



Office of the City Manager

April 7, 2010

Honorable Mayor Buck and Members of the City Council

**SUBJECT:** Proposed Fiscal 2011-2015 Capital Improvement Plan

The Capital Improvement Plan (CIP) is an investment in the future of our community. It is with our commitment to the future that we bring to you the proposed fiscal 2011-2015 CIP for the City of North Las Vegas.

The City of North Las Vegas stretches across the northern rim of the Las Vegas Valley. The City, which was incorporated in 1946, encompasses 98.4 square-miles within Clark County in Southern Nevada. Since 2000, North Las Vegas' population has grown by 91.3 percent, making it home to about 221,003 residents through December 2009. North Las Vegas is the fourth-largest city in Nevada. The City estimates that by the time it reaches build out in 2035, its population will be 586,548. Serving the growing population is a critical challenge that must be addressed by balancing the needs of the community with available financial resources.

This document presents the proposed plan for major public facility improvements that will be implemented over the next five fiscal years. The projects included in the fiscal 2011-2015 CIP are consistent with the City Council's priorities and address Planned and Quality Growth, Redevelopment and Revitalization, Parks and Recreation, Community Improvement Projects, Public Safety Facilities, and Economic Redevelopment.

## ***Background and Summary***

The State of Nevada, as well as the City of North Las Vegas, is experiencing a similar financial crisis that is facing the rest of the nation. The January unemployment rate for the State was at an all time high of 13 percent, which was the second highest rate in the nation and 3 percent higher than the National unemployment rate.

The City is experiencing significant declines in several key revenue sources. Property tax revenue is one concern for the City. Declining land and home values, as well as the impact of foreclosures, all will have a significant impact on property tax revenue. Over half of the valley's 730,000 parcels will pay lower taxes in the upcoming year. Property tax revenue, which averaged a growth rate of 16.2% annually between 2000 and 2009, is projected to decrease by 11.3% in Fiscal 2010 and 17.1% in Fiscal 2011.

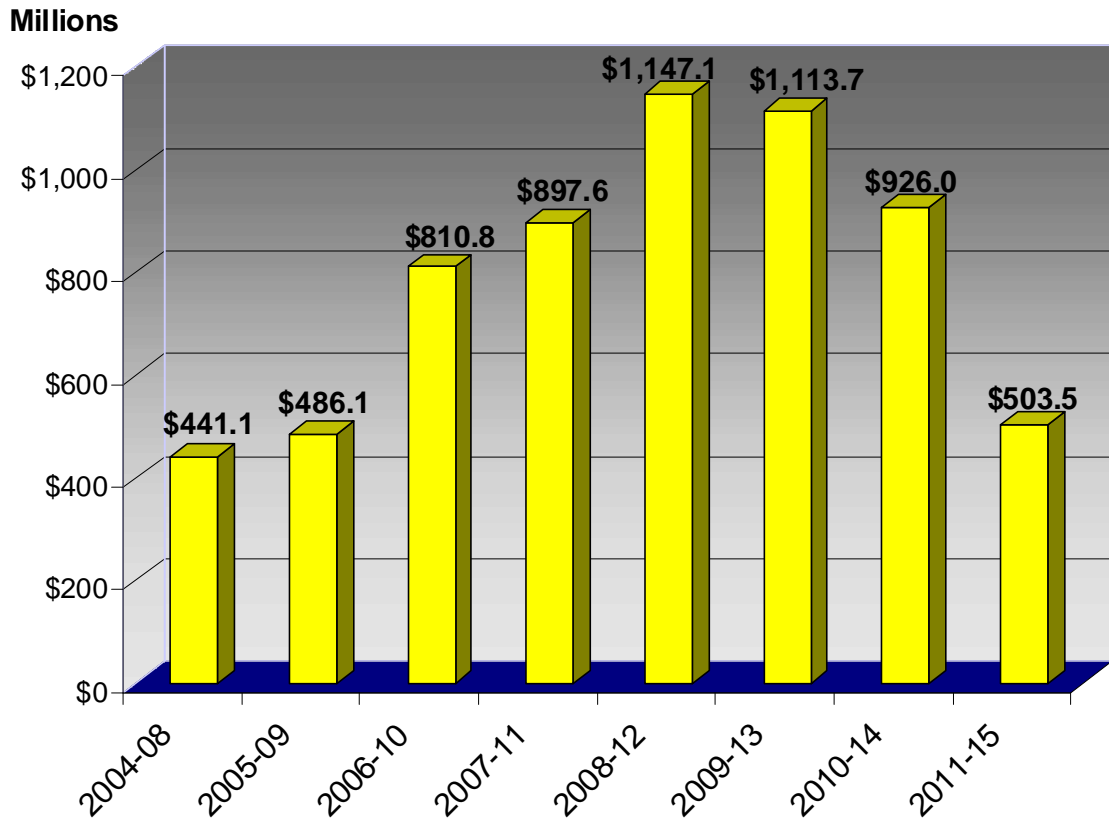
Another major revenue source to the General Fund, Consolidated Sales Tax, is experiencing unprecedented declines. For the first six months of the current fiscal year, revenues are 21.6%, or \$4.8 million, lower than the same time period for the previous fiscal year.

