

## **CAPITAL IMPROVEMENT PROGRAM 2020-2021 APPROVED BUDGET 2020-2025 PLAN**

The approved 2020-2021 Capital Improvement Program (CIP) Budget and 2020-2025 Capital Improvement Program Plan align with the strategic foundation that guided the development of the approved 2020-2021 operating budget. Ramsey County's capital investments in facilities must align with operational investments in people, processes and technology to further our organization's vision of welcoming, accessible, equitable and modern service delivery. The budget development process sought to align longer-range capital planning and prioritization with the two-year focus of the Ramsey County operating budget; it is in alignment that Ramsey County will create, implement and sustain its efforts to building a community in which all are valued and thrive.

The following pages outline specific proposal in the "major" and "regular" investment categories. Each of these categories is defined on subsequent pages, along with an outline of Ramsey County's debt management strategy. All major proposals are listed in order from the largest to smallest investment during 2020-2021, and a reader will note that the single largest investment approved for the 2020-2021 budget cycle will enhance welcoming service delivery through the creation of more welcoming facilities. When this welcoming facilities proposal is viewed alongside top priorities within the approved 2020-2021 operating budget, the strategic alignment between operating and capital investments becomes fully evident. Similar alignment across capital investments and operational priorities occurs throughout the documentation provided to the Board of Commissioners for review, ensuring that the resulting budget demonstrates the focus and efficiency that is required for successful implementation across a large organization.

Ultimately, the approved capital budget leverages every available opportunity to build a nimble and responsive organization that is properly aligned and well-equipped to address the needs of the current and future community that we are here to serve.

### **GOVERNANCE**

The Ramsey County Board of Commissioners sets forth and administers the policy and affairs of the Capital Improvement Program Plan.

The Board of Ramsey County Commissioners created a fourteen-member Capital Improvement Program Citizens' Advisory Committee (CIPAC), to be composed of two residents from each of the seven county commissioner districts appointed by the appropriate County Commissioner, to assure citizen participation in the decision making process.

CIPAC members, along with a group of raters assembled by the County Manager, listen to presentations, rate, and rank all submitted CIP projects for recommendation. The results are compiled and the County Manager uses this information in preparing the Approved Capital Improvement Project Budget which is presented to the Ramsey County Board of Commissioners.

### **PUBLIC RELATIONS**

At a time when costs and demands are rising and public agencies must compete for limited resources, it is crucial that the County Manager, the staff, and Board Members work together to foster a positive public image for the County. While it is important to establish a formal and active public relations program for the County, public relations also encompass a wide range of daily and informal activities. CIPAC can play a significant role in creating good will for the County. Through their many and varied contacts in the community, CIPAC members have frequent opportunities to inform others about County capital improvement projects accomplishments, and needs. CIPAC can be County's good will ambassadors, building awareness and support wherever possible.

At the same time CIPAC Members are being vocal and visible on behalf of the County, they can also be sensitive to community information needs and demands for better County services. CIPAC Members enjoy unique opportunities to serve as liaisons between the public and the County Commissioners, translating community needs into improved policies and programs.

### **SCOPE**

Capital Improvement Projects are submitted by all County Departments, Ramsey County Library, Landmark Center, Historical Society, and Extension Services.

### **ANNUAL CAPITAL IMPROVEMENT PROGRAM BUDGET PLAN BOOK**

The Capital Improvement Program 2020-2021 Budget and 2020-2025 Plan includes:

- A. Overview from County Manager letter
- B. General summary of contents
- C. Capital Improvement Program Project Policies and Procedures.
- D. A list of all capital asset projects costing \$50,000 or more that are approved to be undertaken during the ensuing six fiscal years with appropriate information to show the necessity for these improvements. Each project shall have funding sources delineated, such as bond proceeds, special tax levies, state or federal grants, donation, special assessment, etc.
- E. Cost estimates, method of financing, and recommended time schedule for each of these improvements.
- F. The estimated cost of operating and maintaining the facility to be constructed or acquired:
  1. The estimated cost for debt service for capital expenditures. These will be financed from current revenues in the ensuing fiscal year and shall be included in the budget.
  2. Status on Active Capital Improvement Projects.

