

Capital Improvement Program Overview

CITY COUNCIL | JANUARY 7, 2020



Agenda

- ❑ Capital improvement program (CIP) overview
- ❑ Financial resources – funds, revenues, impacts from I-976
- ❑ Fiscal year 2019 CIP progress report
- ❑ Next steps
- ❑ Questions



Capital Program Overview



Overview – what is a CIP?

- ❑ Strategic financial plan to acquire, expand, or rehabilitate public infrastructure
- ❑ Part of the biennial budget process
- ❑ Capital budget set for two years, with six-year perspective
- ❑ TIP reviewed and approved annually, in tandem with the CIP



Overview – CIP process

- ❑ Council sets the policy direction
- ❑ Kickoff CIP in spring with biennial budget process
- ❑ Staff evaluates and prioritizes projects for Council's approval
 - ❑ Twenty-one capital project managers
 - ❑ Seven departments collaborating to propose a CIP
- ❑ Staff reports to Council with a program update after Y1 of CIP



Overview – existing versus new..?

Capital Reinvestment Plan

(CRP)



Projects preserve existing
infrastructure.

Capital Facilities Plan

(CFP)



Projects propose new capital
assets.



Overview – capital project categories



Parks & Recreation



Streets, Pedestrian, and Bicycle Facilities

General Government



Vehicles and Equipment



Buildings Reinvestment



Technology



Sewer, Storm Water, and Water Utilities



Overview – capital project categories

2019 – 2024 CIP

Project Categories	Active Projects	Future Year Projects	Total Projects
Parks, Recreation, and Open Space	12	5	17
Streets, Pedestrian, and Bicycle Facilities	18	5	23
General Government – Vehicles and Equipment	5	0	5
General Government – Buildings Reinvestment	8	3	11
General Government – Technology	17	1	18
Sewer Utility	16	2	18
Storm Water Utility	16	11	27
Water Utility	18	7	25
Total	110	34	144

Projects active in 2019-2020. Future year projects between 2021-2024.



Overview – capital project categories

2019 – 2024 CIP

Project Categories	2019-2020 Approved Budget	2021-2024 Projected Budget	Total
Parks, Recreation, and Open Space	3,733,337	16,483,000	20,216,337
Streets, Pedestrian, and Bicycle Facilities	8,449,453	9,743,000	18,192,453
General Government	5,593,211	10,100,000	15,693,211
Sewer Utility	6,053,728	9,494,000	15,547,728
Storm Water Utility	2,610,115	4,205,000	6,815,115
Water Utility	10,163,590	19,961,000	30,124,590
TOTAL	36,603,434	69,986,000	106,589,434

2019-2020 approved budget includes \$5.2 million of 2017-2018 CIP carry-forward funding.



Financial Resources



CIP Finances – fund accounting

- ❑ City finances managed via fund accounting
- ❑ Funds categorized by
 - ❑ Type of revenue sources
 - ❑ Nature of activities financed
 - ❑ Restricted versus unrestricted resources
- ❑ Illustrates how money is spent and how expenditures tie to Funds



CIP Finances – funds

CIP Supporting Funds	Revenue Sources	Types of Projects
Capital Improvement Fund	REET, grants, contributions, property tax, debt service	Open space vegetation management, public parks and buildings
Street Fund	REET, fuel taxes, vehicle license fees, state funds	Arterial and residential street maintenance, pedestrian and bicycle facilities
Technology & Equipment Fund	General funds , utility funds, sinking funds	Management software, security technology, GIS data collection
Water Fund	Water rates, connection charges, earned interest	New meters, water system maintenance and enhancements
Sewer Fund	Sewer rates, connection charges, earned interest	Pump station improvements, software system enhancements
Stormwater Fund	Storm water rates, earned interest	Storm water capture, repair and maintenance of storm water infrastructure



CIP Finances – Real Estate Excise Tax

- ❑ 0.5% tax of sales price paid by seller in property transactions
- ❑ REET-1 is the first half of 0.5%
 - ❑ Used for streets, parks, utilities, or facilities
- ❑ REET-2 is the second portion of the 0.5%
 - ❑ Used for streets, parks, utilities, not facilities, or affordable housing until 2026
- ❑ REET may not be used for vehicles, equipment, or technology



CIP Finances – REET & Maintenance

- ❑ Up to \$100,000 or 25% of available REET funds – whichever is greater up to \$1 million – can be used for maintenance.

- ❑ Maintenance
 - ❑ Use of funds for labor and materials that will preserve, prevent the decline of, or extend the useful life of a capital project.
 - ❑ Does not include labor or materials cost for routine operations of a capital project [emphasis added].