Although there are many resources that fund CIP projects, the above are significant for two reasons. First, these sources contribute to the construction of CIP projects. Secondly, they are critical as they fund the operating and maintenance associated with the completion of CIP projects, such as, staffing new fire stations and maintaining new parks and recreational facilities.

With these financial issues in mind, this plan commits resources to "mature" areas in our community and areas of new growth. The CIP presents only those major improvements that are viewed as most urgently needed and which can be funded from available revenue sources. All projects were reviewed, with a number of them being reprioritized to future years. This is evidenced by the graph on the following page which shows the CIP to be about 45% less than last year and near the levels of the 2005 CIP.

The system of capital expenditure management is important because: 1) the consequences of investments and capital projects extend far into the future; 2) decisions to invest are often irreversible; and 3) such decisions significantly influence a community's ability to grow and prosper.

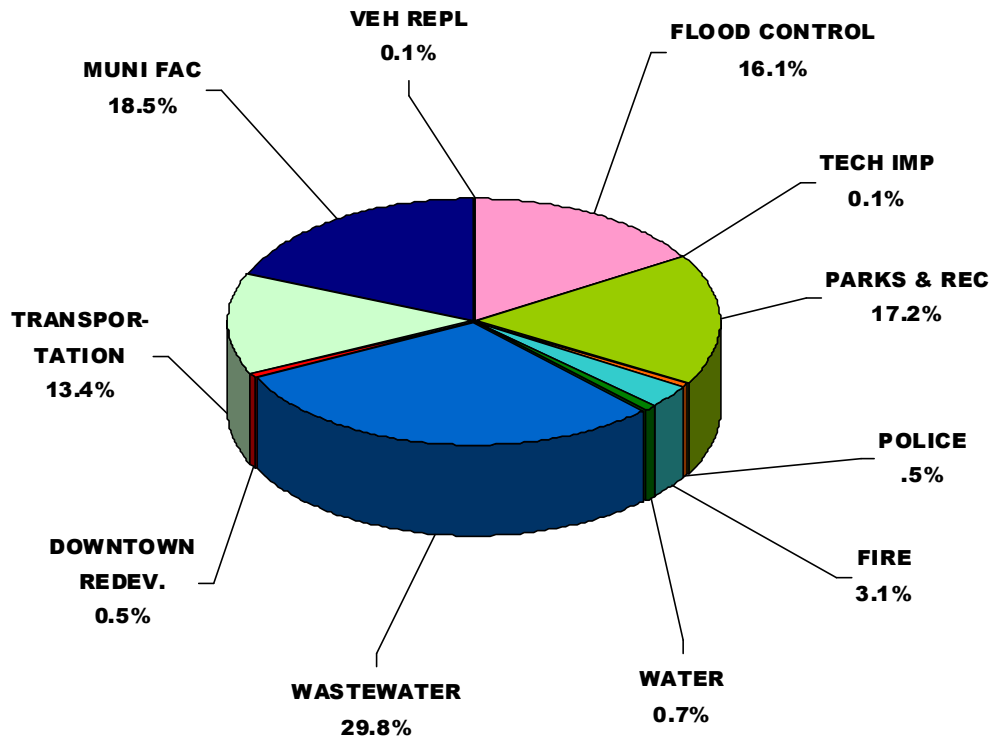
## CIP - Historical Analysis



The selection and evaluation of capital projects is a difficult task that involves some speculation and ability to make estimates, which to some extent are based on historical perspectives. A “Capital Project” is of relatively high monetary value (at least \$25,000), has a long life, and results in the creation, or revitalization of a fixed asset. A capital project is usually relatively large compared to other “capital outlay” items in the annual operating budget. This is the basic type of definition we have used to guide the preparation of the capital program budget.

