

Capital Improvement Program Mayor's Message

Goals of the Capital Improvement Program (CIP)

The City of Salem relies on a capital improvement program and capital budget to ensure that capital needs are being addressed in a responsible manner based on priority and thoughtful planning. A capital improvement program and budget is a critical component of the overall budget strategy, especially given the City's long history of severely neglecting capital needs in the past. Formalizing a capital plan and budget has allowed the City of Salem to address issues that have been postponed and ignored in prior years.

These tools allow the City to not only make sound capital investments and improvements but also positively impact the City's operating budget. Addressing capital needs when appropriate will assist the City in reaching many of its longer-term goals such as reducing fuel consumption; decreasing costs associated with deferred maintenance, heating and electricity in municipal buildings; and over time may allow the reduction in workforce and salary costs. As important, capital improvements have ensured and will continue to ensure that our facilities, equipment and vehicles are safe, in an improved condition, energy efficient and able to deliver top-notch services to the City's residents.

The City's main goals when initially implementing the Capital Improvement Program was to professionalize how capital projects were identified, improve the overall planning and budget process for addressing capital needs, and ensure accountability as it relates to implementation of capital work projects. Our early efforts focused on overhauling and renovating neglected parks, playgrounds and recreational spaces which comprise nearly 30% of Salem's overall acreage, as well as a full assessment of roadway, sidewalk and utility infrastructure conditions which enabled us to begin implementation of a comprehensive strategy to address long overdue maintenance needs in these areas.

To meet these goals, City officials have created a capital plan that is fiscally responsible and transparent. The plan includes a particular focus to improvements in the City's parks and playgrounds as well as city infrastructure above and below the ground. Recreational opportunities will vastly increase and improve as a result of our capital plan. Five playgrounds are planned for complete renovation in the City along with the creation of a new park which will connect to a new harborwalk along the South River. Another field at Witchcraft Heights elementary School is being improved. In addition, the City's public pool will be improved and at the Salem Willows Park a seawall, pier and public restrooms have been improved. Lastly, a new, state-of-the-art Senior Center/Community Life Center is planned for construction to offer improved programming, services and recreational opportunities to seniors and the community at-large.

Improvements to City streets and sidewalks, along with other infrastructure improvements are a large focus of the capital plan. Last year, the City funded a \$1.5 million citywide street repaving program and plans to initiate a project similar in scope this year. In addition, extensive sidewalk

repairs were funded as part of the capital plan. Other infrastructure related improvements include the reconstruction of a seawall on Hubon Street; improvements to flooding issues in the South River Basin, and along Forrester Street and Moffat Road; sewer line replacement and investigations; water main replacement; and the implementation of a water meter replacement program, to name a few.

To fund these improvements the City strategically pursues available options from grants at the state and federal levels, and also utilizes monies available from water and sewer retained earnings and bonding. From a financing perspective, priority is given to projects with grant revenues to offset costs.

As we head into a lean budget cycle brought on by the global economic downturn, our CIP for FY2010 is aimed at more aggressively using grant dollars and maximizing federal funding opportunities for capital needs; working on capital projects that will reduce our short and long term operational costs, such as enhanced parking technology systems that will enable us to reduce on-going personnel costs and investments in energy efficiency projects such as installation of LED lighting that will lower our energy costs both short and long term; and lastly providing enhanced resources to roadway maintenance as a way to save the city from higher repair/repaving costs in future years tied to anticipated construction escalation.

Capital Improvement Program Overview

A capital improvement program (CIP) is a blueprint for planning a community's capital expenditures. A CIP is typically a multi-year plan identifying capital projects and equipment to be funded during the planning period. A CIP is composed of two parts, a *capital program* and a *capital budget*. The capital program is a plan for capital expenditures that extends out past the capital budget. The capital budget is the upcoming year's spending plan for capital items.

Developing a CIP that will ensure sound financial and capital planning requires effective leadership and the involvement and cooperation of all municipal departments. A properly developed CIP will help the City in many ways such as enhancing a community's credit rating, stabilizing debt service payments, and identifying the most economical means of financing capital projects. It will also help increase opportunities to obtain federal and state aid and help avoid duplication by overlapping governmental units.

The City has several ways to finance its CIP, including state and federal grants, appropriations from the City's CIP account, capital leases, and long-term borrowing to name a few. Depending on the cost and the useful life, the Finance Director will make recommendations to the Mayor for funding. Capital leases are often three years or less and are built into the operating budget. Capital items under \$25,000 are often funded by an appropriation from the CIP fund by the City Council upon recommendation of the Mayor. Most other capital items over \$25,000 would require long-term borrowing as authorized by a 2/3rd vote of the City Council upon recommendation of the Mayor.

The CIP dovetails into the City's five-year financial forecast for planning purposes. The CIP has to be worked into the operational part of the budget so that both the operational and capital needs of the municipal departments are met on a year-to-year basis. Oftentimes the CIP suffers as fixed costs such as health insurance and retirement assessments continue to rise. However, it is incumbent upon the Mayor and finance director to ensure that both the operating budget and the CIP are reasonable and attainable to ensure fiscal stability as well as within the limitations of Proposition 2 ½.

What is a Capital Asset?

- Capital items are tangible assets or projects with a value of \$25,000 or more.
- Must have a depreciable life of five (5) or more years.

Examples of Capital Assets are Fire Truck, DPW equipment, Buildings (purchase or major renovations), water and sewer infrastructure. Items that are NOT capital assets include services, painting rooms or buildings, books, field maintenance, routine building maintenance.

FY 2010 CIP Overview

In FY2009, the City of Salem initiated a capital improvement program with a five-year forecast and voted a CIP loan order for 12,685,000 to fund CIP projects. Some of those projects continue

through FY 2010 and beyond. Those programs may be permanently bonded in FY 2010, or the City may choose to renew the Bond Anticipation Notes (BAN) issued in October of 2008. The market for issuing bonds is still very volatile due to the economic climate and the lack of municipal bond insurance companies, since most went out of business due to insuring risky subprime-related debt during the real estate boom.

During the FY2010 budget process, the City's Finance Director met with department heads to review the requests for FY2010. The FY2010 Capital Plan and five-year forecast for both General Fund and Water/Sewer Enterprise Fund are included in this section. Due to poor fiscal environment, the list of capital needed to be pared down from the original requests of the department.

