

# Memorandum



## Financial Services

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Date: April 16, 2008

To: Mayor and Council

Thru: Charlie Meyer, City Manager (8884)

From: Jerry Hart, Financial Services Manager (8505)

Subject: Proposed Five-Year Capital Improvements Program

Attached for your consideration is the remaining portion of the City Manager's recommended five-year Capital Improvements Program (CIP) budget for Fiscal Years (FY) 2008/09 through 2012/13. Per your request at the April 10<sup>th</sup> Special Budget Session, we have only included in the attached packet (pages 1-8) the budget requests for the Rio Salado, Storm Drains, Police Protection, Fire Protection, Park Improvements/Recreation, General Governmental, Transportation/ROW Improvements, and Traffic Signals/ Street Lighting programs. We have reformatted the information to provide information by project on the proposed funding sources and total project costs.

Also included for your consideration are four proposed bond election options (pages 9-10). Options 2, 3, and 4 represent new proposals for discussion and direction.

**Staff is seeking direction** from the Council on the recommended five-year Capital Improvement Plan, specifically:

1. Are there projects recommended for funding which are not priorities or any unfunded projects that should be added?
2. Does Council wish to direct staff to prepare recommendations on the amount for a future bond election?
3. Would Council support the recommendation from staff that no action be taken on using the unallocated sources at this time and consider long-term options to:
  - a. Hedge against inflation/interest rate fluctuations
  - b. Preserve limited capacity to undertake additional projects during the 5 year CIP
  - c. Shorten the term of future borrowings and prepay existing bonds where feasible to reduce future interest cost and lower overall debt
  - d. Continue to evaluate how to best relate capital indebtedness to the secondary tax levy

Staff from all city departments will be present at the April 17<sup>th</sup> Issue Review Session to respond to any questions that you may have.

# CIP Projects and Funding Sources - Rio Salado Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
<b>Town Lake Rubber Dam Replacement</b>						
<i>Mondrian Agreement</i>		10,800,000				10,800,000
<i>Rio East Land Sale Proceeds</i>		4,600,000	6,600,000			11,200,000
<i>Project total</i>		15,400,000	6,600,000			22,000,000
<b>Tempe Town Lake Pedestrian Bridge</b>						
<i>Rio East Land Sale Proceeds</i>	1,004,800					1,004,800
<i>Grants</i>	750,000					750,000
<i>Project total</i>	1,754,800					1,754,800
<b>Rio East Park</b>						
<i>Rio East Land Sale Proceeds</i>	2,616,561	1,684,030	170,672	182,080	194,476	4,847,819
<i>Developer Funding</i>	1,500,000					1,500,000
<i>Project total</i>	4,116,561	1,684,030	170,672	182,080	194,476	6,347,819
<b>Rio Salado Ancillary Projects</b>						
<i>Rio East Land Sale Proceeds</i>	100,000	100,000	100,000	100,000	100,000	500,000
<b>Rio Salado Program Total</b>	<b>\$5,971,361</b>	<b>\$17,184,030</b>	<b>\$6,870,672</b>	<b>\$282,080</b>	<b>\$294,476</b>	<b>\$30,602,619</b>

# CIP Projects and Funding Sources - Storm Drains Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
Storm Drain Improvements						
<i>General Obligation Bonds</i>	\$250,000	\$275,000	\$275,000	\$300,000	\$300,000	\$1,400,000
<b>Storm Drains Program Total</b>	<b>\$250,000</b>	<b>\$275,000</b>	<b>\$275,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$1,400,000</b>

# CIP Projects and Funding Sources - Police Protection Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
<b>Police/City Radio System Replacement</b>						
<i>General Obligation Bonds</i>	2,038,003	1,985,800	700,000	700,000	700,000	\$6,123,803
<i>COPS Grant</i>	1,625,646					1,625,646
<i>Project total</i>	3,663,649	1,985,800	700,000	700,000	700,000	7,749,449
<b>Laptop Replacement</b>						
<i>General Obligation Bonds</i>	1,860,000					1,860,000
<b>Cellular Phone Tracking System</b>						
<i>Rio East Land Sale Proceeds</i>	362,600					362,600
<b>TIPS (Technology Integrated Police Systems)</b>						
<i>General Obligation Bonds</i>	75,000	375,000	250,000	250,000	200,000	1,150,000
<i>Capital Projects Fund Balance</i>	300,000					300,000
<i>Project total</i>	375,000	375,000	250,000	250,000	200,000	1,450,000
<b>Police Protection Total</b>	<b>\$6,261,249</b>	<b>\$2,360,800</b>	<b>\$950,000</b>	<b>\$950,000</b>	<b>\$900,000</b>	<b>\$11,422,049</b>