The proposed 2011-2015 Capital Improvement Plan amounts to \$503,549,100. The fiscal 2011 program will be integrated with the operating budget to include operating and maintenance costs on the new facilities. The fiscal 2011 capital program amounts to \$308,660,600.

## FY 2011 EXPENDITURES BY CATEGORY



Upon completion, the projects in the five year plan will require an estimated \$19 million net increase to operation and maintenance costs. Included is \$24.3 million in operating and maintenance costs for the Water Reclamation Facility; however, this is offset by an estimated \$46.9 million in savings the City expects to recognize from opening and operating its own facility. Another \$950 thousand will be required for initial capital outlay. These costs will be borne primarily by the General Fund, Public Safety Tax Fund and Utility Fund.

There are many desirable projects that are included in the future years' section of this document that we are not recommending for funding because of our financial limitations.

### *Program Descriptions*

The CIP summarizes capital projects into "programs" or categories that include the following:

**Downtown Redevelopment** The programs under this area include community beautification projects and resources that will be dedicated to redevelopment for specific land use including the City's Entryway and Commercial Rehabilitation Programs.

**Flood Control** The projects included in this area address the City's need to have the risk of flooding minimized.

**Municipal Facilities** The projects in this area construct, expand, and renovate facilities necessary for the efficient and effective operations of the City, commensurate with the population increase.

**Parks and Recreation** The activities under this area provide for an environment for citizens to enjoy natural areas and an opportunity to participate in organized and unorganized leisure time activities.

**Public Safety** Activities under public safety advance our efforts to ensure to the best of our ability that the public is safe from crime and fire.

**Technology** Projects in this area provide for new and upgraded computer systems to meet ongoing technology changes and to protect vital information.

**Transportation** The activities in this area provide for the engineering, maintenance, and construction of public rights-of-way within the city.

**Utilities** The projects in this area were developed to ensure efficient water and wastewater infrastructure that can meet existing and future needs and is secure from outside threats.

**Vehicles** The replacements in this area replenish City vehicles and heavy equipment necessary for the efficient and cost-effective operations of the City.

**Future Years Projects** Projects included in this section are those that staff recommends be considered for completion should our financial realities change.

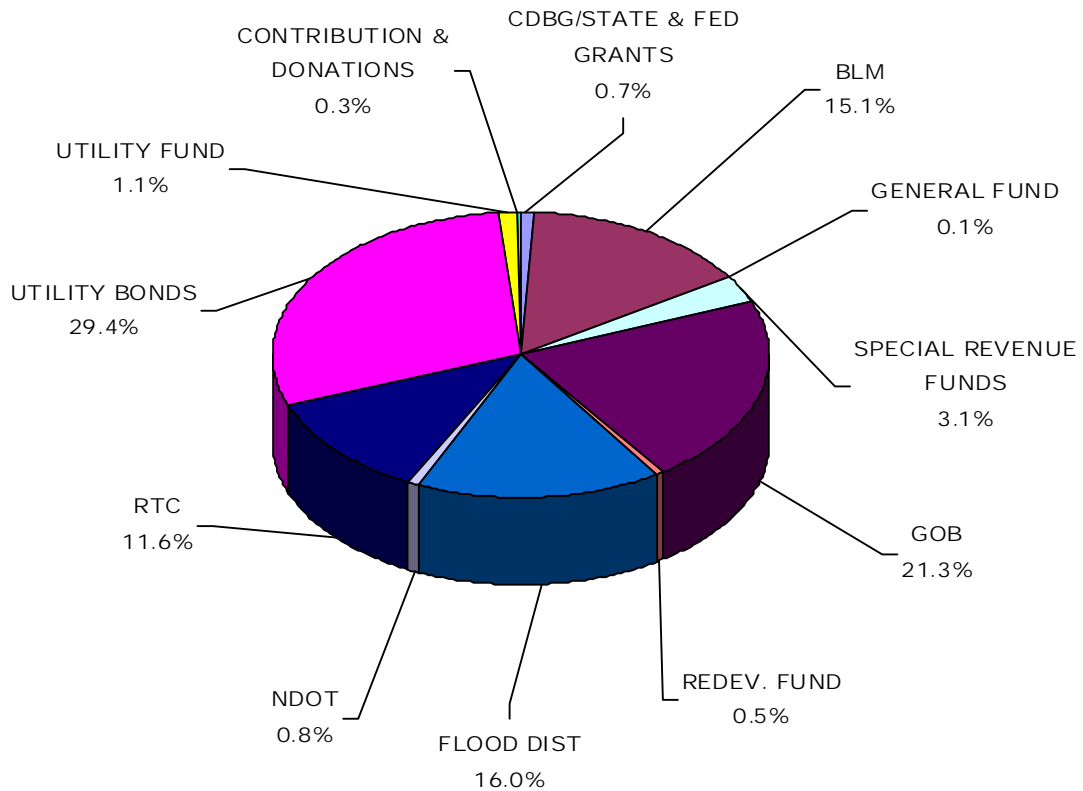
### ***Revenue and Other Financing Sources***