The capital in the attached budgets is funded from many sources, including water/sewer rates, grants, retained earnings, and long term borrowing (debt). The capital items that required bonding are separated below in two categories, routine debt and non-routine debt. The total amount of the proposed loan order for the FY2010 CIP is \$2,594,000.

FY 2010 Routine Debt

Routine debt is debt that is issued for items used during normal operations by City departments. Vehicle replacement, departmental equipment, general repairs, and maintenance are all considered routine. The debt service proposed for FY10 that is routine in nature would be as follows:

Parking Department: \$100,000

- Departmental equipment
 - Purchase, installation, and retrofitting of multi-space parking meters.

Police Department: \$140,000

- Departmental vehicle
 - Four police patrol vehicles.
 - One prisoner transport vehicle.

Fire Department: \$50,000

- Departmental equipment
 - Generator for self-contained breathing apparatus.

Department of Public Services: \$325,000

- Department vehicles
 - One international Model 7300 (6 wheeler with 5 ton box)
 - One F-550 1-ton dump truck
 - One F-350 pickup truck
- Departmental equipment
 - Sign making machine

- Repairs/renovations
 - Replace six garage doors at DPS garage

Engineering: \$1,500,000

- Repairs/renovations
 - Repairs and renovations to City infrastructure (roads, sidewalks, crosswalks)

Recreation: \$75,000

- Repairs/renovations
 - Repairs to Salem Willows Gazebo roofs
 - Installation of new playground equipment

Schools: \$115,000

- Repairs/renovations
 - Repairs to Bertram Field house
 - Renovations to fields at Witchcraft Heights

FY 2010 Non-Routine Debt

Non-routine debt is debt that is issued for purchasing items for new initiatives and projects of the City. New buildings, additions, and infrastructure are all considered non-routine. The debt service proposed for FY10 that is non-routine in nature would be as follows:

Planning: \$289,000

- Infrastructure ~ Furlong Park
 - Substantial renovation of Furlong Park including erosion control and construction of a new boat ramp. The total project cost is estimated to be \$789,000, of which \$500,000 will be reimbursed through a grant from the Mass PARC program

FY09 CIP – Executive Summary

- The City Council has approved loan orders for the following amounts:
 - **\$9,500,000 Refunding Bonds**, authorized under Council Loan Order #281 duly adopted by the City Council May 22, 2008 and approved by the Mayor on May 28, 2008, pursuant to Chapter 44, Section 21A and Chapter 44A;
 - **\$1,000,000 Deficit Funding Bonds**, authorized under Council Loan Order #282 duly adopted by the City Council on May 22, 2008, pursuant to Chapter 15 of the Massachusetts Acts of 2008, Chapter 44 and Chapter 44A; maximum term: seven (7) years; and
 - **\$12,985,000 Various Purpose Bonds**, authorized under Council Loan Order #280 duly adopted by the City Council on May 22, 2008 and approved by the Mayor on May 28th, 2008, up to \$12,685,000 pursuant to Chapter 44A of the General Laws, as amended and supplemented, or up to \$12,985,000 pursuant to Chapter 44, of the General Laws, as amended and supplemented as follows:
- Of the \$12,685,000 above, the City will be issuing Bond Anticipation Notes of \$4,900,000. We intend to go out for permanent bonding in FY10 so long as the projects in the water and sewer department have progressed as planned.
- Of the \$12,685,000 of debt listed above, the only non routine debt would be the water transmission main and the South River Basin upgrade. The water transmission main is one of the three main water supplies to the City. It runs through the City of Beverly and since Beverly is reconstructing Rantoul St next year, we want to replace the transmission main at that time to take advantage of the cost savings of not having to open up the street. The South River Basin upgrade is a storm water conveyance improvement project, which includes the planning, permitting, design and construction of moving water that is currently flooding neighborhoods and causing property damage to the water sheds so that it properly drains into the harbor. These two projects are intended to last 40+ years and are non routine in nature. The projects do not require any additional labor or resources once finalized, as they will just become part of the City's infrastructure. We hope that the projects will actually save the City manpower hours on flooding issues and water main breaks, but how much manpower it would save is difficult to quantify.
- The remaining projects are routine in nature. Replacing equipment, upgrading existing capital assets, and building improvements are considered part of preserving and/or replacing the capital assets needed to run City government.

Dates of Authorization	Purpose	Total Authorization
5/28/2008	Water Meters	3,000,000
5/28/2008	Water Transmission Main	2,500,000
5/28/2008	Sewer Pump Station Upgrade	400,000
5/28/2008	South River Basin Upgrade	4,350,000
5/28/2008	Sewer Drain Improvements	300,000
5/28/2008	Elec. Dept. Fire Alarm Receiver	30,000
5/28/2008	Traffic Signal	100,000
5/28/2008	Fire Pumper Truck	375,000
5/28/2008	Fire Equipment	35,000
5/28/2008	Golf Course Equipment	100,000
5/28/2008	Witch House Roof	50,000
5/28/2008	Rec. Dept. Equipment	50,000
5/28/2008	Forrest River Park Pool	165,000
5/28/2008	Forrest River Park	50,000
5/28/2008	Willows Bathroom	100,000
5/28/2008	Parking Meters	50,000
5/28/2008	Police Vehicle	70,000
5/28/2008	Police Equipment	50,000
5/28/2008	Police Equipment - Radar	25,000
5/28/2008	Police - Range Repair	40,000
5/28/2008	Dump Truck	65,000
5/28/2008	Utility Truck	65,000
5/28/2008	DPW Equipment	65,000
5/28/2008	Engineering - Infrastructure	150,000
5/28/2008	Engineering - Seawalls	50,000
5/28/2008	School - Fire Alarm Sys.	130,000
5/28/2008	School Buses	135,000
5/28/2008	School - Infrastructure	75,000
5/28/2008	School - Infrastructure	75,000
5/28/2008	School - Equipment	35,000
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		<u>12,685,000</u>

Water and Sewer Enterprise Fund
Capital Projects Update – Approved Projects
June 11, 2009

Water Enterprise Fund

Highland Avenue Water Tank & Main System Upgrades (2003)

- Authorized: \$6,328,208
- BAN: \$1,000,000 payable October 2009

Status:

The 2003 \$12 million loan authorization included the recently completed Lafayette and Loring Ave. water main improvement project, the Highland Ave water tank, system-wide upgrades to ensure proper long term operation of the city's water distribution system.

