



FINANCE DEPARTMENT

DATE: August 6, 2016
FROM: Sheila Hillman *SH*
ITEM: 2017 Budget Request: Capital Improvement Projects

REQUEST

Consider approval of the Budget Committee Recommendations for the Capital Improvement Projects

Please place this item on the August 15, 2016 City Commission meeting.

BACKGROUND INFORMATION

Attached are the 2017 Capital Improvement Program projects and projected costs requests. The Budget Committee reviewed all the projects with the Departments. The Committee also considered the funding source for a number of requests and the funding for those projects are recommended as follows:

Arena AC/Ice Making Compressor Replacement	50,000 Event Center Revenue
Arena HVAC Replacement in E. Dressing Room	50,000 Motel, Liquor, Restaurant Tax
Arena Food Court Renovation	100,000 Motel, Liquor, Restaurant Tax
Library Roof & Clerestory Windows (additional Funds)	300,000 Building Construction
Police Evidence Storage Heating & Cooling (additional funds)	80,000 Building Construction
Police Parking Lot Security Fence	87,000 Building Construction

The Budget Committee also discussed the construction of a new EOC. The design phase has been completed but recommendations were delayed until after the consolidation with Mandan. The plan is to have the recommendations for the design and funding presented to the Commissions this fall for further consideration. The Committee reviewed the Event Center projects and is recommending funding from the Hotel, Liquor Restaurant Tax for the Arena HVAC replacement and food court renovations projects and department funding for the Arena AC replacement.

The Committee considered the Fire station projects and delayed any funding recommendations with the focus to complete the current projects for the Burn Building and new Fire station. The search for land for future fire stations was authorized with funding to be determined.

The Committee is recommending additional Building Construction funds for the 2016 Roof & Window project but did not recommend funding the HVAC Upgrade Project at the Library.

The Budget Committee considered the request of the Police Department for the Building Expansion and Renovation and the Replacement of the Masonry Wall Panels but did not recommend funding. The Committee is recommending additional funding from Building Construction to complete the 2016 Evidence Storage Building and the Parking Lot Security Fence project.

Due to the decrease in motor fuel tax revenue for Roads & Streets, the Budget Committee is not recommending approval of the request for the purchase of land for a future north satellite station. The land purchase, however, may be considered in the future.

The Budget Committee recommends funding from Solid Waste for MSW Subtitle D Cell Closure, the Inert Waste Pit Closure, and the purchase of the County Shop.

The six projects identified for replacement of traffic signals, video cameras, whiteway conductors and feed points, and the street light LED relamping programs are recommended as requested by Public Works Service Operations for Street Lights & Signals.

The recommended 2016 funding for the Street & Highway Projects is \$22,751,000 with \$10,148,500 from Sales Tax, \$50,000 from HUD, and \$12,552,500 from special assessments and deficiency. The Sales Tax funding includes \$900,000 for the street projects design and ROW at 43rd Avenue North from State Street to Montreal. It also includes \$50,000 for funding special road projects authorized by the Commission, \$64,000 for the design of highway safety improvement projects and \$200,000 for the first phase to create a fiber optics network through-out the City for traffic signals and other communications needs. This will done be in conjunction with the feasibility study authorized for the network in 2016. The recommended funding for Special Assessments is \$8,934,500 from Sales Tax. The Budget Committee recommends that Sales Tax continued to be considered as a funding pool for the annual projects. This would allow the funds to be allocated within the project categories to address changes in bid estimates and quantities. Projects include \$192,500 for the maintenance and repair of concrete streets, \$2,843,500 for the cost to replace the last year for hard surfaced streets with permanent full depth asphalt pavement, \$1,771,000 for street reconstruction and subbase drainage system, \$2,667,500 for the annual chip seal project and \$1,460,000 for the Rural Upgrade projects. This is used fund the cost of rural upgrades that are held in abeyance until the property is annexed. The Sales Tax will provide funding consistent with the subsidies authorized by the Commission for the annual Special Assessments.

The Committee considered the funding requirements presented by the Airport for the major Runway Project. The total estimated cost of the project is \$66,784, 000 for 2017-2019. The requirements were discussed with the Finance Director and the following fund plan was developed for Committee consideration:

	2017	2018	2019	Total
Federal Funds	12,000,000	13,179,300	10,820,700	36,000,000
State Funds	1,500,000	1,573,500	601,150	3,674,650
Airport Cash Reserves	6,248,000	-	-	6,248,000
Revenue Bond	3,543,000	6,457,000	-	10,000,000
Funds to be identified	-	10,260,200	601,150	10,861,650
Total	23,291,000	31,470,000	12,023,000	66,784,000