## **APPROVED BUDGET**

### **MAJOR PROJECTS**

#### **A. Welcoming Facilities Project**

This project is to implement Ramsey County's Accessible Service Delivery and Facilities initiative at 47 County-owned facilities and 20 leased spaces in other buildings. This includes the tree primary elements to delivery of a welcoming facility: signage, quality aesthetics and ease of access both in the form of location as well as ADA compliance. Funding for this project is approved to be financed with \$5,000,000 of County Bonds in 2020 and with \$2,500,000 of County Bonds in 2021. Project priorities should be established through the Residents First Program.

#### **B. Golf Study Projects**

This project is for funding the upgrade of the irrigation system and for the addition of forward tee boxes for seniors and women at Manitou Ridge Golf Course. Also, the funding is for the replacement of irrigation systems and reconstruction of bunkers at Goodrich Golf Course. Funding for this project is approved to be financed with \$3,677,311 of County Bonds in 2020 and with \$2,432,935 of County Bonds in 2021 for the Manitou Ridge and Goodrich golf course improvements.

#### **C. Building Improvements at County Buildings**

This project is for funding landscape and site improvements, hazardous material abatement, preservation of building interiors and exteriors, renewal and replacement of electrical, mechanical and plumbing systems at some of the 23 County owned buildings. Funding for this project is approved to be financed with \$2,500,000 of County Bonds in 2020 and with \$2,500,000 of County Bonds in 2021.

**D. Maplewood Library Remodel**

This project is for funding the remodeling of the Ramsey County Library in Maplewood. Funding for this project is approved to be financed with \$1,000,000 of County Bonds in 2020 for design costs and with \$2,769,005 of County Bonds in 2021 for construction costs.

**E. Metro Square Exterior Envelop Assessment and Repair**

This project is for the exterior envelop work at Metro Square which will include tuck-pointing, interior/exterior wall repairs, sheet metal fascia repair/replacement, and gasket replacement for all exterior glass panels. Funding for this project is approved to be financed over three years with \$265,000 of County Bonds in 2020 for design costs and with \$2,500,000 of County Bonds in 2021 for construction costs. Bond proceeds of \$2,366,800 in 2022 for the remaining construction costs will be proposed in the next budgeting cycle.

**F. Highland Arena Parking Lot**

This project is for reconstructing existing parking lots, curbs and gutters, adding parking lot islands, improving stormwater drainage, and expanding parking near the building. Additionally, sitework is to include upgrading site lighting and enhancing the landscaping. Funding for this project is approved to be financed with \$275,000 of County Bonds in 2020 for design costs and with \$1,900,809 of County Bonds in 2021 for construction costs.

**G. Metro Square Escalator/Staircase – Removal/Installation**

This project is for the removal of four escalators that serve the first through the third floor and to install a new open staircase to provide continuous access between all three floors at Metro Square. Funding for this project is approved to be financed with \$1,121,280 of County Bonds in 2020.

**H. Historical Society – Gibbs Farm Program and Preservation**

This project is for funding the implementation of the Gibbs Farm Master Plan, which includes construction of an education facility, an education gallery, and a collections preservation facility, remodeling of the Annex building, and landscaping. Funding for this project is approved to be financed with \$1,100,000 of County Bonds in 2020 for design costs, along with \$2,000,000 from State or private funds. Construction funding will be recommended in 2022 to align with State bonding bill cycles.

**I. Bituminous Pavement Maintenance**

This project is for the ongoing need of bituminous repair and replacement at County Parks, Golf Courses, and Arenas. There are 40 acres of parking lots, four mile of county park trails and five miles of golf cart paths needing repair or replacements, based on a replacement schedule. Funding for this project is approved to be financed with \$1,000,000 of County Bonds in 2021.