The Highland Ave water tank project is on hold pending the advancement of the Walmart/Lowe's development. The development should have its permits by the end of 2009, and complete site work (considerable blasting of ledge) by the end of 2010. The water tank construction can start in 2011. The estimated cost of the water tank, piping and scada is \$4.5 million.

The main system upgrades, in the form of looping many dead-end water mains and replacement of aging pipes and valves is underway. Estimated cost for these improvements is \$1.8 million.

The existing \$1 million BAN should be sufficient to fund these projects in FY2010.

Transmission Main – Rantoul St. (2007)

- Authorized: \$2,500,000
- BAN: \$ 900,000 payable October 2009

Status:

The 2007 \$2.5 million loan authorization is for the upgrade of the City's 20-inch transmission main in Rantoul Street, from Gloucester crossing to the Salem Beverly bridge. The main upgrade is needed in anticipation of the city of Beverly's Rantoul street roadway construction project.

Test pits and structural pipe and soil corrosivity analyses were recently completed and the design of the improvements should begin in July, 2009. Construction is planned for the end of 2009.

The existing \$900,000 ban should be increased to the full \$2.5 million authorization level to fund this project in FY2010.

Upgrade of Water Meters (2007)

- Authorized: \$3,000,000
- BAN: \$ 925,000 payable October 2009

Status:

The 2007 \$3.0 million loan authorization is for the replacement of aging and inaccurate water meters and replacement of the meter reading capability in the city. A 100% replacement program is expected.

A Request for proposals from meter and meter reading manufacturers will be advertised in July or August and once a meter and reading system is selected, an installation contract will be advertised by the winter of 2010.

The existing \$925,000 BAN should be sufficient to fund these projects in FY2010.

Sewer Enterprise Fund

South River Basin Upgrade

- Authorized: \$4,350,000
- BAN: \$ 450,000 payable October 2009

Status:

The 2007 \$4.35 million loan authorization included investigations and exhaustive elevation surveys, conduit cleanings, modeling and analysis to identify specific mitigation measures that should be implemented to achieve the projects objectives. Immediately following, the implementation of the selected measures, including permitting, design and construction would be conducted.

Completed to date is the 1' and 2' contour survey of the project area, manhole and catch basin survey and inspection, installation of flow depth and volume metering, and the cleaning and inspection of key conduits and inlets and outlets of the piping system.

The existing \$450,000 ban should be increased by \$1 million to provide sufficient funds to advance this project in FY2010.

Sewer Pump Station Upgrade/Replacement

- Authorized \$400,000
- BAN \$400,000 payable October 2009

Status:

The 2007 \$400,000 loan authorization included capital improvements to the City's water and sewerage pumps stations. Improvements include, but are not limited to new scada equipment, new pumps and motors, new stand by generators, etc at each station.

Work is underway and should be completed by the end of the calendar year 2009. The existing \$400,000 BAN should be rolled to permanent debt as planned.

Forrester St and Station/Moffat upgrades

- Authorized \$300,000 (\$150,000 per project)
- BAN \$300,000 payable October 2009

Status:

The 2007 \$300,000 loan authorization included the study, design, permitting and construction of storm water improvements to mitigate flooding events in the city. Two major flood locations are on Station/Moffat road's drainage terminus at Monroe Road and the Forrester Ave. drainage systems' terminus at Derby and Webb Street.

Work is underway and should be completed by the end of the calendar year 2009. The existing \$300,000 BAN should be rolled to permanent debt as planned.

FY10 CIP – Executive Summary

- The total proposed Capital Plan for the City of Salem for FY10 is \$12,684,922. However, the total amount proposed for borrowing is only \$2,594,000. This is substantially lower than the \$12,985,000 approved as part of the FY09 CIP.
- This Capital Plan has multiple funding sources, including grant funds, Section 108 loans, CIP fund appropriations, and bonding.
- The list proposed is a scaled down list from departmental requests, with priority given to those projects that are supplemented by grant dollars or any other revenue sources that will keep net general fund expenditures to a minimum.
- Proposed are \$440,000 worth of rescinded bonds that will reverse and eliminate the need to bond for these projects in FY10.

FY10 CIP – Funding Sources

FY10 CIP – funded from one time revenue sources – CIP Fund

- Parking Dept: Sewall St. Lot Updates \$25,000
- Electrical Dept: LED Light Replacement Program \$25,000
- Council on Aging: Van Replacement \$30,000
 - *\$70,000 grant plus \$30,000 CIP appropriation covers the entire costs of two new COA Vans.*
- Recreation: Repair Mack Park Stairs \$30,000
- Schools: Collins and Saltonstall Schools \$50,000
 - *Estimated costs of \$25,000 each for professional assessment of masonry and waterproofing needs of each school.*

TOTAL ~ CIP FUND: \$160,000

FY10 CIP – funded from Water/Sewer Enterprise Funds

- Dept of Public Services: F-550 Diesel Truck w/plow \$70,000

TOTAL ~ WATER/SEWER RETAINED EARNINGS: \$70,000

FY10 CIP – funded from Grants

- Public Property: City Hall Elevator \$ 650,000
- Recreation: Community Life Center \$4,224,136
- Recreation: Blaney St. Pier acquisition/engineering \$3,000,000

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CITY OF SALEM

In City Council, June 25, 2009

Ordered:

ORDERED, that the sum of \$2,594,000 be and hereby is appropriated to pay costs of various capital improvements set forth below, and for the payment of all other costs incidental and related thereto, and that to meet this appropriation, the Treasurer, with the approval of the Mayor, is authorized to borrow said amount under and pursuant to Chapter 44, Sections 7 and 8 of the General Laws, or pursuant to any other enabling authority, and to issue and sell bonds or notes of the City therefor.

