

FY 2010/2011-2015/2016 CAPITAL IMPROVEMENT PROGRAM REVIEW

TO: Lincoln/Lancaster County Planning Commission

FROM: David Cary, Planning Department

SUBJECT: FY 2010/11 - 2015/16 Proposed Capital Improvement Program

DATE: April 29, 2010

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

MEMO ONLY: City Directors, County Budget Office, Media

This memorandum and accompanying document represent the Planning Commission Review Edition of the City of Lincoln's FY 2010/11 - 2015/16 Capital Improvement Program (CIP). (*The Planning Commission Review Addition of the 2010/11 - 2015/16 CIP is available online at <<http://www.lincoln.ne.gov> > Keyword: cip*). The proposed CIP will be discussed at the scheduled Planning Commission briefing on Wednesday, May 5, 2010. A special hearing of the Planning Commission where a finding of conformity will be made by the Planning Commission is scheduled for Wednesday, May 12, 2010.

The memorandum is divided into the following two major sections: (I) Background and Introduction, including consideration of the City Charter specified tasks of the Planning Commission in review of the proposed CIP, and review of other factors regarding the development of the proposed CIP; and, (II) Capital Improvements Program Departmental Review, including a department by department examination of projects and Comprehensive Plan conformity.

I. BACKGROUND AND INTRODUCTION

This section of the memorandum considers a range of topics relating to the City's CIP review procedures. These topics are as follows:

- A. Planning Commission CIP Review Requirements
- B. Conformity Standards and Criteria
- C. Capital Improvements Definition
- D. CIP Relation to TIP
- E. General Obligation (GO) Bonds
- F. Project Scheduling

A. Planning Commission CIP Review Requirements

In accordance with Article IX-B, Section 7, of the Lincoln Charter, <http://lincoln.ne.gov/city/attorn/lmc/charter.pdf>, city departments and agencies have submitted

their six-year capital improvement requests to the Planning Director for compilation into the attached CIP document. **The Planning Commission's task is to now review these individual capital requests to determine their conformity with the approved Comprehensive Plan.** Your comments will then be forwarded to the Mayor's Capital Improvement Advisory Committee (CIAC), and then to the City Council for consideration during their upcoming budget deliberations.

The City Charter's discussion of Comprehensive Plan conformity relative to the capital improvement program is twofold. First, on several occasions the Charter stresses the importance of ensuring that Comprehensive Plan conformity is determined before capital projects are approved by the City Council. One entire section of the Charter (i.e., Article IX-B, Section 6) deals exclusively with this issue. It states in part,

"No ordinance, or resolution, which deals with the acquisition, extension, widening, narrowing, removal, vacation, abandonment, sale or other change relating to any public way, transportation route, ground, open space, building or structure, or other public improvement of a character included in the comprehensive plan, shall be adopted by the council until such ordinance or resolution shall first have been referred to the planning department and that department has reported regarding conformity of the proposed action to the comprehensive plan."

The section goes on to outline procedural steps and time lines for fulfilling this requirement. (Please note that the Charter defines the term "planning department" as including the Commission, Planning Director and staff).

While this directive is echoed throughout various portions of the Charter, it is mitigated by the procedural condition that the Planning Commission's conformity finding is merely advisory. Regardless of the Commission's recommendation, the City Council can approve -- through ordinance or resolution -- any capital improvement, provided that other Charter budgetary requirements and processes are met.

In addition, while the Charter calls for a six year capital improvement program, the City Council only approves a one year capital budget. Although it is designed to express the City's longer term capital funding intent, the CIP document is never adopted in full.

This is not, however, to suggest that the Commission's findings on the remaining years of the CIP are not without significance. Projects in the second through sixth years that have been reviewed for conformity may be added to the Council's Capital Budget by amendment, later in the first year. Concerns raised about projects in the second through sixth year are used by elected officials and staff in the formulation of future CIPs and other departmental level capital programming documents. The private sector considers the CIP in making investment and development decisions.

