

**CAPITAL IMPROVEMENT PROGRAM
2010/2011 APPROVED BUDGET
2010-2015 PLAN**

The 2010/2011 Capital Improvement Program (CIP) Budget and 2010-2015 Capital Improvement Program Plan was presented at the same time as the Operating Budget. This is done to emphasize the importance of long-range capital planning as a necessary adjunct to the annual operating budget. The operating budget provides for the funding mechanisms, while the Capital Improvement Program Plan document provides the detailed background and analysis for the approved capital expenditures.

MISSION STATEMENT

Ramsey County's mission is to enhance the quality of life for its citizens by providing progressive and innovative leadership that addresses Federal and State directives and changing community needs by delivering services in a responsive, professional, and cost-effective manner.

One of the guiding principles critical to the success of the County's mission is: "The County strives to maximize the return on its human, physical, and fiscal resources in providing quality services to the public." The recommendations contained herein are consistent with this principle in that they:

1. Assist departments in providing a quality work environment for employees and clients.
2. Assist departments in preserving and maintaining the County's investment in buildings, land, infrastructure, and equipment.
3. Are based on a prioritized ranking system including the effective utilization of available outside funding sources (Federal, State, Other) in addition to appropriate County funding levels.

GOALS AND STRATEGIES

Following are the goals and strategies used in forming recommendations:

- A. To establish long-range (10 years) projected financing levels for regular capital projects and major building projects.
- B. To continue funding for an Equipment Replacement Schedule (primarily for mobile/motorized equipment) using Capital Improvement and Equipment Replacement Levy (pay-as-you-go) as a financing method.
- C. To continue funding scheduled building improvements in County-owned buildings operated as Internal Services Funds, through dedicated rental revenues.
- D. To establish and finance a Comprehensive Capital Asset Management and Preservation Plan as one of the County Board's priority goals set in 2005.
- E. To establish responsible debt issuance levels, and compare them to certain debt indicator benchmarks.
- F. To provide for needed capital repairs to County buildings, lands, and infrastructure to extend useful lives.
- G. To provide for new capital investment to replace poorly functioning or non-functioning assets.
- H. To maximize the use of Federal, State, and other non-County financing sources.

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 Proposed 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 encompasses 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 2010/2011 Budget - 2010-2015 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 proposed 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. Behavioral Health Crisis Center & Commitment Court

A new building on the county-owned site at 400 University Avenue would house the Crisis Mental Health Services, the Detoxification Center and Chemical Health Assessment, and the Commitment Court. The new East Metro Behavioral Crisis Center & Commitment Court would be adjacent to the Law Enforcement Center and 911 Dispatch to round out an existing 24-hour County campus. The costs were approved to be financed with \$9,000,000 of County Bonds in 2010.

B. RCGC-West Building Relocation

The RCGC-West Building Relocation would involve moving Ramsey County staff and operations out of the Ramsey County-Government Center West building. The Ramsey County staff and operations would be moved into a new building(s), purchased building(s), leased space or some combination to be determined at a later date. The move and relocation would be done in phases. The costs were approved to be financed with \$4,950,000 of County Bonds in 2010 and \$14,650,000 of County Bonds in 2011.

C. Keller Golf Course Building Replacement & Course Improvements

The Ramsey County Parks & Recreation recently had a building pre-design and a grounds improvement study completed of the Keller Golf Course building and grounds. The building pre-design had a two level clubhouse and a separate pro shop building. The pre-design of the grounds improvement include item such as: rebuilding all putting greens, renovating sand bunkers, re-grassing the fairways, selective tree planting and removal, new irrigation system, drainage improvements, and reorienting the practice range.

The consulting services to design various elements of the project were approved to be financed with \$1,000,000 of County Bonds in 2011. It is anticipated that the costs related to the Keller Golf Course Building Replacement and Course Improvements in 2012 will be financed with County Bonds.

D. Potential Projects

There are projects that are under consideration by the County. These projects are not yet fully developed and require further direction from the County Board before they can be implemented. The amount of \$300,000 for potential projects was approved to be financed in 2011 using County Bonds.

REGULAR PROJECTS

Regular projects approved for funding in the Capital Improvement Plan for 2010/2011 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 \$2,460,000 will be available from the sale of bonds for each year.

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 & EQUIPMENT REPLACEMENT LEVY

A. Building Improvements (formerly CCAMPP)

Funding of \$850,000 in 2010 and \$850,000 in 2011 was approved for Building Improvements which was formerly the Comprehensive Capital Assets Management and Preservation Plan (CCAMPP). This funding is for buildings and grounds which are not currently recorded in separate Internal Service Funds. The County Board set a goal to finance predictable life cycle maintenance of buildings and grounds currently in the County's General Fixed Assets.

B. Equipment Replacement

Continued replacement of mobile/motorized capital equipment on a scheduled basis for the Sheriff, Community Corrections, Parks and Recreation, and Public Works departments was approved.

