



City of Blaine, Minnesota

2007 – 2011

**Capital Improvement Plan
(Abridged)**



www.ci.blaine.mn.us

City of Blaine
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September 6, 2007

Honorable Mayor and City Council Members:

Presented herein is a condensed version of the City of Blaine's 2007-2011 Capital Improvement Plan (CIP). The attached 5-year plan outlines the City's projected capital expenditures for major capital projects that will be funded through the issuance of capital improvement bonds, pursuant to State of Minnesota Statutes, chapter 475.

One objective in preparing a CIP is to develop a comprehensive program that allows the Council to align capital investments with specified projects based on the community's needs, while taking into consideration the best use of the limited resources available to provide efficient and effective delivery of services. This CIP, as prepared by staff and approved by the City Council, reflects the City's efforts to meet that objective.

Sincerely,

Joe Huss
Finance Director

INTRODUCTION

The City of Blaine's Capital Improvement Plan (CIP) is a 5-year program that outlines projected capital expenditures for infrastructure and major capital projects such as road construction and improvements, park system improvements, public utility enhancements, including improvements to water, sanitary sewer, and storm drainage systems, and construction and improvement of city facilities. In addition to identifying the specific capital projects, the CIP also outlines how these projects are to be financed.

The City's CIP is designed to set forth the estimated schedule, timing, and details of each specific capital improvement by year, together with the estimated cost, the need for the improvement, and sources of revenue to pay for the improvement. With the adoption of the attached plan, and the projects contained herein, Council and staff have carefully considered for each project and the overall plan:

- The condition of the City's existing infrastructure, including the projected need for repair or replacement;
- The likely demand for the improvement;
- The estimated cost of the improvement;
- The available resources;
- The level of overlapping debt;
- The relative benefits and costs of alternative uses of the funds;
- Operating costs of the proposed improvements; and
- Alternatives for providing services most efficiently through shared facilities with other cities or local government units.

Each project in the City's CIP is identified as to the project's type, or category. Also included for each project are the funding source and the year (or years in some cases) in which the project will be constructed or put into service. Project types currently in use in the CIP are:

- Buildings and Facilities
- Roads, Streets, and Bridges
- Traffic Signals
- Park Improvements
- Park Trails
- Utility Systems
 - Water System
 - Sanitary System
 - Storm Drainage

The following includes detail on each project included in the CIP. For each project an Improvement Worksheet is completed. This worksheet provides all estimated costs and anticipated funding sources as well as the timing and location for each improvement. When a project is first proposed for inclusion in the CIP, a sheet such as this is completed by the requesting department and forwarded to the Finance Department. Finance Department staff then enters the data in the CIP database for Council discussion and review.

FUNDING SOURCES

The City employs a number of tools to finance capital projects. These various sources are listed below. Though the attached CIP does not reflect the use of all of the funding sources available to the City, the sources are identified below as potential sources for funding certain projects.

INTERNAL METHODS:

Property Taxes – Property taxes are used fund projects of general benefit to the entire city. Property taxes can be used to concurrently fund projects – i.e., taxes levied in a particular year are spent that year for the specific project – or, taxes can be levied to retire bonded debt if the city borrowed money by issuing bonds to fund the project.

Special Assessments - Special assessments are based on the concept that when land is benefited from a particular improvement, all or part of the costs of the improvement should be levied against those properties to finance such improvements. Special assessment bonds are retired through special assessment collections and, if necessary, property taxes if backed by the full faith and credit of the City.

Utility Funds - Capital improvements to the water and sewer utilities are financed through utility fund revenues derived from user charges for the respective services. Revenue bonds are used to finance large projects.

Tax Increment Funds - These funds are derived from tax increment districts at the full rate levied by the units of local government within the taxing jurisdiction. At the time the tax increment district is created, property values are “frozen”. The units of local government receive taxes based on the frozen property values. Any additional taxes paid by property owners based on the increase in property values since the district was created is known as the “increment”. The increment revenue is then used to finance physical improvements within a designated project area. These improvements can be financed on a cash basis after sufficient increment revenues have been collected, or through a bond issuance with increment tax revenues dedicated to retire the bonds.

Lease/Revenue Bonds - These bonds are backed by the full faith and credit of the City and supported through an ad valorem special levy by an annual appropriation.

Equipment Certificates – These certificates are capital notes subject to the city debt limit. They can be used to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having an expected useful life at least as long as the term of the notes. The notes shall be payable in not more than five years. A tax levy is required for the payment of the principal and interest on the notes.

Other - Other internal funding options available include capital project and capital improvement funds whose source of funding includes property tax levies, interest income on City investments, and transfer from reserves.

EXTERNAL METHODS:

Municipal State Aid - The Minnesota Department of Transportation provides funding assistance for improvements to those municipal streets which are designated as part of its Municipal State Aid (MSA) system. Money for this fund is supplied with a dedicated portion of revenues collected from road use and gasoline taxes. Funds are released for improvements on those streets on the system whose design and construction meet MSA standards. Funds may be expended for any street on the MSA system at any time, and MSA funds may be accumulated over several years.

Minnesota Department of Transportation – The Minnesota Department of Transportation provides financing assistance for maintenance and improvements on those highways included in the Mn/DOT trunk highway system and federal interstate system. These improvements could include intersecting local or county streets. Improvements on these highways must meet State trunk highway standards before Mn/DOT releases funds.

Other - Other sources of financing available externally include grants and donations.

PROJECT SUMMARIES

PROJECT NAME Public Works Facility Expansion
PROJECT TYPE Building Improvements

Description

Project consists of two distinct phases: 1) Expansion of Public Works Facility from current 36,000 sf to 116,000 sf.
 2) Construction of 30,000 sf cold storage facility facility on former Larson Salvage site

Justification

Space needs study conducted in 2003 indicated that, at full build-out, the two facilities would meet the City's needs over the next 30 years.

Operational Impacts

Tripling of square footage would increase utilities and maintenance costs by roughly \$100,000 annually.

SOURCES

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Future Years</u>
Utility Funds						
Water	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer	1,900,000	-	-	-	-	-
Storm Drainage	60,000	-	-	-	-	-
Capital Improvement Bonds		8,260,000				
TOTAL SOURCES	\$ 3,860,000	\$ 8,260,000	\$ -	\$ -	\$ -	\$ -

USES

<u>PW Facility</u>						
Land						
Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Work (grading, landscaping)	-	450,000	-	-	-	-
Inspections, soils, surveys	-	50,000	-	-	-	-
Building						
Architect/Engineering	735,000	-	-	-	-	-
Other professional fees	65,000	-	-	-	-	-
Construction						
A - Building expansion	-	7,100,000	-	-	-	-
B - Building renovation	-	900,000	-	-	-	-
C - Relocate salt storage bldg.	60,000	-	-	-	-	-
D - Fuel Island	-	470,000				
E - Equipment, security, telecom., furnishings	-	400,000				
Contingency	-	400,000	-	-	-	-
Cold Storage Site						
Land						
Acquisition	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements						
Sitework	120,000					
Building						
Architect	30,000					
Engineering	-					
Construction	300,000					
Legal	15,000	-	-	-	-	-
Bond issuance	-	25,000	-	-	-	-
	\$ 2,325,000	\$ 9,795,000	\$ -	\$ -	\$ -	\$ -