**J. Radios Replacement**

This project is to replace the 800 MHz radios used by deputies across the County. The radios provide a critical communications link between all public safety agencies, including the Emergency Communications Center and the community. Funding for this project is approved to be financed with \$900,000 of County Bonds in 2020, to complete the third and final phase of funding for this project.

**REGULAR PROJECTS**

Regular projects approved for funding in the 2020-2021 Capital Improvement Plan Budget address the needs for maintaining capital facilities and infrastructure. The various renovations, repairs, and replacements recommended will allow the County to maintain and improve services currently provided. Funding in the amount of \$4,000,000 in 2020 and \$4,000,000 in 2021 will be available from the sale of bonds.

Regular projects include capital items between \$50,000 and \$1,000,000 such as land, buildings, building improvements, and new equipment purchases. These requests are related to new/improved technology, expansion of programs, or the repair/replacement of assets used in a current program.

**CAPITAL IMPROVEMENT LEVY****Building Improvements/Repairs**

Funding of \$1,100,000 in 2020 and \$1,100,000 in 2021 is approved from levy funds for Building Improvements/Repairs. This funding is for buildings and grounds which are not currently recorded in separate Internal Service Funds and not managed by the Property Management Department. This includes the County Barn, the Landmark Center, and Parks & Recreation. The County Board set a goal to finance predictable life cycle maintenance of buildings and grounds currently in the County's General Fixed Assets.

**OTHER FUNDING SOURCES****Building Improvements/Maintenance**

In 1996, the Capital Improvement Program (Citizens) Advisory Committee (CIPAC) recommended, and the County Board approved, the use of dedicated rental revenues in the RCGC-East and RCGC-West buildings' operating budgets to fund a plan of building improvements/maintenance. In the 2001 budget, the County Board approved the use of dedicated rental revenues in the Juvenile and Family Justice Center to finance a 5-Year plan for the first time. Beginning with their opening, the Law Enforcement Center, the Public Works Facility, the Sheriff Patrol Station and the Suburban Court Facility are also using this same funding method. The County Board also approved the use of dedicated rental revenues for the Courthouse/City Hall, the Libraries, the 911 Dispatch Center, the 90 West Plato Boulevard location, the Metro Square building, the 402 University Avenue building, the 5 South Owasso Boulevard location, the Correctional Facility (Workhouse), the Medical Examiner building, and the 555 Cedar building. Continued funding in this manner for the building improvements/maintenance is approved, as Other County Funds.

**MULTI-MODAL PLANNING PROJECTS**

In 2017, the County Board authorized and implemented a 0.5 percent sales and use tax as provided in Minnesota Statutes Section 297A.993, for the purpose of funding transit and transportation improvements. The funding for these projects is included as part of the Municipal/Other Funds in the Other Funding Sources. An additional funding source for these projects in the Other Funding Sources is Regional Railroad Authority levy, which is included as part of the Other County Funds. Three transitway corridors continue to advance toward implementation. The Gold Line Corridor will complete its environmental documentation and engineering work in preparation for construction starting in late 2021. The Rush Line Corridor will complete its environmental documentation and then transition to the Metropolitan Council for the completion of project development in 2022. The Riverview Corridor will begin its three year Engineering and Pre-Environmental Phase with completion anticipated in late 2022.

**2020-2021 CIP FINANCING SOURCES**

	<u><b>2020 *</b></u>	<u><b>2021</b></u>
<u>Bonds *</u>		
Major Projects	\$15,838,591	\$15,602,749
Regular Projects	3,938,897	3,951,588
Bond Issuance Costs	<u>122,512</u>	<u>145,663</u>
Total Bonds	19,900,000*	19,700,000

\* Per Resolution B2020-019, January 14, 2020, the 2020 CIP Financing Plan was amended to change the funding sources for the \$19,900,000 from available fund balances rather than from the sale of county-issued general obligation bonds.