CIP Finances – REET budget policy

- ❑ Prior to 2019, REET split 50/50 between CIP and Street Funds
 - ❑ 100% REET-1 to CIP Fund
 - ❑ 100% REET-2 to Streets Fund

- ❑ As of 2019, REET split 55/45 between CIP and Street Funds
 - ❑ 100% REET-1 to CIP Fund
 - ❑ 10% REET-2 to CIP Fund
 - ❑ 90% REET-2 to Street Fund



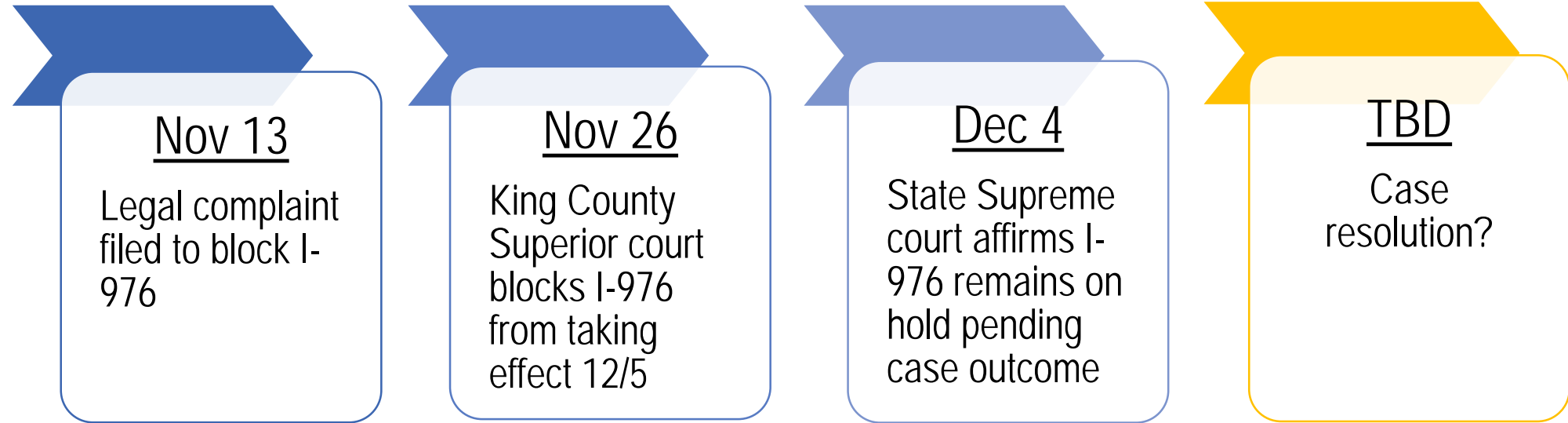
CIP Finances – impacts of I-976

I-976 passed with 52.99% statewide majority November 2019

- ❑ Repeal authority for:
 - ❑ Local transportation benefit districts
 - ❑ Regional Transit to impose motor vehicle excise taxes (MVET)
 - ❑ Public Transportation Benefit Areas to impose a MVET for ferry service
- ❑ Limit vehicle license and registration fees to \$30
- ❑ Base vehicle taxes on Kelley Blue Book value
- ❑ Repeal the 0.3% State tax on motor vehicle sales



CIP Finances – I-976 legal challenge



- ❑ Department of Licensing continue collection of vehicle fees
- ❑ City will collect and set aside TBD revenues until court ruling



CIP Finances – local impact of I-976

- ❑ Mercer Island Transportation Benefit District in limbo
 - ❑ Established in 2014
 - ❑ \$20 vehicle license fee supports transportation infrastructure
 - ❑ Collected \$377,543 in 2018
- ❑ State's multimodal transportation account monies in limbo
 - ❑ Supports pedestrian and bicycle facilities infrastructure
 - ❑ Collected \$34,000 in 2018



CIP Finances – impact to Street Fund

Street fund capital projects at risk	
1	Residential Street Improvements (WR101R)
2	Arterial Street Preservation (WR110R)
3	Pedestrian & Bicycle Facilities Implementation Plan (WR140C)
4	I-90 Trail Crossing at Sunset Hwy / 77th Ave SE (WR147X)
5	80th Ave Sidewalk Repair at SE 28th to SE 32nd (WR152R)
6	Street Improvements at SE 68th and SE 70th Place (WR916R)
7	Street Preservation - North Mercer Way (WR917R)
8	Street Improvements at SE 40th St from 76th Ave to 78th Ave (WR918R)
9	North-South Bike Route (XR140D)
10	West Mercer Way Roadside Shoulders (Ph 2-3) (XR543C)
11	SE 36th and North Mercer Way Crosswalk (XR810R)
12	ADA Compliance Plan Implementation (XR901C)
13	Light Rail Station Planning (XG722P)
14	East Link Traffic / Safety Mitigation (ST0001)
15	Commuter Parking Parcel 12 / Parkway Management Group (ST0020)



