



July 20, 2021

Honorable Mayor Brandon Whipple
Members of the Wichita City Council,

Dear Mayor Whipple and Members of the City Council:

Submitted for consideration by the City Council is the 2022-2031 Proposed Capital Improvement Program (CIP). This Proposed CIP is guided by the City Council's approved mission and goals, the broad priorities of the long-term Community Investments Plan, an empirical project prioritization model, and resident feedback. In addition, this CIP is based on City Council policy direction and is designed to be financially viable and sustainable.

Developing the Capital Improvement Program

The CIP is developed based on the broad policy outlines included in the Community Investments Plan (the Plan). This Plan was approved by the City Council in 2015, and provides a vision for the community several decades into the future. The Plan also has guiding principles and general spending priorities. The City's Proposed CIP is developed based on these broad guidelines, and shared annually with the Metropolitan Planning Commission to determine alignment with the Plan. Based on a review of the Proposed CIP by staff, over 80% of the proposed projects align to the Plan's very high priority areas. Additional information about the alignment between the CIP and the Community Investments Plan is provided in Policy Issue 1.

The 2022-2031 Proposed CIP is aligned with the Community Investments Plan. Over 80% of the CIP is allocated to "very high" priority areas identified in the Community Investments Plan.

A variety of other planning processes influence the development of the CIP. The Park and Recreation Open Space Plan provides overall guidance for Park improvements. The Downtown Master Plan provides an overall strategy for downtown improvements. The proposed Library branch improvements are based on a study of each branch and the neighborhoods they serve. The Water and Sewer Utilities Optimization Project will continue to have a significant impact in shaping future Water and Sewer Utility project plans.

The City's mission guides the Proposed CIP (as well as the proposed operating budget). The CIP is designed to include projects that directly support operating strategies funded within the operating budget. These strategies are aligned with the City mission and strategic priorities: keeping Wichita safe, growing our economy, building dependable infrastructure and providing conditions for living well.

The City's mission and strategic priority areas guide specific projects included in the Proposed CIP. The four strategic priorities are:

- Keep Wichita safe
- Grow our economy
- Build dependable infrastructure
- Provide conditions for living well

Determining specific projects to be included in the CIP is guided by previous City Council direction, overall financial capacity, and an empirical prioritization model that scores each project. This model (outlined in Policy Issue 2) considers a variety of factors to develop a score for each project. This score plays an important



City Manager’s Policy Message

role in determining which projects are included in the CIP. Although the CIP is updated annually to respond to a flexible environment, projects included in previous City Council adopted CIPs are generally retained in future CIPs. The CIP is developed to be financially responsible and aligned with City Council policy guidance. Capacity analysis is performed for each funding source, which can impact the timing of projects within the CIP or whether projects can be included within the CIP.

Revisions from the Previous Adopted CIP

The CIP development process is designed specifically to be flexible, to allow capital spending plans to be reviewed and adjusted annually as needed. Some of the significant adjustments in the 2022-2031 Proposed CIP include:

- ◆ Eliminating a Proposed Mill Levy Shift - Last year, the 2021-2030 Adopted CIP was developed assuming a shift of 0.5 mill to the Debt Service Fund in 2023. However, to increase funding for General Fund operating strategies, this previously planned mill levy shift has not been included in the Proposed 2022-2031 CIP; instead the mill levy rate will remain at 7.0 mills. The Proposed CIP is based on a Debt Service Fund mill levy rate of 7.0 mills.
- ◆ American Rescue Plan Act (ARPA) Funding - Of the City’s total ARPA allocation, \$23 million will be used to fund projects in the 2022-2031 Proposed CIP. This funding was announced earlier in 2021, and was not available when the 2021-2030 Adopted CIP was formulated last year.
- ◆ New Project Opportunities - The 2022-2031 Proposed CIP includes funding for three new projects that are based on opportunities developed since the approval of the previous CIP. Renovation of the McAdams Community Center is included based on a potential opportunity to secure private funding. Improvements to South Lakes Park are proposed to take advantage of strong resident and visitor demand for recreational amenities. Also, the Proposed CIP includes initial funding for improvements at LW Clapp Park.
- ◆ Overall Project Changes - Usually, the number of projects in the CIP annually remains relatively constant. Current year projects are initiated and drop out of the CIP, while new out-year projects often appear. In the 2022-2031 Proposed CIP, a total of 18 projects that were funded in the previous CIP have been removed; in all but one case, the projects have been initiated. A total of 29 new projects have been added (including 15 which were added to reflect the allocation of arts funding - see Policy Issue 3). Of the other 14 projects added, five are street projects, four are park projects, three are Water Utility projects, and two are Stormwater projects. Compared to the previous Adopted CIP, the Proposed CIP removes 17 currently in-progress projects, eliminates one project and adds 14 new projects. In addition, 15 projects are added to itemize arts spending.

PROJECT CHANGES FROM PRIOR CIP		
	NUMBER	AMOUNT
2021-2030 Adopted CIP	166	\$1,989,054,191
In-progress	(17)	(\$30,230,000)
Removed	(1)	(\$2,050,000)
Added - Itemized Art funding	15	\$7,387,426
Added	14	\$51,906,223
Other funding changes		(\$44,650,415)
2022-2031 Proposed CIP	177	\$1,971,417,425



CIP Summary

The Proposed CIP is a 10-year, \$2.0 billion plan. Over \$413.5 million is allocated for street projects, including \$163 million for pavement maintenance. Water and Sewer projects total over \$722 million, including \$355.2 million for a new biological nutrient removal project. A total of \$85 million in freeway improvements is included for the North Junction project. Public Facility projects are budgeted at \$49.7 million. This includes improvements to four branch libraries and funding for improvements to cultural facilities. Park improvements total \$46.7 million, with \$3.0 million allocated to complete the Aquatics Master Plan. Other totals include Transit (\$18.3 million), Bridges (\$18.5 million), Stormwater (\$66.3 million), Heavy Equipment (\$41.0 million), Public Safety (\$120.9 million) and Airport (\$84.4 million).

The Proposed CIP includes \$282.6 million in GO at-large funded projects, financed through the Debt Service Fund. Local sales tax funding totaling \$342.2 million is budgeted to mostly fund street improvements. These funds are derived from the City's share of the County-wide local sales tax. Utility funds are used to fund \$722 million in Sewer and Water Utility improvements. These revenues are derived from fees paid by utility customers. Federal and state funding is expected to total \$185.4 million, special assessments are budgeted at \$305 million and all other funding sources total \$50.4 million.

In addition to the new projects included in the Proposed CIP, it is important to account for another \$1.070 billion in CIP projects that have been initiated by prior City Council action and remain in progress. Of this \$1.070 billion, \$605 million has been financed. However, a projected \$422 million remains to be financed in the future. The financial plan included in the Proposed CIP incorporates funding capacity to ensure the permanent financing of all previously approved projects.

CIP EXPENDITURES BY AREA AND BY SOURCE (IN MILLIONS)						
AREA	GO BONDS	LST FUNDS	ENTERPRISE FUNDS	OTHER	FED / STATE	TOTAL
Airport			\$31.3	\$4.6	\$48.5	\$84.4
Bridges	\$2.1	\$16.4				18.5
Freeways		9.5		9.5	66.0	85.0
Heavy Equipment	41.0					41.0
Park and Recreation	36.7			10.0		46.7
Public Facilities	39.0			7.0	3.7	49.7
Public Safety	101.6				19.3	120.9
Sewer			463.5			463.5
Special Assessment	5.0			300.0		305.0
Stormwater	5.0		52.4	8.9		66.3
Streets	52.2	316.3		11.5	33.5	413.5
Transit				3.9	14.4	18.3
Water			258.7			258.7
Total	\$282.5	\$342.2	\$805.9	\$355.4	\$185.4	\$1,971.5

Totals may not sum due to rounding.

