



Office of the City Manager

February 4, 2009

Honorable Mayor Montandon and Members of the City Council

SUBJECT: Proposed Fiscal 2010-2014 Capital Improvement Plan

The Capital Improvement Plan (CIP) is an investment in the future of our community. It is with our commitment to the future that we bring to you the proposed fiscal 2010-2014 CIP for the City of North Las Vegas.

The City of North Las Vegas stretches across the northern rim of the Las Vegas Valley. The City, which was incorporated in 1946, encompasses 98.4 square-miles within Clark County in Southern Nevada. North Las Vegas is the fourth fastest growing large city in America. Since 2000, North Las Vegas' population has grown by 87.6 percent, making it home to about 216,672 residents through December 2008. North Las Vegas is the fourth-largest city in Nevada. The City estimates that by the time it reaches build out in 2035, its population will be 586,548. Serving the growing population is a critical challenge that must be addressed by balancing the needs of the community with available financial resources.

This document presents the proposed plan for major public facility improvements that will be implemented over the next five fiscal years. The projects included in the fiscal 2010-2014 CIP are consistent with the City Council's priorities and address Planned and Quality Growth, Redevelopment and Revitalization, Parks and Recreation, Community Improvement Projects, Public Safety Facilities, and Economic Redevelopment.

Background and Summary

The State of Nevada, as well as the City of North Las Vegas, are experiencing a similar financial crisis that is facing the rest of the nation. The December unemployment rate for the State was 9.1 percent. The unemployment rate is expected to reach 11.4 percent within the next year. The State record unemployment rate of 10.7% was set back in 1982.

The City is experiencing significant declines in several key revenue sources. Property tax revenue is one concern for the City. Declining land and home values as well as the impact of foreclosures all will have a significant impact on property tax revenue. Over 200,000 properties, or approximately 1/3 of properties in Clark County will pay lower taxes in the upcoming year. Property tax revenue, which has averaged a growth rate of 18% annually since 2001, is projected to have zero growth in fiscal 2010.

Another major revenue source to the General Fund, Consolidated Sales Tax is experiencing unprecedented declines. At the time of this publication, revenues are approximately 13% lower than they were at the same time a year ago.

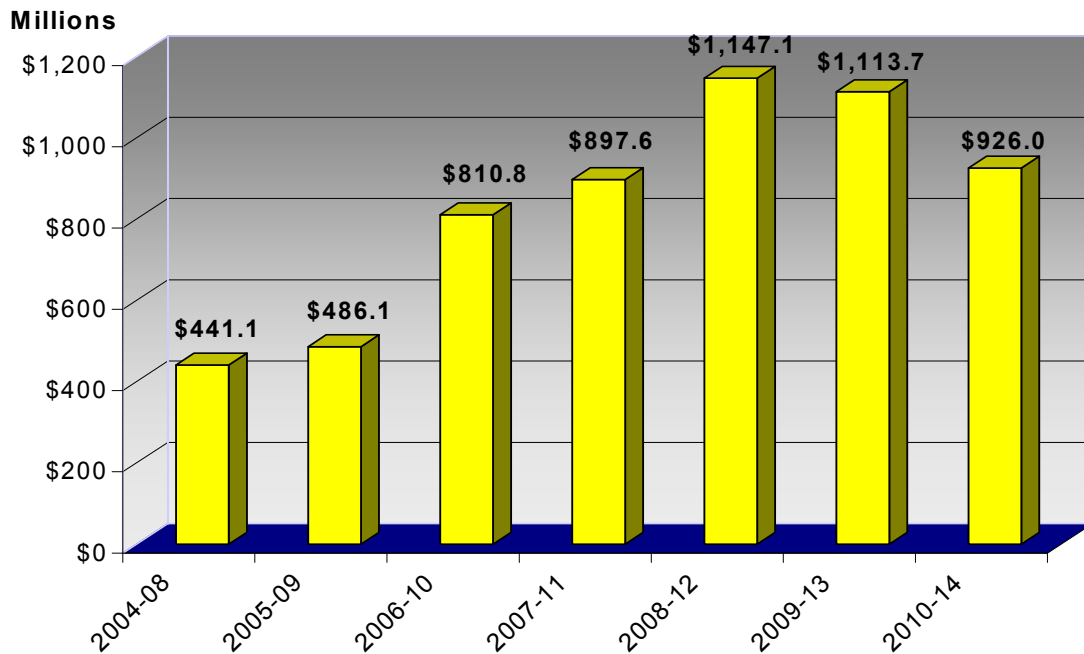
In addition to declining revenues, the Legislature will be looking to shore up revenue sources for the State's budget. It is not known at this time what impacts Legislative decisions might have upon the revenue sources of County and local governments.