Included in the CIP are various funding sources including intergovernmental revenue, grants, general obligation bonds and pay-as-you-go financing which include dedicated property taxes, development fees, developer contributions, utility rates and available fund balances. The following summarizes the major funding sources for the CIP.

**Bureau of Land Management (BLM)** The BLM provides funding for parks and recreation projects. These projects include new and refurbished parks and trails. The City pays for expenditures upfront and submits quarterly documentation of payments to the BLM for reimbursement. (\$85.8M)

**Clark County Regional Flood Control** Funding received from this source is restricted for flood control projects. (\$73.6M)

## FY 2011 REVENUES BY FUNDING SOURCE



**Community Development Block Grant** The City receives Community Development Block Grant (CDBG) funds from Clark County. Clark County acts as a pass-through agent for these federal funds. (\$1.5M)

**Contributions & Donations** The City receives contributions from developers and private organizations. (\$7.8M)

**General Fund** The General Fund includes various sources; including but not limited to, property taxes, consolidated taxes, franchise fees and building permit fees. (\$5.7M)

**General Obligation (G.O.) Bonds** G.O. Bonds are secured by the full faith and credit of the City. G.O. Bonds are typically secured by a pledge of the City's property taxing power. The electorate must authorize G.O. Bonds if the debt is to be serviced by increasing taxes through a tax override. No tax increases will be required to retire existing or proposed debt. (\$75.5M)

**Grants** The City is eligible to submit grant applications to various institutions that may have funds available from their own revenue sources or from outside sources. Grants

include Homeland Security, Bureau of Reclamation, Southern Nevada Area Communications Council (SNACC), and others. (\$19.8M)

**Nevada Department of Transportation** Funding received from this resource is generally allocated to projects that are related to arterial street engineering or construction. (\$4.1M)

**Park District Funds** These funds are received as a result of the residential construction tax. These funds are recommended for capital improvements to parks within the district in which the revenue is received. (\$356K)

**Redevelopment Funds & Bonds** Revenues for the redevelopment fund are recommended for use in the redevelopment area. These funds are from property taxes generated in our two redevelopment districts. (\$6.6M)

**Regional Transportation Commission (RTC)** The RTC manages federal funds that are committed to our regional transportation systems. Transportation projects that have a regional significance are recommended to RTC for funding. (\$85.6M)

**Streets, Fire and Parks Tax Override Fund** In June 2001, voters approved the expansion of the tax override to include the acquisition of land, buildings and equipment for fire and park facilities. The tax was originally approved for the purpose of street construction and street maintenance. (\$21.2M)

**Utility Bond** These bonds are issued to finance self-supporting enterprises and are secured by the full faith and credit of the Utility. Revenue bonds are not included within the limitation of indebtedness for the City and generally do not require voter approval. (\$90.6M)

**Utility Enterprise** This enterprise fund is similar to a private business. Upgrading the City's utility infrastructure reinvests a portion of the City's water and wastewater revenue from its services to customers. (\$18.0M)

***Highlights of the CIP are as follows:***

***Downtown Redevelopment*** projects amount to \$6.6 million and include the following programs; Commercial Facade Upgrade, Downtown Design Guidelines, Downtown Infrastructure Improvements, Evaluation of Downtown Utility Capacity Upgrades, Gateway Signage and Way Finding Improvements, N. Las Vegas Blvd Design Improvements, and Property Acquisition in the Redevelopment Area. These projects are funded through the Redevelopment Fund.

***Flood Control*** projects amount to \$74.5 million and are funded by the Clark County Regional Flood Control District. Projects include I-15 Freeway Channel (\$7.5M), Simmons Street Improvements (\$13.6M), Tropical Parkway Channel East (\$1.5M),

Vandenburg North Detention Basin & Outfall (\$150K), and Las Vegas Wash Projects (\$51.7M).

***Municipal Facilities*** amount to \$65.1M and includes construction projects for a new City Hall Campus at \$64.2M, with \$60.2M of the funding coming from General Obligation Bonds and \$4.0M from the Tax Override Fund. \$930K is for City Hall solar retrofits.

