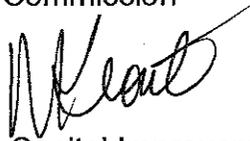

MEMORANDUM

TO: Lincoln/Lancaster County Planning Commission

FROM: Marvin S. Krout, Planning Director 

SUBJECT: City of Lincoln FY 2010/11-2015/16 Capital Improvement Program

DATE: April 29, 2010

COPIES: Mayor Beutler, Mayor's Capital Improvement Advisory Committee

MEMO ONLY: Lincoln City Council, City Directors, City Budget Office

Attached is the proposed 2010/11-2015/16 Capital Improvement Program (CIP) for the City of Lincoln. (*The Planning Commission Review Edition of the 2010/11-2015/16 CIP is available online at <<http://www.lincoln.ne.gov>> Keyword: cip*) The City Charter requires that the Planning Director submit an updated CIP annually to the Planning Commission for your review as to the projects' conformity to the Comprehensive Plan. The Planning Commission hearing on the proposed CIP is scheduled for the afternoon of May 12th. City staff will brief the Planning Commission on the CIP at a special meeting prior to your regular meeting on May 5th. After Planning Commission review, the Mayor will submit the CIP, with or without revisions, to the City Council, along with the proposed operating budget for the next year.

The CIP is a multi-year planning instrument that identifies needs and financing sources for public infrastructure and other community facilities to serve the city's anticipated development and redevelopment. Although capital projects are scheduled throughout the 6 year CIP, only those programs scheduled during the first year are formally reviewed and adopted by the City Council as part of the Annual Budget. Projects identified for funding appropriation in subsequent years may be adjusted to reflect changes in priorities or funding constraints. The CIP this year again assumes a 3% annual inflation rate for all capital projects.

Preparation of the CIP is a result of considerable efforts from staff in many City departments. Each year, staff members attempt to reassess their departments' overall goals and priorities for capital improvements and the means for implementing them. Their commitment to providing accurate and understandable financial information is greatly appreciated.

Highlights of the proposed CIP include:

1. This year's proposed CIP is higher in total cost, at \$849.067 million, than last year's CIP total of \$753.442 million. The first year (2010/11) program totals \$124.29 million, which is more than the \$106.48 million program approved for the current year (2009/10) of the CIP. The higher first year is due mostly to larger programs for both Lincoln Electric System and Public Works & Utilities. These increases follow significantly lower program amounts in last year's CIP program for LES and Public Works & Utilities respectively.
2. As seen in recent city budgets, the demand for General Revenue (GR) funds again far outweighs the availability of these funds. The proposed amount of GR funding in the first year of the proposed CIP amounts to \$432,600, which is lower than the \$469,100 budgeted in the first year of last year's CIP. Also, unlike last year, Municipal Infrastructure Redevelopment Funding (MIRF) is not available this year to offset the lack of GR funding. The remaining five years of the proposed CIP contain \$3.67 million in General Revenue funding which is also less than last year's program.
3. Funding for Antelope Valley projects in the proposed 6-year CIP is \$13 million, which is significantly lower than last year's CIP. There is a marked drop-off in funding for Antelope Valley after FY 2011/12, the second year of the new program, as the end of the first phase of the project nears.
4. Other transportation projects in the proposed CIP include the SW 40th Street viaduct, N 14th Street from Alvo to Superior, Old Cheney Road from 70th to 82nd, S 56th Street from Shadow Pines to Old Cheney, and NW 48th Street from O to Holdrege. Old Cheney Road is now in the first year of the CIP (2010/2011) compared to the fifth year last year. The forwarding of this project is possible due to some shifting of program funds as well as the availability of some additional funding earlier in the program than was the case last year.
5. A variety of Federal, State and City revenues are utilized to fund the City's transportation capital program, including Impact Fees that began 2003, City Wheel Tax revenues, and Federal transportation funds. The Public Works & Utilities Department anticipates decreasing Highway Allocation Funding (gas tax revenues) over the next six years. Unless local or state revenues increase, the City's ability to obtain future available Federal transportation funding will be compromised due to decreasing abilities to provide required local matching funds. At this time, some of the on-going traffic signal, arterial and residential street resurfacing, new street, trail, and sidewalk rehabilitation projects are not being funded to their full need in all 6 years.
6. The Public Works & Utilities Department - Water and Wastewater Divisions - continue to show more general programming of projects intended to serve growth in the community in years 2 through 6 of the CIP. Not all listed projects that are

identified as "To Be Determined" in these years can be funded based on projected rate increases (assumed to be 5% per year for both Water and Wastewater) and revenue projections. However, the likelihood of a slow recovery from the current economic recession suggests that not all the listed projects will need to be constructed in the next 6 years. There is an ongoing rate study that will assess the rate system and revenue needs of these utilities. The findings of this study will be discussed later this year, the result of which may be changes in future rate assumptions and revenue streams for these programs.

7. The draft CIP assumes that voters will approve 6 General Obligation Bonds over the next 6 years, ranging from \$8 million to \$45 million. These bonds finance watershed management projects, recreation and community centers, a variety of public safety projects (discussed below), and a part of the cost to replace the downtown library.
8. Our public safety departments (primarily 911 Communications, Fire and Rescue, and the Lincoln Police Department) are in need of several facilities and improvements. The draft CIP suggests that in FY 2011/12 the public will be presented a Public Safety Bond Issue which would bring together multiple projects from these departments. Every effort will be made to evaluate current facilities and resources and take opportunities to consolidate existing facilities, relocate under-utilized facilities, and/or co-locate public safety facilities. There may also be an opportunity to proceed with a more incremental approach to funding these needs through multiple bond issues over a period of years by funding the highest priority projects first and then others as needed.
9. This year's LES program is significantly higher than last year's program with implementation of Smart Grid technology such as advanced metering infrastructure, new base load generation startup costs for a future plant, and environmental equipment at the Laramie River Station accounting for most of this increase. Within the LES program there is a question on the level of impact new and replaced transmission lines will have on the built environment based on whether or not they are installed above or below ground, and based on their exact locations. Other review boards staffed by the Planning Department will have an opportunity to review these projects and advise the community as needed.