Also, as discussed later in section 1.D, revised Federal guidelines now require that projects included in the local area Transportation Improvement Program (TIP) be consistent with the area's long range transportation plan (LRTP). This adds substantial meaning to the

Commission's findings of conformity for transportation projects since many CIP projects are included in the local MPO and State TIP for Federal planning and funding purposes. If a project is determined to be "not in conformance," Federal standards will require that it be dropped from the TIP until the project is modified and its status changed to be in conformance, or the Comprehensive Plan/LRTP is amended to incorporate the project.

B. Conformity Standards and Criteria

The City Charter provides only minimal guidance to the Planning Commission and staff in judging Comprehensive Plan conformity. Specifically, the Charter states that the CIP document "...shall describe the **character and degree of conformity and nonconformity** of each project as it relates to the comprehensive plan."

At various places within the Charter this mandated review is asserted, including "special report" provisions when capital projects are brought forth by a department independent of the regular capital improvement programming process. However, throughout the Charter's discussion on the CIP and its review and approval process, no additional standards or criteria are articulated to assist in concluding Comprehensive Plan conformity.

Historically, the Planning Commission and planning staff have utilized a four tiered system in defining "character and degree of conformity or nonconformity:"

- In Conformance with Plan
- Generally Conforms with Plan
- Not In Conformance with Plan
- Not in Plan

The range of factors that is used by staff in formulating a recommendation of conformity or nonconformity generally includes:

Explicit Reference and Plan Intent - Many of the projects proposed in the CIP are explicitly identified in the Comprehensive Plan, either on a map and/or in the text. In such cases, a finding of Plan conformity -- assuming other criteria are met -- is easily established. An even larger number, however, are not shown, but their desirability, and thus assumed conformity, is implied. For example, the Comprehensive Plan does not get into such detail as the installation of a water fountain or play equipment in a specific City park. The park may be shown on a map in the Plan and the intent of maintaining such a park is implicit in the Plan's goals and textual descriptions. Thus, at a minimum, a finding of general conformity would be proposed.

Location - The vast majority of capital improvements are site specific. Streets, water mains, fire stations, and sewer treatment facilities are all examples of capital projects where an expressed location can be determined. Firefighting equipment, on the other hand, is mobile and its use cannot as easily be tied to a physical site within the City.

The importance of location as a criterion has increased as we attempt to be more explicit in how we show public improvements in the Comprehensive Plan. In most cases, it is extremely helpful to have this level of detail for purposes of comparison. Conversely, such detail can become a liability as the exact location and dimensions of many capital improvements are justifiably altered as a project is refined for eventual construction.

A further element of judgement is then introduced as to the "degree" to which a proposed project may vary from how it is shown or described in the approved Plan. Is the proposed project in the exact location expressed in the Plan? If not, how and why is it different? And is that difference significant enough to render it in "Not in Conformance" with the Plan? Or was some degree of modification of such a project implied (i.e., accepted) as part of the Plan's approval?

Size, Scale and Scope - The Plan's descriptions of capital projects can vary from the very explicit (i.e., four through lane roadway, left turn lanes, raised medians, 100 ft. ROW), to the very general (i.e., a community park within a sector of the city.) Once again, as the Plan becomes more detailed, those charged with the responsibility of recommending findings of Plan conformity will find both benefits and liabilities in the Plan's level of specificity.

Timing - With the incorporation of the phasing element (Tiers) into the Plan, the issue of when a public capital improvement is brought forward for development becomes increasingly significant. The availability of public infrastructure (e.g., sewer services, roads, water, and fire protection) plays a pivotal role in determining where and when private capital investment might occur. Added to this is the lengthy lead time often needed in planning for and constructing public improvements.

If a department proposes a project that explicitly varies from a development schedule outlined in the Plan, then a status of "Not in Conformance" is implied. Where such information is less explicit (i.e., no detailed schedule is included), then the timing issue must be related to the phasing plan and the project's impact on maintaining the integrity of that element of the Comprehensive Plan.

