

**APPENDIX D:
DAYTON CAPITAL IMPROVEMENT PLAN 2009-2013**

CITY OF DAYTON

CAPITAL IMPROVEMENT PLAN

2009-2013

In 2006, the City of Dayton developed its first formal Capital Improvement Plan. This action was necessitated by the many positive changes in the City that prompted the City to critically examine its future development opportunities, staffing, equipment and project needs. The CIP then becomes a valuable tool to assist the City as it moves from a city with limited water and sewer connections to a city with over 700 connections. The NE Dayton Utility Improvement Project together with the SW Utility Improvement Project will add approximately 600 properties that will receive municipal water and sewer services through the Metropolitan Council's interceptor system. While the development market has diminished over the past year, the City of Dayton continues to develop industrial property and entertain residential developments that are part of the utility systems that are scheduled to be operational in late 2008. The City remains on the edge of a significant development increase and has wisely position itself well to manage the changes that are part and parcel of new development scenarios.

The 2009-2013 CIP is prepared on a 5-year cycle and is intended to help City officials calculate the proper level of investment for capital projects. The CIP is a comprehensive accounting of the large-scale improvements recommended to meet the growing needs of the community over the next five years and offers detailed information on the cost, timing and funding of planned projects to be undertaken by the City. This CIP incorporates projects and equipment expenditures from the years 2009-2013. The 2009 CIP expenditures will form the basis for the Capital Improvement Budget which will be included in the formal 2009 municipal budget.

The CIP is prepared as a result of discussions with department staff to determine project needs for the future, given the City Council's policies, goals and directives. The CIP is intended to provide critical information to the City Council in making policy decisions regarding expenditures for new equipment, facilities, infrastructure and recreational opportunities (both passive and active) so that individual project requests can be better evaluated against community needs and the City's ability to pay.

The 2009-2013 Capital Improvement Program seeks to meet the following on-going goals:

- Develop a realistic list of capital improvement needs which relates proposed projects to the City's capacity to finance such projects.
- Minimize the debt service on a future capital equipment certificate of debt issued for capital projects and equipment by utilizing fund balances from both the Capital Outlay Fund and prior year's equipment certificates.
- Minimize the impact of projects on the resident's ability to pay.

- Schedule various projects, improvements and equipment purchases in a way which allows adequate time for detailed design and engineering of the projects, preparation of environmental statements or grant applications, or exploring alternative methods of financing.
- Provide coordination between City departments, various units of special and general local governments and public utilities.
- Implement the City's Comprehensive Plan in an orderly fashion.
- Keep the public involved and informed about needed public improvements and to better enable the public to schedule private improvements.

Funding for projects is generally provided by one or more of the following sources:

General Obligation Bonds (G.O. Bonds)

General Obligation bonds are a common method used to raise revenues for large-scale municipal projects. In Dayton, as with most Minnesota cities, such bonds are backed with the City's property tax collections. In the case of water and wastewater projects, the City of Dayton incorporates a formalized assessment process to compliment the retirement of GO debt. Assessments are revenue sources that are used to fund large portions of the project costs benefiting specific properties and serves to reduce the monies collected from all taxpayers throughout the city.

Equipment Certificates of Bonded Indebtedness

Similar to GO Bonds, Equipment Certificates, are backed with the full taxing authority of the City, and have restrictions for use; i.e., equipment that extends to or beyond the life of the bonded indebtedness. The City of Dayton has used this revenue source in the past and in 2005 the City Council committed to its use to fund future equipment purchases. Below are the current Equipment Certificates of Bonded Indebtedness:

Grants and Intergovernmental Revenue

The City receives grant funding from a number of outside sources to help support facility construction costs in Dayton. Prior grants have included funds from the National Park Services to assist with the improvements made to Overlook Park, grants from the Federal Emergency Management Administration (FEMA) as well as other organizations such as the Dayton Fire Relief Association. The City has long held a tradition of making application to grant programs and intergovernmental programs for funding to supplement its traditional revenue-generating sources.

Operating Fund Revenues – General Fund

Most revenues not earmarked for specific uses are collected in the City's General Fund. This Fund is used to support vital government operations such as police and fire service, engineering, building inspections, finance and city administration. Revenues from this fund can be used separately or in combination with other funds to support capital improvement projects.

Enterprise Funds

Operating revenues from the City's water and wastewater funds will increasingly be used to fund capital projects as well as capital equipment purchases necessary to service the City's expanding public utility infrastructure system.

Park Dedication Fees

As part of development projects, the City can collect park dedication fees (in lieu of dedicated park land within the development) to use in establishing new parks, enhancing existing parks or creating connections between parks and public open space areas.

CDA

The Champlin-Dayton Athletic Association (CDA) utilizes many of the City's ball fields for their athletic events. The City collects fees for the use of its fields and these funds are generally used for park maintenance and other activities.

Fire Relief Association

The Dayton Fire Department works collaboratively with the City to help fund equipment purchases through money raised by their Relief Association. The 2009-2013 CIP does not include contributions from the Relief Association.