Although there are many resources that fund CIP projects, the above are significant for two reasons. First, these sources contribute to the construction of CIP projects. Secondly, they are critical as they fund the operating and maintenance associated with the completion of CIP projects such as staffing new fire stations and maintaining new parks and recreational facilities.

With these financial issues in mind, this plan commits resources to "mature" areas in our community and areas of new growth. The CIP presents only those major improvements that are viewed as most urgently needed and which can be funded from available revenue sources. All projects were reviewed, with a number of them being reprioritized to future years. The impact of these decisions was to move approximately \$17.8 million of projects identified in the prior CIP to Fiscal 2011 or later. More importantly, approximately \$16.6 million of operating and maintenance impacts will be delayed to fiscal 2012 at the earliest.

The system of capital expenditure management is important because: 1) the consequences of investments and capital projects extend far into the future; 2) decisions to invest are often irreversible; and 3) such decisions significantly influence a community's ability to grow and prosper.

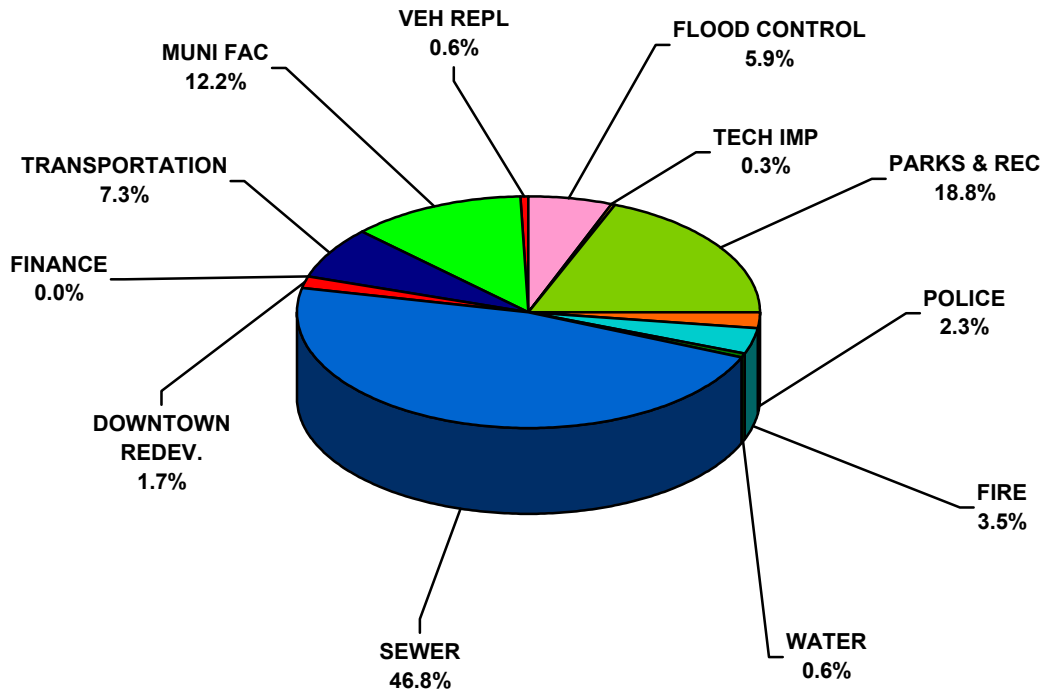
CIP - Historical Analysis



The selection and evaluation of capital projects is a difficult task that involves some speculation and ability to make estimates, which to some extent are based on historical perspectives. A “Capital Project” is of relatively high monetary value (at least \$25,000), has a long life, and results in the creation, or revitalization of a fixed asset. A capital project is usually relatively large compared to other “capital outlay” items in the annual operating budget. This is the basic type of definition we have used to guide the preparation of the capital program budget.

The proposed 2010-2014 Capital Improvement Plan amounts to \$926,048,800. The fiscal 2010 program will be integrated with the operating budget to include operating and maintenance costs on the new facilities. The fiscal 2010 capital program amounts to \$468,888,000.