Project Definition and Description - A last factor used in reviewing Plan conformity is the representation that the department makes of the specific project. This is typically done within the CIP in the project title and the project description. This, in combination with information such as that outlined above, helps the reviewer form a broader understanding of the content and context of the proposed capital improvements. This in turn can be used in assessing conformity with the policies and directives contained in the Comprehensive Plan.

C. Capital Improvements Definition

In preparing the CIP, the City Charter defines "*capital improvements*" as consisting of the following:

"...the acquisition of real property; the acquisition, construction, reconstruction, improvement, extension, equipping, or furnishing of any physical improvement, but not routine maintenance work thereon; and equipment with a probable useful life of fifteen or more years."

This definition has served as the basis for the development of the attached CIP document. The term "Fiscal Year" (FY) as used in this document refers to the City's fiscal year that runs from September 1st through August 31st of the following year.

D. CIP Relation to TIP

Federal regulations require the development of a "transportation improvement program" (TIP) for metropolitan areas such as Lincoln. Similar in character to the City's CIP, the TIP is a multi-year, capital improvement programming document. It is used to help coordinate the implementation of transportation projects within metropolitan planning areas (MPA). The Lincoln TIP, for example, includes transportation projects for various levels of government (i.e., Federal, State, County, City), and for various modes of transportation (i.e., streets, airport, pedestrians, bicycles, transit services). It also serves as input into the State's TIP (STIP) that is used to coordinate transportation improvements for the entire State of Nebraska.

In years past, projects from the City's CIP have been incorporated into the Lincoln TIP following adoption of the CIP by the Council. Because of changes in Federal public involvement regulations and the desire locally to ensure that projects are properly coordinated between the two programming documents, it was decided several years ago that the two processes (i.e., formulation of the CIP and TIP) should be coordinated and processed in similar timeframes.

This year the TIP will cover the first four years (2011-2014) under consideration instead of the entire 6 years covered in the CIP. This is in accordance with Federal guidelines.

E. General Obligation (GO) Bonds

The City has historically used General Obligation (GO) bonds as one of several methods for financing capital improvements. The care used by past Administrations and Councils in going to the electorate with GO bond requests has been reflected in the relatively high approval rate we've experienced for such financing.

A relatively common funding source for City capital projects is the "general obligation (GO) bond." Unlike certain other forms of bonds, the City Council and Mayor cannot unilaterally issue GO bonds. The issuance of GO bonds is dependent upon the prior approval of the electorate of Lincoln. To eliminate the expense of a special election, GO Bonds may appear in

any year for which a regularly scheduled election is planned. Since the process of election, issuance of bonds, and the beginning of a project is likely to take several months, the Fiscal Year in which the bond election is held may not be the same year that the project is actually begun.

F. Project Scheduling

Project information included in the CIP typically indicates a project number and an associated fiscal year. The fiscal year designation should not be taken as an automatic indicator of when a particular facility will be finished and opened for public use. In certain cases, large scale capital projects take years to complete. The reader should consult the more detailed activity information contained on the Summary of Department Projects report for a better indication of exactly when a particular capital project is likely to be completed. And even with this, please be aware that other scheduling contingencies may occur that can alter the management and completion of the project.

II. CAPITAL IMPROVEMENTS PROGRAM DEPARTMENTAL REVIEW

This memorandum presents a department by department review of capital programs for the FY 2010/11-2015/16 time period. This includes a general staff discussion of recommended Comprehensive Plan conformity status for each department. The actual project-by-project recommendations are found in the detailed Project Summary report for each project by department in the CIP document. As with past CIP reviews, the four categories of conformity status mentioned earlier are used in this year's CIP document.

In the CIP document, Table 1 displays the total proposed capital funding by departments over the six-year programming period. Total dollar amounts by funding source are shown in Table 2. General revenue fund usage is presented in Table 3, while projected General Obligation (GO) bonds are presented in Table 4.

The balance of the memorandum considers the requested six year capital programs of each department. They are presented below in the same order as in the draft CIP document that is included with this memorandum.