CIP Process/Timeline

Dayton's Capital Improvement Program process provides a vehicle for identifying annual project needs and priorities for project coordination and financial planning. The schedule for the 2009-2013 CIP is as follows:

CAPITAL IMPROVEMENT PLAN (CIP) SCHEDULE

Forms distributed to Department Directors.....	May, 2008
Forms completed and returned to Administrator.....	May, 2008
Revisions completed.....	May 16, 2008
Park CIP reviewed by Parks Commission.....	May, 2008
Police/Fire CIP reviewed by Public Safety Commission.....	May, 2008
Draft CIP review by City Council.....	May 27, and June 10, 20078
Final CIP approved by City Council....	July 8, 2008

2009-2013 CAPITAL IMPROVEMENT PLAN

The 2009-2013 CIP details equipment and project needs that are based on best case financial scenarios. The realization of the Program and each year's individual Capital Improvement Budget will be impacted by competing needs of other City programs/activities/expenditures as well as the on-going and ever expanding mandates by both the state and federal governments. The extension of municipal water and wastewater services into the community will also have an impact on City long-term finances and the annual debt service obligations of the bonds sold to pay for the construction of those facilities. While every city seeks to anticipate growth impacts with a long-term financial planning effort, cities generally and Dayton specifically realize that plans can change as new obligations enter the financial picture. Despite the sometimes ever-changing circumstances of service delivery to a changing community, the City of Dayton has begun and will continue to plan for its future in the best possible manner. To this end, the 2008-2012 CIP represents qualified projections as to the equipment and project needs for the next 5 year period.

Equipment Useful Life

It is important to note that the purchase of equipment in all five years is greatly dependent on the sale of Equipment Certificates. Currently, the City has few resources to fund equipment, especially large purchases. Equipment has frequently been kept well beyond its useful life thereby adding greatly to annual maintenance expenses. For instance, police patrol vehicles have not been turned over in a timeframe that is within accepted municipal guidelines and can pose both a safety issue as well eliminate trade-in costs that can offset new acquisition costs. While each city can be different in their replacement schedules, it is the standard practice that police patrol vehicles be replaced every three years. This is especially true in cities with large geographical boundaries and the police force is small. Consequently, the CIP reflects such a replacement schedule.

The establishment of a water and wastewater utility will also provide a relevant funding source for those equipment acquisitions that are directly tied to the delivery of those services within the community.

As development occurs and the park dedication fund increases, the City will also be in a position to fund park and open space improvements that heretofore have gone unfunded or have been partially funded by General fund revenues and grant programs.

Naturally, City staff will exhaust all possible alternative resources to fund projects such as grant programs, special case cost sharing programs, state and federal programs.

CIP Worksheets

Attached please find a CIP worksheet for each proposed equipment purchase and project anticipated within the five year timeframe.

Parks Commission Long-range Plans

The Parks Commission discussed the CIP in early May and assigned priorities for each of the CIP entries. Their priorities are reflected the Capital Projects portion of the 2009-2013 Summary.

2009-2013 SUMMARY HIGHLIGHTS:

PARKS:

Improving parkland results in an increased quality of life for residents and positive experiences for visitors to the community. The Draft CIP provides for significant expenditures in land acquisition for expansion of trails and trail connection, most notably the highly desired trail connection desired connection to Three Rivers Park and the expansion of the Overlook Park trail system. It is anticipated that the primary funding mechanisms for the two projects would be grants.

Improvements to Leathers Park, McNeil and Central Parks also are planned in the five year timeframe of the 2009-2013 CIP. Because many of the planned projects rely on Park Dedication Fee revenue, it is doubtful that all projects can be accommodated with the current limited funds.

Total expenditures for park improvements in this CIP total \$ 1,750,000.

GENERAL OPERATIONS:

The City's primary copier is nearing the end of its useful life and is slated to be replaced with an upgraded color copier that can also accommodate larger copies. As development progresses, the demands for copied maps will increase and while a black and white copier was the standard for decades, it has long been the standard to advance to a color copier. The Council has directed staff to examine and utilize a lease agreement for the acquisition of the updated copier. This expense will move from bonded debt expenditure to a General Fund expenditure.

The CIP continues the Council's commitment to replace computers on a three-year basis, replacing the oldest first. At this time, several computers are older than 5 years and cannot process many software applications that are used by consultants and others. The 2009 expenditure details the replacement of the following computers that were purchased in 2002:

City Clerk, Squad Room computer, Squad Office and City Hall lap top computer (used extensively for minutes and general use). Two desk top printers will also be slated for purchase.

Given the escalating violence often perpetuated on public sector organizations, the City staff is recommending that funds be appropriated in 2008 to fully enclose the City Hall front counter area. This expenditure is slated for 2011.

City staff is also recommending that City Hall's front door be replaced with a handicap accessible door and opening mechanism. Over the past few years, the lack of such a door has been less than ideal for many of the visitors to City Hall who need special accommodations. Again, this expenditure is slated for 2011.