FY 2010 EXPENDITURES BY CATEGORY



Upon completion, the projects in the five year plan will require an estimated \$126.2 million increase to operation and maintenance costs to support the new facilities and improvements. Another \$2.6 million will be required for initial capital outlay. These costs will be borne primarily by the General Fund, Public Safety Tax Fund and Utility Fund.

There are many desirable projects that are included in the future years' section of this document that we are not recommending for funding because of our financial limitations.

Program Descriptions

The CIP summarizes capital projects into "programs" or categories that include the following:

Downtown Redevelopment The programs under this area include community beautification projects and resources that will be dedicated to redevelopment for specific land use including the City's Entryway and Commercial Rehabilitation Programs.

Flood Control The projects included in this area address the City's need to have the risk of flooding minimized.

Municipal Facilities The projects in this area construct, expand, and renovate facilities necessary for the efficient and effective operations of the City, commensurate with the population increase.

Parks and Recreation The activities under this area provide for an environment for citizens to enjoy natural areas and an opportunity to participate in organized and unorganized leisure time activities.

Public Safety Activities under public safety advance our efforts to ensure to the best of our ability that the public is safe from crime and fire.

Technology Projects in this area provide for new and upgraded computer systems to meet ongoing technology changes and in protecting vital information.

Transportation The activities in this area provide for the engineering, maintenance, and construction of public rights-of-way within the city.

Utilities The projects in this area were developed to ensure efficient water and wastewater infrastructure that can meet existing and future needs, and is secure from outside threats.

Vehicles The replacements in this area replenish City vehicles and heavy equipment necessary for the efficient and cost-effective operations of the City.

Future Years Projects Projects included in this section are those that staff recommends be considered for completion should our financial realities change.

Revenue and Other Financing Sources

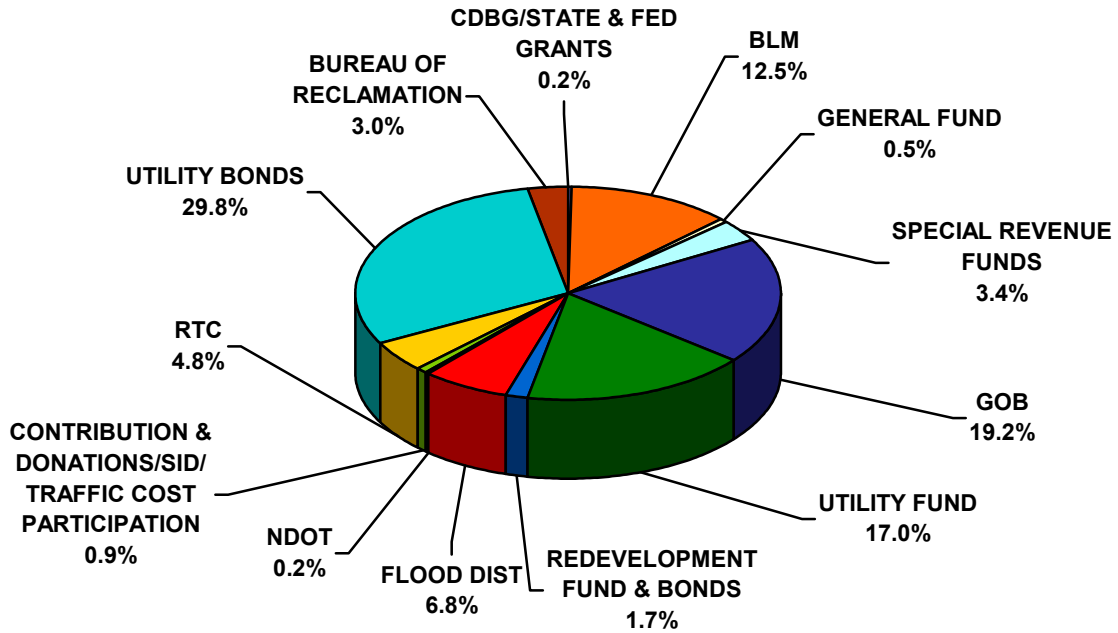
Included in the CIP are various funding sources including intergovernmental revenue, grants, general obligation bonds and pay-as-you-go financing which include dedicated property taxes, development fees, developer contributions, utility rates and available fund balances. The following summarizes the major funding sources for the CIP.