Parking

\$50,000	Equipment - Multi Space Meters
50,000	Equipment - Posts, signage, installation of above

Police

140,000	Equipment - Vehicles
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Fire

50,000	Equipment - Compressor for SCBA
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Public Services

250,000	Equipment - Vehicles
45,000	Equipment - Sign Making Machine
30,000	Renovations - Garage Doors

Engineering

1,500,000	Renovations - Roads, Sidewalks, and Xwalks
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Parks, Recreation, Comm. Services

50,000	Equipment - Playground Equipment
289,000	Renovations - Furlong Park
25,000	Repairs - Gazebo Roofs @ Willows

Schools

75,000	Renovations - Witchcraft Heights - ballfield
40,000	Renovations - Bertram Field House

FURTHER ORDERED, that the Mayor and the Treasurer are each authorized to file an application to qualify under Chapter 44A of the Massachusetts General Laws any and all bonds of the City issued under and pursuant hereto, and to provide such information and execute such documents as may be required in connection therewith.



CITY OF SALEM

In City Council, June 25, 2009

Ordered:

ORDERED, that the following amounts of authorized but unissued debt authorized under Council Loan Order #280 duly adopted by the City Council on May 22, 2008 and approved by the Mayor on May 28, 2008 for the following projects are hereby rescinded:

Sewer Drain cleaning	\$300,000
Public Service – Rubbish Packer	65,000
School – Infrastructure (Parking Access Improvements)	75,000

City of Salem
Proposed Capital Plan
Fiscal Year 2010 - 2014

CAPITAL REQUEST	FY10 PRIORITY	FUNDING SOURCE	ACTUAL FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Data Processing/Information Tech.								
Replace 17 Windows 2000 PC's w/ Office 2003					\$ 25,000.00			
Replace Domain Controller + Exchange Servers						\$ 40,000.00		
Replace Six Windows 2003 Servers						\$ 50,000.00		
Replace 77 Windows XP PC's							\$ 100,000.00	
Replace 12 Switches located at 93/120 Wash. St							\$ 25,000.00	
Subtotal: Data Processing			\$ -	\$ -	\$ 25,000.00	\$ 90,000.00	\$ 125,000.00	\$ -
Public Property								
Feasibility study - City Hall	done		\$ 25,000.00					
Renovation of City Hall - install elevator	1	GRANTS		\$ 650,000.00				
Renovation of City Hall - engineering, specs, etc. for new roof, windows, exterior, HVAC, electric, etc. (total renovation)					\$ 3,500,000.00			
Subtotal: Public Property			\$ 25,000.00	\$ 650,000.00	\$ 3,500,000.00	\$ -	\$ -	\$ -
Library								
New Roof	done							
Subtotal: Library			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking Department								
Technological upgrades - Multi-space parking meters	wip	BONDING	\$ 50,000.00	\$ 50,000.00				
Church St. Lot and Bridge St. Lot. Retro fit for prepay equipment	1	BONDING		\$ 50,000.00				
Sewall St. Lot upgrades - Fix bent posts, restripe, paint, etc.	2	CIP FUND		\$ 25,000.00				
Mechanical/Technological Upgrades (pay kiosks) - Garages					\$ 100,000.00			
South Harbor Garage - Waterproof, inspect/repair/replace joints					\$ 75,000.00			
Museum Place Garage - Waterproof, inspect/repair/replace joints					\$ 70,000.00			
Sweeper to maintain garages and lots						\$ 70,000.00		
Crombie St. Lot - regrade/resurface/restripe								
Subtotal: Parking Dept.			\$ 50,000.00	\$ 125,000.00	\$ 245,000.00	\$ 70,000.00	\$ 60,000.00	\$ -
Police								
Two 2007 Dodge Chargers (detective vehicles)	done							
Patrol Vehicles (6 beat cruisers - one supervisor SUV)	done							
Bulletproof Vests (80 @ \$1000 each)	done							
Building repairs - (HVAC units)	done							
Firearms/hoisters	done		\$ 50,000.00					
Vehicle Replacement - marked (\$35k ea.)	done		\$ 70,000.00					
Range Repair	wip		\$ 36,000.00					
Downtown Surveillance Cameras	wip		\$ 50,000.00					
Speed - Mobile radar units	wip		\$ 25,000.00					
Vehicle Replacement - 4 marked Impalas (\$25k ea.)	1	BONDING		\$ 100,000.00	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00
Prisoner Transport Vehicle	2	BONDING		\$ 40,000.00				
Vehicle Replacement - unmarked cars					\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00
Digital Radio Replacement (FCC required by 2011)					\$ 150,000.00			
New Roof - Police Station						\$ 200,000.00		
Subtotal: Police			\$ 231,000.00	\$ 140,000.00	\$ 280,000.00	\$ 330,000.00	\$ 130,000.00	\$ 130,000.00

City of Salem
Proposed Capital Plan
Fiscal Year 2010 - 2014

CAPITAL REQUEST	FY10 PRIORITY	FUNDING SOURCE	ACTUAL FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Fire								
New Protective Clothing - 25 sets @ \$1400	done		\$ 35,000.00					
New Pumper Truck #2	done		\$ 395,299.00					
Compressor for SCBA (above)	1	BONDING		\$ 50,000.00				
Vehicle Replacement - 4x4 Utility Vehicle (Hybrid)					\$ 30,000.00			
Fire Prevention - Ford Escape Hybrid					\$ 25,000.00			
Two Generators (\$20k each) - Emergency Preparedness					\$ 40,000.00			
Commercial Washer/Dryer for Station One					\$ 25,000.00			
Radio Infrastructure						\$ 79,000.00		
Portable Radios						\$ 150,000.00		
New Pumper Truck #4							\$ 425,000.00	
New Ladder Truck #1								\$ 1,000,000.00
Subtotal: Fire			\$ 430,299.00	\$ 50,000.00	\$ 120,000.00	\$ 229,000.00	\$ 425,000.00	\$ 1,000,000.00
Harbormaster								
Pumpout Boat					\$ 54,000.00			
Subtotal: Harbormaster			\$ -	\$ -	\$ 54,000.00		\$ -	\$ -
Electrical								
Radio Box Receiver - Vision 21	done		\$ 30,000.00					
LED Traffic Light Replacement Program	1	CIP FUND		\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Utility Truck - F350					\$ 35,000.00			
Utility Truck - Ford Hybrid Escape					\$ 30,000.00			
Bucket Truck replacement						\$ 100,000.00		
Master Boxes (300 Total @ approx. \$2,500 ea.)						\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Subtotal: Electrical			\$ 30,000.00	\$ 25,000.00	\$ 90,000.00	\$ 300,000.00	\$ 200,000.00	\$ 200,000.00
Public Services - Equipment								
2008 F-550 1 ton dump diesel (sander/plow)	done		\$ 65,000.00					
Sanders and Plows for trucks	done		\$ 65,000.00					
Mad Vacuum Truck	done		\$ 25,000.00					
Sidewalk plow and accessories	done		\$ 48,000.00					
Rubbish packer	rescind		\$ 65,000.00					
2009 International Model 7300 4x2 (6 wheeler with 5 ton box)	1	BONDING		\$ 155,000.00				
2009 F-550 1 ton dump diesel (sander/plow)	2	BONDING		\$ 70,000.00				
2009 F-550 1 ton dump (sander/plow)	3	BONDING		\$ 50,000.00				
Replace 6 garage doors @ DPS garage	4	BONDING		\$ 30,000.00				
Sign Making Machine	5	BONDING		\$ 45,000.00				
2009 F-350 with equipment	6	BONDING		\$ 45,000.00				
Graffiti Removal Machine					\$ 42,500.00			
2008 F-550 1 ton dump diesel (sander/plow)					\$ 70,000.00			
F-550 1 ton pickup (traffic truck)					\$ 50,000.00			
Bandit wood chipper					\$ 50,000.00			
Vehicle Lift - Motor pool						\$ 40,000.00		
Salt Shed						\$ 200,000.00		
DPS Building Repairs						\$ 100,000.00		
2008 F-550 1 ton dump diesel (sander/plow)						\$ 72,000.00		
4x4 economical						\$ 32,000.00		
2008 F-550 1 ton dump diesel (sander/plow)							\$ 75,000.00	
Mack Park Garage Roof							\$ 25,000.00	
Aerial bucket F-500								\$ 125,000.00
Subtotal: Public Services			\$ 268,000.00	\$ 395,000.00	\$ 212,500.00	\$ 444,000.00	\$ 100,000.00	\$ 125,000.00