# CIP Projects and Funding Sources - Fire Protection Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
New Support Services Facility <i>General Obligation Bonds</i>	665,136	8,215,639				\$8,880,775
Fire Station 2 <i>General Obligation Bonds</i>		503,424	7,731,821			\$8,235,245
Fire Station 7 for Southeast Quadrant <i>General Obligation Bonds</i>	3,927,884					\$3,927,884
Radio Replacement for Conversion to 800 MHz <i>General Obligation Bonds</i>	719,000	171,896				\$890,896
<b>Fire Program Total</b>	<b>\$5,312,020</b>	<b>\$8,890,959</b>	<b>\$7,731,821</b>	<b>\$0</b>	<b>\$0</b>	<b>\$21,934,800</b>

# CIP Projects and Funding Source - Park Improvements/Recreation Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
<b>Park Renovation and Restoration</b>						
<i>General Obligation Bonds</i>	6,971,375	6,136,375	6,249,875	6,674,375	6,877,000	32,909,000
<b>Kiwanis Park Sprinkler System Replacement</b>						
<i>General Obligation Bonds</i>	1,534,000	1,534,000				3,068,000
<b>Diablo Stadium Scoreboard Replacement</b>						
<i>General Obligation Bonds</i>	621,000					621,000
<b>Athletic Field Lighting Improvements</b>						
<i>General Obligation Bonds</i>	352,500	352,500	402,500	402,500	455,000	1,965,000
<b>Neighborhood Park Improvements</b>						
<i>General Obligation Bonds</i>	325,000	375,000	375,000	400,000	400,000	1,875,000
<b>Street Landscaping</b>						
<i>General Obligation Bonds</i>	125,000	125,000	150,000	150,000	175,000	725,000
<b>Park Landscaping Improvements</b>						
<i>General Obligation Bonds</i>		162,000	175,000	190,000	205,000	732,000
<i>Capital Projects Fund Balance</i>	150,000					150,000
<i>Project total</i>	150,000	162,000	175,000	190,000	205,000	882,000
<b>Sports Facility Relamping</b>						
<i>General Obligation Bonds</i>		60,000	60,000	60,000	60,000	240,000
<i>Capital Projects Fund Balance</i>	60,000					60,000
<i>Project total</i>	60,000	60,000	60,000	60,000	60,000	300,000
<b>Park Improvements/Recreation Program Total</b>	<b>\$10,138,875</b>	<b>\$8,744,875</b>	<b>\$7,412,375</b>	<b>\$7,876,875</b>	<b>\$8,172,000</b>	<b>\$42,345,000</b>

CIP Projects and Funding Sources - General Governmental Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
<b><u>Community Relations</u></b>						
Maryanne Corder Neighborhood Improvement Program						
<i>Capital Improvements Reserve</i>	250,000	250,000	250,000	250,000	250,000	1,250,000
<b><u>Community Services</u></b>						
Tempe Public Library Renovation						
<i>General Obligation Bonds</i>	3,425,133	3,536,333	115,000			7,076,466
Tempe Historical Museum Renovation Project						
<i>General Obligation Bonds</i>	690,000					690,000
Municipal Arts Program						
<i>Water/Wastewater Fund</i>	679,540	456,350	377,227	348,424	228,550	2,090,090
<i>Transit Fund</i>	417,265	226,727	40,282	25,043	37,740	747,057
<i>Project total</i>	1,096,805	683,076	417,509	373,467	266,290	2,837,147
<b><u>Development Services</u></b>						
Technology Modernization						
<i>Rio East Land Sale Proceeds</i>	225,000	75,000				300,000
Closeout of Building Plan Archive						
<i>Rio East Land Sale Proceeds</i>	110,000	40,000				150,000
<b><u>Information Technology</u></b>						
Enterprise Network File Storage and Archival						
<i>Rio East Land Sale Proceeds</i>	180,000	348,000				528,000
<b><u>Public Works</u></b>						
City Facilities Rehabilitation						
<i>Rio East Land Sale Proceeds</i>	500,000	500,000	500,000	500,000	500,000	2,500,000
Historic Properties Preservation						
<i>Capital Improvements Reserve</i>	100,000	100,000	100,000	100,000	100,000	500,000
HVAC Equipment Replacement						
<i>Capital Improvements Reserve</i>	60,000	60,000	60,000	60,000	60,000	300,000
Energy Upgrade and Retrofit						
<i>Capital Improvements Reserve</i>	32,000	32,000	32,000	32,000	32,000	160,000
Roof Maintenance Program						
<i>Capital Improvements Reserve</i>	60,000	60,000	60,000	60,000	60,000	300,000
City Hall / Municipal Complex Rehabilitation						
<i>Rio East Land Sale Proceeds</i>	450,000					450,000
Westside Roof repair						
<i>Rio East Land Sale Proceeds</i>	196,000					196,000
Microbial Remediation (Mold, Asbestos Removal)						
<i>Rio East Land Sale Proceeds</i>	30,000	30,000	30,000	30,000	30,000	150,000
Facility Maintenance Management Plan						
<i>Rio East Land Sale Proceeds</i>	125,000	100,000				225,000
<i>Transit Fund</i>	125,000					125,000
<i>Project total</i>	250,000	100,000				350,000
<b><u>Water Utilities</u></b>						
Irrigation-Capital Replacement						
<i>Capital Improvements Reserve</i>	275,000	275,000	275,000	275,000	275,000	1,375,000
General Governmental Program						
<b>Total</b>	<b>\$7,929,938</b>	<b>\$6,089,409</b>	<b>\$1,839,509</b>	<b>\$1,680,467</b>	<b>\$1,573,290</b>	<b>\$19,112,613</b>