Bureau of Land Management (BLM) The BLM provides funding for parks and recreation projects. These projects include new and refurbished parks and trails. The City pays for expenditures upfront and submits quarterly documentation of payments to the BLM for reimbursement. (\$93.5M)

Clark County Regional Flood Control Funding received from this source is restricted for flood control projects. These are federal funds; however, the Clark County Regional Flood Control District manages the funds. (\$130.1M)

Community Development Block Grant The City receives Community Development Block Grant (CDBG) funds from Clark County. Clark County acts as a pass-through agent for these federal funds. (\$1.6M)

FY 2010 REVENUES BY FUNDING SOURCE



Contributions & Donations The City receives contributions from developers and private organizations. (\$67.9M)

General Fund The General Fund includes various sources; including but not limited to, property taxes, consolidated taxes, franchise fees and building permit fees. (\$12.1M)

General Obligation (G.O.) Bonds G.O. Bonds are secured by the full faith and credit of the City. G.O. Bonds are typically secured by a pledge of the City’s property taxing power. The electorate must authorize G.O. Bonds if the debt is to be serviced by increasing taxes through a tax override. No tax increases will be required to retire existing or proposed debt. (\$162.8M)

Grants The City is eligible to submit grant applications to various institutions that may have funds available from their own revenue sources or from outside sources. Grants include Homeland Security, Bureau of Reclamation, Southern Nevada Area Communications Council (SNACC), and others. (\$668K)

Nevada Department of Transportation Funding received from this resource is generally allocated to projects that are related to arterial street engineering or construction. (\$2.0M)

Park District Funds These funds are received as a result of the residential construction tax. These funds are recommended for capital improvements to parks within the district in which the revenue is received. (\$5.0M)

Redevelopment Funds & Bonds Revenues for the redevelopment fund are recommended for use in the redevelopment area. These funds are from property taxes generated in our two redevelopment districts. (\$19.9M)

Regional Transportation Commission (RTC) The RTC manages federal funds that are committed to our regional transportation systems. Transportation projects that have a regional significance are recommended to RTC for funding. (\$125.6M)

Special Improvement District This category provides for the consideration of special assessments, which are used for public improvements affecting specific areas. The total cost of the improvement is divided among the property owners who benefit from the project. (\$3.9M)

Streets, Fire and Parks Tax Override Fund In June 2001, voters approved the expansion of the tax override to include the acquisition of land, buildings and equipment for fire and park facilities. The tax was originally approved for the purpose of street construction and street maintenance. (\$25.0M)

Utility Bond These bonds are issued to finance self-supporting enterprises and are secured by the full faith and credit of the Utility. Revenue bonds are not included within the limitation of indebtedness for the City and generally do not require voter approval. (\$140.0M)

Utility Enterprise This enterprise fund is similar to a private business. Upgrading the City's utility infrastructure reinvests a portion of the City's water and wastewater revenue from its services to customers. (\$99.1M)

Highlights of the CIP are as follows:

Downtown Redevelopment projects amount to \$19.9 million and include the following programs; Commercial Rehabilitation, Utility Upgrades, Downtown Infrastructure Improvements, N. Las Vegas Blvd Phase I (Lake Mead to Carey Avenue), N. Las Vegas Blvd Design Improvements, and Property Acquisition in the Redevelopment Area. These projects are funded through the Redevelopment Fund and Redevelopment Bonds.

Flood Control projects amount to \$113.4 million and are funded by the Clark County Regional Flood Control District. Projects include Ann Road Channel East (\$12.3M), Tropical Road Channel East (\$14.4M), Vandenburg North Detention Basin & Outfall (\$22.3M), I-15 Freeway Channel (\$10.4M) and Las Vegas Wash Projects (\$54.0M).

Municipal Facilities amount to \$116.0M and includes construction projects for a new City Hall Campus at \$111.0M, with \$96.5M of the funding coming from General Obligation Bonds, \$4.0M from the Tax Override Fund, and \$10.5M from the Utility Enterprise Fund. \$4.9M is for remodeling the existing City Center Complex, Justice Facility Courtroom 3 and for a variety of projects necessary to maintain and improve the existing City Hall campus.

Parks and Recreation was identified by the City Council as a high priority and is the third-largest capital program in the CIP, behind Transportation and Utilities, allocating \$123.2M to this category. About \$93.5M of Parks and Recreation projects are funded through BLM, with \$24.3M funded through GO Bonds, \$5.0M from park district funds, \$232K from Kiel Ranch Fund, and \$168K from grants. Projects include \$21.0M for SkyView Multi-Gen Center, \$58.0M for Craig Ranch Land Acquisition and Improvements, \$1.5M for Seastrand Park Lighting, and \$1.6M for Walker Park Improvements.

