The CIP is a long term budgeting process that attempts to combine the prioritization of long term community improvement needs with the long term ability of the City to finance those needs. The total amount of projects that can be included is affected both by the process of prioritizing those projects, and determining the financial capacity to finance those improvements, relative to the fees and taxes invested, and the level of debt incurred. The discussion below focuses on property tax funded General Obligation (GO) bond financed projects, but the principals are applicable to the entire CIP.

Mill Levy Rate - The mill levy rate to the Debt Service Fund affects the amount of CIP projects that can be included. The mill levy is set annually by the City Council during the operating budget review (August each year). Historically, the levy has been around 10 mills. In 2008, the levy was reduced gradually to the current 7.5 mills. Based on the 2012 operating budget, the levy is scheduled to climb to 8.5 mills by 2014 (the total City levy has essentially remained unchanged during this period). Using current estimates, the projected mill levy rate will generate $341 million from 2011 through 2020. Existing debt service obligations total around $155 million through 2020, leaving $186 million to fund either cash or debt service payments on new CIP improvements.

Debt Levels - Because the estimated cash flow of the $186 million in net revenues is not aligned with and is exceeded by the $313 million in prioritized projects, debt is incurred. The amount of that debt is directly related to two variables: the total amount of GO projects included, and the year in which those projects are programmed. To measure the level of debt and to review that level relative to a benchmark, performance measures are used. One key measure for total GO debt is the GO Debt per capita. With the proposed CIP, the total GO Debt would clearly increase, but would remain lower than the benchmark.

	Benchmark	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GO Debt ($) per capita	$1,773	$1,245	$1,337	$1,479	$1,573	$1,599	$1,600	$1,576	$1,471	$1,384	$1,293

Regardless of the total *level* of GO debt, the City's *capacity to service* that debt is measured by the ratio of annual debt service payments as a percentage of property tax revenues to the Debt Service Fund. The measure shows that the GO debt level could be funded; however, the percent of revenues used to fund debt would be higher than the benchmark in the last half of the CIP period.

	Benchmark	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GO debt service capacity utilization	67%	51%	55%	57%	63%	**76%**	**85%**	**88%**	**89%**	**91%**	**83%**

The conclusion drawn from these measures is that the GO debt levels necessary for the Proposed CIP are comparable and actually lower than the benchmark; however, due to the timing of cash flows based on the revenue streams and the project scheduling ($222 million of the $313 million is scheduled in the first five years), the portion of City property tax resources committed to fund debt will exceed the benchmark.

Accelerating GO projects and increasing debt levels would more rapidly reshape and improve community assets, and would also take advantage of both opportunities to coordinate with funding partners and the current competitiveness in the construction industry. Finally, increasing debt in the short term would allow the City to finance improvements at historically very low interest rates. However, increased GO capacity utilization could increase concern among rating agencies and creditors. Additionally, it significantly reduces future flexibility in CIP planning, since most of the anticipated revenue in the latter years will be committed to service previously incurred debt.

Alternative Scenarios - Policy direction to reduce debt levels would necessitate a review of project prioritization and timing. Simplistically, removing approximately $56 million in GO projects scheduled from 2011-2015 would reduce debt capacity measures to within the benchmark. However, retaining current projects, and simply sliding timing schedules back could also improve debt measures. Staff have modeled three scenarios, to demonstrate the impact on City debt.

Scenario 1 - This scenario identifies projects within each district that could be re-prioritized. A total of $51 million in 17 projects would be pushed back 2 years each. A total of $13 million would fall out of the CIP planning period. This would flatten out the GO debt service capacity utilization measure, and reduce it from the levels included in the Proposed CIP. Amounts would continue to exceed the benchmark.

Scenario 1	Net Change	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Change from Proposed CIP	-$13	-$.6	-$.3	-$5.2	-$.6	$4.5	-$5.1	-$11.9	-$3.5	$9.3	$.4
GO debt service capacity utilization	Scenario 1	51%	55%	57%	61%	**73%**	**83%**	**85%**	**83%**	**83%**	**74%**
GO debt service capacity utilization	PROPOSED	51%	55%	57%	63%	**76%**	**85%**	**88%**	**89%**	**91%**	**83%**
Note: amounts in millions of dollars											

Scenario 2 - This scenario identifies community wide public facilities projects that could be re-prioritized. A total of $56 million in 7 projects would be pushed back, most only one year. A total of $3 million would fall out of the CIP planning period. The GO debt service capacity utilization measure would still accelerate and peak in 2019, but at a reduced level from the Proposed CIP. Amounts would continue to exceed the benchmark.