**City of Salem
Proposed Capital Plan
Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY10 PRIORITY	FUNDING SOURCE	ACTUAL FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Engineering - Roads, Sidewalks, & Crosswalks								
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)	wip		\$ 150,000.00					
Roads, Sidewalks & Crosswalks (Chapter 90)	wip		\$ 649,541.00					
Traffic Signal - Derby/Congress/Hawthorne	wip		\$ 250,000.00					
Roads, Sidewalks & Crosswalks (non Chapter 90 eligible)	1	BONDING		\$ 1,500,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Roads, Sidewalks & Crosswalks (Chapter 90)	1	GRANT		\$ 646,786.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
Lafayette Place - Surface Lot Expansion				\$ 30,000.00				
Subtotal: Eng. - Roads, Sidewalks, Crosswalks			\$ 1,049,541.00	\$ 2,146,786.00	\$ 680,000.00	\$ 650,000.00	\$ 650,000.00	\$ 650,000.00
Engineering - Seawalls								
Seawall - Willows								
Seawall - Hubert St.								
Seawall - Franklin St. Park	wip		\$ 50,000.00					
Seawall - Collins Cove	1				\$ 520,000.00	\$ 500,000.00	\$ 410,000.00	
Seawall - Columbus Ave.								\$ 90,000.00
Subtotal: Engineering - Seawalls			\$ 50,000.00	\$ -	\$ 520,000.00	\$ 500,000.00	\$ 410,000.00	\$ 90,000.00
Parks, Recreation & Community Services								
Willows bathroom rehabilitation	done		\$ 100,000.00					
Witch House Roof	wip		\$ 112,500.00					
Forest River Pool - resurfacing	wip		\$ 165,000.00					
Forest River Park - upgrades	wip		\$ 50,000.00					
Golf - Jacobsen LF3400 fairway mower	done		\$ 50,000.00					
Golf - Jacobsen Greens Mower	done		\$ 25,000.00					
Golf - Aerator, Harvester, 3 wheel drive prime mower	done		\$ 25,000.00					
Playground upgrades - FY09	done		\$ 50,000.00					
Community Life Center	wip	CDBG		\$ 4,994,136.00				
Furlong Park	1	BONDING/GRANT		\$ 789,000.00				
Gazebo Roofs @ Salem Willows	2	BONDING		\$ 25,000.00				
Council on Aging Vans	3	BONDING		\$ 100,000.00				
Playground upgrades	4	CIP FUND/GRANT		\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Repair Mack Park Stairs	5	BONDING		\$ 30,000.00				
Blaney Street Pier and Terminal - acquisition and engineering	6	CIP FUND		\$ 3,000,000.00				
Blaney Street Pier and Terminal - construction	7	GRANT			\$ 18,000,000.00			
Bike Path - Design/Construction					\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Garage Roof @ Mack Park					\$ 25,000.00			
Upgrade Wrought Iron Fence - Salem Common						\$ 700,000.00		
Wall around Mack Park							\$ 200,000.00	\$ 200,000.00
Subtotal: Recreation			\$ 577,500.00	\$ 8,988,136.00	\$ 18,100,000.00	\$ 775,000.00	\$ 275,000.00	\$ 275,000.00

