

# *Reader's Guide for the 5-Year Capital Improvement Program Document*

The 5-Year Capital Improvement Program (CIP) document is intended to present a realistic projection of anticipated capital needs with consideration given to project scheduling, fiscal and manpower constraints. This book provides an overview of a financial plan for needed capital improvements while illustrating a detailed and informative "snapshot" of each project in the 5-Year CIP. Individuals reading this document range from City staff, engineers, architects, contractors, financial analysts, elected officials, and most importantly, Mesa citizens. The document is formatted such that various types of readers are able to gather information for their specific need.

- i. The format also includes all known components and their estimated costs associated with a project. For instance when reading about a street project, the narrative may also include needed land acquisition, water, wastewater, gas, or other utility work associated with the street project.

The **City of Mesa's 2006-2011 CIP** is divided into eight sections. The first section contains the following:

- ◆ The Reader's Guide - gives descriptions of the various sections of the CIP;
- ◆ The City Manager's message regarding the proposed 5-Year CIP;
- ◆ An explanation of what a CIP is, what projects are included, how projects are funded;
- ◆ Definition of CIP categories, cost summary by category and fund allocation;
- ◆ A listing of the City's CIP Committee and, Glossary of terms, definitions.

The second section contains fiscal summaries for the budget year (FY 2006-2011) and the 5-Year program.

The next five sections represent each of the major CIP categories including General Government; Parks and Recreation, Library, Arts and Cultural; Public Safety; Transportation; and Utilities. Each of these sections contains the following:

- ◆ Executive summary of all projects included for each CIP category (ex. Transportation) by type of project (Streets, Regional Transit Plan, Mass Transit, Falcon Field Airport, Williams Gateway Airport). A reference number is given for each project to provide quick and easy location on the Project Detail sheets and the Project Map. The proposed future projects beyond the five-year horizon are also listed;
- ◆ Project map(s) for the CIP category. Projects can be located by their associated reference number;
- ◆ A narrative, detailed description for each project including associated costs for each activity of the project (if known), recommended cash flow of project by fiscal year and anticipated fund source(s) proposed to finance the project.

## ***What is a Capital Improvement Program?***

A Capital Improvement Program (CIP) is a roadmap that provides direction and guidance for the City of Mesa on carefully planning and managing its capital and infrastructure assets. Identifying capital projects and their anticipated funding sources assists in the planning and scheduling of finances for projects and the manpower needed to plan, design, and construct the projects. The CIP promotes coordination of capital projects that are from different program areas but are similar in scope or in the same geographical area of improvement. Examples of projects in Mesa's 5-Year CIP include street construction, water treatment plants, wastewater facilities, park improvements, libraries, mass transit, airport improvements, gas lines, fire stations, police precincts, and public building construction. Land purchases are also listed in the 5-Year CIP since it is considered a capital asset. These projects are long-term in nature (over one year) to complete and are usually financed over a period of time. Typically, a CIP project has a dollar amount over \$10,000. The first year of the 5-Year CIP is referred to as the capital budget of a project while the remaining four years are referred to as the programmed amount for a project.

## ***How are projects in the Capital Improvement Program paid for?***

The 5-Year CIP is a format by which the City uses to review the funding of desired capital improvements that compete for scarce financial resources. Generally, there are two primary sources of funding for capital improvements - revenues sources (various) and the issuance of City bonds. Other sources such as State Aid and Federal Aid may augment the funding for projects.

**Revenue** - Revenue sources range from general and special revenue (sales and development taxes, Highway User Revenue, State shared revenue, Federal and State grants, fines) to enterprise revenue (electric, gas, water, solid waste, etc.).

**Bonds** - The issuance of City bonds is another major source of funding for capital improvements. Issuing bonds is not only a common practice among cities; it is the primary and most widely accepted method of funding large capital projects for municipalities throughout the nation. There are *three* types of "bond" fund projects in the 2006-2011 CIP book. They are listed below with their definitions:

*General Obligation (G.O.)* - General obligation bonds are categorized into two groups. The two groups are:

20% - Under Arizona law, cities can issue G.O. Bonds for purposes of water, wastewater, artificial light, open preserves, parks, playground, and recreational facilities up to an amount not exceeding 20% of assessed valuation, in this case, the secondary assessed valuation for Mesa.

6% - Under Arizona law, cities can issue G.O. Bonds for all purposes other than those listed above (definition of 20% G.O. Bond), up to an amount not exceeding six percent of assessed valuation, in this case, the secondary assessed valuation for Mesa.

*Utility Revenue Bonds* - Utility Revenue Bonds have no statutory limitations as to the amount of which may be issued. Projects that fall into this category are Gas, Water, Wastewater, and Electric projects. Bonds used for these projects are repaid from revenues received from the City's customers of that particular utility.

