

## INTRODUCTION

### What are Capital Improvements?

The Capital Improvement Plan (CIP) is a ten-year roadmap for creating, maintaining and paying for Glendale's present and future infrastructure needs. The CIP outlines project costs, funding sources and future operating costs associated with each capital improvement. The plan is designed to ensure that capital improvements will be made when and where they are needed, and that the City will have the funds to pay for and maintain them regardless of changes in the external economic environment.

Capital improvement projects are non-routine capital expenditures that generally cost more than \$50,000 resulting in the purchase of equipment, acquisition of land, and the construction, renovation or rehabilitation of infrastructure or buildings. Capital projects usually have an expected useful life of at least five years. Capital improvement projects are designed to prevent the deterioration of the city's existing infrastructure, and respond to and anticipate the future growth of the city.

Capital improvements make up the bricks and mortar, or infrastructure that all cities must have in place to provide essential services to current residents and support new growth and development. A wide range of projects comprise capital improvements as illustrated by the examples below:

- fire and police stations;
- libraries, court facilities, and office buildings;
- parks, trails, open space, pools, recreation centers and other related facilities;
- water and wastewater treatment plants, pipes, storage facilities and pump stations;
- roads and bridges;
- landscape beautification projects;
- computer software and hardware systems other than desktops, PC's and printers
- flood control drainage channels, storm drains, and retention basis;
- and major equipment purchases such as landfill compactors and sanitation trucks.

Rapidly growing municipalities such as Glendale face a special set of complex problems. These cities need to build new roads, add public amenities such as parks and libraries, and expand public safety services to accommodate new residential and non-residential development. They also must simultaneously maintain, replace, rehabilitate, and/or upgrade existing capital assets such as roads, parks, building, and underground pipes for the water and sewer system.

Glendale has kept pace with its rapid growth through many significant public improvements. Notable projects since 1996 include:

2008 Oasis Water Treatment Plant  
2008 Cholla Water Treatment Plant Process Improvements

2007 Foothills Recreation & Aquatic Center  
2007 Downtown Campus  
2007 Emergency Operations Center  
2007 Convention Center/Media Center/Parking Garage  
2006 Field Operations Complex  
2006 Fire Station 159  
2006 Rose Lane Pool Restoration  
2005 99<sup>th</sup> Avenue Metering Station Improvements  
2004 New Adult Center Facility  
2004 Pyramid Peak Water Treatment Plant – Solid Handling Exp  
2003 NHL Coyotes Arena  
2002 Manistee Land Redevelopment  
2001 Tourism Visitor Center  
2000 Arrowhead Wastewater Plant Expansion  
1999 Foothills Branch Library  
1999 Glendale Civic Center

To ensure that all Glendale residents share equally in high-quality city services and amenities, infrastructure expansion and improvement must continue as our population increases and city facilities age.

## **Paying for Capital Improvements**

In many respects, the city planning process for selecting, scheduling and financing capital improvements parallels the way an individual might plan for buying a new house or car. This process entails an assessment of many valid competing needs, a determination of priorities, an evaluation of costs and financing options and an establishment of realistic completion timeframes. The analysis process involves many familiar questions.

- Do I need a new home or car or just “want” one?
- Can I wait another year or two?
- Are there other alternatives such as remodeling, using public transit or carpooling?
- What other purchases will I need to forego?
- What can I afford and how can I pay for it?
- Do I need outside financing and what will it cost?

If the purchase plan moves forward, a decision must be made about the down payment. A good planner might have started a replacement fund a few years ago in anticipation of the need. Other cash sources might include a savings account or a rainy day emergency fund. The city, just like most families, needs to find longer-term financing to cover certain costs for capital improvements. Repayment of the loan might require cutting other expenses like eating at restaurants, or increasing income by taking a second part-time job. An unanticipated inheritance

may speed up the timetable; a negative event, such as a flood or unanticipated medical expense, might delay the plan.

Similarly, most large capital improvements cannot be financed solely from a single year's annual operating budget by simply increasing income or decreasing expenses. For a more detailed discussion about this issue see the "Impacts of the CIP on the Operating Budget".

## **Guidelines and Policies Used in Developing the CIP**

City Council directives and the city's financial policies also affect the use and issuance of bonds for CIP projects. Glendale's CIP must comply with the following requirements and limitations.