City of Salem
Proposed Capital Plan
Fiscal Year 2010 - 2014

CAPITAL REQUEST	FY10 PRIORITY	FUNDING SOURCE	ACTUAL FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Schools - Non MSBA capital items								
Replace Fire Alarm System - Collins Middle School	wip		\$ 85,000.00					
Replace Fire Alarm System - Bentley Elem. School	wip		\$ 45,000.00					
Replace 900 gallon gas water heater - Collins	wip		\$ 35,000.00					
42 passenger full track wheelchair school bus	done		\$ 85,000.00					
23 passenger Type A with wheelchair lift school bus	done		\$ 50,000.00					
Parking access improvements	rescind		\$ 75,000.00					
Witchcraft Heights Elementary - ballfields	wip	BONDING	\$ 75,000.00	\$ 75,000.00				
Repairs to Field House at Bertram Fields	1	BONDING		\$ 40,000.00				
Collins - repointing and waterproofing - (Study/Design/Construct)	2	CIP FUND		\$ 25,000.00	\$ 800,000.00			
Saltonstall - Repoint and Waterproof Masonry - (Study/Design/Construct)	3	CIP FUND		\$ 25,000.00	\$ 600,000.00			
42 passenger Type C conventional school bus				\$ 70,000.00				
77 Passenger Type C conventional school bus				\$ 76,000.00				
29 Passenger Type A school bus				\$ 44,000.00				
Automotive Service Lifts - Auto Tech Center						\$ 25,000.00		
Integrated Communication System - Bentley & Collins						\$ 100,000.00		
Replace Carpeting with Vinyl Floor Tile - Bentley						\$ 157,000.00		
Replace Carpeting with Vinyl Floor Tile - Collins							\$ 281,250.00	
Repairs to Field House at Bertram Field								\$ 35,000.00
Subtotal: Schools			\$ 450,000.00	\$ 165,000.00	\$ 1,590,000.00	\$ 282,000.00	\$ 281,250.00	\$ 35,000.00
Total - General Fund			\$ 3,161,340.00	\$ 12,684,922.00	\$ 25,416,500.00	\$ 3,670,000.00	\$ 2,656,250.00	\$ 2,505,000.00
LESS - Non Grant Funds to offset costs								
Parking Meter Receipts - Willows								
Recycling Funds - Mad Vacuum Truck			\$ (100,000.00)					
Snow and Ice budget - plowing equip for sidewalk plow			\$ (25,000.00)					
Sale of lots/vaults - sidewalk plow			\$ (24,000.00)					
CIP Fund - (Sewall St. Lot improvements)				\$ (25,000.00)				
CIP Fund - (LED Light replacement program)				\$ (25,000.00)				
CIP Fund - (Mack Park Stairs)				\$ (30,000.00)				
CIP Fund - (COA Vans)				\$ (30,000.00)				
CIP Fund - (Collins and Saltonstall - Study for waterproofing)				\$ (50,000.00)				
Sale of City Owned Land - (Community Life Center)				\$ (750,000.00)				
Parking Meter Receipts - (Gazebo Roofs @ Willows)				\$ (25,000.00)				
Water/Sewer Retained Earnings (f-550 diesel)				\$ (70,000.00)				
LESS - Grant funds to offset costs								
Grant Funds - Traffic Signal (CDBG)			\$ (150,000.00)					
Grant Funds - Surveillance Cameras (Community Policing)			\$ (50,000.00)					
Grant Funds - City Hall Feasibility Study			\$ (25,000.00)					
Grant Funds - Witch House Roof			\$ (90,750.00)					
Chapter 90 Funds: (Roads/Sidewalks/Crosswalks)				\$ (646,786.00)	\$ (500,000.00)	\$ (500,000.00)	\$ (500,000.00)	\$ (500,000.00)
CDBG: Section 108 loans - (Community Life Center)				\$ (4,244,136.00)				
Grant Funds - (COA Vans)				\$ (70,000.00)				
Executive Office of Energy/Env Affairs - (Furlong Park)				\$ (500,000.00)				
Seaport Council - (Blaney St. Pier)				\$ (3,000,000.00)	\$ (14,000,000.00)			
CDBG Funds - (City Hall Elevator)				\$ (344,000.00)				
Stimulus Funding - CDBG funds (City Hall Elevator)				\$ (308,000.00)				
Stimulus Funding - School Modernization				\$ (1,400,000.00)				
Net - General Fund Expenses			\$ 2,023,049.00	\$ 2,569,000.00	\$ 9,516,500.00	\$ 3,170,000.00	\$ 2,156,250.00	\$ 2,005,000.00
note: WIP = Work in progress								

**City of Salem: Capital Plan
Water and Sewer Enterprise Fund
Fiscal Year 2010 - 2014**

CAPITAL REQUEST	FY10 PRIORITY	FUNDING SOURCE	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Water Enterprise-Engineering								
Highland Ave Water Tank (2003 Bond issue)								
	wip	authorized and unissued \$	4,500,000.00					
Main System Upgrades Vales/Pipe replacement (2003 Bond issue)	wip	authorized and unissued \$	1,828,208.00					
Upgrade Water Meters - Entire City (2009 bond issue)	wip	BAN \$	3,000,000.00					
Design/Construction of Transmission Main Upgrades (Rantoul Street) (2009 bond issue)	wip	BAN \$	2,500,000.00					
Main System Upgrades Vales/Pipe replacement	1	r/e		\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Water Easements - Research, Taking, Clearing	2	r/e		\$ 175,000.00				
Folly Hill Reservoir ~ Slope Stabilization Project	3	r/e		\$ 80,000.00				
Energy efficiency evaluation - SBWSB pump station		ESCO			\$ 35,000.00			
Valve Operating Machine ~ O/M water distribution system		r/e			\$ 150,000.00			
Internal/External Inspection ~ Gallows and Folly Hills Storage Tanks		r/e			\$ 100,000.00			
Subtotal: Water Enterprise			\$ 11,828,208.00	\$ 355,000.00	\$ 385,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Sewer Enterprise-Engineering								
South River Basin Upgrades (study, design/permit, construction) (2009 bond issue)	wip	BAN \$	4,350,000.00					
Sewer Pump Station Upgrades/Replacements (2009 bond issue)	wip	BAN \$	400,000.00					
Forrester St. study (study, design, construct) (2009 bond issue)	wip	BAN \$	150,000.00					
Station/Moffat Rd. (study, design, construct) (2009 bond issue)	wip	BAN \$	150,000.00					
Drain Cleaning	done	RESCIND \$	300,000.00					
North River improvements - Peer Review		\$	50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Sewer Line Extension/Upgrade/Rehabilitation (construction)	1	r/e		\$ 100,000.00	\$ 100,000.00	\$ 400,000.00		
Illicit connection removal (study, design, construction)	3	SESD		\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Subtotal: Sewer Enterprise			\$ 5,400,000.00	\$ 175,000.00	\$ 175,000.00	\$ 475,000.00	\$ 75,000.00	\$ 75,000.00
Total: Enterprise Fund			\$ 17,228,208.00	\$ 530,000.00	\$ 560,000.00	\$ 575,000.00	\$ 175,000.00	\$ 175,000.00

NOTES - Funding Sources:

Bonds: Issuance of long term bonds to fund (analysis below on yearly estimated debt payments and effect on water/sewer rates
r/e: Retained Earnings of the respective enterprise fund (no effect on rates)
SESD: South Essex Sewerage District Retained Earnings to be used going forward to fund I/I campaigns (inflow and infiltration).
BAN: Bond anticipation notes
Authorized and Unissued: Debt has been authorized, but no issuance of bonds have occurred