Approved funding for equipment replacement in the amount of \$1,500,000 for 2010 and \$1,500,000 for 2011 will provide funding for scheduled replacements. The departments are given the discretion to set the priorities for replacement. Some equipment from the backlog could be given a higher priority for replacement over equipment scheduled for replacement in 2010 and/or 2011.

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 new Law Enforcement Center, new Public Works Facility, new Sheriff Patrol Station and new 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 new 911 Dispatch Center, and the new 90 West Plato Boulevard location.

Continued funding in this manner for these building improvements/maintenance was approved, as Other County Funds.

2010/2011 CIP FINANCING SOURCES

	<u>2010</u>	<u>2011</u>
<u>Bonds</u>		
Major Projects	\$13,950,000	\$15,950,000
Regular Projects	2,460,000	2,460,000
Bond Issuance Costs	<u>90,000</u>	<u>90,000</u>
Total Bonds	16,500,000	18,500,000
 <u>Capital Improvement and Equipment Replacement Levy</u>		
Building Improvements (formerly CCAMPP)	850,000	850,000
Equipment Replacement Schedule	<u>1,500,000</u>	<u>1,500,000</u>
Total Levy	2,350,000	2,350,000
 <u>Other Funding Sources</u>		
Federal Funds	13,513,000	9,969,000
State Funds	14,399,634	13,646,000
Municipal Funds	4,593,000	7,304,000
Other County Funds	<u>1,751,412</u>	<u>1,773,871</u>
Total Other	<u>34,257,046</u>	<u>32,692,871</u>
 TOTAL APPROVED CIP FINANCING	 <u>\$53,107,046</u>	 <u>\$53,542,871</u>

The Debt Service levy and Capital Improvement and Equipment Replacement levy amounts necessary to finance these approved funding levels are included in the 2010/2011 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. Behavioral Health Crisis Center & Commitment Court

There will be annual operating maintenance costs for the new building but these costs will be offset with the relocation of the Crisis Mental Health Services, the relocation of the Detoxification Center and Chemical Health Assessment and the relocation of the Commitment Court. The impact on the 2010 and 2011 operating budget is unknown but the operating costs will be offset with operating efficiencies resulting from the combined relocations.

B. RCGC-West Building Relocation

There will be annual operating maintenance costs for departments being moved out of the Ramsey County Government Center-West building. The impact on the 2010 and 2011 operating budget is unknown but the operating costs of the new space will be offset from the annual operating maintenance costs of the West building and with operating efficiencies resulting from the relocation.

C. Keller Golf Course Building Replacement & Course Improvements

Based on the current estimated timeline, it is not expected that there will be significant impact on the 2010 or 2011 operating budgets for the Keller Golf Course. The replacement and improvements are anticipated to be completed in 2012. The impact on the 2012 operating budget is unknown as the annual maintenance costs may be slightly higher but would be offsets with energy efficient savings. Also, there is strong potential for increased revenue with the approved improvements to support large golf events, wedding receptions, and special events.

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.

CAPITAL IMPROVEMENT & EQUIPMENT REPLACEMENT LEVY

A. Building Improvements for non-Internal Service buildings (formerly CCAMPP)

The County Board approved the Capital Improvement Program Citizens' Advisory Committee (CIPAC) recommendation to eliminate the separate Comprehensive Capital Asset Management and Preservation Plan (CCAMPP) prioritization process and to expand the use of Internal Services Funds for all facilities not currently in separate Internal Service funds. Staff will continue to work on an inventory of the County's capital assets that have predictable, planned life-cycle costs, and to create the appropriate maintenance schedules.

B. Capital Equipment Replacement Program

By continuing an ongoing Capital Equipment Replacement Program for motorized/mobile equipment, departmental operating budgets will not need to fund replacement of this equipment. Replacing equipment on a scheduled basis also results in reduced maintenance costs of the old equipment, and can provide enhanced performance due to new equipment technology.

BUILDING IMPROVEMENTS/MAINTENANCE

Providing funds for building improvements through dedicated rental revenues annually will enable capital improvements to be scheduled as needed, over time, rather than waiting for an emergency situation which will cost more to correct. Completion of scheduled building maintenance improvements will extend the lives of the buildings.

DEBT 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 and Equipment Replacement levy (pay-as-you-go).

The only debt limit remaining applies to all local governmental units in Minnesota. This limit is 3% of the market value of all taxable property in the County (Minnesota Statutes, Section 475.53, Subd. 1. The computation of the limit for the year ended December 31, 2008 was 3% of market value of \$49,095,390,200, or \$1,472,861,706. When subtracting the current debt that is applicable to the limit, Ramsey County's legal debt limit is \$1,308,894,319.

A. Debt Indicators

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 ventures to control property taxes within the corporate limits of the City of St. Paul and agrees to work together 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 levels targets, and monitor associated impacts on property taxes.

