



Office of the City Manager

December 21, 2005

Honorable Mayor Montandon and Members of the City Council

SUBJECT: Proposed Fiscal 2007-2011 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 2007-2011 CIP for the City of North Las Vegas.

The City of North Las Vegas continues to grow rapidly with a population increase of approximately 1,300 residents each month and is expected to grow by 28.8% over the next three years. 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 2007-2011 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

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. 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.

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 2007-2011 Capital Improvement Plan amounts to \$897,632,143. The fiscal 2007 program will be integrated with the operating budget to include operating and maintenance costs on the new facilities. The fiscal 2007 capital program amounts to \$186,424,788.

The largest revenue category is comprised of Intergovernmental Revenue and includes funding sources from the Bureau of Land Management (\$190.7M), the Regional Transportation Commission (\$198.7M) the Clark County Regional Flood Control District (\$44.7M), the State Revolving Loan Fund Program (\$60.0M) and the Bureau of Reclamation (\$17.0). We propose financing several governmental projects with \$146.0 million in General Obligation Bonds. The Water Reclamation Facility will be funded with approximately \$49.3 million in General Obligation/Utility Bonds, \$60.0 million in State Revolving Funds and \$17.0 million through the Bureau of Reclamation. There will be no tax increases to the citizens, as these bonds will be serviced with existing revenue.

Program Descriptions

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

Community Development. The programs under this area include community beautification projects and resources that will be dedicated to redevelopment for specific land use.

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

Library District. The projects in this area were developed to try and meet the growing demand on our libraries.

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, trails, and recreational facilities, enhancing the citizen's quality of life. The City pays for expenditures upfront and submits quarterly documentation of payments to the BLM for reimbursement.

Clark County Regional Flood Control. Funding received from this source is restricted for flood control projects. These funds are federal, however, the Clark County Regional Flood Control District manages the funds.

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

Fire/Emergency Management System Fund. This fund supports the building and repair of fire stations, purchase of critical fire equipment and support of emergency management programs.

General Fund. The General Fund includes various sources, including but not limited to, property taxes, consolidated taxes, franchise fees, building permit fees, and many others.

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.

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.

Nevada Department of Transportation. Funding received from this resource is generally allocated to projects that are related to arterial street engineering or construction.

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 a respective district.

Redevelopment Funds. Revenues for the redevelopment fund are recommended for use in the redevelopment area. These funds are from property taxes generated in our redevelopment districts.

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.

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.

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.

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.

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 for its services to customers.

Highlights of the CIP are as follows:

Community Development projects amount to \$2.8 million and include programs such as City Entryway, Commercial Rehabilitation, Neighborhood Beautification and Property Acquisition in the Redevelopment Area. These projects are funded through the Redevelopment Fund.

The ***Flood Control*** amounts to \$40.0 million and is funded by the Clark County Regional Flood Control District and includes projects such as the Gowan Outfall (\$19.5M), Centennial Parkway Channel East (\$11.1M), and Tropical Road Channel East (\$9.4 M).

The ***Library District*** includes \$50,000 in projects for replacing heating and air conditioning in the existing City Library, funded through the Library District.

Municipal Facilities involve construction projects for a new City Hall Campus at \$113.3 million, with \$102.3 million of the funding coming from General Obligation Bonds, \$7.0 million in the Utility Enterprise Fund, and \$4.0 million in the Tax Override Fund. Remodeling of the existing City Center Complex, including ADA modifications, relocation of the Information Technology Department, and Field Services Land Acquisition, will amount to \$2.6 million from the General Fund.

Parks and Recreation was identified by the City Council as a high priority and is the second-largest capital program in the CIP, behind Transportation, allocating \$213.5 million to this category. About \$190.7 million of Parks and Recreation projects are funded through BLM, with \$17.8 million funded through General Obligation Bonds, \$2.7 million from park district funds, \$1.3 million from the tax override fund, and \$1.0 million from the General Fund. Projects include \$106 million for new park development, \$36.9 million for new trails, \$20 million for Craig Ranch improvements, \$19.5 for recreational centers, \$17.8 million for multi-generational centers, \$9.0 million in land acquisition for future parks, \$2.3 million for existing park renovations, and \$2.0 million for swimming pool renovations.

