

**CAPITAL IMPROVEMENT PROGRAM  
2012-2013 APPROVED BUDGET  
2012-2017 PLAN**

The 2012-2013 Capital Improvement Program (CIP) Budget and 2012-2017 Capital Improvement Program Plan is 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.

## **APPROVED BUDGET**

### **MAJOR PROJECTS**

#### **A. Boys Totem Town**

The Ramsey County Property Management department completed a review of the Boys Totem Town facility. The conclusion was that significant remodeling would need to be done to bring the facility to contemporary standards. Additionally, the existing layout has inherent flaws and is not conducive to efficient programming. The most cost effective conclusion is to replace the main portion of the facility. Schematic design and construction costs related to the replacement of the facility housing the Boys Totem Town program is approved to be financed with \$500,000 of County Bonds in 2012 and \$6,750,000 in 2013. It is anticipated that the remainder of the project costs will be financed with County Bonds in 2014.

#### **B. Institutional Fiber Optic Network**

The project provides for the construction of a dual conduit fiber optic network. One conduit would be owned by Ramsey County and the city of St. Paul. The fiber would provide redundant and resilient connectivity between government-owned and leased facilities. The privately owned fiber would be managed by the private partner and would be available for lease as open access fiber to any private company and/or not-for-profit. Ramsey County's share of the project costs are approved to be financed with \$250,000 of County Bonds in 2012 and \$7,050,000 of County Bonds in 2013.

#### **C. Landmark Center Towers Roof Replacement and Building Tuck Pointing**

The project provides for the replacement of the Landmark Center north and south tower roofs and complete building tuck pointing. The tuck pointing would replace old and failing caulk in the Landmark Center's masonry joints. The costs are approved to be financed with \$1,350,000 of County Bonds in 2012 and \$1,936,800 of County Bonds in 2013.

#### **D. Keller Golf Course Building Replacement & Course Improvements**

The Keller Golf Course project consists of replacing the Keller Golf Course clubhouse/pro shop and for course improvements. The clubhouse building will consist of two levels clubhouse with a separate pro shop building. The course improvement include items 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 costs are approved to be financed with \$10,613,000 of County Bonds and \$387,000 of General County Fund Balance in 2012.

#### **E. Vehicle Impound Lot and Indoor Storage Facility**

The current impound lot is located at the old Public Works garage site at Highway 694 and Rice Street in the City of Shoreview. This property is now owned by the City of Shoreview and is scheduled for freeway and commercial redevelopment. There is a need for a minimum of 100 vehicle outdoor storage area. In addition, an indoor storage facility is needed for storage of Water Patrol vehicles and equipment. The costs are approved to be financed with \$3,087,385 of County Bonds in 2012.

## **F. Preservation of Fish Creek Corridor**

Ramsey County, the City of Maplewood and the Ramsey Washington Metro Watershed District have entered into a Joint Powers Agreement (JPA) to acquire and preserve an additional 50 acres of land adjacent to Fish Creek. Under the JPA, Ramsey County contributes \$425,000 toward the purchase and receives title to 20 acres. \$300,000 was financed as part of the 2011 Capital Improvement Program Major Projects budget. The remaining costs are approved to be financed with \$125,000 of County Bonds in 2013.

## **G. 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 \$112,615 for potential projects was approved to be financed in 2012 using County Bonds.

## **REGULAR PROJECTS**

Regular projects approved for funding in the 2012/2013 Capital Improvement Plan Budget 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 \$2,415,976 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/Repairs**

Funding of \$850,000 in 2012 and \$850,000 in 2013 is approved for Building Improvements/Repairs. 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 is approved.

Approved funding for equipment replacement in the amount of \$1,500,000 for 2012 and \$1,500,000 for 2013 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 2012 and/or 2013.

## **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 911 Dispatch Center, the 90 West Plato Boulevard location, and the new Metro Square building.

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

### **2012/2013 CIP FINANCING SOURCES**

	<b><u>2012</u></b>	<b><u>2013</u></b>
<b><u>Bonds</u></b>		
Major Projects	\$15,913,000	\$15,861,800
Regular Projects	2,415,976	2,415,976
Bond Issuance Costs	<u>171,024</u>	<u>222,224</u>
Total Bonds	18,500,000	18,500,000
<b><u>Capital Improvement and Equipment Replacement Levy</u></b>		
Building Improvements/Repairs	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
<b><u>Other Funding Sources</u></b>		
Federal Funds	10,543,000	8,769,000
State Funds	25,566,916	36,128,000
Municipal/Other Funds	2,513,000	4,927,000
Other County Funds	<u>1,554,746</u>	<u>1,167,746</u>
Total Other	40,177,662	50,991,746
<b>TOTAL APPROVED CIP FINANCING</b>	<b><u>\$61,027,662</u></b>	<b><u>\$71,841,746</u></b>

The Debt Service levy and Capital Improvement and Equipment Replacement levy amounts necessary to finance these approved funding levels are included in the 2012/2013 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. Boys Totem Town**

There is no impact on the 2012 and 2013 operating budgets as the project will not be completed until 2014. The impact on the future operating budgets is unknown but the expenses associated with operating an antiquated facility are higher than operating a new facility, which may result in operational savings.