The landscaping around City Hall suffers from a lack of irrigation. City staff is too busy during the work day to water plants and grass around City Hall. It is recommended that an irrigation system be installed to maintain the landscaping in a consistent and efficient manner.

SENIOR CENTER

The Center is requesting a number of items to improve the operations of the Center, bring the building up to current health codes and improve the overall experience of the Center for the seniors. While the expenditures are listed as funded primarily from the General Fund, it would be prudent for the Center to solicit grants and monetary donations for some of the items.

Replacement of the handicapped accessible door battery is an immediate need and has been included as part of the expenditures to be paid from the Capital Outlay fund in either 2008 or the beginning of 2009.

POLICE

The Department remains on a three rotation of squad car replacement. The proposed building improvements have been delayed until 2011, allowing time for the Facilities Study to be completed and the Public Works facility to be completed.

New in this CIP are two expenditures – one is \$3,000 for two hand-held lasers which are proposed to be paid by the Capital Outlay Fund and MDC and Docking station at a cost of \$10,000, to be included in a 2009 or 2009/2010 equipment certificate issue.

FIRE

The cost of the fire engine included in the 2008-2012 CIP has increased significantly – from a three-year set aside amount of \$100,000/year for two years and a final annual allocation of \$140,000 for a total of \$340,000 to a total of \$370,000 with the initial “down payment” of \$100,000 in 2008 and a second \$100,000 installment from the Capital Outlay Fund and the final payment of \$170,000 funded by a capital equipment certificate of debt. The proposed replacement engine would retire a unit that is a 1970s vehicle.

Turnout gear remains on an annual replacement and the extraction equipment has remained a 2009-2013 expenditure. The fire rescue truck is scheduled for a three-year saving cycle, beginning in 2011 with the final payment and purchased occurring in 2013 through equipment certificate debt issues.

Added this CIP cycle is a heavy duty turn-out gear washer that will sustain the gear longer by properly cleaning them in a machine designed exclusively for the bulk and weight of the machines. The expenditure of \$9,000 in 2009 and \$9,000 in 2010 would provide for a machine for each of the City's two fire stations.

PUBLIC WORKS

Most of the equipment proposed for 2009-2013 has been part of the last two CIP cycles. However, there have been additions and changes in projected costs as staff has been diligent in refining both need and costs.

Public Works Projects – the new Public Works facility is proposed for 2009 rather than 2010 with a reduced estimated price tag of \$ 3,300,000 million. The current facility is inadequate to meet current and future needs. Equipment is stored outside and without security thereby increasing the City's risk exposure on an on-going basis. There is virtually no office space, no space for the employees to take breaks and requires safety upgrades that will not be a suggestion in the future, but required by law.

The new facility was included in last year's CIP, but the small amount of annual set aside would not have been possible with the use of MSA funds. The Facility Study, once completed, will provide the Council with a more definitive range of spatial need and estimated cost.

Acceleration of the need for replacing vehicles that have exhausted their useful life and the increased cost of the front-end loader and the truck with the hoist have contributed to the increased equipment costs for the Public Works Department.

WATER/SEWER

The Public Works Director has examined the need for equipment specific to the City's new water/sewer system and determined that a used jetter/vac truck will more than adequately service the needs of the City, thereby eliminating the need for a sewer rodder. The cost has increased from \$50,000 for both separate pieces of equipment to \$90,000. It is the Director's further recommendation that the equipment not be purchased until 2010 as there is currently not a safe place in which to store this equipment. It is estimated that the purchase will be part of a two-year Equipment Certificate issuance.

FINANCIAL SUMMARY

If all equipment slated for funding with a two-year (2009 and 2010) Equipment Certificate, the base amount of the issue would be \$45,000 for year 2009 and \$387,000 for year 2010 for a total two-year issue of \$432,000. This amount is within the past two year amount of \$500,000.

Utilizing all of the remaining fund balance from prior year's equipment certificate issues (\$189,356 and \$227,644 of the Capital Outlay Fund to purchase \$417,000 of the equipment listed on page 17, would result in a remaining balance in the Capital Outlay Fund of approximately \$124,000. Using these two fund balances would accomplish two critical things; first, it would fund necessary

equipment purchases and replacements and secondly, the size of the next two-year Equipment Certificate issue would be decreased, remaining well within the Council's informal guideline of \$500,000 for a two-year issue.

It is important to note that the total equipment purchases outlined in the 2009-2013 CIP for years 2009 and 2010 is \$849,000. Having stated this, it is critical to note that the 2008-2012 CIP included many purchases for 2008 that have not been purchased in 2008 due to the recommendation that the equipment be purchased with use of the Capital Outlay Fund. The \$840,000 is, in fact, a total three-year amount, averaging, \$283,000 per year. This increased amount is due primarily to the acceleration of the purchase of the fire engine and purchase of several replacement vehicles for Public Works – equipment that has exhausted its useful life.