City of Salem
FY2010 Capital Improvement Program - Finance Summary

Department	Project	Total Estimated Expenditure	FY10	FY11	FY12	FY13	FY14
Public Property	City Hall Elevator	\$ 650,000.00	\$ 650,000.00				
Parking Department	Technology - Multi Space Meters	\$ 50,000.00		\$ 1,800.00	\$ 12,250.00	\$ 11,800.00	\$ 11,300.00
Parking Department	Installation and retrofitting lots for Multi Space Meters	\$ 50,000.00		\$ 1,800.00	\$ 12,250.00	\$ 11,800.00	\$ 11,300.00
Parking Department	Sewall St. Lot upgrades - islands, post straightening, etc.	\$ 25,000.00	\$ 25,000.00				
Police	Vehicles - 4 Cruisers and One Prisoner Transport Vehicle	\$ 140,000.00		\$ 5,040.00	\$ 36,300.00	\$ 34,950.00	\$ 33,600.00
Fire	Compressor for Self Contained Breathing Apparatus	\$ 50,000.00		\$ 2,340.00	\$ 12,250.00	\$ 11,800.00	\$ 11,350.00
Electrical	LED Traffic Light Replacement	\$ 25,000.00	\$ 25,000.00				
Public Services	Vehicle - International 7300 - 6 wheeler w/5 ton hot box	\$ 155,000.00		\$ 5,580.00	\$ 41,975.00	\$ 35,400.00	\$ 34,500.00
Public Services	Vehicle - F-550 One Ton Diesel Dump (sander/plow)	\$ 70,000.00	\$ 70,000.00				
Public Services	Vehicle - F-550 One Ton Dump (sander/plow)	\$ 50,000.00		\$ 1,800.00	\$ 12,250.00	\$ 11,800.00	\$ 11,300.00
Public Services	Buildings - Replace 6 Garage Doors @ DPS Garage	\$ 30,000.00		\$ 1,080.00			
Public Services	Equipment - Sign Making Machine	\$ 45,000.00		\$ 1,620.00	\$ 12,250.00	\$ 11,800.00	\$ 11,300.00
Public Services	Vehicle - F-350 with equipment	\$ 45,000.00		\$ 1,620.00	\$ 12,250.00	\$ 11,800.00	\$ 11,300.00
Engineering	Infrastructure - roads, sidewalks, xwalks	\$ 1,500,000.00		\$ 54,000.00	\$ 367,500.00	\$ 354,000.00	\$ 340,500.00
Engineering	Infrastructure - roads, sidewalks, xwalks (Ch. 90)	\$ 646,786.00	\$ 646,786.00				
Parks, Rec. & Comm Svcs.	Building - Community Life Center	\$ 4,994,136.00	\$ 4,244,136.00	\$ 750,000.00			
Parks, Rec. & Comm Svcs.	Infrastructure - Furlong Park	\$ 789,000.00	\$ 500,000.00	\$ 10,404.00	\$ 33,005.00	\$ 32,105.00	\$ 31,205.00
Parks, Rec. & Comm Svcs.	Buildings - Gazebo Roof Replacement @ Willows	\$ 25,000.00		\$ 900.00	\$ 6,125.00	\$ 5,900.00	\$ 5,675.00
Parks, Rec. & Comm Svcs.	Vehicles - 2 COA Vans	\$ 100,000.00	\$ 100,000.00				
Parks, Rec. & Comm Svcs.	Equipment - Playground equipment @ Salem Common	\$ 50,000.00		\$ 1,800.00	\$ 12,250.00	\$ 11,800.00	\$ 11,300.00
Parks, Rec. & Comm Svcs.	Repair Mack Park Stairs	\$ 30,000.00	\$ 30,000.00				
Parks, Rec. & Comm Svcs.	Infrastructure - Blaney St. Pier and Terminal	\$ 3,000,000.00	\$ 3,000,000.00				
Subtotal - Municipal		\$ 12,519,922.00	\$ 9,290,922.00	\$ 839,784.00	\$ 570,655.00	\$ 544,955.00	\$ 524,630.00
Schools	Infrastructure - Witchcraft Heights Elementary Ballfields	\$ 75,000.00		\$ 2,700.00	\$ 13,375.00	\$ 12,925.00	\$ 12,475.00
Schools	Buildings - Repairs @ Bertram Field House	\$ 40,000.00		\$ 1,440.00	\$ 11,800.00	\$ 11,350.00	\$ 10,900.00
Schools	Buildings - Study/Design of Collins (waterproofing)	\$ 25,000.00	\$ 25,000.00				
Schools	Buildings - Study/Design of Salts (waterproofing)	\$ 25,000.00	\$ 25,000.00				
Subtotal - Schools		\$ 165,000.00	\$ 50,000.00	\$ 4,140.00	\$ 25,175.00	\$ 24,275.00	\$ 23,375.00

City of Salem
FY2010 Capital Improvement Program - Finance Summary

Department	Project	Total Estimated Expenditure	FY10	FY11	FY12	FY13	FY14
Water	Infrastructure - Main System Upgrades Valves/Pipes	\$ 100,000.00	\$ 100,000.00				
Water	Infrastructure - Water Easements ~ Research/Cleaning	\$ 175,000.00	\$ 175,000.00				
Water	Infrastructure - Folly Hill Reservoir ~ Slope Stabilization	\$ 80,000.00	\$ 80,000.00				
Sewer	Infrastructure - Sewer Line Replacement	\$ 50,000.00	\$ 50,000.00				
Sewer	Infrastructure - Inflow/Infiltration Removal Program	\$ 25,000.00	\$ 25,000.00				
Sewer	Infrastructure - Illicit connection removal	\$ 100,000.00	\$ 100,000.00				
Subtotal - Enterprise		\$ 530,000.00	\$ 530,000.00	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES - City, School, Enterprise		\$ 13,214,922.00	\$ 9,870,922.00	\$ 843,924.00	\$ 595,830.00	\$ 569,230.00	\$ 548,005.00
Funding Summary:							
	General Obligation Bonds - General Fund	\$ 2,594,000.00	\$ -	\$ 93,924.00	\$ 595,830.00	\$ 569,230.00	\$ 548,005.00
	General Obligation Bonds - Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Outlay (CIP Fund)	\$ 160,000.00	\$ 160,000.00				
	State Aid - Chapter 90 Funds	\$ 646,786.00	\$ 646,786.00				
	State and Federal Grants	\$ 8,464,136.00	\$ 8,464,136.00				
	Sale of City Owned Land	\$ 750,000.00	\$ -	\$ 750,000.00			
	Other special revenue funds						
	Retained Earnings - Water/Sewer Enterprise	\$ 575,000.00	\$ 575,000.00				
	Retained Earnings - South Essex Sewerage District	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -
TOTAL FUNDING - City, School, Enterprise		\$ 13,214,922.00	\$ 9,870,922.00	\$ 843,924.00	\$ 595,830.00	\$ 569,230.00	\$ 548,005.00

