

PIMA COUNTY CAPITAL IMPROVEMENT PROGRAM SUMMARY

Introduction

Pima County's Fiscal Year 2003/04 Adopted Budget for its Capital Improvement Program (CIP) consists of nine categories: Facilities Management; Transportation; the Flood Control District; Natural Resources, Parks & Recreation; Open Space; Cultural Resources; Neighborhood/Housing Reinvestment; Solid Waste Management; and Wastewater Management.

Distinct from the Capital Improvement Program (CIP), Pima County's Capital Projects Fund includes the approved projects for all categories except Wastewater Management. Because Wastewater Management is an Enterprise Fund, its projects are accounted for within the Wastewater Management operating fund, and expenditures are capitalized according to generally accepted accounting principles. Wastewater Management projects are included in the narrative section of this report, while the charts and tables address only the projects in the Capital Projects Fund.

This report provides an overview of Pima County's CIP for fiscal year 2003/04, summary data for projects that fall into the adopted Capital Projects Fund for fiscal year 2003/04, and summary operations and maintenance (O&M) data for fiscal year 2003/04.

Overview

In two special elections in 1997, Pima County voters approved \$712 million in general obligation, sewer revenue, and Highway User Revenue Fund (HURF) revenue bonds. In preparation for these bond elections, the Board of Supervisors approved two Bond Implementation Plan ordinances (Ordinance Numbers 1997-35 and 1997-80) that identified specific projects and the extent of those projects, bond allocations and other funding allocations, and implementation schedules. The Bond Implementation Plan ordinances provide a framework for the development of a CIP budget in 1997 and in the years following. New projects (i.e., those not included in the 1997 bond elections) are added to the CIP budget as infrastructure needs dictate and as funding availability permits. No CIP projects are undertaken without full funding.

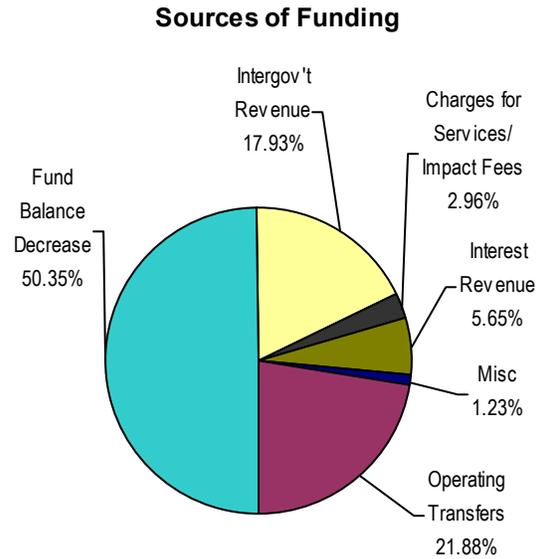
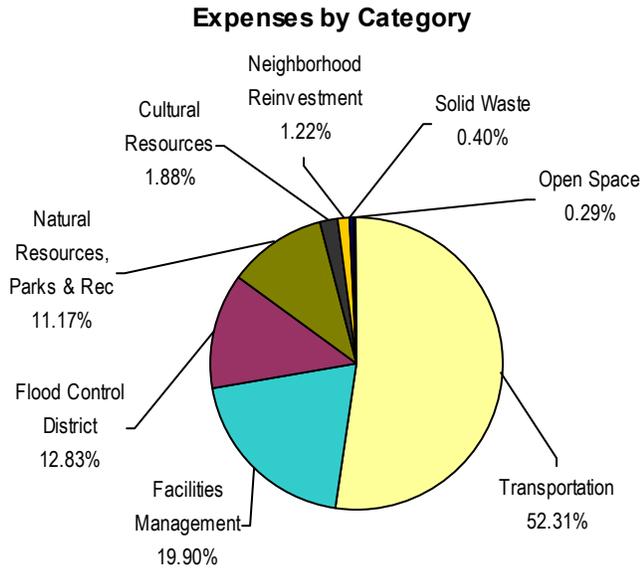
Transportation is the largest component of the budget for CIP, in terms of expenditures and number of projects. Wastewater Management is the next largest component of the County's CIP. Facilities Management – which manages projects related to County facilities as well as capital improvements for the Sheriffs Department, the Superior Court, Medical Services, and Community Resources – has the third largest CIP expenditure authorization; currently this area is dominated by several large and expensive projects. There are many Natural Resources, Parks & Recreation projects, each with relatively smaller budgets. Those expenditures are therefore a relatively small percentage of the total Pima County CIP budget.

The Flood Control District has a number of projects being developed in cooperation with the Corps of Engineers, which typically funds from two-thirds to three-quarters of project costs. The magnitude of the public improvements associated with Flood Control District's portion of budgeted CIP is much larger than the figures indicate, as the expenditures in the CIP budget include only the County's local cost sharing responsibilities.