New parks include Tropical Breeze Park (\$10.6M), and Downtown Central Park Development (\$4.9M). New trails will include the Upper Las Vegas Wash Regional Trail, BLM Rounds 5 and 6 (\$10.5M), Las Vegas Wash Trails Round 5 (\$5.3M), Las Vegas Wash Trail and Trailhead, Round 6 (\$5.5M), Las Vegas Wash Trail 1-15 Pedestrian Bridge (\$3.6M). There will be no tax increase to the citizens.

Public Safety amounts to approximately \$122.8M and is allocated to projects benefiting the fire and police programs. Fire projects include the equipping and construction of Fire Stations No. 50 (\$12.1M), No. 58 (\$18.7M), and Fire Station “AB” (\$16.9M), Fire Station No. 52 remodel (\$2.4M), firefighter tools, radios, & equip (\$3.6M), and apparatus replacements (\$5.6M). General Obligation bonds, Tax Override Funds and Developer Contributions fund the Fire projects.

General Obligation bonds, the Public Safety Tax Fund, Developer Contributions and Grants will fund police projects that include the new South Area Command Police Precinct (\$19.5M), North Central Police Precinct (\$30.9M), technology upgrades (\$4.0M), renovation of Detention “A”, “B”, and “F” Dorms (\$4.7M), culinary remodel (\$1.3M), and range improvements (\$3.0M).

Technology improvements amount to \$6.5M over the next five years and are funded through the General Fund. Included is citywide replacement of older computers (\$2.7M), servers (\$1.4M), infrastructure (\$1.9M), and other telephone and computer upgrades totaling \$448K.

Transportation Projects amount to \$166.0M over the next five years. The transportation projects are funded through the Regional Transportation Commission, Tax Overrides, Special Improvement Districts, Community Development Block Grants and Cost Participation Agreements. The City is allocating \$3.7 million to the 20th through 24th Year Traffic Capacity and Safety Improvements, \$11.4 million to the Major Street Rehabilitation Program and \$3.9 million to the In-Fill Roadway program.

Other major transportation projects include North 5th Street Super Arterial, Phase I (\$100.7M), Losee Road Improvements (\$2.7M), Allen Lane Improvements (\$2.8M), Commerce Street Improvements (\$1.5M), Gowan Road Improvements (\$3.8M), Grand Teton Parkway (\$1.9M), Simmons Street Improvements (\$22.3M), Valley Drive Improvements (\$2.8M), Washburn Road Improvements (\$1.5M), ADA Accessibility

Improvements (\$1.5M), Carey Traffic Signal Interconnect (\$1.9M), and various other improvements (\$3.6M).

The **Wastewater Utility** includes \$224.0 million in projects. The design and construction of a \$217.7 million wastewater reclamation facility will be financed through Utility Bonds, Utility Enterprise Funds and the Bureau of Reclamation. Other wastewater projects will be funded through the Utility Enterprise Fund; which includes the sewer pipeline rehabilitation (\$3.0M), sewerline oversizing (\$1.8M), sewer manhole rehabilitation (\$1.1M), and a camera truck replacement (\$394K).

Water Utility improvements total \$17.3 million over the next five years. Major projects include the Hansen Billing system (\$1.6M), Payment Processing Equipment Replacement and Payment Kiosks (\$648K), water bolstering system (\$4.8M), transmission mains (\$2.1M), reservoir repainting (\$4.4M), waterline oversizing (\$2.8M), and reservoir improvements (\$1.0M). All water projects will be funded by utility revenue.

Vehicle Replacements amount to \$16.8 million over the next five years. The General Fund, Tax Overrides, Public Safety Tax and Utility Enterprise Funds are used to fund vehicle replacements.

Conclusion

This plan focuses attention on community goals and needs; reduces scheduling problems; maintains our sound financial condition; and achieves the highest public benefit within our financial constraints.

Finally, the projects in this document are the product of many hours of deliberate thought by a number of people. I would like to recognize the efforts of each of the department directors involved in this initiative and commend them for their input. I would like to especially commend the Public Works and Finance Departments for their excellent performance in constructing this document.

Respectfully submitted,



Gregory Rose
City Manager