# CIP Projects and Funding Sources - Transportation & R.O.W. Improvements Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
<b>Asphalt Mill and Overlay</b>						
<i>General Obligation Bonds</i>	1,058,122	1,163,934	1,280,328	1,300,000	1,365,000	6,167,384
<b>Street Microsurfacing</b>						
<i>General Obligation Bonds</i>	1,190,650	1,500,000	1,650,000	1,815,000	1,633,500	7,789,150
<b>Residential Street Surface Treatments</b>						
<i>General Obligation Bonds</i>	877,400	1,237,500	1,361,250	1,497,375	1,647,113	6,620,638
<b>Neighborhood Rehabilitation</b>						
<i>General Obligation Bonds</i>	786,500	865,150	951,665	1,046,832	1,151,515	4,801,662
<b>Intersection Reconstruction</b>						
<i>General Obligation Bonds</i>	726,000	798,600	878,460	966,306	1,062,937	4,432,303
<b>Street Reconstruction and Improvements</b>						
<i>General Obligation Bonds</i>	459,729	477,628	525,391	625,000	718,750	2,806,498
<b>Minor Concrete Improvements</b>						
<i>General Obligation Bonds</i>	475,829	523,415	575,757	633,333	696,666	2,905,000
<b>Neighborhood Transportation Management</b>						
<i>General Obligation Bonds</i>	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>City Facilities Parking Lots</b>						
<i>General Obligation Bonds</i>	33,146	42,000	46,200	50,820	55,902	228,068
<b>Minor Alley Improvements and Dust Control</b>						
<i>General Obligation Bonds</i>	29,000	29,000	29,000	29,000	33,350	149,350
<b>Baseline Bridge Replacement Over Western Canal</b>						
<i>General Obligation Bonds</i>	3,000,000					3,000,000
<i>LTAF Fund Balance</i>	1,000,000					1,000,000
<i>Project total</i>	4,000,000					4,000,000
<b>Bridge Maintenance</b>						
<i>General Obligation Bonds</i>		250,000	250,000	300,000	300,000	1,100,000
<i>Capital Projects Fund Balance</i>	200,000					200,000
<i>Project total</i>	200,000	250,000	250,000	300,000	300,000	1,300,000
<b>Transportation &amp; R.O.W Improvements Program Total</b>	<b>\$10,036,376</b>	<b>\$7,087,227</b>	<b>\$7,748,051</b>	<b>\$8,463,666</b>	<b>\$8,864,733</b>	<b>\$42,200,053</b>



