

CAPITAL IMPROVEMENTS PROGRAM

GENERAL INFORMATION:

The City has established a Comprehensive Capital Improvements Program as a separate document from the Annual Operating Budget. The Annual Operating Budget includes funding estimates on a fiscal year basis for various capital improvement projects to be funded in part or in whole from such funding sources as: bond issues supported by general property taxes or other revenues of the City; Local Option Sales Taxes; Community Development Block Grant Funds; various State or federal grants; or available balances of the various Enterprise Funds which support improvements associated with those activities. Capital improvements include acquisition and construction of buildings, additions to structures, and construction or improvements to parks, streets, bridges, sidewalks, storm sewers, sanitary sewers and other infrastructure. The City of Muscatine has limited the classification of these improvements to major non-recurring expenditures or improvements of physical facilities in excess of \$25,000.

In order for the City of Muscatine to meet the community's need for these public facilities and improvements, careful planning is required in order to insure the availability of financial resources when the need for the improvement occurs. The City has developed the Five Year Capital Improvements Program in order to establish a realistic plan of action by balancing the needed capital improvements with available resources. Capital improvements are identified and submitted to the Planning and Zoning Commission for their initial review. Their recommendations, in addition to staff's, are presented to City Council on a priority basis. Available financial resources are identified and Council approves the projects according to the need and availability of resources.

CURRENT TRENDS AND ISSUES:

The operating budget will again be supplemented with an aggressive Five Year Capital Improvement Plan. In November of 2010 the City Council approved a resolution to adopt the Five Year Capital Improvement Plan for fiscal years 2010/2011 through 2014/2015. Elected officials, citizens, and City staff participated in the development of the Plan and a public hearing was held prior to the Plan's adoption. This Plan is a document separate from the City's budget and it can be accessed from the City's website. The Plan's capital project summary schedule, however, listing all Plan projects has been included in this section of this budget document in order to provide a correlation between these two documents. During the annual budget process, this Plan is used to determine capital improvement projects to be included in the budget for the upcoming year. A number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. The projects in the 2011/2012 revised estimate and 2012/2013 budget are projects which have approved funding sources. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the City will make the appropriate amendments to the current or upcoming budget.

The major emphasis in the City's Capital Improvements Program in the upcoming year will continue to be the upgrading of the City's streets and sewer systems as well as improvements at the City's Water Pollution Control Plant and airport.

Pavement Management Program/Street Projects

In 2007 the City began a Comprehensive Pavement Management Program to upgrade the City's overall street conditions. Funding allocations of \$1 million for calendar year 2007 and \$2 million each for calendar years 2008 and 2009 were projected to be needed to complete the initial upgrade. These initial costs were funded with general obligation bond proceeds. Thereafter an annual allocation of at least \$500,000 is needed to

maintain the streets at this higher level. The third year of the initial street upgrade project was completed in the spring of 2010. The ongoing annual maintenance of the improved streets began in 2010 with these costs funded from the 20% allocation of local option sales taxes as provided for in the voter referendum in 2008 for the local option sales tax extension. This 20% allocation is estimated at approximately \$500,000 annually.

With the completion of the Pavement Management Program, other street improvement projects have been identified for construction in the next several years. These projects involve major upgrades to several heavily-traveled streets including Cedar Street from Parham to Houser and Colorado Street. Federal grants will fund a portion of the cost of these projects with bond proceeds funding the local share.

Sewer Improvement Projects

Sewer improvements continue to be identified as a high priority by City Council. In 2007 the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) which requires the City to complete specific major sewer separation projects by 2024. In 2008 voters approved extending the local option sales tax for a 10-year period beginning July 1, 2009 with 80% of these funds allocated for sewer improvements including the projects mandated by the Consent Order. Construction on the second and final phase of the Hershey Avenue sewer improvement project was completed in 2011/2012. This was a major project mandated by the Consent Order. The remaining project in the Consent Order will be the separation of the combined sewer in the West Hill area. This will be a lengthy project to be done in multiple phases over the next ten to twelve years. The total cost for all phases of this project is expected to reach or exceed \$50 million. Construction on Phase I of the project will begin in late spring of 2012 and is scheduled for completion by the end of 2013.

Water Pollution Control Plant Improvement Projects

The City is nearing completion of an \$18.5 million comprehensive Water Pollution Control Plant improvement project which has been under construction since 2008/2009. A State Revolving Fund loan funded \$16.5 million of project costs with the balance funded from the Water Pollution Control Plant Reserve. A separate project to expand the lab at the plant is scheduled for construction in 2012/2013.

Other Projects

Other capital projects included in the 2012/2013 budget include installation of a new fairway irrigation system at the Muscatine Municipal Golf Course and various improvements at the Muscatine Municipal Airport. Federal Aviation Administration (FAA) grants will fund 90% of the cost of the airport improvements. The golf course fairway irrigation system project will be funded from an internal loan which will be repaid with future golf course revenues.

Summary

The following pages identify and describe all capital projects currently in the planning stage or under construction in 2011/2012 as well as those planned for 2012/2013. This section also includes listings of these projects for both 2011/2012 and 2012/2013. Total capital project costs are estimated at \$9,318,900 for 2011/2012 and \$7,179,400 for 2012/2013. The last five pages of this section is the summary project listing from the City's Five Year Capital Improvements Plan. As noted above, a number of projects in this Plan are subject to the receipt of federal, state, or local grant funding. As such, projects in the Plan may be accelerated or deferred based on funding availability. If outside funding is awarded for projects in the Plan but not yet in the adopted budget, the City will make the appropriate amendments to the current or upcoming budget.