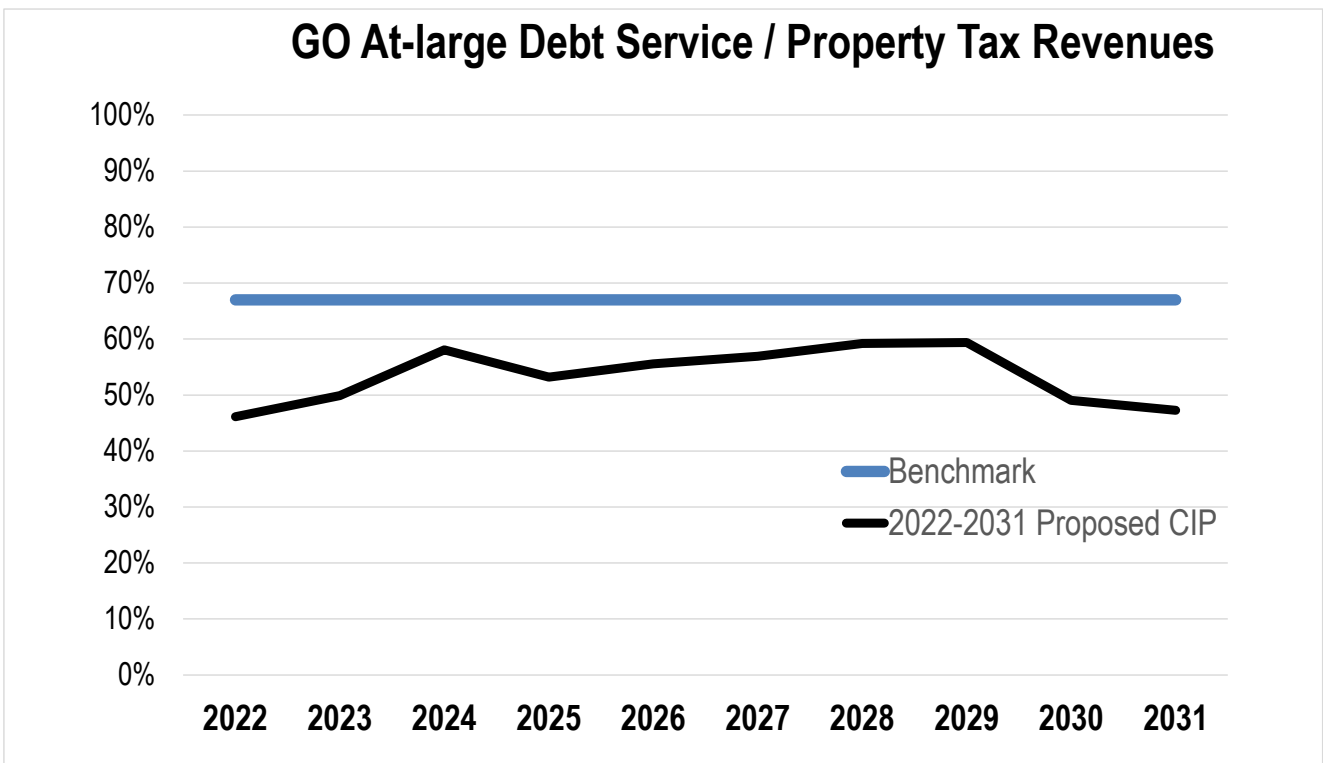
Financing the Proposed CIP

The Proposed CIP is funded from a variety of different funding sources. The City continues to utilize debt as a tool to expand project capacity beyond what would be available if only cash funding were used. This strategic use of debt is based on City



Council policy guidelines and a variety of metrics are used to monitor debt levels. In addition, the capacity of funding sources in many cases is guided by City Council policy direction regarding revenue rates, fund balances, and restrictions on usage of funds. Several of the key funding sources for the Proposed CIP and the policy guidance impacting the development of the CIP are outlined below:

- ◆ **General Obligation (GO) At-Large Debt** - This funding source is derived primarily from property taxes received into the Debt Service Fund. The Proposed CIP is based on a continuation of the current mill levy rate (7 mills) and the City Council guidelines that target annual GO at-large debt service at less than 67% of annual property tax revenues (graph below). These metrics do not indicate the appropriate level of debt; however, they do provide a view of whether debt is increasing or decreasing, and how that debt level compares relative to the nation’s most financially sound cities. During the ten-year CIP period, GO at-large debt metrics are expected to rise in the short-term before stabilizing and falling in the long-term. At no time are debt metrics expected to exceed the benchmark level. (See Policy Issue 4).



- ◆ **Local Sales Tax Funding (LST)** - The use of the City’s share of the County-wide local sales tax is based on Ordinance 41-815, which authorizes the use of LST for streets, bridges and freeways (see Policy Issue 5). Based on bond covenants, LST bonds are required to have a coverage ratio of at least 1.1. The Proposed CIP utilizes a significant portion of LST to cash fund projects while maintaining a steady level of LST debt with a coverage ratio exceeding the required level.
- ◆ **Transient Guest Tax (TGT) Funding** - Based on Charter Ordinance 221, Transient Guest Tax funds are used for improvements to cultural facilities. TGT revenues are projected to be significantly impacted by the lingering impact of the pandemic which will reduce project capacity. No additional TGT funded debt is anticipated.
- ◆ **America Rescue Plan Act Funding** - The proposed CIP anticipates the use of \$23 million in ARPA funding for projects. This is based on City Council feedback (see Policy Issue 6).



- ◆ Water and Sewer Utility Funding - For the Water and Sewer Utilities, Public Works & Utilities staff utilized the Cost of Service Analysis (COSA) to determine capacity and rate impacts. Although the rate models are adjusted annually based on anticipated utility performance and project costs, the Proposed CIP is consistent with previously provided long-term rate models. Water and Sewer debt levels are both measured using a coverage ratio, which is the ratio of net revenues available for debt service divided by revenue bond debt service. The ratio must remain above 1.2. Based on financial modeling prepared by Public Works & Utilities staff, both utilities are expected to remain above the coverage ratio based on the projects included in this Proposed CIP.
- ◆ Stormwater Utility Funding - The Proposed CIP includes the increased use of cash funding and Stormwater funded debt to accelerate the timing of priority improvement projects. However, no increase in the ERU rate is projected during the CIP planning period and cash reserves are expected to exceed required amounts.

Strategic Alignment of Proposed CIP Projects

Projects included in the Proposed CIP are based on operating budget strategies directly aligned to the City's mission and strategic priority areas. Generally, the majority of CIP projects align to the strategies of maintaining an effective transportation network and providing a safe and affordable water supply. However, many projects align to many other strategies. Example of alignment with the City mission and strategic priorities are outlined below.

- ◆ Modern Police Stations - The Proposed CIP includes funding to build three new Police stations (with a fourth currently in progress), replacing smaller facilities built in the early 1990's. These stations are directly aligned to a number of operating strategies, including providing effective police emergency response (see Policy Issue 7).
- ◆ Modern Fire Stations - Six Fire stations will be modernized based on funding included in this Proposed CIP. These new stations will accommodate the most modern fire equipment and align directly to fire and emergency response operating strategies by ensuring that crews are located in the optimal location to best serve Wichita residents (see Policy Issue 8).
- ◆ Freeway Improvements - The Proposed CIP includes funding for the North Junction freeway project, in partnership with Sedgwick County and the State of Kansas. Improving this intersection of two interstate highways and two state highways is aligned not only to maintaining infrastructure, but also to enhancing safety (by modernizing an interchange designed in the 1960's) and growing the economy, by developing infrastructure to support development and commerce in Wichita.
- ◆ West Street Corridor Improvements - The Proposed CIP includes \$26.7 million for continued construction on the West Street corridor from Harry Street to 47th Street. This corridor has been identified in Planning Department studies as critical infrastructure to enhance economic development outcomes in Wichita.
- ◆ Efficient Pavement Maintenance - The City maintains pavement on streets using an empirical model that maximizes the return on investment. Continued emphasis is placed on pavement maintenance, with a total of \$163 million allocated in the Proposed CIP from 2022-2031 (See Policy Issue 9).
- ◆ Increasing Bikeability and Walkability - The Proposed CIP continues to invest in infrastructure focused on making Wichita more pedestrian and bicycle friendly. These improvements are coordinated with the Bicycle and Pedestrian Advisory Board and are aligned with the priority of making Wichita a more livable City (See Policy Issue 10).
- ◆ More Recreational Opportunities - The aquatics assets in Wichita will be significantly improved for a new generation of Wichita residents. The majority of this funding has been previously approved, but this CIP does include \$3 million to complete the vision included in that plan. Also, funding is included to improve South Lakes Park by enhancing sports courts and to begin to implement Master Plan recommendations for LW Clapp Park (See Policy Issue 11).
- ◆ Improved Library Branches - Improvements to four branch libraries were identified, to ensure that the infrastructure matched the specific service needs of each neighborhood. The Proposed CIP includes funding to meet these infrastructure needs.