Scenario 2	Net Change	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Change from Proposed CIP	-$2.8	-$.1	-$1.4	-$19.8	-$10.4	$31	$.2	-$.2	-$2.8	$.4	$.2
GO debt service capacity utilization	Scenario 2	51%	55%	55%	57%	63%	**74%**	**83%**	**84%**	**86%**	**76%**
GO debt service capacity utilization	PROPOSED	51%	55%	57%	63%	**76%**	**85%**	**88%**	**89%**	**91%**	**83%**
Note: amounts in millions of dollars											

Scenario 3 - This is a blended scenario, identifying district street projects that mostly address capacity issues. In addition, several public facility projects which are designed in large part to address capacity issues, would be deferred. A total of $76 million in 15 projects would be pushed back. Generally, street projects would be deferred 2 years, and public facilities 1 year. As a blended scenario, this includes the advantages of scenarios 2 (flattening debt in the early years) with the advantages of scenario 1 (flattening debt in the out years). The peak in debt is still present (ratcheting up in 2014 - 2017), but the rate of acceleration and the peak levels are both mitigated. However, amounts would continue to exceed the benchmark, although to a lesser degree.

Scenario 3	Net Change	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Change from Proposed CIP	-$7.4	-$.1	-$1.4	-$24.9	$6.5	$18.5	-$4.2	-$11.8	-$7.5	$12.2	$5.2
GO debt service capacity utilization	Scenario 3	51%	55%	55%	56%	65%	**77%**	**82%**	**80%**	**79%**	**69%**
GO debt service capacity utilization	PROPOSED	51%	55%	57%	63%	**76%**	**85%**	**88%**	**89%**	**91%**	**83%**
Note: amounts in millions of dollars											

Project Prioritization - Every CIP reflects a process of prioritization. Invariably there are many more requested projects that can be funded within existing resources. This prioritization process is multi-faceted. First and foremost, projects are reviewed relative to the City Council's core priorities: Protecting Life, Protecting Property, Investing in Infrastructure and Ensuring a Sustainable Community. Secondly, an overarching emphasis has been to invest in maintaining the current infrastructure before the focus is shifted to expanding the infrastructure. However, within that overall framework, there are many other criteria that impact the decision to recommend inclusion of a project. Those criteria include:

Condition - Streets and bridges are systematically inspected to determine their condition. Specifically with bridges, the prioritization of projects is often driven largely by the engineering review of their condition. Similarly, streets that are in poor condition often face prohibitive maintenance costs and are prioritized high.

Asset Capacity - Most infrastructure assets have a capacity, whether it is flow rates through pipes, capacity of a building, parking capacity of an area, or traffic capacity of a street. In addition to the current capacity utilization of an asset, projects may be included in anticipation of future capacity issues.

Safety Issues - Protecting property and life are core priorities. Many projects can directly influence safety, and are often prioritized accordingly. Intersections and streets with high accident counts are typically prioritized for redesign and reconstruction. Drainage projects often are prioritized based on protection of property and life from flood waters.

Financing - Overall, the financial capacity of various funds impacts the prioritization and timing of projects. In some cases, this can lead to projects being adjusted in regards to timing, to match financial capacity with projected expenditures. Other times, this can affect the projects that are included within the CIP.

Coordination - Coordination with other CIP projects can affect prioritization and the timing of projects. Often, projects must be done sequentially. In other cases, water utilities or drainage projects need be prioritized based on their coordination with street projects. Coordination is also an important consideration relative to projects done in conjunction with funding or operational partners.

Leveraging - Often, the City has the opportunity to leverage City funds to receive federal, state or even private matching funds. Generally, projects that have the ability to leverage other funds are more highly prioritized.

Operation Performance Outcome - In some cases, desired operational outcomes can affect the project prioritization. For example, projects to rehabilitate water mains and pipes are often prioritized based on a desired operational outcome of greater system reliability and fewer breaks.

Project Implementation Issues - After a project has been approved, the timing can be affected by a host of issues. The capacity of staff to design and manage the number of projects can affect timing. Right of way acquisition or complications during the design process can be important factors. Complying with stipulations from other jurisdictions can complicate timing as well.