#### **B. Institutional Fiber Optic Network**

The impact on the 2013 operating budget is estimated to be at \$125,000 to \$150,000 for managing the County's interests in the fiber optic network. Future savings may be achieved because of the long term useful life and avoidance of perpetual lease costs

#### **C. Landmark Center Towers Roof Replacement and Building Tuck Pointing**

There will be no impact on the annual operating maintenance costs beyond general maintenance. There may be future savings as water will be prevented from infiltrating joints to cause damage to the building stone and future energy savings in reducing heat loss with the new tower roofs.

#### **D. Keller Golf Course Building Replacement & Course Improvements**

The impact on the 2012 operating budget will be minimal as construction will begin after the close of the golf season. The course will not reopen until the 2014 golf season begins. The maintenance costs in 2014 may be higher but would be offset with energy efficiency savings. Also, there is strong potential for increased revenue with the approved improvements to support large golf events, wedding receptions, and special events.

#### **E. Vehicle Impound Lot and Indoor Storage Facility**

The addition of the storage facility is not expected to cause will be a significant impact on the Sheriff's operating budget for 2012 or 2013. There may be savings with the potential of extending the useful life of equipment to be stored in the indoor storage facility.

#### **F. Preservation of Fish Creek Corridor**

It is not expected that there will be any additional costs to the Parks & Recreation's operating budget for 2012 or 2013.

## **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/Repairs**

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, 2010 was 3% of market value of \$46,022,469,400, or \$1,380,674,082. Ramsey County's net debt subject to this limit as of December 31, 2010 was \$1,206,323,544.

### **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 2011 debt service as a percent of budget is 4.11%, which is in the top of the low range. Debt service projections for 2012 through 2020 show the highest projected debt service as a percent of budget would be 4.83% in 2015, 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 2011 debt per capita is \$2,438. Debt projections for 2012 through 2020 show the highest projected overall debt per capita would be \$2,862 in 2020, 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:

- Deconstruction of Adult Detention Center/RCGC-West building
- Library Master Plan including Library Additions and Remodels
- County Environmental Service Center

## **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 10 Major Project requests, 29 Regular Project requests, four Equipment Replacement Schedule requests, and 11 Building Improvement requests covering the six-year period of 2012-2017. 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 17, 2011.

## **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 25 Regular CIP projects. Two Regular CIP projects were removed from the CIP funding request and two 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 is 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 2012-2017 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 10.82 to 15.09.

### **CIPAC RATING SYSTEM**

The Capital Improvement Program (Citizen) Advisory Committee (CIPAC) rated 25 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>5</u>	1
Total 25	

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 55 (11 members of the committee rated projects for 2012/2013). Total points ranged from 14 to 53.

### **COMBINED RANK**

The Capital Improvement Program Advisory Committee and I 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, 2012 – 2017.

## CONCLUSION

I am again very pleased with 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 our commitment to long-range planning for capital needs. Objective priority setting allows me 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. Funding for Building Improvements (formerly Comprehensive Capital Assets Management and Preservation Plan) continues the ongoing financing of predictable fixed asset life-cycle maintenance costs. 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 Advisory Committee continues the process of reviewing regular capital projects on an ongoing basis.

I would like to take this opportunity to thank all of those who have contributed to this process. I thank the Capital Improvement Program Advisory Committee for their comments and recommendations, and the County departments for their planning and input.

I would also like to thank the staff of the County Manager's Department, Property Management Department, and the Office of Budgeting and Accounting for their efforts.

### Capital Improvement Program Advisory Committee (as of June 30, 2011):

Triesta Brown	District IV	(Toni Carter)
Dick Dolan	District VI	(Jim McDonough)
Sharon Garth	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)
Gladys Morton	District V	(Rafael Ortega)
Faith O'Neill	District II	(Jan Parker)
Mary Ann Palmer	District II	(Jan Parker)
Lawrence Sagstetter	District VI	(Jim McDonough)
Gary Unger	District VII	(Victoria Reinhardt)
Keith Warner	District I	(Tony Bennett)
Vacant	District I	(Tony Bennett)