- ◆ Better Drainage along Dry Creek - The Proposed CIP includes \$36 million in Stormwater Utility funding to address drainage issues along Dry Creek in east Wichita. This area has long been the highest priority drainage improvement, and with the 2017 ERU rate adjustment the Stormwater fund has the capacity to finance this important project using a combination of both cash reserves and debt (see Policy Issue 12).

Conclusion

This Proposed CIP includes substantial investments in the Wichita community. The 2022-2031 Proposed CIP is designed to be a financially viable plan for specific infrastructure projects, created using a prioritization model. It is also guided by financial capacity guidelines, the broad guidelines of the Community Investments Plan and policy guidance provided by the City Council. However, the actual implementation of this plan occurs when the City Council takes action to initiate each individual project. Hence, when adopting the CIP, the Council is providing overall policy guidance on a long-term project plan. Perhaps most importantly, this Capital Improvement Program is guided by the strategic mission provided by the City Council: that Wichita will be a well-run city, and a safe, livable place with dependable infrastructure and a growing economy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert Layton".

Robert Layton
City Manager

Acknowledgements

I would like to recognize the team of professional City staff that developed the CIP. Finance staff, including Director Mark L Manning, Budget and Research Officer Elizabeth Goltry Wadle, and Budget Analyst Zach Kramka worked tirelessly to facilitate the financial models and to coordinate the CIP document production. In addition, the CIP Committee, chaired by Assistant City Manager Donte Martin and consisting of various department directors, was instrumental in putting this plan together. Finally, a variety of departmental staff were involved in developing project requests, reviewing materials and identifying priority projects.



1. CIP Linkage to the Community Investments Plan

Issue - The Community Investments Plan, prepared by the Planning Department, outlines projected community growth and identifies expected infrastructure investment needs over a 25-year period. The 10-year Capital Improvement Program (CIP) reflects a more tangible implementation and funding plan for community improvements. The CIP is based on principles and overall guidance provided by the Community Investments Plan.

The Metropolitan Area Planning Commission (MAPC) adopted the Community Investments Plan in November 2015. The City Council approved the Plan in December 2015. This plan provides an important vision for what the community could look like several decades into the future, and identifies potential costs of improvements, to allow appropriate resource options to be identified. The Community Investments Plan provides overall policy guidance, global prioritization criteria, and general direction on growth patterns. The CIP uses this general framework to more specifically outline a series of planned improvements and a financial plan for those improvements.

As a planning guide, the Community Investments Plan lays out five guiding policy principles, which are overarching themes and aspirations for the community's future. They contribute to the Proposed CIP by setting priorities for infrastructure and investment. These guiding principles are:

- 1) Support an Innovative, Vibrant and Diverse Economy
- 2) Invest in the Quality of Our Community Life
- 3) Take Better Care of What We Already Have
- 4) Make Strategic, Value-added Investment Decisions
- 5) Provide for Balanced Growth but with Added Focus on Our Established Neighborhoods

The Community Investments Plan also outlines three overall spending priorities. Planning Department staff have reviewed the Proposed CIP and have categorized expenditures within the three spending priorities outlined in the Community Investments Plan.

COMMUNITY INVESTMENTS PLAN PRIORITIES	
OVERALL SPENDING PRIORITIES	
PLAN PRIORITY	% OF TOTAL CIP FUNDING
1st Priority - Maintain and Replace What We Currently Have	34.4%
2nd Priority - Enhance What We Currently Have	32.2%
3rd Priority - Expand What We Currently Have	33.4%
TOTAL CIP FUNDING	100.0%

COMMUNITY INVESTMENTS PLAN PRIORITIES					
CATEGORY	COMMUNITY INVESTMENTS PLAN PRIORITY				
	No Rank	Low Med.	Med. High	High	Very High
Streets					39.5%
Bridges					1.0%
Transit			1.0%		
Highways		4.4%			
Airport	3.7%				
Water Supply					40.1%
Arts & Culture			2.9%		
Public Safety				6.0%	
Other	1.4%				
TOTAL	5.1%	4.4%	3.9%	6.0%	80.6%

In addition, the Community Investments Plan identifies overall investment priorities for different categories of infrastructure projects. The plan ranks streets, bridges and water supply as very high priorities. Planning Department staff have found that 80.6% of the Proposed CIP falls within this priority area. High priority categories include Public Safety, and 6.0% of the Proposed CIP is within this category. Transit, Arts & Culture and Highways are considered Medium High and Low-Medium priorities within the Community Investments Plan, and 8.3% of the Proposed CIP is within these areas. Finally, the plan does not prioritize Airport and Other categories, which comprise 5.1% of the Proposed CIP.

The City is required by State statute (KSA 12-748) to present the CIP to the Metropolitan Area Planning Commission (MAPC). The MAPC is then required to make a finding as to whether the CIP is in conformance with the Community Investments Plan. Staff plan to meet with the Advanced Plans Subcommittee of the MAPC on 5, 2021. On August 16, 2021, the MAPC is scheduled to review the CIP and determine its conformance with the Community Investments Plan.



2. Capital Improvement Program Expenditure Priority Model

Issue - The 2022-2031 Proposed CIP was developed using a prioritization model to guide project inclusion and timing. This model scores projects based on their alignment to the City's mission, planning processes, the Community Investments Plan and other criteria.

Staff developed a prioritization model for CIP projects and presented that model to the City Council at a retreat on May 22, 2018. Projects are reviewed and scored initially by the CIP Administrative Committee. The model is based around four criteria, with a variety of sub-criteria used to develop a score within each category. Inclusion of projects in the CIP is based on a number of factors, but the prioritization model was used to influence which projects were included. Finally, a set of financial capacity guidelines were included to provide direction on the timing of projects scheduled within the planning period.

DEBT SERVICE FUND: FINANCIAL CAPACITY GUIDELINES

Debt Service Fund: Annual projected debt service payments no more than 67% of projected property tax receipts, with a target of 50%.

Prioritization Criteria	Weighting	Score (1-10)	Total
1. Community Investments Plan Alignment - Community Investments Plan overall priorities - Community Investments Plan strategic priorities - Community Investments Plan - Established Central Area	20%	0	0
2. Consistency With Other Planning Processes - Related to other CIP projects - Included in previous Capital Improvement Plans - Consistency with other planning processes - Alignment to operating budget	25%	0	0
3. Financial Considerations - Leveraging opportunities - Operating budget impact - Return on investment (ROI)	30%	0	0
4. Other Considerations - Statutory or contractual obligations - Degree of community benefit - Alignment with engineering studies - Alignment with Decision Support Tool (DST) recommendations	25%	0	0
Total Score			



3. Integrating Public Art and Aesthetics into the CIP

Issue - The City has a long commitment to incorporating public art and aesthetics into the CIP. In addition to certain aesthetic improvements that are imbedded into projects based on design standards, supplemental funding is included for public art based on City Ordinance 51-165.

The inclusion of public art and aesthetics aligns with the City mission and goal of providing conditions for living well. Design standards have been developed to guide certain aesthetic features of City projects, including black signal poles, brick crosswalks, landscaping, median pavers and other items.