# CIP Projects and Funding Sources - Traffic Signals/Street Lighting Program



Project and Funding Sources	2008-09 Funded Program					Total 5-Year Program
		2009-10	2010-11	2011-12	2012-13	
<b>New Signals/Modular Upgrade</b>						
<i>General Obligation Bonds</i>	600,000	600,000	600,000	600,000	600,000	3,000,000
<b>Utility Undergrounding</b>						
<i>General Obligation Bonds</i>	300,000	325,000	325,000	350,000	350,000	1,650,000
<b>Installation of Pedestrian ITS Devices</b>						
<i>General Obligation Bonds</i>	25,000	25,000	25,000	25,000	25,000	125,000
<b>Street Light Pole Structural Replacement</b>						
<i>General Obligation Bonds</i>	300,000	300,000	300,000	300,000	300,000	1,500,000
<b>First Street Relocation and Alignment Feasibility Study</b>						
<i>Rio East Land Sale Proceeds</i>	100,000					100,000
<b>Install Wireless Communications &amp; CCTV Monitoring at 26 Locations</b>						
<i>General Obligation Bonds</i>			93,600			93,600
<i>Federal Grants</i>			218,400			218,400
<i>Project total</i>			312,000			312,000
<b>Video Traffic Detection</b>						
<i>General Obligation Bonds</i>			118,751			118,751
<i>Federal Grants</i>			305,568			305,568
<i>Project total</i>			424,319			424,319
<b>Design &amp; Install Fiber Optic Communications</b>						
<i>General Obligation Bonds</i>					103,941	103,941
<i>Federal Grants</i>					242,528	242,528
<i>Project total</i>					346,469	346,469
<b>Purchase and Install MMU Units in all Traffic Cabinets</b>						
<i>General Obligation Bonds</i>		67,398				67,398
<i>Federal Grants</i>		135,950				135,950
<i>Project total</i>		203,348				203,348
<b>Street Light Upgrades/New Installation</b>						
<i>General Obligation Bonds</i>	130,000	300,000	300,000	300,000	300,000	1,330,000
<i>Capital Projects Fund Balance</i>	170,000					170,000
<i>Project total</i>	300,000	300,000	300,000	300,000	300,000	1,500,000
<b>Traffic Signals/Street Lighting Program Total</b>	<b>\$1,625,000</b>	<b>\$1,753,348</b>	<b>\$2,286,319</b>	<b>\$1,575,000</b>	<b>\$1,921,469</b>	<b>\$9,161,136</b>

**City of Tempe**  
**Preliminary Proposed General Obligation Bond Election Options**

Purpose	Current Remaining Authorization @ 7/1/07	Option 1 November 2008 Election		Option 2 November 2008 Election		Option 3 November 2008 Election		Option 4 November 2009 Election	
		Additional Authorization Needed	Additional Authorization Needed	Additional Authorization Needed	Additional Authorization Needed	Additional Authorization Needed	Additional Authorization Needed	Additional Authorization Needed	Additional Authorization Needed
Water and Sewer Improvement	50,555,000	213,300,000	-	76,400,000	108,400,000				
Storm Drains	-	1,400,000	1,400,000	800,000	875,000				
Street Improvements	25,380,000	42,800,000	42,800,000	22,128,354	42,800,000				
Law Enforcement	18,560,000	10,900,000	10,900,000	9,026,473	2,823,527				
Fire Protection	5,790,000	20,610,000	20,610,000	20,610,000	19,524,020				
Park Improvements	1,477,701	49,300,000	49,300,000	20,196,591	39,575,412				
Community Services/Library	10,002,299	700,000	700,000		0				
	111,765,000	339,010,000	125,710,000	149,861,418	213,997,959				

**Option 1 - November 2008 Election**

1. Assumes a request for voter authorization for GO Bonds that fully cover the funding needs of the recommended five-year plan as presented.
2. Does not include any bonding authorization need beyond FY 12/13, the last year of the recommended five-year plan.

**Option 2 - November 2008 Election**

1. Assumes the issuance of approximately \$213.3 million in excise tax bonds to finance the Water/Wastewater five-year program needs.
2. The debt service on the excise tax bonds would be paid from water and wastewater revenues.
3. Does not include any bonding authorization need beyond FY 12/13, the last year of the recommended five-year plan.
4. Would restrict our ability to issue general excise tax bonds for other purposes in the near term.

**Option 3 - November 2008 Election**

1. Assumes the issuance of approximately \$63.6 million in excise tax bonds to finance the Water/Wastewater program needs for FY 08/09.
2. The debt service on the excise tax bonds would be paid from water and wastewater revenues.
3. Would provide bonding authorization for projects through FY 10/11.
4. **Would require another bond election in November 2010 to secure bonding authority for projects for FY 11/12-12/13.**
5. Does not include any bonding authorization need beyond FY 12/13, the last year of the recommended five-year plan.
6. **Assumes use of approximately \$7.4 million of Rio East proceeds and \$7.4 million of SRP in-lieu tax to reduce bonding need.**

**Option 4 - November 2009 Election**

1. Assumes the issuance of approximately \$104.9 million in excise tax bonds to finance the Water/Wastewater program needs through FY 09/10.
2. The debt service on the excise tax bonds would be paid from water and wastewater revenues.
3. Does not include any bonding authorization need beyond FY 12/13, the last year of the recommended five-year plan.
4. **Assumes a delayed start for the Fire Support Services Facility and Fire Station 2 projects until FY 10/11.**
5. **Assumes a delayed start for a portion of the Parks Renovation Program.**
6. **Assumes use of approximately \$12.7 million of Rio East proceeds and \$7.4 million of SRP in-lieu tax to reduce bonding need.**