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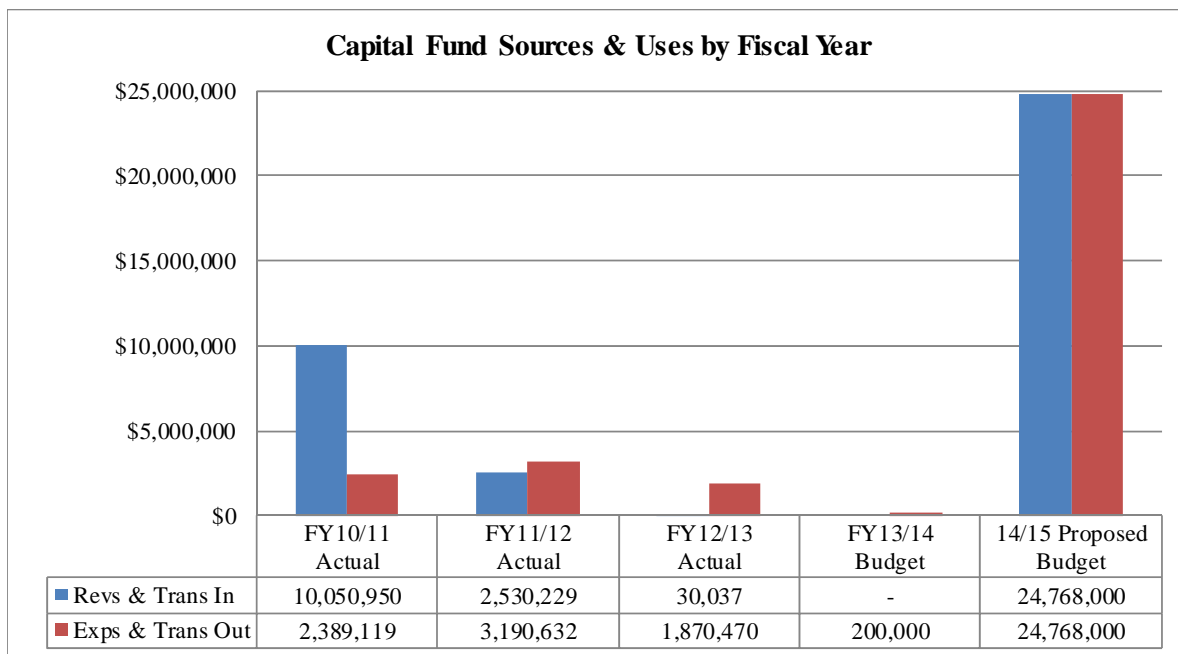
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## CAPITAL FUNDS OVERVIEW

Capital improvements are the bricks-and-mortar type investments that municipalities need to make in order to maintain the City’s infrastructure, buildings, and equipment in fair condition. Utilizing long-term capital financing is a useful mechanism to retain sufficient cash balances in operations, while ensuring the integrity of the City’s property and infrastructure system. Furthermore, it is important for the City to maintain an adequate balance between capital improvements and non-capital expenditures, as both play important roles in the long-term financial health of the City.

Capital Funds account for the City’s investments of this type. A general rule is that only those items that are in single instance in excess of \$50,000 with a useful life in excess of five years would be included in these funds. Water and Sewer capital projects, while they meet the capitalization threshold, are accounted for in the Enterprise Funds and are not included here. Likewise, additional street resurfacing projects funded from the City’s share of the State’s Motor Fuel Tax or economic development projects funded from Tax Increment Financing dollars are accounted for in the Special Revenues Funds. Details of those expenditures may be found in the *Special Revenue Funds* and *Enterprise Funds* sections of this report.

The City issued a General Obligation Bond in FY 2010/2011 in order to fund projects including equipment replacement, facility repair, and roadway improvements over a three fiscal year period. Those funds have been depleted, and it is proposed to issue another General Obligation Bond and increase taxes in order to fund specific projects discussed in detail on the following pages.



Capital investments for FY14/15 are the repair and renewal of streets and roadways, and the rehabilitation and reconstruction of the City’s Police Facilities. In the event of a specific economic development or other large scale capital project become imperative to fund, the City may revisit its position to undergo a supplemental appropriation process to address those needs. However, at the time of drafting this budget proposal there were still too many unknown variables to provide a definitive budget on economic development projects currently under review by the City’s planning and development team.

Revenues	\$24,000,000
Expenditures	(24,768,000)
Surplus / (Deficit) before transfers	(768,000)
Transfers-In	768,000
Transfers-Out	0
Surplus / (Deficit) after transfers	0

**STREETS & SIDEWALKS**

*Road Program ~ \$12.8 million – Funding Source: Fund Transfers & Bond Issue*

The City has approximately 65 miles of arterial roads and 180 miles of residential roads. In order to fund a road program long-term, it is recommended that a recurring revenue source be identified and committed for this purpose allowing for consistent repair and renewal of the City’s roadways. Therefore, it is recommended that Home Rule Sales Tax increase from 1.0% to 1.5%.