The 2022-2031 Proposed CIP includes \$12,337,744 for public art funding for CIP projects. The amounts is calculated based on the three local funding sources designated by the ordinance, with an adjustment for any amount over or under spent from the prior CIP. The City partners with the Design Council to designate certain projects as having “special considerations.” The Design Council provides recommendations for funding levels for those projects.

The initial calculation for the 2022-2031 CIP totals \$12,386,783 (line A in the table below). To ensure consistency with the Percent for Arts program, the allocation in each 10-year CIP is adjusted to account for any over or under-allocation left from the previous Adopted CIP. The previous 2021-2030 Adopted CIP allocated \$11,669,609 (line B), or \$1,166,691 annually (line C). A total of \$1,216,000 has been allocated for 2021 projects (line D), meaning

the 2022-2031 total 10-year allocation is adjusted downward by \$49,039 (line E), to a total available of \$12,337,744 (line F).

Arts Budgeted Amounts for 2021 In-Progress CIP Projects	
Project	Amount
Bike Enhancements	\$150,000
Chester L Lewis Park	\$150,000
Evergreen Library	\$66,000
Multi-Modal Facility	\$350,000
Patrol Station	\$375,000
West, Harry– Pawnee	\$125,000
Total 2021 In-Progress Projection Allocation	\$1,216,000

As funding amounts are recommended by the Design Council each year, they are imbedded in budgets for specific projects. In the Proposed CIP, \$7,387,426 is currently imbedded based on past recommendations by the Design Council. A listing of these projects and the amounts are included in the Appendix. Any additional funding to total 2.0% is budgeted as unallocated Arts Funding and will be available for the Design Council to allocate to projects in the future. Efforts were made to budget a proportional amount each year; however, due to project budgets and applicability of special considerations, some years have higher funding levels than others.

2022-2031 Proposed CIP Calculation for Public Art Funding	
Item	Amount
<u>Local Funding Sources</u>	
GO At-large	\$270,185,059
Local Sales Tax	342,158,540
Transient Guest Tax	7,000,000
Total	\$619,343,599
A. Initial GO At-Large Public Arts Calculation	\$12,386,783
B. Previous 2021-2030 Adopted allocation	\$11,669,609
C. Estimated straight-line amount for 2021	1,166,691
D. Actual 2021 Revised allocation amount	(\$1,216,000)
E. (Over) Under allocation	(\$49,039)
A. Initial GO At-Large Public Arts Calculation	\$12,386,783
E. (Over) Under allocation from prior year	(\$49,039)
F. Final GO At-Large Public Arts Calculation	\$12,337,744

Arts Budgeted Amounts for 2022-2031 CIP Projects			
Year	Project Allocated	Unallocated	Total
2022	1,625,000	0	1,625,000
2023	1,174,926	0	1,174,926
2024	1,950,000	0	1,950,000
2025	1,050,000	0	1,050,000
2026	137,500	228,863	366,363
2027	725,000	512,368	1,237,368
2028	0	1,221,983	1,221,983
2029	725,000	512,368	1,237,368
2030	0	1,237,368	1,237,368
2031	0	1,237,368	1,237,368
Total	\$7,387,426	\$4,950,318	\$12,337,744



4. General Obligation Debt Levels

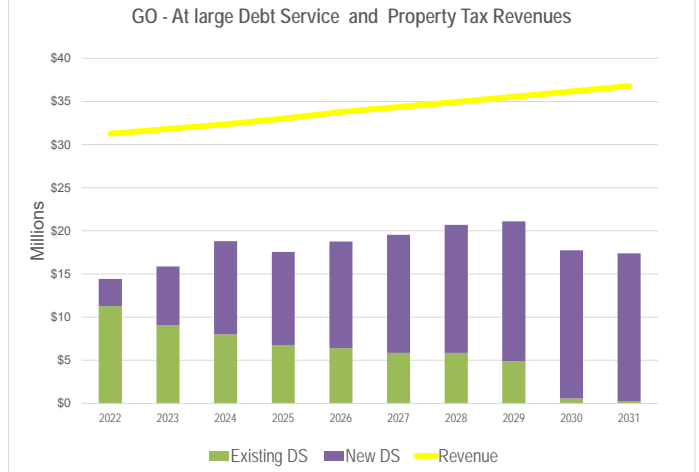
Issue - The City uses a variety of measures to evaluate debt levels. Four of the more common measures are reflected below. General Obligation debt metrics are expected to increase in the short-term based on the 2022-2031 Proposed CIP, before moderating in the long-term.

The 2022-2031 CIP utilizes debt to finance projects. Debt provides for inter-generational equity, and increases current capacity for project costs. However, it is important to ensure that debt levels are within policy parameters.

GO at-large debt is not inherently problematic, and has been used to finance capital improvements in Wichita for decades. In addition, the levels of debt adopted in this CIP can be funded within projected resources. Interest rates are currently at historically low levels, which will ultimately reduce borrowing costs for the increased debt incurred in the short term. However, increasing debt levels will reduce the City's flexibility in funding additional GO projects in the future.

The City's GO at-large debt levels are projected to increase in the short-term as a result of the projects included in the Proposed CIP. This trend has been forecasted for several years and is due to several factors. However, over the 10-year planning period, debt levels are expected to fall back somewhat during the latter years of the period. Current City debt levels have been low (particularly for GO at-large debt) in historical terms.

The extent to which debt service on previously issued bonds are retired compared to when new debt service on newly issued bonds appears can also affect annual debt service metrics. Due to the scheduling of projects and of debt financing, amortization of



previous debt seldom directly aligns with the addition of new debt service, which creates fluctuations in the measure. As shown in the graphic above, existing debt service drops significantly in 2023, 2024, 2025 and 2030. However, anticipated new debt service is significant in 2023, 2024, and 2027-2029. This anticipated debt issuance model largely explains why the measure is expected to increase in 2024, then stabilize before falling in 2030.

MEASURES OF CITY GENERAL OBLIGATION DEBT				
YEAR	GO AT-LARGE DEBT / ASSESSED VALUATION	TOTAL GO DEBT PER CAPITA	GO AT-LARGE DEBT SERVICE / GO DEBT SERVICE CAPACITY	GO AT-LARGE DEBT SERVICE / TOTAL PROPERTY TAXES
Benchmark	3.70%	\$1,773	66.6%	21.00%
2022	1.70%	1,366	46.1%	11.16%
2023	2.10%	1,407	49.9%	12.10%
2024	2.50%	1,448	58.1%	14.08%
2025	2.12%	1,421	53.2%	12.89%
2026	2.02%	1,439	55.6%	13.45%
2027	1.85%	1,439	56.9%	13.78%
2028	1.63%	1,407	59.2%	14.35%
2029	1.45%	1,374	59.4%	14.39%
2030	1.27%	1,104	49.1%	11.89%
2031	1.21%	1,306	47.3%	11.46%



5. Use of Local Sales Tax Funds for Road Projects

Issue - Based on ordinance, Local Sales Tax funds are used for road, bridge and freeway improvements. Since 1985, the City has primarily funded freeway improvements, with any additional amounts being used for road and bridge projects. After the completion of the East Kellogg improvements, local sales tax funding will pivot to primarily road and bridge projects. In the 2022-2031 Proposed CIP, Local Sales Tax funding is allocated mostly for street and bridge projects, with a small portion dedicated to the North Junction freeway project.

Since 1985, the City has used one-half of the proceeds from the County-wide, one-cent local sales tax to fund road, highway, and bridge projects. These funds have led to the construction of over 13 miles of the six-lane Kellogg expressway through Wichita, the Floodway Flyover, numerous arterial projects (annually), and portions of other projects. By 2021, the Kellogg freeway should extend from the K-96 interchange in east Wichita to past Maize Road in west Wichita.

As East Kellogg improvements neared completion, over the past few years, the use of sales tax funding has tilted more towards street and bridge improvements, with less funding allocated to freeways. This trend continues with the 2022-2031 Proposed CIP including \$9.5 million in local funds for the North Junction project, and \$333.7 million for road and bridge projects.