<u>Capital Improvement Levy</u>		
Building Improvements/Repairs	<u>1,100,000</u>	<u>1,100,000</u>
Total Levy	1,100,000	1,100,000

<u>Other Funding Sources</u>		
Federal Funds	1,019,000	---
State Funds	2,090,471	15,230,323
Municipal/Other Funds	54,801,220	78,841,557
Other County Funds	<u>31,531,643</u>	<u>17,098,300</u>
Total Other	<u>89,442,334</u>	<u>111,170,180</u>

TOTAL APPROVED CIP FINANCING	\$ <u>110,442,334</u>	\$ <u>131,970,180</u>
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The Debt Service levy and Capital Improvement and Equipment Replacement levy amounts necessary to finance these approved funding levels are included in the 2020-2021 Approved Operating Budget.

**IMPACT ON OPERATING BUDGET**

Ramsey County has worked to stabilize the County's debt service levy and maintain it at a consistent level. The approved budget supports this goal and allows the County Board to continue reviewing and prioritizing current and future capital improvement demands. Requests for Board Action (RBA), approving major capital improvement projects will include authorization to establish specific capital project budgets.

**MAJOR PROJECTS**
**A. Welcoming Facilities Project**

The impact on the 2020 and 2021 operating budgets is unknown as there may be reduced maintenance and energy costs, depending upon the changes in lighting levels and other environmental factors.

**B. Golf Study Projects**

New functional parts to the golf course maintenance operation require less time and attention of staff which then can be utilized on higher priorities. Reduction of water usage is estimated at 25%.

**C. Building Improvements at County Buildings**

There will be a positive impact on reducing energy usage with the replacement and repair of mechanical, electrical, and plumbing systems which are one component of this project.

**D. Maplewood Library Remodel**

Renovation provides opportunities to improve green energy techniques and products. The impact is unknown on the 2020 and 2021 Library operating budgets, as there will be more efficient heating and cooling.

**E. Metro Square Exterior Envelop Assessment and Repair**

Future cost savings will be realized as a result of better environmental controls and more efficient energy usage. There is potential energy consumption savings of \$7,500 per year. In addition, there is cost avoidance for mold mitigation and larger scope of exterior/interior repairs caused by water damage.

**F. Highland Arena Parking Lot**

There will be an undetermined amount of savings from reduced ongoing pavement maintenance costs.

**G. Metro Square Escalator/Staircase – Removal/Installation**

The estimated annual maintenance/energy cost savings is estimated at \$17,470 per year and the heating/cooling/lighting cost savings is estimated at \$8,928 per year.

**H. Historical Society – Gibbs Farm Program and Preservation**

There is no impact on Ramsey County’s operating budgets, as the Gibbs Farm is operated by the Ramsey County Historical Society.

**I. Bituminous Pavement Maintenance**

There is not direct impact on the 2020 and 2021 operating budgets as completing regular pavement maintenance will extend the life cycle of the pavement.

**J. Radios Replacement**

The impact on the 2020 and 2021 operating budget is unknown, but the repair costs for radios will be decreased as replacement radios are implemented.

**REGULAR PROJECTS**

Most of the CIP Regular Projects approved for financing are repair/replacement and maintenance projects. These projects should help improve operating efficiencies and offset increased costs for operations and repairs.

**DEBT MANAGEMENT STRATEGY**

Effective November 6, 1992, Ramsey County became a Home Rule Charter County, the first in the State of Minnesota. Most debt and building fund levy limits and other restrictions established under previous Capital Improvement Program State Statutes no longer apply, giving Ramsey County the opportunity, and the responsibility, to establish realistic and affordable Capital Improvement levies for debt service and the Capital Improvement levy (pay-as-you-go).