*Highway User Revenue Fund (HURF) Bonds* - HURF Bonds are bonds secured by revenues received from the State of Arizona. These revenues are collected from vehicle taxes, penalties, interests, and fees. Only street transportation related activities and projects could utilize these types of bonds.

Fund source designations that you will see in the 2006 - 2011 CIP book for projects are as follows:

010 - General Fund	FA - Federal Aid
011 - 1/2 Cent Sales Tax Revenue	G20 - General Obligation 20% Bonds
012 - Undetermined Local Revenue (Transportation)	G6 - General Obligation 6% Bonds
020 - Utility Fund Internal Services Fund	HB - HURF Bonds
070 - Internal Services Fund	IGA - Intergovernmental Agreement (GWRP Reimbursement)
400 - Local Transportation Assistance Fund	L/R - Light Rail Reimbursement
440 - Public Art Fund	LRP - Langley Ranch Proceeds
453 - Park Impact Fees	GSR - Gas Replacement Extension Reserve
470 - Highway User Revenue Fund (HURF)	SA - State Aid
480 - Proposition 400 Revenue	UR - Utility Revenue Bonds
E/S - E-Streets Financing	WTR - Water Replacement Extension Reserve
ELR - Electric Replacement Extension Reserve	WWR - Wastewater Replacement Extension Reserve

### ***What Types of Projects are in the CIP?***

All projects submitted into the 2006-2011 CIP book are placed into one of five categories. The five categories and their definitions are listed below:

**General Government** - Programs that fall under this category are Legislative, Town Center Development, General Services, Capital Improvement and Operations, Fleet Support Services, Warehouse, Community Development (CDBG), and Capital Improvement Bonds.

*General Government projects are defined as any improvements or land acquisition associated with Mesa's Town Center Redevelopment area; upgrades or renovations to*

*existing buildings where City employees currently reside; and improvements to City-owned CNG fueling facilities.*

**Parks and Recreation, Library, Arts and Cultural** - Programs that fall into this category are Parks and Recreation, Parks Bonds, Golf Course, Cultural, Aquatics, Library and Library Bonds, Community Center, Southwest Museum, Museum for Youth, and Cemetery.

*Parks and Recreation, Cultural, and Library projects are defined as new neighborhood, community or district parks and associated amenities; park maintenance offices; retention basin improvements; golf course improvements; athletic field lighting; community recreation centers; skate parks; multi-use paths; park canal projects; public art; aquatic facilities; museum renovations; arts and entertainment facilities; facility improvements to buildings associated with the Community Center; and any master plan/studies or design of projects under the Community Services category.*

**Public Safety** - Programs that fall into this category are Law Enforcement and Law Enforcement Bonds, Fire Prevention and Control, Fire Bonds, Judicial, and Environmental Management.

*Public Safety projects are defined as new buildings or existing buildings/facilities that are planned to be remodeled, renovated, or expanded such as Police precincts; Fire stations; City Court rooms; pistol ranges; training facilities; or parking garages associated with Public Safety. This also includes the purchase of property for Public Safety improvements. Other improvements include new equipment purchases or existing equipment upgrades and environmental mitigation improvements.*

**Transportation** - Programs that fall into this category are Streets, Street Bonds, Regional Transit Plan, Mass Transit, and Airports - Falcon Field and Williams Gateway.

*Transportation projects are defined as widening the existing arterial street system; intersection improvements; adding new roadways; landscaping within public right-of-way; street lighting and traffic signal system improvements; bus purchases; bus pullouts/bus shelters; park-n-ride lots; transit facilities; light-rail studies; infrastructure improvements to the Falcon Field Airport and Williams Gateway Airport; and any master plans/studies or design of projects under the Transportation category.*

**Utilities** - Programs that fall into this program are Water, Water Bonds, Wastewater, Wastewater Bonds, Storm Sewer, Storm Sewer Bonds, Gas, Gas Bonds, Electric, Electric Bonds, and Solid Waste Bonds.

*Utility projects are defined as water reclamation plants; water treatment plants; well sites; water lines; wastewater lines; gas lines; storm sewer lines; lift stations; new or expanded pump stations; sulfide stations; storage or recharge sites; storm sewer drainage improvements; floodway improvements; electrical substation expansions; solid waste facility improvements; and any master plan/studies or design of projects under the Utilities category.*

The City of Mesa's CIP contains a wide range of projects that reflect the highest priority of infrastructure needs based on limited financial resources for the next five years. The following chart indicates the programmed dollar amount for each of the five CIP categories based on a total amount of \$1,027,059,056 for the next five years.