Scenario One - District Projects (Streets, Bridges and Parks)

Project	Amount	Current Year in CIP	Alternative Years
District I			
Broadway @ E Fork Chisholm Bridge	**$1,260,000**	**2019-2020**	**2021-2022**
The results of the biennial bridge inspection have shown that the structure is in reasonable shape and that the timeframe for any repairs is not urgent. Traffic counts are not expected to increase, and the bridge will continue to be evaluated with the biennial inspections.			
District II			
127th, 21st to 29th	**$4,350,000**	**2015-2018**	**2017-2020**
This project would create a 3-5 lane roadway with drainage and sidewalk improvements. Last year, 127th street was improved north of 21st along with the 21st Street project. This would extend those improvements further north, anticipating future growth. However, 29th Street is currently unpaved, and current traffic counts do not necessitate the project at this time.			
Harry, 127th to 143rd	**$4,400,000**	**2014-2017**	**2016-2019**
This project would allow for the creation of a 3-5 lane roadway with drainage and sidewalk improvements. This project anticipates future growth; current traffic counts on the roadway do not necessitate the project at this time.			
Greenwich, Pawnee to Harry	**$4,800,000**	**2012-2013**	**2014-2015**
This project would allow for the creation of a 3-5 lane roadway, including a median and drainage and sidewalk improvements. Residential growth along Greenwich has increased the traffic counts; however, recent improvements on Greenwich from Kellogg to Harry have alleviated any current issues. Current traffic counts do not necessitate the improvements at this time.			
Central and Bristol Park	**$1,300,000**	**2015-2017**	**2017-2019**
This project would allow for the development of nature and walking trails, the installation of doggie waste stations for dog walkers, and a small playground for young families located near Central and Bristol.			
2nd St N @ Brookside Bridge	**$640,000**	**2015-2016**	**2017-2018**
During bi-annual bridge inspections and a life cycle analysis, this bridge was identified as needing repairs. However, the exact time frame for those repairs is not urgent and will be continually re-evaluated during bi-annual inspections.			
Douglas @ Brookside Bridge	**$640,000**	**2014-2015**	**2016-2017**
During bi-annual bridge inspections and a life cycle analysis, this bridge was identified as needing repairs. However, the exact time frame for those repairs is not urgent and will be continually re-evaluated during bi-annual inspections.			
District III			
Mt Vernon, Broadway to SE Blvd	**$3,600,000**	**2015-2017**	**2017-2019**
Mt. Vernon from Broadway west to the Arkansas River was recently improved. Current traffic counts along this stretch of roadway are low, Mt. Vernon is not a major arterial, and the street, while aged, is not unserviceable.			
Chapin Park	**$800,000**	**2013-2014**	**2015-2016**
This project would provide funding for Phase II of the Chapin Park project, including: access to Hydraulic and additional parking, restroom facilities, a playground, walking paths, a skate park, and improved river access. Multiple improvements to the area have already been made, including: the City's first dog park, a remote controlled airplane flying field, shade pavilions, porta-potties, walking paths, and a mountain bike trail.			

Project	Amount	Current Year in CIP	Alternative Years
District IV			
Maize, Pawnee to 31st St	**$4,400,000**	**2013-2017**	**2015-2019**
This project would allow for the creation of a 3-5 lane roadway, including drainage and sidewalk improvements. Current traffic counts on this stretch of roadway are low; this project anticipates future growth.			
Maize, 31st to MacArthur	**$4,400,000**	**2016-2018**	**2018-2020**
This project would continue the Maize improvements one more mile south. Current traffic counts on this stretch of roadway are low; this project anticipates future growth. Currently, most of this portion is not in the City limits.			
Maple, Sheridan to Seneca	**$7,600,000**	**2017-2020**	**2019-2022**
This project would reconstruct Maple, from Sheridan to Seneca, to include a 4-5 lane roadway with drainage improvements. Engineering and right of way considerations have increased the complexity and reduced the prioritization of this project.			
District V			
Maple, 135th to 151st	**$4,500,000**	**2013-2016**	**2015-2018**
This project would allow for the creation of a 3-5 lane roadway, including drainage and sidewalk improvements. This project would accommodate future development in this area.			
Maple, 151st to 167th	**$5,000,000**	**2018-2020**	**2020-2022**
This project would allow for the creation of a 3-5 lane roadway, including drainage and sidewalk improvements. This project would accommodate future development in this area.			
District VI			
29th and Broadway Intersection	**$1,775,000**	**2016-2018**	**2018-2020**
This project would allow for left turn lanes to be created at all approaches at the intersection of 29th St and Broadway. This project is located in an area with low traffic counts and the project is not prioritized as a safety concern. In addition, this project could be affected by long term plans for railroad crossing mitigation.			
Brooks Kingsbury Park	**$670,000**	**2012-2013**	**2014-2015**
This project would allow for the continued design and development of the 200 acre land and surrounding area located at the Brooks Kingsbury Park.			
Keeper of the Plains Restroom	**$550,000**	**2011**	**2013**
This project funding would allow for the construction of a free standing public restroom on the east bank of the Arkansas River for the public to use while visiting the attractions surrounding the Keeper of the Plains.			
Total	**$50,685,000**		