The Federal Funds include the authorized additional FAA funds of \$10,000,000 for three years for the project which is in addition to the annual entitlement funds of \$2,000,000 for the three years. The State funds are from the State FAA projected funding for the project. The Airport plans to dedicate their construction reserves to the project but also maintain a \$1 million of the reserve for operating cash flow. This process was used when the terminal was built and is a good policy to continue. The revenue bond will be funded by from the annual Passenger Facility Charge (PFC). The Budget Committee is recommending the following funds to provide the additional funds:

	2018	2019
NPCC cash balance	5,800,000	
Motel, Liquor, Restaurant Tax	2,460,000	601,150
HUB Funds	2,000,000	

There would still be a cash balance of funds in both the NPCC and Motel, Liquor, Restaurant Tax funds but the total allocation HUB funds would be utilized. The bids will be received in September and associate funding reviewed. Any additional funds received from the Federal or State FAA will be used to decrease the amount of the additional funds and used to preserve the Airport operating cash reserve. Please note that with the proposed funding plan, the Airport will have to delay numerous other projects and only do those that are essential to continue operations.

The Street Lights & Signals, Solid Waste, Water, Sanitary Sewer, and Storm Water projects are funded with reserves, special assessments, and revenue bond reserves and are recommended for approval as requested:

Solid Waste	286,850	Reserves
Street Lights & Signals	619,773	Reserves
Sanitary Sewer	17,443,000	Reserves/Bond Reserve
Storm Water	5,775,000	Reserves & Special Assessments
Water	1,386,000	Reserves

The Budget Committee continues the clarification that all funding recommendations are specific to the projects authorized and Commission approval is required for any change in use of that funding.

RECOMMENDED CITY COMMISSION ACTION

Approve the following:

2017 Recommended Funding for Capital Improvement Projects

Sales Tax Funding Pool for the annual Special Assessments street projects

All funding recommendations are specific to the projects authorized and Commission approval is required for any change in use of that funding.

STAFF CONTACT INFORMATION

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CAPITAL IMPROVEMENT PROGRAM PROJECTED COST FOR YEAR 2017

Areas shaded not recommended by Budget Committee		City Costs						Non City Costs		
		Enterprise Constr. Reserves	Motel/Liq Tax	Building Constr.	Sales Tax Fund	Special Assess.	Other	Private Donate	Federal Grant	State Grant
	Cost									
ADMINISTRATION										
Emergency Operation Center (EOC) Expansion	TBD							TBD ¹		
Administration Total										
AIRPORT										
Rehabilitate Runway 13-31 (Reconstruction) 1st Year	23,291,000	6,248,000					3,543,000 ²		12,000,000	1,500,000
Plans & Specifications for 2018 Rehabilitate Runway 13-31	500,000	25,000							450,000	25,000
Airport Total	23,791,000	6,273,000					3,543,000		12,450,000	1,525,000
EVENT CENTER										
Exhibit Hall Upgrade the Pneumatic Controls	112,500		112,500							
Arena Video Camera's and Cabling	153,750		153,750							
Arena AC/Ice Making Compressors Replacement	50,000		50,000							
	50,000	50,000								
Arena East Dressing Rooms HVAC Replacement	50,000		50,000							
Exhibit Hall Door Hardware Replacement	75,000		75,000							
Arena Food Court Renovation	100,000		100,000							
	541,250		541,250							
FIRE										
Tyler Parkway Fire Station Addition	17,000			17,000						
Fire Station #1 Replace Boiler	165,000			165,000						
Purchase Land for Future Fire Stations	TBD							TBD ³		
	182,000			182,000						
¹ To Be Determined (Pending Funding)										
² Revenue Bonds										
³ To Be Determined										

CAPITAL IMPROVEMENT PROGRAM PROJECTED COST FOR YEAR 2017

Areas shaded not recommended by Budget Committee		City Costs						Non City Costs		
		Enterprise Constr. Reserves	Motel/Liq Tax	Building Constr.	Sales Tax Fund	Special Assess.	Other	Private Donate	Federal Grant	State Grant
	Cost									
WWTP-Trickling Filter	9,290,000						9,290,000 ⁶			
WWTP-Consent Agreement	200,000	200,000								
Wastewater Treatment Total	9,490,000	200,000					9,290,000			
SCADA	400,000	400,000								
Valve and Hydrant Replacement	110,000	110,000								
Watermain Replacements	418,000	418,000								
Pipeline Extensions	320,000	320,000								
Water Distribution Total	1,248,000	1,248,000								
Water Treatment Plant Security	88,000	88,000								
Water Treatment Plant Bulk Lime Storage	50,000	50,000								
Water Treatment Plant Total	138,000	138,000								
Water & Sewer Utility Projects Total	20,771,000	6,521,000					4,960,000	9,290,000		
⁶ 2015 Revenue Bonds										
CITY TOTAL	72,846,873	13,080,850	541,250	3,986,000	10,248,500	17,142,500	13,822,773		12,500,000	1,525,000
Budget Committee Recommendation	68,886,623	13,130,850	150,000	467,000	10,148,500	17,142,500	13,822,773		12,500,000	1,525,000