**Legal Debt Limit** - Minnesota governmental entities are subject to Minnesota Statutes, Section 475.53, Subd. 1. which establishes a legal limit on the amount of debt that can be incurred by any such entity. The statutory debt limit is 3% of the Estimated Market Value of all taxable property in the County. The computation of Ramsey County’s legal debt limit as of December 31, 2018 was 3% of \$50,203,834,900 or \$1,506,115,047. Ramsey County’s debt subject to this limit was \$129,117,490, leaving a Legal Debt Margin of \$1,376,997,557.

**Debt Service as a Percentage of Expenditures** - Per County policy, Ramsey County also monitors its debt affordability measurement *Debt Service as a Percentage of Budget*. It measures the annual fixed-cost burden that debt places on the County budget. This ratio is also measured by a bond rating agency and the measurement should be less than 8% for it to be in the highest bond rating classification. County policy also states that this ratio should not rise above 8%. SP Global Ratings measured this ratio at 4.8% for the 2018 bond rating. Ramsey County’s projection of this measurement for budget years 2019, 2020, and 2021 are 3.31%, 3.33% and 3.41%.

**Other County Debt Indicators**

In addition to complying with the statutory and policy measurements mentioned above, the County also monitors its debt with measurements used by the two rating agencies that assign ratings to the County’s bond issues, SP Global Ratings and Moody’s Investors Service.

**Net Debt as a Percentage of Operating Revenues (S&P and Moody's)**

Ramsey County received a 'Very Strong' score from S&P and a 'Strong' from Moody's for this measurement for the 2018 bond rating. This ratio measure the total debt burden on the County's revenue position and can show the potential budgetary impact of future debt service. Ramsey County's measurement by S&P was 28.4% and by Moody's was 40%.

	<u>Very Strong</u>	<u>Strong</u>
Standard and Poor's	<30%	30 - 60%
Moody's	<33%	33 - 67 %

**Net Debt to Taxable Value**

Ramsey County scored in the highest classification (Aaa) for this measurement from Moody's for the 2018 bond rating. This ratio measure how onerous future debt service payments could be to the tax base and the capacity available to generate additional revenues from the tax base to pay debt service. To be considered in the highest classification (Aaa) by Moody's, this measurement should be less than .75%. Ramsey County's measurement was .50%.

**Joint Property Tax Advisory Committee (JPTAC)**

Ramsey County also participates in a cross-jurisdictional effort to coordinate and monitor the impact of debt on taxpayers in the City of St. Paul. Elected officials and executive staff representing Ramsey County, the City of St. Paul, Independent School District 625, and the St. Paul Port Authority meet regularly as the Joint Property Tax Advisory Committee (JPTAC).

The JPTAC initiates cooperative efforts to jointly plan for meeting the capital needs of each jurisdiction, coordinate general obligation financing of the areas capital needs, keep financings within agreed upon deb level targets, and monitor associated impacts on property taxes in the City of St. Paul.

The JPTAC publishes a report bi-annually and adopts target ranges for certain debt position and ability to pay indicators as benchmarks for the jurisdictions. Many of the measurements which are used, focus on the debt service levied and its effect on City taxpayers. The benchmarks have been met consistently since 1977.

**CIP PROJECT REQUESTS**

CIP projects are currently divided into three categories: 1) Regular Projects, 2) Major Projects, and 3) Building Improvements. Major Projects and Building Improvements are separated from what are generally considered the "regular" capital maintenance projects for discussion and recommendation purposes.

Departments and agencies submitted 18 Major Project requests (Juvenile Institutions request was subsequently withdrawn), 39 Regular Project requests, and 8 Building Improvement requests covering

the six-year period of 2020-2026. A working document was created to assist members of the Capital Improvement Program (Citizen) Advisory Committee (CIPAC) and County staff in reviewing the project requests. County department/agency heads and staff made oral presentations and answered questions about their project requests to these raters on March 21, 2019.