New parks include McCool Regional Park (\$25.0M), Park District Five (\$22.7M), Park District Four (\$22.6M), 20-Acre Park Development (\$8.1M), Cheyenne Peaking Basin Park (\$7.6M), Sandstone Ridge Park (\$3.4M), and Desert Horizons Park (\$3.0M).

New trails will include the Upper Las Vegas Wash Regional Trails, Phase V and VI (\$17.3M), Las Vegas Wash Trails, Phase IV and V (\$9.3M), Las Vegas Wash Trail and Trailhead, Phase VI (\$5.3M), Alexander Road Trail (\$2.5M), and Gowan Outfall Regional Trail (\$2.5M). There will be no tax increase to the citizens.

Approximately \$60.8 million is allocated to ***Public Safety*** and includes projects benefiting the fire and police programs. Fire projects include the equipping and

construction of Fire Stations No. 50 and No. 58, which will cost \$10.1 million and \$8.9 million respectively, completion of Fire Station 57 at \$2.4 million, Fire Station No. 53 relocation at \$6.5 million, and apparatus replacement of \$2.4 million. The Fire/EMS Fund, G.O. bonds, developer contributions and grants fund the majority of all fire projects.

General obligation bonds, the General Fund and developer contributions will fund police projects. The new Downtown Central Precinct (\$16.8M) and the North Central Police Precinct (\$10.4M) will decentralize police facilities throughout the City. Range improvements (\$2.7M) and detention's culinary expansion (\$0.3M) will enhance existing public safety facilities.

Technology improvements amount to \$11.1 million over the next five years and are largely funded through the General Fund and grants. Other major technology projects include citywide replacement of older computers (\$2.4M) servers (\$1.4M) and other infrastructure (\$1.4M), Oracle 11i migration (\$1.9M), Citizen Relationship Management (\$0.5M), and other telephone and computer upgrades, such as Corel and Enterprise cashing, totaling \$2.3 million.

Transportation Projects amount to \$269.6 million over the next five years, and is the largest capital program in the CIP. The transportation projects are funded through the Regional Transportation Commission, Tax Overrides, and Cost Participation Agreements. We are allocating \$14.9 million to the 17th Through 23rd Year Traffic Capacity and Safety Improvements and \$10.2 million to the Major Street Rehabilitation Program.

Other major transportation projects include North 5th Street Super Arterial, Phases I and II (\$122.2M), Losee Road Improvements (\$33.8M), Lamb Boulevard Improvements (\$25.5M), Craig Road Separation, Phase III (\$24.9M), Simmons Street Improvements (\$16.7M), Ann Road Improvements (\$6.8M), Traffic Signal Program (\$4.9M), and Clayton Street Improvements (\$1.7M).

The **Sewer Utility** includes \$146.2M in projects. The design and construction of a \$126.6 million wastewater reclamation facility will be financed through G.O./Utility bonds, the State Revolving Fund and the Bureau of Reclamation. Other sewer projects will be funded through the Utility Enterprise Fund and revenue bonds. Included with these projects is sewer interceptors and sewer pipeline rehabilitation.

Water Utility improvements total \$21.9M over the next five years. Major projects include the installation and conversion to an Automated Meter Reading system (\$7.7M), Deer Springs Reservoir Improvements (\$3.9M), Reservoir repainting (\$2.6M), North Zone Transmission Main (\$2.0M), and reservoir improvements and funding to oversize developer installed water lines. All water projects will be funded by utility revenue.

Vehicle Replacements amount to \$15.7 million over the next five years. Funds are used to replace the existing fleet, of which 40 percent of the vehicles are over ten years old.

Vehicle replacements are funded primarily from five sources: The General, Tax Override, Equipment Replacement and the Water and Wastewater Funds.

Vehicle replacement criteria and policies governing fleet operations are currently under review; therefore, the actual vehicle replacements for the next five years are subject to change, pending adoption of the Mercury Consulting Report.

With all these projects, a \$45.9 million increase to the operation and maintenance costs will be necessary to support the new facilities and improvements. These costs will be borne primarily by the General Fund and Public Safety Special Revenue Funds. An additional 175.8 full time equivalents (FTEs) will be required over the next five years to staff these new facilities.

Conclusion

This plan focuses attention on community goals and needs; reduces scheduling problems in conflicting or overlapping projects; maintains our sound financial condition; and achieves the highest public benefit. 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.

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,

A handwritten signature in black ink, appearing to read 'Gregory Rose', with a stylized flourish at the end.

Gregory Rose
City Manager