The CIP must:

- support City Council strategic goals and objectives;
- satisfactorily address all federal, state and city legal and financial requirements;
- maintain the city's favorable investment ratings and financial integrity; and
- ensure all geographic areas of the city have comparable quality in the types of services that are defined in the Public Facilities section of the General Plan.

Capital projects should be in alignment with the following:

- prevent the deterioration of the city's existing infrastructure, and respond to and anticipate future growth in the city;
- encourage and sustain Glendale's quality economic development;
- be financed through growth in the tax base or development fees, when possible, if constructed in response to residential or commercial development;
- be responsive to the needs of residents and businesses within the constraints of reasonable taxes and fees;
- take maximum advantage of improvements provided by other units of government where appropriate; and
- cost more than \$50,000 and have an expected useful life of at least five years.

Master plans help determine which projects will be included in the CIP and the timeframes in which the projects should be completed. For example, the Parks and Recreation Master Plan guidelines for neighborhood parks mandate one acre of park land per 1,000 residents. When population growth causes an area to exceed this threshold, that neighborhood will rise on the capital plan's priority list for park development. The City Center Master Plan, Parks Master Plan, Water & Sewer Master Plan, Storm Water Master Plan, GO! Transportation Plan and five-year plans for landfill and solid waste collection services also provide valuable guidance in the preparation of the CIP.

Economic forecasts are a critical source of information and guidance throughout the capital planning process. The forecasts assess external factors such as whether the local economy is growing or contracting, population growth, inflation for construction materials, the value of land, and other variables that may affect the city's ability to finance needed services and capital projects.

## **Glendale's CIP Process**

In conjunction with the annual budgeting process, the Management and Budget Department coordinates the citywide process of revising and updating the city's capital plan. Projects included in the CIP will form the basis for capital appropriations in the FY 2009 budget. The first year of the plan is the only year appropriated by Council. The remaining nine years are for planning purposes and funding is not guaranteed to occur in the year planned. City Council makes the final decision about whether to fund a project.

Council's strategic goals and key objectives determine the broad parameters for adding new capital improvement projects to the CIP. City staff members from all departments participate in an extensive review of past project accomplishments and the identification of new projects for inclusion in the CIP. The City Council's commitment to the needs and desires of Glendale's citizens is a critical factor considered during the capital planning process, as well as compliance with legal limits and financial resources.

Once the projects are selected for inclusion in the capital plan, decisions must be made about which projects should be recommended for inclusion in the first five years of the plan. Determining how and when to schedule projects is a complicated process. It must take into account all of the variables that affect the city's ability to generate the funds to pay for these projects without jeopardizing its ability to provide routine, ongoing services and one-time or emergency services when needed.

Prior to Council's consideration of the proposed CIP, the Finance and Management and Budget Departments evaluate various debt-related issues to ensure the proposed expenditures meet all debt coverage requirements as discussed in the city's Debt Management Plan. The Finance Department periodically updates the Debt Management Plan to include the most recent debt issuances.

The City Council reviews all projects, considers citizen requests and evaluates financial, management and planning staff recommendations before making the final decision about which projects should be included in which years of the CIP. These decisions are made during the Council budget workshops held each spring.



## **Citizen Involvement in the CIP Process**

The CIP is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's long-term direction for capital improvements and a better understanding of the city's ongoing needs for stable revenue sources to fund large or multi-year capital projects.

Input into the annual CIP updating process is obtained from citizens who serve on many different city boards and commissions as well from individual citizens through the public hearing and comment process. Through these public input venues, residents and businesses have alerted staff about infrastructure development and renovation needs, important quality-of-life enhancements, and environmental and historic preservation issues that should be addressed in the capital plan. Citizens had additional opportunities for input when they participated in Glendale's November 1999 bond election, which included a new bond authorization request. Glendale voters approved 100% of the \$411.5 million in bond requests. In 2006, City Council established an Ad-Hoc Citizens Bond Election Committee to consider whether additional bond authorization was needed to complete the Council approved CIP. On May 15, 2007, voters approved \$218 million of the \$270 million in bond requests.

We encourage and welcome your comments and suggestions for improving Glendale's annual CIP. Please share your thoughts, concerns and suggestions with the city staff in the Management and Budget Department.