***Parks and Recreation*** was identified by the City Council as a high priority and is the third-largest capital program in the CIP, behind Transportation and Utilities, allocating \$93.7M to this category. Parks and Recreation projects are funded through BLM (85.8M), General Obligation Bonds (\$6.7M), Park District Funds (\$357K), Kiel Ranch Fund (\$111K), Aliante Golf Course Fund (\$350K), and Grants (\$396K). Projects include \$4.9M for SkyView Multi-Gen Center, \$44.3M for Craig Ranch Regional Park, \$5.5M for Las Vegas Blvd & Cheyenne Pedestrian Bridge, \$1.2M for Fire Station 53 Park Conversion, and \$1.4M for Walker Park Improvements.

New parks include Tropical Breeze Park (\$7.9M), Kiel Ranch Historic Park (\$4.7M) and Downtown Central Park Development (\$1.3M). New trails will include the Upper Las Vegas Wash Regional Trail (\$9.0M), Las Vegas Wash Trails Round 5 (\$1.8M), Las Vegas Wash Trail and Trailhead, Round 6 (\$1.8M), Las Vegas Wash Trail 1-15 Pedestrian Bridge (\$7.1M), Las Vegas Wash Trail Cheyenne to Las Vegas and Civic Center to Cheyenne (\$2.3M).

***Public Safety*** amounts to approximately \$43.4M and is allocated to projects benefiting the fire and police programs. Fire projects include the equipping and construction of Fire Stations No. 50 (\$8.6M), Fire Safety Village & Education Center (\$24.7M), Fire Station No. 51 remodel (\$1.0M), firefighter tools, radios, & equip (\$4.1M), and apparatus replacements (\$3.4M). General Obligation bonds, Tax Override Funds, Grants and Developer Contributions fund the Fire projects.

General Obligation Bonds, the Public Safety Tax Fund, General Fund, E-911 Fund and Grants will fund police projects that include: Vesta upgrade (\$1.2M), Crossroads Collision & Citation Replacement (\$200K), and Detention/Justice Facility DVR Replacements (\$172K).

***Technology*** improvements amount to \$5.0M over the next five years and are funded through the General Fund. Included is citywide replacement of older computers (\$1.4M), servers (\$1.5M), infrastructure (\$1.8M), and other telephone and computer upgrades totaling \$320K.

***Transportation Projects*** amount to \$101.5M over the next five years. The transportation projects are funded through the Regional Transportation Commission, Tax Overrides, Community Development Block Grants and Cost Participation Agreements. The City is allocating \$1.7 million to the 21st through 22nd Year Traffic Capacity and Safety Improvements, \$8.0 million to the Major Street Rehabilitation and \$1.5 million to ADA Accessibility Improvements.

Other major transportation projects include North 5<sup>th</sup> Street Super Arterial, Phase I (\$82.0M), Losee Road Improvements (\$1.4M), Allen Lane Improvements (\$1.4M), Federal Stimulus Street Rehabilitation (\$2.3M), and various other improvements (\$3.2M).

The **Wastewater Utility** includes \$96.8 million in projects which includes the Water Reclamation Facility (\$90.6M), sewer main rehabilitation (\$3.0M), sewerline oversizing (\$1.8M), sewer manhole rehabilitation (\$1.1M), and North Central Sewer Main Extension and Lift Station (\$250K).

**Water Utility** improvements total \$11.2 million over the next five years. Projects include the Hansen Billing system (\$1.6M), Payment Processing Equipment Replacement and Payment Kiosks (\$480K), water bolstering system (\$1.4M), reservoir repainting (\$2.7M), waterline oversizing (\$2.9M), AMR Maintenance Program (\$1.0M), Ammonia Feed System (\$495K), and Carey Avenue Water Main Assessment (\$578K). All water projects will be funded by utility revenue.

**Vehicle Replacements** amount to \$5.7 million over the next five years. The General Fund, Tax Overrides, Public Safety Tax and Utility Enterprise Funds are used to fund vehicle replacements.

### **Conclusion**

This plan focuses attention on community goals and needs; reduces scheduling problems; and achieves the highest public benefit within our financial constraints.

Finally, the projects in this document are the product of many hours of deliberate thought by many people. I would like to recognize the efforts of each of the department directors involved in this initiative and commend them for their input. I would like to especially commend the Public Works and Finance Departments for their excellent performance in constructing this document.

Respectfully submitted,



Maryann I. Ustick  
Acting City Manager