Scenario Two- Public Facility Projects

Project	Amount	Current Year in CIP	Alternative Years
Century II	**$3,400,000**	**2014**	**2015**
A number of improvements at Century II and Kennedy Plaza are scheduled in the proposed CIP in 2012 through 2014. The majority of these improvements are funded through the Transient Guest Tax; improvements in 2014 include $3.4 million in General Obligation funding.			
Comprehensive Wayfinding	**$750,000**	**2011-2012**	**2015-2016**
This project would evaluate, design, and install comprehensive wayfinding system improvements for downtown.			
Central Maintenance Facility	**$3,449,200**	**2017-2019**	**2019-2021**
This project would expand the City's Central Maintenance Facility on south Mclean to enhance workspace and allow consolidation of staff, as well as improve to overall CMF campus.			
Patrol East Substation	**$2,523,000**	**2013-2014**	**2014-2015**
This project would allow patrol east staff to be based in an area more centralized among the growing east side population base. The facility would be completed in conjunction with the proposed Bristol Park site. The current Patrol east facility on North Edgemoor would most likely be retained as a satellite office.			
Patrol West Substation	**$2,523,000**	**2012-2013**	**2013-2014**
This project would allow patrol west staff to be based in an area more centralized among the growing west side population base. The current Patrol west facility on Elder Street would most likely be retained as a satellite office. In addition, the current facility is attached to a fire station, which would remain occupied.			
Heartland Preparedness Center	**$13,720,705**	**2014**	**2015**
This project is a partnership with Sedgwick County and the Kansas National Guard. Currently, the City is funding site and infrastructure improvements. The federal government is beginning construction of a $60 million training, maintenance and headquarters facility. The remaining City GO funding ($13.7 million) would be matched by the County to construct a replacement training facility for law enforcement. This facility would be cross utilized by the National Guard, would significantly enhance local law enforcement training capabilities, would serve as the backup emergency communications facility, and would replace the current antiquated and maintenance intensive former elementary school that the City leases from the School District.			
Central Library	**$30,000,000**	**2013-2014**	**2014-2015**
This project would construct a new downtown central library on city owned land near 2nd Street and McLean. The project was initially included in the 2006 Library Board master plan. Funding of $30 million was first included in the 2007-2016 CIP, and it was programmed for 2011 and 2012. Recent estimates of the cost of constructing the new facility are $43 million. In the 2011-2020 CIP, this project has been moved to 2013-2014.			
Total	**$56,365,905**		

Scenario Three- Blended Scenario

Project	Amount	Current Year in CIP	Alternative Years
District II			
127th, 21st to 29th	$4,350,000	2015-2018	2017-2020
Harry, 127th to 143rd	$4,400,000	2014-2017	2016-2019
Greenwich, Pawnee to Harry	$4,800,000	2012-2013	2014-2015
District IV			
Maize, Pawnee to 31st	$4,400,000	2013-2017	2015-2018
Maize, 31st to MacArthur	$4,400,000	2016-2018	2018-2020
District V			
Maple, 135th to 151st	$4,500,000	2013-2016	2015-2018
Maple, 151st to 167th	$5,000,000	2018-2020	2020-2022
District VI			
29th and Broadway Intersection	$1,775,000	2016-2018	2018-2020
All Districts			
Comprehensive Wayfinding	$750,000	2011-2012	2015-2016
Central Maintenance Facility	$3,449,200	2017-2019	2019-2021
Patrol East Substation Relocation	$2,523,000	2013-2014	2014-2015
Patrol West Substation Relocation	$2,523,000	2012-2013	2013-2014
Central Library	$30,000,000	2013-2014	2014-2015
Total	**$72,870,200**		