The JPTAC publishes a report, *General Obligation Debt Overlapping on the Saint Paul Tax Base*, bi-annually and adopts target ranges within certain debt position indicators and ability to pay indicators as benchmarks for the jurisdictions. The adopted benchmarks have been met consistently since 1977. Below are selected Ramsey County debt indicators.

B. Debt Service as Percent of Budgeted Expenditures

In 1993, Moody's Investors Service indicated Counties debt service as a percent of budgeted expenditures is in the low range at 0% - 5%, medium range at 5% - 10%, and in the high range when greater than 10%. Ramsey County's 2009 debt service as a percent of budget is 3.89%, which is in the top of the low range. Debt service projections for 2010 through 2018 show the highest projected debt service as a percent of budget would be 4.47% in 2013, which is in the top end of the low range.

C. Overall Debt Per Capita

Standard & Poor's benchmarks for overall debt per capita are: Under \$1,000 – Low, \$1,000 to \$2,500 – Moderate, and Over \$2,500 – High. Ramsey County's overall 2009 debt per capita is \$2,122. Debt projections for 2010 through 2018 show the highest projected overall debt per capita would be \$2,802 in 2018, which is in the low end of the high range.

POTENTIAL FUTURE MAJOR CAPITAL PROJECTS

Potential future Major Capital Improvement Projects that have been discussed by the County Board include:

- Boys Totem Town
- Keller Golf Course Building Replacement and Course Improvements
- Shoreview Library Addition and Remodel

CIP PROJECT REQUESTS

CIP projects are currently divided into four categories: 1) Regular Projects, 2) Major Projects, 3) Equipment Replacement Schedule, and 4) Building Improvements. Major Projects, Equipment Replacement Schedule 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 nine Major Project requests, 33 Regular Project requests, four Equipment Replacement Schedule requests, and 11 Building Improvement requests covering the six-year period of 2010-2015. 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 19, 2009.

COUNTY MANAGER RATING SYSTEM

The County Manager Rating System 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 24 Regular CIP projects. Nine Regular CIP projects from Public Works were not ranked, as \$1,000,000 of the \$2,500,000 Regular CIP project funding for each year was approved to fund Public Works projects. The \$1,000,000 was based on CIPAC’s recommendations on the Capital Improvement Program and approved by the County Board on December 16, 2008. 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 2010-2015 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>Percentage</u>	<u>Weighting</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. Protect Property	15%	4.0	.60
4. Reduce Operating Costs	15%	4.0	.60
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 was able to assign a maximum of 4 points to a project, giving each project the possibility of being awarded a maximum of 32 points. Total points actually awarded ranged from 9.25 to 19.86.

CIPAC RATING SYSTEM

The Capital Improvement Program (Citizen) Advisory Committee (CIPAC) rated 24 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 five, 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	5	5
Second group of	5	4
Third group of	5	3
Fourth group of	5	2
Fifth group of	<u>4</u>	1
Total	24	

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 50 (the committee had ten members rating projects for 2010/2011). Total points ranged from 12 to 49.

COMBINED RANK

The Capital Improvement Program Advisory Committee and the County Manager agreed upon a statistically valid method of combining the two ratings. The Combined Rank then was used to set overall Regular CIP project request priorities for the Capital Improvement Program 6-Year Plan, 2010 – 2015.

CONCLUSION

The County continues to use the methodology, outcomes, and recommendations obtained through the Capital Improvement Program planning process. The research, analysis, and updating of debt and debt service projections and comparisons with industry benchmarks serves as a guide for future capital plans, and outlines the County's commitment to long-range planning for capital needs. Objective priority setting allows all involved to support the projects recommended for funding. The continuation of a funded Equipment Replacement Schedule for mobile/motorized equipment is essential to the continued effective and efficient operation of County departments. Also, funding for Building Improvements was approved to finance predictable fixed asset life-cycle maintenance costs for buildings not currently in separate Internal Service funds. This funding was previously allocated to the Comprehensive Capital Asset Management and Preservation Plan (CCAMPP). Realistic financing levels and methods help analyze needs and not overburden County taxpayers while restoring our capital infrastructure to a sound level. The Capital Improvement Program Citizens' Advisory Committee continues the process of reviewing regular capital projects on an ongoing basis.

Capital Improvement Program Advisory Committee (as of May 31, 2009):

Steven Bornus	District I	(Tony Bennett)
Triesta Brown	District IV	(Toni Carter)
Gerald Christopher	District IV	(Toni Carter)
Patricia Lammers	District III	(Janice Rettman)
Dennis Larson	District VII	(Victoria Reinhardt)
Greg Lauer	District III	(Janice Rettman)
James Miller	District V	(Rafael Ortega)
Faith O'Neill	District II	(Jan Parker)
Mary Ann Palmer	District II	(Jan Parker)
Gary Unger	District VII	(Victoria Reinhardt)
Keith Warner	District I	(Tony Bennett)
Kurt Zilley	District VI	(Jim McDonough)
VACANT	District V	(Rafael Ortega)
VACANT	District VI	(Jim McDonough)