LOCAL SALES TAX FUND ANNUAL USE		
YEAR	FREWAY PROJECT	ROAD & BRIDGE PROJECTS
2022	\$1,000,000	\$28,750,000
2023	\$3,500,000	\$26,825,000
2024	\$5,000,000	\$35,023,540
2025		\$39,510,000
2026		\$32,550,000
2027		\$32,550,000
2028		\$32,050,000
2029		\$28,200,000
2030		\$44,550,000
2031		\$33,650,000
TOTAL	\$9,500,000	\$333,658,540

6. Using ARPA Funding for Capital Improvement Projects

Issue - The America Rescue Plan Act (ARPA) funding will be used in the 2022-2031 Proposed CIP to fund building improvements focused on Police, Fire and Library infrastructure. A total of \$23 million is expected to be available. ARPA funding is also expected to allow these projects to be accelerated.

The America Rescue Plan Act (ARPA) will provide \$72.4 million for the City of Wichita. A total of \$23 million is budgeted for infrastructure projects. These projects are currently budgeted from 2022-2024. However, the actual timing is expected to be accelerated. Actual timing will depend on the pace of design work and in some cases property acquisition, but not on funding availability.

The ARPA projects include improvements to four branch libraries. These projects are consistent with the recommendations outlined in the Wichita Public Library Branch Master Plan. Funding is included for improvements at Alford, Maya Angelou, Rockwell and Westlink. These amounts are itemized in the Public Facilities section of the Proposed CIP.

ARPA funds are also being used for public safety improvements. A total of \$3.4 million will fund the construction of one fire station. In addition, \$2.3 million is budgeted to partially fund the Fire Station Alerting System (with the remaining \$1.9 million funded with GO-at large funding). Two new Police stations are budgeted with \$13.0

million in ARPA funding. These projects are itemized in the Public Safety section of the 2022-2031 Proposed CIP. The Police station projects are supplemented with \$1.0 million in GO at-large funding previously approved by the City Council (including in the In-Progress Projects section of the Proposed CIP).

ARPA FUNDED PROJECTS		
PROJECT	YEAR(S)	AMOUNT
Fire Station	2023	\$3,375,000
Police Stations	2022-2024	\$13,000,000
Library Improvements	2023-2024	\$3,699,385
Fire Station Alerting System	2022	\$2,920,000
Total 2022-2031 Proposed CIP		\$22,994,385



7. Keeping Wichita Safe—Police Emergency Response Improvements

Issue - The Proposed CIP supports the City's mission of keeping residents safe. The CIP includes funding to modernize Police Department infrastructure, replace Police radios and equipment, and maintains Police buildings. The Proposed CIP includes \$27.8 million in funding to support Police emergency response strategies.

The City's mission includes the prioritization of keeping residents safe. Police emergency response is an important strategy aligned to this goal. These projects are prioritized as "High Priority" in the Community Investments Plan. A total of \$37.4 million is allocated in the 2022-2031 Proposed CIP to support this strategy. These projects are funded with GO at-large funding, supplemented with \$7 million in ARPA funding. These projects are itemized in the Public Safety section of the CIP.

The Police Department currently operates four neighborhood stations that were built in the 1990s. These stations are becoming functionally obsolete due to their current locations and the growth in Police Department staffing. A total of \$30 million is budgeted to replace four new stations (the fourth is currently in-progress). Other Police related projects include scheduled replacements and modernization of police radios, annual allocations for maintenance of police facilities, and an allocation for police protective equipment and entry equipment.

PUBLIC SAFETY PROJECTS		
PROJECTS	YEAR	AMOUNT
Police Patrol Stations	Various	\$30,000,000
Police Facilities Maintenance	2022-2031	\$1,500,000
Public Safety Radios	2023, 2027	\$5,600,000
Other Police projects	Various	300,000
TOTAL		\$37,400,000

8. Keeping Wichita Safe—Fire Emergency Response Improvements

Issue - The Proposed CIP supports the City's mission of keeping residents safe. The CIP includes funding to modernize infrastructure for the Fire department, to continue a scheduled, empirically-based replacement program for fire apparatus, and to address technology for fire stations. The Proposed CIP includes \$74.2 million in funding for public safety improvements focused on fire emergency response strategies.

The City's mission includes the prioritization of keeping residents safe. Fire and emergency response is an important strategy aligned to this goal. A total of \$74.2 million is allocated in the 2022-2031 Proposed CIP to support this strategy. These projects are prioritized as "High Priority" in the Community Investments Plan. The projects are funded with \$67.9 million in GO at-large funding, supplemented with \$6.3 million in ARPA Funding. These projects are itemized in the Public Safety section of the CIP.

The Fire Department utilizes 22 fire stations. Approximately one-half of these stations have been upgraded in recent years. However, the other half are older, with low facility condition index scores. The Proposed CIP includes funding to replace seven of these stations.

The fire apparatus fleet includes over 50 pieces of equipment, including Fire Engines, Ladder Trucks, and other vehicles. This equipment is replaced according to an empirical model designed to optimize replacement cycles, while insuring modern and reliable equipment. A total of \$37.7 million is budgeted in the Proposed CIP.

Other budgeted projects include a Fire Storage Facility, to store reserve apparatus to enhance their reliability and safe-keeping; SCBA equipment; technology upgrades to the Fire Station Alerting system; Fire Facilities Maintenance; and Fire Training Center Improvements.

FIRE AND EMERGENCY RESPONSE PROJECTS		
PROJECTS	YEAR	AMOUNT
Fire - SCBA	2025,2030	\$4,410,000
Fire Apparatus & Equipment	Various	\$37,705,272
Fire Training Facility Impr	2028	\$1,400,000
Fire Stations	2023-2031	\$20,250,000
Fire Facilities Maintenance	2022-2031	4,000,000
Fire Storage Facility	2022	\$1,700,000
Fire Station Alerting System	2022-2023	\$4,790,000
TOTAL		\$74,225,272

9. Pavement Maintenance

Issue - The Proposed CIP supports the City’s mission of building and maintaining dependable transportation infrastructure. Maintaining City streets using a data-driven model to maximize the return on investment is a key strategy based on this mission. A total of \$163 million is included in the 2022-2031 Proposed CIP for street maintenance.

Maintenance of the City street network is directly linked to the City’s mission of building dependable infrastructure. The Community Investments Plan’s overall spending priorities identify maintaining and replacing current assets as the first priority, and in the plan’s specific spending priorities, streets are a “very high” priority. Street maintenance is consistently one of the highest resident priorities. The 2022-2031 Proposed CIP continues to allocate additional funding to street maintenance, with a total of \$163 million over 10 years.

Using a data-driven approach to select locations and rehabilitation methods, pavement maintenance funding has positively impacted the overall condition of Wichita’s street network. The Remaining Service Life in Lane Mile Years has increased from 42,101 in 2014 to 52,750 in 2020. During this period, the value of the paved street network increased from \$444 million to \$590 million.

PAVEMENT MAINTENANCE BUDGET	
YEAR	TOTAL
2022	\$11 million
2023	\$13 million
2024	\$14 million
2025	\$15 million
2026	\$16 million
2027	\$17 million
2028	\$18 million
2029	\$19 million
2030	\$20 million
2031	\$20 million
Total	\$163 million





10. Bicycle and Pedestrian Related Project Improvements

Issue - The Proposed CIP includes several projects to enhance the walkability of Wichita and to fund bicycle path improvements. These recommendations are based on the input of the Bicycle and Pedestrian Advisory Board.

Enhancing the walkability of Wichita and maintaining a robust and interconnected bicycle network are directly aligned with the City's mission of providing conditions for living well, and keeping Wichita safe. On February 5, 2013, the Wichita City Council reviewed the Bicycle Master Plan, which provided recommendations to improve the safety and conditions for cycling in Wichita.

