

# Overview of Capital Improvement Program Process

The Capital Improvement Program is a multiyear plan for capital expenditures needed to replace, expand and improve infrastructure and systems. It is a citywide presentation and summary of the results of several other planning processes that identify and provide funding for capital projects. On April 5, 2005, the City Council reviewed the Preliminary 2005-10 Capital Improvement Program and forwarded the 2001 bond-funded portion to the 2001 Bond Committee for their review and consideration. The Capital Improvement Program reflected here includes the preliminary plan presented to the City Council as adjusted for General Fund budget reductions. The preliminary program was then adjusted for projects that carried-over from 2004-05 to 2005-06 and for other miscellaneous program modifications before it was submitted to the City Council for adoption in June.

## 2005-10 Capital Improvement Program Development

The annual Capital Improvement Program update process began in January when departments submitted their revised 2004-05 estimates and their updated five-year capital improvement programs. The 2004-05 estimates reflect updated construction estimates, project timing changes, awarded contract amounts, project carry-overs and any other program changes. The updated five-year program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Budget and Research staff reviewed the departments' revised

programs for funding availability, reasonableness and technical accuracy. In addition to the planning processes outlined in the following sections, this program also reflects the proposed five-year Arterial Streets Plan and adopted multi-year rate forecasts for the enterprise funds.

In conjunction with the CIP process, the Engineering and Architectural Services Department works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has reduced construction costs and increased project quality by making better use of construction resources. The city has also achieved lower bid prices and increased competition for city projects by avoiding busy periods for the construction industry.

## 2001 Citizens' Bond Committee Program

Voter-approved bond authorizations are a major funding source for the general government portion of the Capital Improvement Program. In August 2000, a Citizens' Bond Committee was appointed by the City Council to develop a recommended program to take to the voters. Nearly 300 citizen members served on various bond subcommittees. The residents reviewed the city's capacity to service new property tax-supported debt in addition to unmet capital facility needs identified by city departments and the ongoing costs of operating these facilities.

Through the work of 10 service-related bond subcommittees, the Citizens' Bond Committee recommended a detailed capital program to the City Council. This \$753.9 million recommended program assumed a relatively level schedule of bond fund programming that would not require an increase in the city's combined property

tax rate of \$1.82 per \$100 of assessed valuation. The voters approved the entire \$753.9 million recommended program. Improvements in the following areas are reflected in the 2005-10 Capital Improvement Program.

- Police Protection Facilities and Equipment
- Police, Fire and City Computer Technology
- Environmental Improvements and Clean-up
- Parks, Open Space and Recreational Facilities
- Educational, Youth and Cultural Facilities
- Library Facilities
- Fire Protection Facilities and Equipment
- Neighborhood Protection and Senior Centers
- Affordable Housing and Homeless Shelter
- Storm Sewers
- Street Improvements

It has been the city's practice to require ongoing citizen oversight of property tax-funded bond programs. The 2001 Citizens' Bond Committee has recommended this practice be continued and that this oversight include an annual review of the Capital Improvement Program, an annual review and update of actual assessed valuation results compared to forecast and an annual review of any changes to the program. Finally, the Citizens' Bond Committee expressed an interest in looking for efficiencies as the bond program progresses by using concepts such as value engineering.





The committee met on April 14, 2005, to review and recommend approval of the 2001 Bond-funded portion of the 2005-10 Capital Improvement Program. Their review and recommendations mostly involved reallocating project savings to those projects experiencing higher costs primarily due to steel and concrete prices. Savings generally result from using funding sources other than bonds where available and through efforts such as value engineering and developing joint facilities. The following are the major changes approved by the committee:

- Reprogram remaining savings from cancellation of Fire Station 45 to pay for cost increases in several other fire station projects
- Reduce the scope of the North Family Service Center to land acquisition and design only and reallocate planned construction funding to other Human Services facilities with cost increases and explore the possibility of allocating some savings to homeless facilities
- Reprogram savings due to two planned freeway interchanges now being funded through extension of the countywide half-cent transportation sales tax to other street projects with increased costs
- Reallocate savings from using unspent 1988 storm sewer bonds to add new projects
- Reprogram savings in several programs due to the availability of impact fees to pay for portions of planned projects

**Parks and Preserves Funds**

In September 1999, the voters approved a one-tenth of 1 percent sales tax to purchase state trust lands for the Sonoran Desert Preserve and for the development and improvement of regional and neighborhood parks. The 2005-10 Capital Improvement Program includes \$174.1 million of these funds, which are

programmed for nine regional parks, community and neighborhood parks and Sonoran Preserve land acquisition. Land acquisitions are programmed to take advantage of state grant funding opportunities. The 2009-10 plan reflects the final partial year of funding from this 10-year sales tax.

**Transit 2000 Funds**

The voters approved Proposition 2000 on March 14, 2000. This initiative authorized a four-tenths of 1 percent sales tax to implement the Transit 2000 plan. The 2005-10 Capital Improvement Program includes \$528.1 million of these funds, which are programmed for:

- Additional buses for expanded regular, express, and Dial-a-Ride service (\$15.9 million)
- New and expanded passenger and maintenance facilities (\$53.0 million)
- Bus pullouts, left-turn arrows and bicycle lanes (\$13.7 million)
- Technology upgrades (\$7.4 million)
- Rail, bus rapid transit and other facilities (\$415.6 million)
- Contingencies for unanticipated needs or cost increases (\$22.5 million).

**Capital Construction Funds**

The Capital Construction fund was established in 1998-99 and now provides about \$21 million each year for critical infrastructure improvements in the right-of-way. Community input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects and neighborhood traffic mitigation projects.

The 2005-10 Capital Improvement Program includes \$116.6 million in Capital Construction-funded projects. Most of the funds are programmed as lump sum

amounts in the project categories defined in the community process. Individual projects are determined based on traffic engineering data and neighborhood input. These funds are also programmed to pay for net increased cost of installing a new 69-kilovolt electric line underground rather than above ground. The planned path of these lines crosses the northern portions of the city including the Sonoran Desert preserve.

**Programming of Development Impact Fees**

In 1987, the City Council adopted an ordinance requiring new development in the city's peripheral planning areas to pay its proportionate share of the costs associated with providing public infrastructure. The program and fees are based on long-range planning for forecasted growth and related facility needs.

Development impact fee collections initially progressed slowly because of a slowdown in construction in the late 1980s and early 1990s. However, over time development impact fee collections have become more significant. The 2005-10 Capital Improvement Program includes \$111.6 million in development impact fee-funded projects.

Development impact fees collected for a specific peripheral planning area must be expended for capital infrastructure in that area and are not available for any other use. In addition, development impact fee-funded projects must directly benefit the parties that paid the fees. Budget and Research staff have worked with Planning and operating department staff to program development impact fee funds appropriately in the 2005-10 Capital Improvement Program. Additional development impact fees will be programmed in future capital improvement programs as these fees are collected.