A. BUILDING AND SAFETY DEPARTMENT

The Building and Safety Department is requesting funding for a Fire Prevention Garage. This garage would be used to house specialized equipment for the Bureau of Fire Prevention. Much of this equipment is sensitive to cold so minimal heating is needed. There is also a requirement for a secure evidence storage area.

Building and Safety's project is in General Conformance with the Comprehensive Plan.

B. FINANCE DEPARTMENT

The Finance Department's capital improvements program submittal this year targets improvements to the Communications/911 Center and Pershing Auditorium.

1. Communications/911 Center

The proposed Communications/911 Center CIP includes three projects designed to enhance operations over the six-year period. These projects include: (1) new Emergency Communication Center; (2) upgrade radio system; (3) and Communications Command Post to provide support in the field. The three projects are part of a proposed Public Safety Bond Issue planned to go before voters in FY 11/12.

All of the projects included in the Communications/911 Center's CIP were found to be in general conformance with the Comprehensive Plan.

2. Pershing Auditorium

Pershing Auditorium's proposed capital improvements program includes funds for the continued minimal maintenance of the Auditorium over the six-year period. Recently, there has been much discussion regarding a new arena facility in the Haymarket area. A future bond issue for a new arena will be voted on in May, 2010. Should the community vote to move forward with the new arena, Pershing Auditorium will still need to be maintained in a safe and operable condition for several years before the new arena is available for use. If the bond issue is not approved by the community, the Pershing CIP discussion will be dramatically different in future CIP's.

The Pershing Auditorium CIP project was found to be in general conformance with the Comprehensive Plan.

C. FIRE & RESCUE DEPARTMENT

Lincoln Fire and Rescue Department's proposed CIP submittal includes five projects. These projects involve one new fire station, a relocated fire station, a replaced third station, an educational, training and fleet service campus to enhance operations, and a general use fire station modifications and repairs project. All projects are proposed to be part of a Public Safety Bond Issue planned to go before voters in FY 11/12.

All of the projects included in the Fire Department's CIP were found to be in general conformance with the Comprehensive Plan.

D. LINCOLN CITY LIBRARIES

The Lincoln City Libraries are proposing five projects in the six year CIP. The largest single project in the Department's proposed capital improvement program is the replacement of the Bennett Martin Library in FY 2014/15. This project is proposed for a combination of a general obligation (GO) bond and other financing, likely to include private fund raising. The Bookmobile is planned to be replaced in 10/11, new HVAC systems are proposed in both the Gere branch and the Anderson branch in 10/11 and 11/12 respectively, and the Bethany branch is slated for a roof replacement in 12/13.

The Lincoln City Libraries' CIP was found to be in full or general conformance with the Comprehensive Plan.

E. LINCOLN ELECTRIC SYSTEM

The Lincoln Electric System's proposed \$272 million capital program embodies a substantial investment in electrical power supply and distribution for the community over the six-year period. Underground Distribution, with the majority going to new residential and commercial development, new transformers and meters, and power supply, including LES's investment in the Laramie River Station, account for the largest portions of the program. 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. 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.

The Lincoln Electric System CIP was found to be in general conformance with the Comprehensive Plan.

F. AGING

The Aging Partners department within the Mayor's Office is proposing one project in the six years of the CIP programming period. The capital program totals approximately \$3.8 million for the construction of a new Northeast ActiveAge Center, including planning work to develop a strategy to best serve the Lincoln community. The new facility is programmed for the third and fourth year of the CIP. Funding for the program consists of City General Revenue funds, funding from Lancaster County, and Other Funding made up largely of private donations. No funds are requested in FY 2010/11.

The Aging/Community Services Division CIP was found to be in general conformance with the Comprehensive Plan.