Based on the report, the Bicycle and Pedestrian Advisory Board was created to advise the City Council and staff on issues related to bicycling and walking. Annually, the Bicycle and Pedestrian Advisory Board recommends a list of priority bicycle projects for City consideration. In addition, there are a significant number of projects included in the CIP related to enhancing pedestrian safety, and expanding walkability options in Wichita.

Bicycle and Pedestrian Related projects		
Project	Years	Amount
Bike Enhancements—Public Art	2023	\$144,926
Arterial Sidewalks	2023-2031	\$7,050,000
Bike-Ped Multi-Modal Access	2024-2030	\$750,000
Park Walking Paths	2024-2030	\$1,640,625
Ped Corridor Safety Imp	2023-2031	\$1,575,000
Sidewalk Maintenance	2022-2031	\$11,000,000
Traffic Signalization	2022-2031	\$7,500,000
Total		\$29,660,551

BICYCLE PROJECTS (2022-2031 CIP)			
PROJECT	YEAR	GO	TOTAL
Prairie Sunset Trail	2023	\$2,200,000	\$2,200,000
Multi-modal projects	2024	\$300,000	\$300,000
Redbud Path—Woodlawn to Rock Rd.	2024	\$600,000	\$600,000
Subtotal	2024	\$900,000	\$900,000
Hoover Bikeway, K-96 to Crystal Prairie Lake Park	2025	\$600,000	\$600,000
K-96 Connections	2025	\$800,000	\$800,000
WSU Bikeway Connections	2025	\$700,000	\$700,000
Subtotal	2025	\$2,100,000	\$2,100,000
Woodchuck to Buffalo Park	2027	\$1,000,000	\$1,000,000
Arkansas River to Haysville	2027	\$800,000	\$800,000
31st Street Bike Lanes, K&O RR to Arkansas River	2027	\$500,000	\$500,000
Subtotal	2027	\$2,300,000	\$2,300,000
Bike Path Projects	2029	\$1,800,000	\$1,800,000
Bike Path Projects	2031	\$2,500,000	\$2,500,000
TOTAL 2021-2030 ADOPTED CIP		\$11,500,000	\$11,500,000



11. Providing Conditions for Living Well

Issue - The Proposed CIP supports a variety of initiatives to providing conditions for living well in Wichita. A total of \$42.0 million is included for six large projects, including improvements to Park, Library and cultural facilities.

The projects include improvements to four branch libraries. These projects are consistent with the recommendations outlined in the Wichita Public Library Branch Master Plan. ARPA funding is included for improvements at Alford, Maya Angelou, Rockwell and Westlink. These amounts are itemized in the Public Facilities section of the Proposed CIP.

To maintain cultural facilities, \$13,000,000 is included for both Cultural Facilities Improvements and Century II repairs. The Cultural Facilities Improvements include projects at the Wichita Art Museum, the Kansas Aviation Museum, and the Mid-America All-Indian Center. These projects are funded with \$7 million in Transient Guest Tax funds and \$6 million in GO at-large funding. These amounts are itemized in the Public Facilities section of the Proposed CIP.

On June 4, 2019, the Wichita City Council approved an update to the Aquatics Master Plan, which includes funding for the renovation of six neighborhood pools (Aley, College Hill, Harvest, McAfee, Minisa and Orchard), as well as the construction of six new splashpads at Boston, Evergreen, Edgemoor, Linwood, Harrison and Planeview Parks. A total of \$20.8 million has been approved for these improvements. To complete the plan implementation, an additional \$3 million is budgeted in 2022.

The McAdams Recreation Center has served the North Wichita community for many years and is in need of updates and additional space. This project will provide additional square footage to meet the demand of the programs scheduled now and into the future. Several highlights will include an additional gym space, meeting rooms and fitness space. To address the health and wellness interest and new activity in the facility, this renovated facility will be a gem in the community and a catalyst for Park and Recreation.

The sport of pickleball has increased in demand as one of the fastest growing sports in the country. To accommodate the demand and use space that is available in South Lakes park, the funding will

be used to develop a "Pickle-Plex;" a multi-court site to meet the local demand for the sport, but also to attract local, state and national tournaments under the model of Stryker Sports complex. With the support of the local pickleball stakeholders and ambassadors to the support this site will be the center of pickleball in Wichita and the state.

The LW Clapp Golf Course closed in 2019. A robust community engagement effort followed, which resulted in a park master plan for the site. Supported by a master plan to re-vision the old golf course into a destination park, this project will have a profound impact on the community. This regional park will be an anchor for the neighborhood and an asset in the revitalization of this area of Wichita. The park will feature amenities such as an all-abilities large playground, dog park, upgraded walking paths and activities such as pickleball and basketball courts, all in a setting that will emphasize the trees and natural aspects of the park.

SELECTED PROJECTS		
PROJECT	YEAR	AMOUNT
Aquatics Master Plan Impr.	2022	\$3,000,000
South Lakes Improvements	2022	\$3,000,000
McAdams Facility	2022	\$10,000,000
LW Clapp Master Plan Impl.	2023-2024 2030	\$9,616,223
Branch Library Enhancements	2023-2024	\$3,699,385
Cultural Facilities Improvements	2021-2031	\$13,000,000
TOTAL		\$42,315,608

12. Drainage Improvements

Issue - The Stormwater Utility funds drainage improvement projects as well as operating costs to maintain existing drainage systems. On April 18, 2017, the City Council approved a monthly base fee and new fee structure which has created financial capacity to fund additional priority drainage improvements, including the Dry Creek project in east Wichita.

The Stormwater Utility was established in 1993 to maintain and improve storm drainage systems, and to comply with federal stormwater regulations. The Stormwater Utility is funded through an Equivalent Residential Unit (ERU) fee that is charged monthly to property owners. An ERU rate of \$2.25 was recommended when the Stormwater Utility was established (which, with inflation, would be the equivalent of \$3.80 today). However, the initial rate was set at \$1.78 in 1993. This rate was decreased to \$1.21 in 1995 and was increased over time to \$2.00 in 2007.

In 2015, the City began examining the Stormwater rate model through a Cost of Services Analysis (COSA) review. On December 7, 2015, the City Council approved the use of AMEC Foster Wheeler to prepare a Stormwater Utility COSA. Staff presented the COSA findings and recommendations to the City Council on April 18, 2017. The City Council approved two fundamental changes to the Stormwater funding model: establishing a base fee per customer, and modifying the residential class structure. The new base fee increased monthly bills by \$1.50 per account.

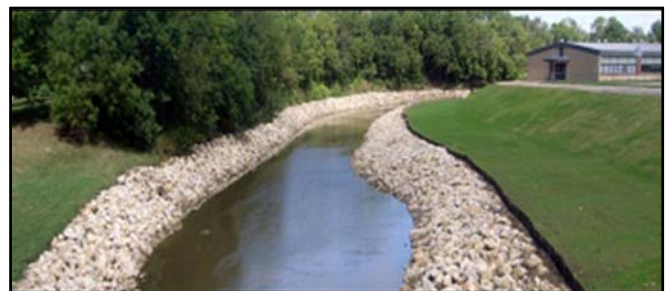
The new ERU fee was effective on May 1, 2017. The new rate model significantly increased the Stormwater Utility capacity to fund needed improvement projects. Since 2017, the Utility has been accumulating cash to provide additional flexibility in financing the highest priority drainage project: Dry Creek. The net position in the fund the year prior to the rate adjustment was \$6.6 million. At year-end 2020, the fund had a net position of nearly \$18 million. This is projected to grow to \$23 million by 2022, providing flexibility to cash-fund portions of the Dry Creek improvements.