**COUNTY MANAGER RATING SYSTEM**

The County Manager Rating System is based on combining the rating from County staff and from the Capital Improvement Program (Citizen) Advisory Committee (CIPAC). The Combined Rank is then used to set overall Regular CIP project request priorities for the Capital Improvement Program 6-Year Plan, 2020 – 2025.

**COUNTY STAFF RATING**

The County staff rating is based on criteria identified by the County Board and are grouped in two categories: Service Based Criteria and Capital Based Criteria. This grouping reinforces the fact that a capital project has two aspects:

1. It is intended to provide a service, not to exist on its own, and
2. Capital improvement projects are complex activities that need to be developed and implemented well; and once a capital project is completed, it becomes a part of the County’s asset base and should be maintained well.

Eight staff members from various Ramsey County departments were selected to review and rank 20 Regular CIP projects. Nineteen Regular CIP projects which did not request bond funding in 2020 or 2021 were not ranked. Requests for staff are made to different County Departments every other year, supporting equitability and variety in opinions. These eight people rated the CIP project requests using a rating system that was established in 1987, and updated in 2000, in order to more clearly distinguish “good” projects. This rating system is based on the criteria outlined in County Board Resolution 87-089 (February 9, 1987).

For the 2020-2025 Capital Improvement Program Plan, each project could receive a point value ranging from 0 to 4 for each of 7 rating criteria. Each of the rating criteria has a weighting percentage assigned to it in the order of its importance. The weighting percentage was multiplied by the point value for each of the criteria to determine the actual rating points for each of the criteria for each project.

The criteria and weighting percentages in order of priority are:

	<u>Weight</u>	<u>Max. Points</u>	<u>Max. Score</u>
1. Protect Life/Public Safety/Public Health	25%	4.0	1.00
2. Replace Facility/Maintain Facility	22%	4.0	.88
3. Reduce Operating/Energy Costs	20%	4.0	.80
4. Protect Property	10%	4.0	.40
5. Provide Public Service	10%	4.0	.40
6. Provide Public Convenience	7%	4.0	.28
7. Enhance County Image	<u>6%</u>	4.0	<u>.24</u>
	100%		4.00

Each of the eight staff raters assigned a maximum of 4 points to a project, giving each project the possibility of being awarded a maximum of 32 points. Total points awarded ranged from 5.00 to 20.60.



**CIPAC RATING**

CIPAC rated 20 CIP projects concurrent with, but independent from, the County staff. The County Board established the CIPAC in order to obtain input from the citizens of Ramsey County.

Each member of the CIPAC independently rated these projects in groups of eight, a rating system developed for the 1989 CIP, and used consistently since then. Projects in each group then received the following number of points.

<u>Rating Group</u>		<u>Points</u>
First group of	4	5
Second group of	4	4
Third group of	4	3
Fourth group of	4	2
Fifth group of	<u>4</u>	1
Total	20	

Points from each member of the CIPAC were tabulated by project and the projects placed in priority order. The maximum number of points assignable to each project by the CIPAC was 72 (12 members of the committee ranked projects for 2020-2021). Total points ranged from 21 to 53.

**Capital Improvement Program Advisory Committee (as of June 30, 2019):**

Gary Bank	District II	(Mary Jo McGuire)
Logan Beere	District VI	(Jim McDonough)
Sunny Comstock	District IV	(Toni Carter)
Quinn Doheny	District IV	(Toni Carter)
Sue Hauwiller	District VI	(Jim McDonough)
Dennis Larson	District VII	(Victoria Reinhardt)
Greg Lauer	District III	(Trista MatasCastillo)
Shaun McClary	District III	(Trista MatasCastillo)
James Miller	District V	(Rafael Ortega)
Lawrence Sagstetter	District I	(vacant)
Nicholas Tamble	District I	(vacant)
Gary Unger	District VII	(Victoria Reinhardt)
Lue Vang	District V	(Rafael Ortega)
Vacant	District II	(Mary Jo McGuire)