Community Life Center:
Projected Debt Service ~ Section 108 Loan Program

Total Cost \$ 4,994,136.00

Revenue offset
from taxes of
commercial offices

\$ 168,713.00 per year plus 2.5% increase per year

Debt Service Schedule: \$4,994,136 interest only for one years @ 3%; then amortized for 19 years @ level principal and 4.5% interest**

Pay down after year one: \$750,000 Sale of Current Senior Center ** rates subject to change

LESS:
Estimated Tax
Revenue Offset
108 Loans Charge
to CDBG

108 Loan - CLC
Total P & I

Balance Due

Interest

Principal

Year

2011	\$	-	\$	149,824.08	\$	4,994,136.00	\$	149,824.08				\$	149,824.08
2012	\$	750,000.00	\$		\$	4,244,136.00	\$					\$	
2012	\$	225,000.00	\$	180,861.12	\$	4,019,136.00	\$	405,861.12	\$	168,713.00		\$	237,148.12
2013	\$	225,000.00	\$	170,736.12	\$	3,794,136.00	\$	395,736.12	\$	172,930.83		\$	222,805.30
2014	\$	225,000.00	\$	160,611.12	\$	3,569,136.00	\$	385,611.12	\$	177,254.10		\$	208,357.02
2015	\$	225,000.00	\$	150,486.12	\$	3,344,136.00	\$	375,486.12	\$	181,685.45		\$	193,800.67
2016	\$	225,000.00	\$	140,361.12	\$	3,119,136.00	\$	365,361.12	\$	186,227.58		\$	179,133.54
2017	\$	225,000.00	\$	130,236.12	\$	2,894,136.00	\$	355,236.12	\$	190,883.27		\$	164,352.85
2018	\$	225,000.00	\$	120,111.12	\$	2,669,136.00	\$	345,111.12	\$	195,655.36		\$	149,455.76
2019	\$	225,000.00	\$	109,986.12	\$	2,444,136.00	\$	334,986.12	\$	200,546.74		\$	134,439.38
2020	\$	225,000.00	\$	99,861.12	\$	2,219,136.00	\$	324,861.12	\$	205,560.41		\$	119,300.71
2021	\$	225,000.00	\$	89,736.12	\$	1,994,136.00	\$	314,736.12	\$	210,699.42		\$	104,036.70
2022	\$	225,000.00	\$	79,611.12	\$	1,769,136.00	\$	304,611.12	\$	215,966.90		\$	88,644.22
2023	\$	225,000.00	\$	69,486.12	\$	1,544,136.00	\$	294,486.12	\$	221,366.08		\$	73,120.04
2024	\$	225,000.00	\$	59,361.12	\$	1,319,136.00	\$	284,361.12	\$	226,900.23		\$	57,460.89
2025	\$	220,000.00	\$	49,461.12	\$	1,099,136.00	\$	269,461.12	\$	232,572.73		\$	36,888.39
2026	\$	220,000.00	\$	39,561.12	\$	879,136.00	\$	259,561.12	\$	238,387.05		\$	21,174.07
2027	\$	220,000.00	\$	29,661.12	\$	659,136.00	\$	249,661.12	\$	244,346.73		\$	5,314.39
2028	\$	220,000.00	\$	19,761.12	\$	439,136.00	\$	239,761.12	\$	250,455.40		\$	(10,694.28)
2029	\$	220,000.00	\$	9,861.12	\$	219,136.00	\$	229,861.12	\$	256,716.78		\$	(26,855.66)
2030	\$	219,136.00	\$	-	\$	-	\$	219,136.00	\$	263,134.70		\$	(43,998.70)

Senior Center Sale

Note:

It is assumed that 55,000 square feet of commercial office space will be have a value of \$125/sq. ft.

\$ 6,875,000.00

FY2009 Commercial Tax Rate: \$ 24.54 per \$1000 of value

Estimated tax revenue offset: \$ 168,712.50

Capital Improvement Policies

Budget Policies

- The city will make all capital purchases and improvements in accordance with the adopted capital improvement program.
- The city will develop a multi-year plan for capital improvements and update it annually.
- The city will enact an annual capital budget based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in population, changes in real estate development or changes in economic base will be calculated and included in capital budget projections.
- The city will coordinate development of the capital improvement budget with the development of the operating budget. Future operating costs associated with new capital improvement will be projected and included in operating budget forecasts.
- The city will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and priorities, and who's operating and maintenance costs have been included in operating budget forecasts.
- The city will maintain all its assets at a level adequate to protect the city's capital investment and to minimize future maintenance and replacement costs.
- The city, as part of its capital planning process, will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.
- The city will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the City Council for approval.
- The city will determine the least costly financing method for all new projects.

Debt Policies

- The city will confine long-term borrowing to capital improvements or projects/equipment that cannot be finance from current revenues.
- When the city finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.

- Total net debt service from general obligation debt will not exceed five (5) percent of total annual operating budget as listed on part 1a of the annual tax rate recapitulation as submitted to the Department of Revenue.
- Debt will only be issued for capital that is valued greater than \$25,000, and has a depreciable life of five (5) or more years.
- Total general obligation debt will not exceed that provided in the state statutes.
- Whenever possible, the city will use special revenue funds, special assessments, or other self-supporting bonds, instead of general obligation bonds.
- The city will not use long-term debt for current operations unless otherwise allowed via special legislation.
- The city will retire bond anticipation debt within six months after completion of the project.
- The city will maintain good communications with bond rating agencies about its financial condition.
- The city will follow a policy of full disclosure on every financial report and bond prospectus.

Source: “Handbook 4, Financial Performance Goals”, Evaluating Local Government Financial Condition, International City Management Association