PROPOSED STORMWATER UTILITY PROJECTS (2022-2031)	
PROJECT	AMOUNT
Drainage Canal Improvements	\$1,949,600
Murdock and Wabash Improvements	\$3,950,000
Pump Station Improvements	\$525,000
West Branch Dry Creek, Douglas-13th North (Bleckley)	\$36,000,000
Flood Plain Mitigation	\$5,000,000
Pump Station Maintenance	\$3,090,000
Wichita/Valley Center Flood Control Improvements	\$15,800,000
Total	\$66,314,600

Based on the projected fund capacity, the 2022-2031 Proposed CIP includes \$36 million for Dry Creek improvements, phased in between 2022 and 2026. Dry Creek (which runs near Bleckley Street in east Wichita), has been a drainage challenge for many years. This project was specifically identified as a priority project for funding during the discussion of the ERU rate increase in 2017. With the capacity generated by the rate increase and declining debt service, construction for this project is projected in 2023. To finance the project, a planned spend down of fund reserves will be utilized, supplemented with the issuance of debt as necessary. A total of \$23 million in cash is expected to be available for this project, with an anticipated \$13 million in debt required. After financing this project and the other drainage projects in the 2022-2031 Proposed CIP, the Stormwater Utility Fund is still expected to have reserves totaling \$8 million.

STORMWATER UTILITY FUND NET POSITION (2022-2031)	
YEAR	AMOUNT
2016	\$6,654,853
2017	\$9,706,918
2018	\$13,390,565
2019	\$13,691,537
2020	\$17,940,482
2021 (estimate)	\$20,534,005
2022 (estimate)	\$23,166,571

In addition, existing debt will amortize quickly in the next few years, providing additional capacity for new debt associated with capital improvement projects. Annual debt service in 2020 totaled \$2.8 million. This annual amount will drop to \$2 million in 2021, \$1.2 million in 2025 and \$0.2 million in 2028.



13. Key Assumptions and Considerations

The Proposed CIP is based on a variety of assumptions. However, numerous factors can impact the actual implementation of the plan over the next decade. For this reason, it is important that the CIP be updated annually, so that project and financing assumptions can be re-examined, and policy direction can be reaffirmed. The following issues could impact projects and may lead to revisions in the next CIP.

Property Tax Collections - The major financing source for GO at-large projects (predominantly park, public safety, heavy equipment and public facilities projects) is the funding derived from property tax receipts. These revenues generally are driven by two variables: Assessed valuation growth and the Debt Service Fund mill levy rate.

While the CIP is modeled using a conservative growth profile, there is a risk that valuation growth will not match assumptions. If growth is lower than assumptions the debt service ratio would likely increase above benchmark levels, and staff would likely recommend reconsideration and deferral of future GO at-large funded capital projects.

In addition, the Proposed CIP is modeled using a mill levy rate of 7 mills, equal to the 2022 Adopted budget rate. Any increase in the mill levy rate for the Debt Service Fund would increase GO at-large capacity for additional projects. Conversely, any policy direction to lower the mill levy rate in the Debt Service Fund below 7 mills would reduce GO at-large capacity, likely increasing the probability of eliminating or deferring projects.

Sales Tax Revenues - The Local Sales Tax (LST) Fund will finance street improvements and the completion of the current Kellogg and K96 project and the North Junction project. Revenue to the LST Fund is generated through the County-wide 1% sales tax, a portion of which is provided to the City of Wichita. Sales tax collections

often experience volatility due to economic conditions. Long-term growth has averaged close to 3% annually. However, the CIP is based on a more conservative model, assuming 2% annual growth. However, there is still a risk that a downturn could impact even this modest sales tax growth estimate. Lower growth would reduce capacity and likely lead to deferral or elimination of street projects.

Interest Rates and Construction Costs - The interest rates on issued debt and construction costs can substantially change due to economic variables and both have a major effect on the costs associated with CIP projects. In recent years, the interest rate environment has been very favorable. Any significant increase in interest rates (in excess of the assumptions built into the Debt Service Fund pro forma) would lower the capacity to issue new debt. Likewise, any market disruption that led to significant changes in construction costs could impact the CIP and require a review of scheduled projects. At this point, neither seems likely, but they do remain risks.

Water Usage - Water usage largely drives the total revenue generated by the Water Utilities. Weather plays a significant role in water usage. Abnormally wet weather during the peak summer season can significantly impact Water Utility revenues, and could require a re-evaluation of scheduled projects and/or expected rate increases.



Staff is responsible for implementing the Capital Improvement Program (CIP) budget as adopted by the City Council. The actions taken by staff to implement the budget are outlined in this section.

Project Established in Accounting System

With the annual adoption of the CIP, each project for the next year is loaded into the accounting system. The project budget is based on the amount approved by the City Council for that project within the CIP.

Project Initiation Process

The first step to enable spending on a project is the “initiation” of the project. This involves presenting the project to the City Council for specific approval. This presentation outlines the project and the recommended funding sources. A bonding resolution is also presented for approval along with the project.

Bonding Resolution

A resolution providing estimated costs and the requisite bond amount to finance the capital project is presented for approval by the City Council. The bonding resolution includes an amount not to be exceeded for the issuance of bonds, as well as a description of the project, an explanation of the need to make the improvement, as well as the statutory authority for the issuance of bonds.

Budget Control Levels

The control level established for each project is based on City Council approval. Project expenditures are controlled at the project level. The only exception to the budget control levels is temporary note interest that accrues to projects before they are closed. This cost of financing is not included in the project budget control level.

Increasing the Project Budget

The project budget can only be increased with a revised bonding resolution (if applicable) and City Council approval.

Change Orders

During construction of capital projects, change orders may be necessary to account for items unforeseen during the planning process. These changes are first identified by City staff and a cost is negotiated with the contractor. All change orders in excess of \$50,000 must be approved by the City Council, while change orders up to \$50,000 can be approved by the City Manager.

Project Closeout

Upon completion of a project, a closeout procedure is implemented to ensure that future operating costs or other unrelated expenses are not charged to the project account. This includes closing the project budget in the accounting system, as well as properly handling any project savings.

Bonding

All bonding is issued in accordance with Kansas State Statutes (K.S.A.), specifically K.S.A. Chapters 10 and 12 and the General Bond Law (K.S.A. 10-101, et seq). The statutes detail the requirements of all types of bond issuances, including public improvement specification, the limitation of indebtedness, bond registration, the cash-basis law, and other legal requirements. The limit on the amount of bonds that the City can issue is set forth in K.S.A. 10-305, et seq.

Use of Project Savings

At the conclusion of a capital project, the project is closed. Any budgeted but unspent amount reduces the borrowing needs for that project. Any unused expenditure authority, based on City Council Policy 2, cannot be used to supplement another project budget unless approved by the City Council.

CIP Budget Process

The CIP budget process is comprehensive and attempts to incorporate the long-term strategic planning process with the short-term strategic goals of the City. Examples of some of the longer-term planning processes that are integrated into the CIP process are the Park and Recreation Open Space (PROS) Plan, the Library Master Plan and the Water Supply Plan. In addition, the development of the Capital Improvement Plan is integrated with the operating budget (by considering its implications on the operating budget) and the longer range financial planning (by adjusting budgeted amounts and performance targets) based on the long-term financial conditions of funds. The CIP budget process is impacted by Kansas statutes and organizational policies.

CIP Process: The Capital Improvement Program (CIP) guides new construction and improvements to the City's infrastructure and facilities, ranging from road expansion to repairs on publicly-owned buildings and acquisition of new water sources.

The CIP requires a sound operating budget and a solid financial base to allow for debt or cash financing of capital projects. A well-prepared operating budget can also assist in raising or maintaining the bond rating of the City. A higher bond rating means that the City pays a lower interest rate for the bonds sold to finance capital projects.

Revenue Projections: The amount of funding the governing body chooses to spend on certain outcomes drives the CIP budget process. Like revenue projections for the operating budget, trends are studied and performance assumptions are generated. From these assumptions, expenditure estimates are developed. Since the CIP is a ten-year plan, revenue projections must be made further into the future than those required for the operating budget. Since future revenues cannot be known for certain, the framework for the whole budget development process, in effect, is built upon assumptions about the City's economic and financial future.

