

CAPITAL IMPROVEMENT PROGRAM 2022-2023 APPROVED BUDGET 2022-2027 PLAN

The approved 2022-2023 Capital Improvement Program (CIP) Budget and 2022-2027 CIP Plan reflects the same strategic foundation that guided the development of the approved 2022-2023 operating budget. The approved CIP budget demonstrates a commitment to maintaining our shared community assets, supporting those entrusted in our care, and planning for our community’s future in an equitable and sustainable way.

The approved 2022-2023 CIP budget increases the funding available for projects. This recommendation comes after careful analysis and consideration, recognizing the needs of our community both for safe and well-maintained assets and for jobs and economic opportunity. This increase fits within our existing debt levy, meaning we can further invest in our community without an additional debt levy burden in 2022 and 2023. Interest rates are also at historic lows, making this an ideal time to maximize available bonding resources to support this important work.

The following pages outline specific proposals in the “major” and “regular” capital investment categories. Each of these categories is defined on subsequent pages, along with an outline of Ramsey County’s debt management strategy. A discussion of the impact of these projects on the county’s operating budget is also included to help draw specific connections between the investments made here and the long-term impacts on the services we provide.

Ultimately, the approved capital budget seeks to maximize our investment in our assets and our community, and reflects our commitment to responsible, sustainable, and intentional care for those we serve, and the spaces used to serve the community.

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 2022-2023 Budget and 2022-2027 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. Building Automation Systems

This project is for replacing aging and unsupported building automation systems at multiple County facilities. The building automation systems controls and reports on various building components within a building's structure, primarily HVAC and lighting and in some cases life safety. Funding for this project is approved to be financed with \$3,484,721 of County Bonds in 2022 and with \$700,000 of County Bonds in 2023.

B. Building Exterior Envelope Restoration

This project is for the replacement and significant repairs to the exterior envelope of five buildings in priority order: Family Service Center, Water Patrol Station, Suburban Courts, Law Enforcement Center, and City Hall / Courthouse. This project will remove and replace the existing roof, stucco wall/external insulation finishing systems, and the replacement of damaged bricks and leaking windows. Funding for this project is approved to be financed with \$350,000 of County Bonds in 2023.

C. Care Center – Heating, Ventilation, and Air Conditioning (HVAC)

This project is for the replacement of the existing outdated HVAC system and its components at the Ramsey County Care Center. Funding for this project is approved to be financed with \$162,800 of County Bonds in 2022 and with \$1,464,367 of County Bonds in 2023.

D. City Hall/Courthouse Roof and Rooftop Ductwork

This project is for the replacement of the roof and mechanical ductworks systems on the City Hall/Courthouse. Funding for this project is approved to be financed with \$2,150,300 of County Bonds in 2023.

E. Goodrich and Manitou Ridge Golf Course Improvements

This project is for 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 \$4,054,235 of County Bonds in 2022 and with \$2,682,311 of County Bonds in 2023.

F. Metro Square Exterior Envelope Assessment and Repair

This project is for the exterior envelope work at Metro Square which includes 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 with \$3,559,552 of County Bonds in 2022.

G. 90 West Plato Building Exterior Envelope Restoration

This project is for the replacement and significant repairs to the exterior envelope of the 90 West Plato Building. This project will remove and replace the existing roof, stucco wall/external insulation finishing systems, and the replacement of damaged bricks and leaking windows. Funding for this project is approved to be financed with \$232,510 of County Bonds in 2022 and with \$3,996,481 of County Bonds in 2023.

H. Safety and Security Enhancements at the Adult Detention Center

This project is for the additional safety and security enhancements, including suicide prevention barriers at the Adult Detention Center. This project will fund outfitting additional pods with either security glass and controlled access doors or a security mesh on the upper levels. Funding for this project is approved to be financed with \$1,411,800 of County Bonds in 2022 and with \$1,545,921 of County Bonds in 2023.

I. Strategic Development Opportunities

This project is for development opportunities throughout the County including Riversedge (Riverfront) development and Rice Creek Commons (formerly Twin Cities Army Ammunition Plant-TCAAP) development. Funding for this project is approved to be financed with \$20,000,000 of County Bonds in 2022 and with \$20,000,000 of County Bonds in 2023.

REGULAR PROJECTS

Regular projects approved for funding in the 2022-2023 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 \$6,000,000 in 2022 and \$6,000,000 in 2023 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 2022 and \$1,100,000 in 2023 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.

