiscal impact of the CIP is documented on page 3.6 of the CIP document.

STAFF RECOMMENDATION

The Board is requested to adopt the CIP.