For the CIP, most revenue estimating is centered on the Debt Service Fund. The main sources of funds for the Debt Service Fund include:

1. Property tax revenue which is based on assessed valuation assumptions, as well as a presumed mill levy rate;
2. Special assessments that are made against benefitting properties to fund portions of the CIP. The repayment of these assessments is a revenue source to the Debt Service Fund;
3. Motor vehicle taxes collected by Sedgwick County, which are allocated to taxing funds of the City of Wichita proportionally to the amount of taxing effort;
4. Interest earnings, premiums on bonds sold and other miscellaneous revenues; and

5. Transfers from other funds, such as the Tourism and Convention Fund for convention and cultural attraction projects, Tax Increment Financing Funds for economic development projects, and the local Sales Tax Pledge Fund for financing road, bridge and highway projects. Transfers are made for previous or projected debt issuances.

Determining Annual Project Capacity: In addition to the Debt Service Fund, long-term forecasts for the City's Local Sales Tax Pledge Fund, as well as enterprise funds, including the Water and Sewer Utility funds, Airport Fund and the Stormwater Utility Fund, are necessary. These ten-year forecasts, along with debt capacity projections based on the Debt Policy and Reserve Policy, will determine the funding available for projects included in the Adopted CIP Budget.

CIP Administrative Committee: The CIP Administrative Committee, as outlined in AR 2.8, meets and develops a draft CIP. This involves reviewing all departmental capital project requests, evaluating the financial capacity analyses. The committee prepares a 10-year spending plan, matched with a 10-year plan of financing. Issues are identified and prepared for City Council consideration as part of the committee work. Finally, the committee considers engagement options and develops a tentative schedule and plan for community engagement.

The committee considers projects and develops the CIP based on the following guidelines in AR 2.8:

1. The ratio of GO at-large debt service to property tax revenue in the Debt Service Fund annually will not exceed the benchmark, currently set at 66.7%.
2. The CIP will be revised annually, and will be developed for a 10-year planning period.
3. The CIP will be developed based on City Council revenue policies, including the most recently approved Debt Service Fund mill levy rate and the projected utility rates included in the most current Water and Sewer Utility Cost of Service Analysis.
4. The Adopted CIP will be developed based on overall guidelines included in the MAPC Community Investments Plan.
5. Any operating cost impact of projects included in the Adopted CIP will be clearly delineated.
6. Projected debt used to finance the Adopted CIP will generally be based on: 10-year GO debt for building, road construction, park, and bridge projects; 10-year to 15-year GO debt for Stormwater Utility funded projects; 10-year to 15-year double-barreled bonds for local sales tax financing road, bridge, and highway projects; and up to 20-year revenue bonds for Water Utility and Airport projects.

7. CIP project prioritization includes a number of factors, including: spending priorities and guidelines included in the Community Investments Plan; leveraging opportunities to maximize the impact of local funding; partnership opportunities to coordinate expenditures in support of community partners; overall City organizational goals as approved by the City Council; engineering considerations, including the deficiency rating (bridges), pavement conditions (streets), construction considerations of current infrastructure, and efficient and safe traffic flow considerations; and the impact of CIP projects on the operating budget. These factors are included in the prioritization model.

Design Council (Art and Design Board): During the CIP process, Public Works staff present projects being considered for inclusion in the CIP to the Design Council. Specific attention is provided to projects for which the incorporation of public art and aesthetic improvements would be appropriate.

Financing the CIP: Once a draft project prioritization is developed, staff begin exploring financing options and review capacity calculations. The financing of CIP projects is based on City Council Policy 2. This provides guidance on the types of financing that may be used for certain projects. In addition, staff review proposed debt levels for compliance with State debt limit statutes. Projects proposed for funding from local sales tax dollars are screened to ensure conformance with Ordinance 48-815, which outlines the appropriate uses of sales tax funds.

Review of Operating Cost Impact - As part of the CIP review process, the CIP Administrative Committee identifies projects that will have a significant impact on the City's operating budget. Departments provide estimated ongoing costs associated with CIP projects so all costs can be considered in the evaluation process. When a project is completed, the operating costs are included in the department's operating budget.

Draft CIP Discussion: Upon completion of the Administrative Committee's plan, the Committee's recommendations are forwarded to the City Manager for review. Presentations are made before the Metropolitan Area Planning Commission and other stakeholders. Like the operating budget, the City Council hears public comments on the CIP prior to adoption. The City Council may shift, add, or delete projects before finalizing an Adopted CIP.

Hearings and Adoption of the CIP: After the draft CIP has been reviewed, staff may reallocate projects based on feedback. Eventually, a public hearing will be held, and the City Council will formally adopt the CIP. This adoption provides long-term strategic guidance and allows resources to be allocated in conformance with this long-term plan.

Implementation: After the CIP is adopted by the City Council, departments use the CIP as a guide for implementing capital improvements. Departments are responsible for initiating projects

based on the schedule included in the Adopted CIP. This initiation process allows every project to be authorized individually by the City Council through the adoption of an ordinance or resolution. When initiated, a project budget will be established based on the approved resolution or ordinance.

Kansas Statutes

Statutes of the State of Kansas govern the CIP budget process. The most relevant statute is the Debt Limit Law. The Debt Limit Law is contained in KSA 10-308 et seq. These statutes limit the total debt of a city to no more than 30 percent of the assessed valuation of the city. Several forms of debt are exempt from the debt limit, including utility debt and revenue bond debt. This statute is included in the Appendix.

City Code Sections and Ordinances

There are two code sections that are relevant for the CIP. Code Section 2.12.1120 et seq. creates the Design Council, which oversees the aesthetic components of certain projects. The code outlines the membership of the Design Council and its duties, which include making recommendations to develop and define criteria for public improvements. The other code section (Code Section 2.15 et seq.) outlines the "Percent for Arts" program that stipulates the allocation of 2% of the CIP for Art associated with CIP projects.

Ordinance 39-196, approved by the City Council in June 1985, established guidelines for the use of the one-cent local sales tax. Subsequently, this was repealed and replaced by Ordinance 41-620 in February 1992, which was in turn replaced by Ordinance 41-815 in August 1992. The current ordinance continues to pledge one-half of any revenues to the General Fund, to reduce property taxes charged to residents. The other half of the sales tax proceeds also continues to be pledged towards road, highway and bridge projects.

City Policies and Regulations

Financing guidelines for the CIP are found in City Council Policy 2. This policy provides that maintenance and repairs of arterials will be financed by GO bonds, while the reconstruction or replacement of residential streets will be assessed. In addition, the financing of stormwater and sewer improvements is addressed.

Administrative Regulation 2.8 outlines the CIP Administrative Committee and its members. The duties of the CIP Committee are established as: reviewing CIP requests, assigning a priority to these requests, scheduling the requests based on funding constraints, and making a CIP recommendation to the City Manager.

As part of the operating budget, the policy of the reserve level of the Debt Service Fund is established. The targeted year-end balance level is equivalent to at least five percent of annual revenues of the Debt Service Fund. Any amount in excess of this reserve is used strategically to facilitate flexibility in pay-as-you-go financing.



CIP Calendar

The CIP process takes approximately eight months from initial planning to Council adoption. There is more flexibility in the CIP calendar compared to the operating budget, since dates related to the adoption of the CIP are not statutorily set. The first step in developing the 2022-2031 Proposed CIP was taken in January 2021. City Council adoption is scheduled for August 24, 2021. The CIP calendar is shown below.

2022-2031 CIP Development Calendar

January-March 2021	Staff reviews open projects and identifies new projects, and Finance staff compiles projects and financial analysis for the 2022-2031 Proposed CIP
March-June 2021	CIP Administrative Committee and other staff review and prioritize projects based on the prioritization methodology. Staff develop a draft CIP model
July 20, 2021	Proposed CIP is presented to the City Council
August 10, 2021	City Council holds a public hearing on the CIP
August 15, 2021	CIP is presented to the Metropolitan Area Planning Commission Advance Plans Committee
August 19, 2021	CIP is presented to the Metropolitan Area Planning Commission
August 24, 2021	City Council adopts the 2022-2031 CIP