The current Home Rule Sales Tax is used to defray operating costs of the General Fund, and as a secondary pledge to outstanding revenue bonds issued to construct the downtown parking garage. Those dollars would remain as currently used. The additional revenues generated from the proposed 0.5% increase would be earmarked for financing City’s annual road program through the issuance of Revenue Bonds. In other words, 2/3rds

of the Home Rule Sales Tax would remain a resource for the General Fund and as a bond pledge for the parking garage bonds; the additional 1/3<sup>rd</sup> generated from the proposed increase would be dedicated to repairing and renewing the City’s roadways. Due to State

Law, the proposed increase in the Home Rule Sales Tax cannot be levied until January 2015; therefore, it is recommended that the newly imposed tax be used as a pledge to issue bonds in order to create enough cash in-flow to begin a robust 2 to 3-year road program presently. In addition, the City intends to augment the program using a non-recurring transfer of surplus bond funds totaling \$768 thousand. This will generate an estimated total of \$12.8 million for the road program.

**BUILDING & IMPROVEMENTS**

*Police Facilities ~ \$12 million – Funding Source: Bond Issuance*

It is recommended that Police Headquarters be partially rehabilitated and partially



**EXTERIOR AND INTERIOR OF EXISTING POLICE DEPARTMENT HEADQUARTERS**

replaced for a total of \$10.8 million. The Police Headquarters is in desperate need of repair, remodeling and reconstruction, and recommended to be funded for a total of \$10.8 million. A feasibility study is currently underway that will be providing guidance as to the available options. Several areas of major concern include the building’s ventilation system, heating and cooling systems, electrical systems, the building envelope, communications, cell block, building flow patterns in the public and private spaces, ensuring secure areas are taken into consideration, work space needs and furnishings. Funding will also cover the expenses related to the hiring of an architect who will be responsible for rendering all building plans for the project and preparing construction bids.

In addition to the building, the firing range dating back to 1984 has increasingly become a health hazard because the ventilation system is outdated and inefficient. The proposed improvements would significantly increase the air quality and the reduce noise for personnel in the building for a total cost of \$1 million. These improvements include the removal and installation of new flooring, soundproofing, ballistic walls (which allows for shooting 180 degrees), lanes and a backstop designed to encapsulates rounds. The ventilation

system will be completely removed and relocated to adequately meet the volume of air the range requires for air purification.



**IMAGE OF POTENTIAL NEW ANIMAL SHELTER**

Lastly, the Animal Shelter facility is in need of replacement, projected to cost \$250 thousand. The facility suffers from an assortment of problems including plumbing, sewer, heat, and space limitations. The proposal contemplates replacing the existing metal structure with a new metal, fully insulated building. This

project also includes the replacement of interior and exterior kennels and equipment to operate the facility.

**LINE ITEM DETAIL**

CAPITAL PROJECT FUNDS PROPOSED BUDGET MAY 1, 2014 TO APRIL 30, 2015  
 REVENUES

		PROPOSED
Fnd 312	STREET/SIDEWALK REHABILITATION	
Sub 4900	Other Financing Sources	
312 49310	Bond Proceeds	12,000,000-
		-----
Sub 4900	Other Financing Sources	12,000,000-
Fnd 325	POLICE STATION CONSTRUCTION	
Sub 4900	Other Financing Sources	
325 49310	Bond Proceeds	12,000,000-
		-----
Sub 4900	Other Financing Sources	12,000,000-
		-----
Report Final Totals		24,000,000-
		=====

CAPITAL PROJECT FUNDS PROPOSED BUDGET MAY 1, 2014 TO APRIL 30, 2015  
EXPENDITURES

			PROPOSED
Fnd 312	STREET/SIDEWALK REHABILITATION		
Dpt 0100	CENTRAL SERVICES		
Sub 2700	Capital Improvements		
312 131227619	Street Renewal/Replacement		12,768,000
			-----
Sub 2700	Capital Improvements		12,768,000
Fnd 325	POLICE STATION CONSTRUCTION		
Dpt 0100	CENTRAL SERVICES		
Sub 2400	Contractual Services		
325 132524014	Bond Issuance Expenses-Variou		156,000
325 132524403	Interest Expense		160,000
			-----
Sub 2400	Contractual Services		316,000
Sub 2600	Capital Outlay		
325 132526392	Public Safety - Improvements		11,684,000
			-----
Sub 2600	Capital Outlay		11,684,000
			-----
Dpt 0100	CENTRAL SERVICES		12,000,000
			-----
Report Final Totals			24,768,000
			=====



CAPITAL PROJECT FUNDS PROPOSED BUDGET MAY 1, 2014 TO APRIL 30, 2015  
 TRANSFERS IN / OUT

		PROPOSED
Sub 6300	Transfers - In	
312 63468	Transfers From 1992 G.O. Bonds	19,000.00-
312 63483	Transfers From 2003A G.O. Bond	4,000.00-
312 63489	Transfers From 2003A G.O. Bond	15,000.00-
312 63491	Transfers From 2003A G.O. Bond	600,000.00-
312 63493	Transfers From 2010C Bond	130,000.00-
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Sub 6300	Transfers - In	768,000.00-
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	Report Final Totals	768,000.00-
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