2019 CIP Progress Report



2019 CIP Progress Report

- ❑ Approved 2019-2020 CIP budget is \$36.6 million
 - ❑ *\$5.2 million from 2017-18 CIP carried forward*
- ❑ As of December 1st, 2019, \$7.2 million spent
- ❑ 110 active projects
 - ❑ 37 on-going infrastructure maintenance projects
 - ❑ 14 completed



Progress Report – project categories



Parks & Recreation



Streets, Pedestrian, and Bicycle Facilities

General Government



Vehicles and Equipment



Buildings Reinvestment



Technology



Sewer, Storm Water, and Water Utilities



Parks & Recreation



Number of Active Projects

12

Number of Future Year Projects

5

2019 funds expended: \$760,000

Approved two-year budget: \$3.7 million

Example Projects

- WP700P – Aubrey Davis Park Regional Master Plan
- WP506S – Clarke Beach Shoreline Restoration
- WP122R – Open Space Management

Main Funding Sources

- Capital Improvement Fund



Streets, Pedestrians, and Bikes



Number of Active Projects

18

Number of Future Year Projects

5

2019 funds expended: \$2.9 million

Approved two-year budget: \$8.4 million

Example Projects

- WR101R – Residential Street Improvements
- WR919R – Street Improvements at East Mercer Way from 4300 block to SE 53rd Place
- WR140C – Pedestrian & Bicycle Facilities Implementation Plan

Main Funding Sources

- Street Fund



Vehicles and Equipment



Number of Active Projects

5

Number of Future Year Projects

0

2019 funds expended: \$306,000

Approved two-year budget: \$2.3 million

Example Projects

- WG130E – Equipment Rental/Fleet Replacements
- WG550R – Fuel Clean Up - Soil Remediation

Main Funding Sources

- General Fund, debt service, sinking funds



Buildings Reinvestment



Number of Active Projects

8

Number of Future Year Projects

3

2019 funds expended: \$373,000

Approved two-year budget: \$2.0 million

Example Projects

- WG102R – Public Works Building Repairs
- WG107R – Luther Burbank Administration Building Repairs
- WG103R – South Fire Station Repairs

Main Funding Sources

- REET-1, Utility Funds, General Funds



Technology



Number of Active Projects

17

Number of Future Year Projects

1

2019 funds expended: \$356,000

Approved two-year budget: \$1.3 million

Example Projects

- WG110T – Computer Equipment Replacements
- WG711T – Website Redesign
- XG918T – Network Communications Infrastructure

Main Funding Sources

- Technology & Equipment Fund



Sewer Utility



Number of Active Projects

16

Number of Future Year Projects

2

2019 funds expended: \$588,000

Approved two-year budget: \$6.7 million

Example Projects

- WS906C – Pump Station Flow Monitoring
- WS712P – Pump Station Accessibility Improvements
- WS710R – Comprehensive Pipeline Repair and Replacement

Main Funding Sources

- Sewer Fund



Storm Water Utility



Number of Active Projects

16

Number of Future Year Projects

11

2019 funds expended: \$379,000

Approved two-year budget: \$2.6 million

Example Projects

- WD130R – Street Related Drainage Improvements
- WD722R – Watercourse Stabilization Project - Sub Basin 3b.4
- XD310C – Sub-Basin 10 Dissolved Metals Pilot Project

Main Funding Sources

- Storm Water Fund



Water Utility



Number of Active Projects

18

Number of Future Year Projects

7

2019 funds expended: \$1.6 million

Approved two-year budget: \$10.2 million

Example Projects

- WW117R – Street Related Water System Improvements
- WW120S – Meter Replacement Program
- WW717R – Water System Improvements at Main SE 22nd Street

Main Funding Sources

- Water Fund



Next Steps



Next Steps – 2021-2026 CIP

Spring 2020 | Staff commence work on TIP and 2021-2021 biennial budget, including the 2021-2026 CIP

Summer 2020 | Council provide feedback on 2021-2026 capital program, policy updates, and funding strategy

Fall 2020 | Public hearing and adoption of 2021-2022 biennial budget and 2021-2026 CIP

Winter 2021 | Council receive report on 2020 CIP activity



Questions