G. POLICE DEPARTMENT

The proposed capital program for the Police Department involves five projects – relocation of the LPD K9 Training Facility, a study for a new assembly station in south Lincoln and construction of that facility, and a master plan for a new LPD Garage-Maintenance & Repair Facility and construction of that facility. The first project is shown in 10/11 using Other Financing to relocate the existing K-9 facility. The Team Assembly Station, Phase I, II, & III, and the LPD Garage, Maintenance and Repair Facility are part of a proposed Public Safety Bond Issue planned to go before voters in FY 11/12.

The Police Department CIP was found to be in general conformance with the Comprehensive Plan.

H. URBAN DEVELOPMENT

The Urban Development Department's proposed CIP includes twelve projects totaling over \$23 million over the six-year period. The funding for the program consists of Community Improvement Financing (or Tax Increment Financing), Community Development Block Grants, Revenue Bonds, City General Revenue funds, and Service Charges. This is the third year that Parking projects, which were formerly part of the Public Works and Utilities CIP, are part of Urban Development's CIP.

Notable projects included in the Urban Development CIP are the Civic Plaza project at 13th and P Streets, the Centennial Mall reconstruction project, and a Streetscape design project for M and 11th Streets in Downtown Lincoln.

The Urban Development CIP was found to be in full or general conformance with the Comprehensive Plan.

I. CITY-COUNTY HEALTH DEPARTMENT

The City-County Health Department did not submit a capital improvement program for the 2010/11 - 2015/16 Capital Improvement Program.

J. PARKS AND RECREATION

Proposed capital improvements to the City's parks and recreation system are projected to cost over \$46 million over the six-year period. General obligation (GO) bonds, general revenue, revenue bonds, keno funds, transportation enhancement funds, impact fees, and the Parks & Rec repair/replacement fund account for the majority of funds programmed for the CIP. Funds from private sources are also being shown for a substantial portion of the six year improvement program. Athletic fees and tennis fees account for the balance. A general obligation (GO) "Quality of Life Bond Issue" request amounting to \$19.9 million is requested for 2013/14 for various improvements to the Parks & Recreation system.

All projects included in the Parks and Recreation Department's CIP were found to be in full or general conformance with the Comprehensive Plan.

K. PUBLIC WORKS AND UTILITIES

The Public Works and Utilities Department's capital program includes projects for seven divisions: (1) StarTran; (2) Streets and Highways; (3) Watershed Management; (4) Street Maintenance Operations; (5) Water; (6) Wastewater; and (7) Solid Waste Operations.

1. StarTran

StarTran's six-year, \$12.5 million proposed capital improvement program is funded largely through Federal transportation money with \$10.4 million in funds, with the balance coming from

City general revenue funds and special reserves. The largest single capital item is the accumulation of funds for replacement of 20 buses in 2015. No General Revenue funds are programmed in the first year of this year's CIP.

All of the projects in StarTran's CIP were found to be in full or general conformance with Comprehensive Plan.

2. Streets and Highways

The Streets and Highways capital program proposed by Public Works & Utilities identifies a program totaling \$155.8 million over the six year programming period, a decrease from last year's CIP. These projects range from resurfacing projects to pedestrian facilities to system management programs to the construction of major new roadway facilities.

With the adoption of the 2030 Comprehensive Plan in November of 2006, a list and map of specific street projects were included as part of the Plan. The "Streets and Highways" CIP submittal has been closely coordinated with the 2030 Comprehensive Plan which was used in determining Comprehensive Plan conformity.

A variety of Federal, State and City revenues are utilized to fund the 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 that will ultimately reduce the City's ability to obtain future available Federal transportation funding.

The notable projects in the first year of the program include continuing the Antelope Valley roadway improvements, the Southwest 40th Viaduct, widening Old Cheney Road from 70th to 82nd Street, and arterial street projects within impact fee districts.

All of the projects included in the Streets and Highways' CIP were found to be in full or general conformance with the Comprehensive Plan.