2022-2023 CIP FINANCING SOURCES

	<u>2022</u>	<u>2023</u>
<u>Bonds</u>		
Major Projects	\$32,905,618	\$32,889,380
Bond Issuance Costs-Major Projects	94,382	110,620
Regular Projects	5,917,799	5,917,799
Bond Issuance Costs-Regular Projects	<u>82,201</u>	<u>82,201</u>
Total Bonds	39,000,000	39,000,000
<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	81,990,000	77,880,000
State Funds	9,515,210	1,025,750
Municipal/Other Funds	128,812,510	131,742,443
Other County Funds	<u>4,589,622</u>	<u>3,709,622</u>
Total Other	<u>224,907,342</u>	<u>214,357,815</u>
TOTAL APPROVED CIP FINANCING	<u>\$265,007,342</u>	<u>\$254,457,815</u>

The Debt Service levy and Capital Improvement and Equipment Replacement levy amounts necessary to finance these approved funding levels are included in the 2022-2023 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. Building Automation Systems.

There will be future annual maintenance/energy costs savings which may be in the range of 8 to 10% for heating / cooling / lighting and other energy costs.

B. Envelope and Storefront Restoration

There will be some future heating and cooling energy costs savings to the operations of the five buildings and future savings in select repair and replacement avoidance.

C. Care Center - Heating, Ventilation, and Air Conditioning

The impact on the 2022 and 2023 operating budgets is unknown, but there will be a reduction in annual maintenance costs for one year as a result of manufacturer and contractor warranties. Other costs savings will be due to the installation of new, more reliable equipment.

D. City Hall/Courthouse Roof & Rooftop Ductwork

The impact on the 2023 operating budget is unknown, but costs for patching and will be decreased.

E. Goodrich & Manitou Ridge Golf Course Improvements

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%.

F. Metro Square Exterior Envelope Assessments 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.

G. 90 West Plato Building Exterior Envelope Renovation

There will be future heating and cooling energy cost savings to the operations of the 90 West Plato Building.

H. Safety and Security Enhancements at Adult Detention Center

There will be future cost savings as there will be a reduction in the costs of litigation (lawsuits) and legal settlements with the reduction of suicides and self-injuries.

I. Strategic Development Opportunities

There will be no impact on the 2022 and 2023 operating budget, as this project involves future development opportunities.

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, 2020 was 3% of \$57,022,509,300 or \$1,710,675,279. Ramsey County’s debt subject to this limit was \$136,710,000, leaving a Legal Debt Margin of \$1,573,965,369.

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 3.9% for the 2019 bond rating. Ramsey County’s projection of this measurement for budget years 2021, 2022, and 2023 are 3.58%, 2.93% and 2.98%.

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 2019 bond rating. This ratio measures 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 24.2% 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 2019 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 .30%.

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 area's capital needs, keep financings within agreed upon debt 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 20 Major Project requests, 49 Regular Project requests, and 7 Building Improvement requests covering the six-year period of 2022-2027. 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 2, 2021.

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, 2022 – 2027.

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.

Nine staff members from various Ramsey County departments were selected to review and rank 29 Regular CIP projects. Twenty Regular CIP projects which did not request bond funding in 2022 or 2023 were not ranked. Requests for staff are made to different County Departments every other year, supporting equitability and variety in opinions. These nine people rated the CIP project requests using a rating system that was established in 1987, and updated in 2000 and 2018, 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 2022-2027 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	6%	4.0	.24
	<u>100%</u>		<u>4.00</u>

Each of the nine staff raters assigned a maximum of 4 points to a project, giving each project the possibility of being awarded a maximum of 36 points. Total points awarded ranged from 12.00 to 26.84.

CIPAC RATING

CIPAC rated 29 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 four, 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	8
Second group of	4	7
Third group of	4	8
Fourth group of	4	5
Fifth group of	4	4
Sixth group of	4	3
Seventh group of	4	2
Eighth group of	1	<u>1</u>
Total		29

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 80 (10 members of the committee ranked projects for 2022-2023). Total points ranged from 23 to 67.

Capital Improvement Program Advisory Committee (as of June 30, 2021):

Gary Bank	District II	(Mary Jo McGuire)
Logan Beere	District VI	(Jim McDonough)
Barbara Garn	District II	(Mary Jo McGuire)
Sue Hauwiller	District VI	(Jim McDonough)
Dennis Larson	District VII	(Victoria Reinhardt)
Shaun McClary	District III	(Trista MatasCastillo)
James Miller	District V	(Rafael Ortega)
Devon Pohlman	District I	(Nicole Joy Fretham)
Thomas Rupp	District IV	(Toni Carter)
Lawrence Sagstetter	District I	(Nicole Joy Fretham)
Gary Unger	District VII	(Victoria Reinhardt)
Lue Vang	District V	(Rafael Ortega)
Vacant	District III	(Trista MatasCastillo)
Vacant	District IV	(Toni Carter)