3. Watershed Management

The proposed Watershed Management CIP contains approximately \$45 million in improvements over the six year period. The passage of three general obligation (GO) bond issues (in FY 2010/11, FY 2012/13, and FY2014/15) would constitute the bulk of the funding for these improvements. The remaining watershed management projects are proposed to be funded through State/Federal Funds and Other Financing. These projects include city subsidy to storm drainage construction in paving districts, preliminary planning efforts, miscellaneous storm sewer improvements, implementation of watershed master plan projects, water quality projects, stream rehabilitation, floodplain/floodprone engineering and projects, and the continued development of a Comprehensive Watershed Master Plan.

All of the proposed projects in Watershed Management's CIP were found to be either in full or general conformance with the Comprehensive Plan.

4. Street Maintenance Operations

The Street Maintenance Operations' proposed CIP involves the replacement of the HVAC system and electrical lighting at the 3180 South Street facility and the 3200 Baldwin Ave. facility, the resealing of the roof at the 901 North 6th Street facilities, and a new salt storage shed at 3200 Baldwin Ave.

The projects contained in the Street Maintenance Operations CIP request was found to be in general conformance with the Comprehensive Plan.

5. Water Supply and Distribution

The proposed Lincoln Water System CIP contains approximately \$100 million in water supply, treatment, storage and distribution improvements over the six-year period. This is a higher total amount compared to last year's CIP. Included in this year's submittal are projects intended to enhance water services to the existing City, while others will serve developing areas of Lincoln. The CIP has been prepared based upon information and recommendations contained in the 2030 Comprehensive Plan and 2002 Lincoln Water System Facilities Master Plan. Funding sources for projects include community improvement financing (TIF), revenue bonds, utility revenues, and impact fees. This proposed CIP assumes a 5% per year increase in water utility rates. It should be noted that a comprehensive rate study of the City's utilities is underway and the findings of that study will be discussed later this year.

Continued in this year's program is more general programming of projects intended to serve growth in the community in years 2 through 6 of the program. Specific programming of funding for these projects will be identified as planning and need become more apparent in future years. At this time, \$18.5 million in impact fees and revenue bond funding has been programmed for a list of potential projects that total \$27.8 million in costs. Notable in the first year of the Water program is the limited amount of funding available for capital projects.

All of the proposed projects of the Lincoln Water's CIP were found to be in general conformance with the Comprehensive Plan.

6. Wastewater

The proposed Lincoln Wastewater CIP contains approximately \$66.8 million in projects, encompassing both the Theresa Street and Northeast Treatment Plants, construction of new sanitary sewer mains, and the selective replacement of existing mains over the six-year period. This amount is similar to last year's program, but is significantly lower than previous CIP programs. The CIP has been prepared based on information and recommendations contained in the 2030 Comprehensive Plan and the recently adopted Lincoln Wastewater Facilities Master Plan. Funding sources for projects include community improvement financing (TIF), revenue bonds, utility revenues, and impact fees. This proposed CIP assumes a 5% per year increase in wastewater utility rates. It should be noted that a comprehensive rate study of the City's utilities is underway and the findings of that study will be discussed later this year.

Continued in this year's program is more general programming of projects intended to serve growth in the community in years 3 through 6 of the program. Specific funding for projects will be identified as planning and need become more apparent in future years. At this time, \$5.1 million in impact fees, revenue bonds, and utility revenues have been programmed for a list of potential projects that total \$23.2 million in costs.

All of the projects in the proposed Wastewater's CIP were found to be either in full or general conformance with the Comprehensive Plan.

7. Solid Waste Operations

Proposed capital improvements for the Solid Waste Operations program include projects related to the Bluff Road Sanitary Landfill, the North 48th Street Landfill and Transfer Station, and the Solid Waste Management System. The CIP totals approximately \$27.7 million over the six-year period which is an increase from last year.

Notable projects include liner and leachate collection systems for new phases and final caps for older phases of the Bluff Road landfill, development of a landfill gas collection system, expansion of recycling facilities, park development for the N 48th Street landfill after closure, and a new access road paving project to serve the Bluff Road Landfill site.

All of the projects in the proposed Sanitary Landfill's CIP were found to be in general conformance with the Comprehensive Plan.