Taken together, the remaining categories of CIP comprise a small percentage of the County's overall budgeted CIP. The Neighborhood/Housing Reinvestment Program funds infrastructure investments in high stress neighborhoods throughout the community. Cultural Resources projects provide for acquisition and rehabilitation of historic structures and mitigation of archaeological resources. Open Space projects consist of the acquisition of parcels of land deemed important for conservation. Solid Waste programs consist of environmental remediation projects and infrastructure expansion.

The following charts provide summary information for Pima County's fiscal year 2003/04 adopted expenditures, revenues, and other funding sources for all Capital Projects Fund projects.

Pima County FY 2003/04 Capital Projects Fund¹



Expenses by Category

Transportation	\$55,536,666
Facilities Management	21,131,754
Flood Control District	13,622,881
Natural Resources, Parks & Recreation	11,859,212
Cultural Resources	2,000,475
Neighborhood Reinvestment	1,295,000
Solid Waste	425,000
Open Space	306,000
TOTAL	\$106,176,988

Sources of Funding

Intergovernmental Revenue	\$19,038,552
Charges for Services/Impact Fees	3,140,130
Interest Revenue	6,000,000
Miscellaneous Revenue	1,307,911
Other Funding: Operating Transfers	23,228,908
Other Funding: Fund Balance Decrease	53,461,487
TOTAL	\$106,176,988

1. Capital Projects Fund only; does not include Wastewater Management projects. Refer to the *Summary Schedules* section - *Summary of Active Capital Improvement Projects* for a complete list of all projects, including Wastewater Management projects and related expenses.

Relationship Between Operating and Capital Budgets

A direct relationship exists between Pima County's CIP budget and its annual operating budget. Impacts on expenditure budgets and the availability of future revenues to support these new costs are and will continue to be an important factor in determining the timing of construction and origination of new projects.

Capital projects, when completed, tend to require increases in operating budgets to cover new upkeep, maintenance, security, and other costs. For some capital improvements the incremental impact of completed projects on the County's operating budget is relatively small. For example, new or expanded roadways tend to have little impact on operating expenditures (if not decreasing expenditures due to maintenance savings). On the other hand, projects like the Sheriff Department Maximum Security Detention Facility (scheduled for completion in fiscal year 2004/05) will require significant additional operations and maintenance (O&M) expenditures: increased personal services expenditures for additional corrections officers and other staff, additional supplies and services expenditures for utilities, general maintenance, supplies, and the like.

When new projects are considered for funding in the County's budgeted CIP, increased operating costs are taken into consideration. Departments are required to project the impact of additional operating costs over the life of a project, and the analysis and eventual approval of Capital Projects takes these estimates into account. Additionally, in each annual budgeting cycle, General Fund departments submit supplemental budget requests to cover new operating costs resulting from projects whose completion will impact operating expenditures in the fiscal year under consideration, and non-General Fund departments add O&M estimates to their base budget requests. Information relating to additional funding needs for O&M is evaluated for accuracy, and expenditures and revenues resulting from the completed project are projected over a five-year period. These projections are included in departmental plans in the current year and in subsequent years.

More detailed information on the impact of completed capital projects on Pima County's fiscal year 2003/04 operating budget may be found in the final section of this report.

Capital Projects by Category: Summary

Facilities Management

Facilities Management, which manages projects related to County facilities as well as capital improvements for the Sheriff Department, the Superior Court, Medical Services, and Community Resources, has eleven active projects in fiscal year 2003/04. Eight of the eleven projects were approved by voters in the May 20, 1997 bond elections; these eight projects account for 91 percent of expenditures. Three of the 1997 bond projects are substantial: \$13.6 million for the Sheriff Department Maximum Security Detention Facility, \$1.09 million for the new Kino Youth Library and Recreation Center, and \$598,000 for the Green Valley Performance Arts Center.

All of the eleven Facilities Management projects active in fiscal year 2003/04 will be under construction during the course of this fiscal year; construction expenditures are projected to be \$20.6 million or 98 percent of the total Facilities Management CIP. The remaining projects are in pre-construction phases, and the expenditures for those projects are earmarked for planning and design, land acquisition, and miscellaneous startup requirements.

Transportation

The fiscal year 2003/04 CIP associated with Transportation consists of 31 active projects with total expenditures of \$55.5 million. Twenty-one of these projects are part of the bond package approved by voters in the 1997 special elections. Of the projects approved in the 1997 special elections, 26 address capacity improvements to major, critical roadway segments throughout Pima County's metropolitan areas.

Nineteen Transportation projects are projected to be under construction during the course of fiscal year 2003/04. Construction expenditures are estimated at 80 percent, or approximately \$44.4 million, of Transportation's portion of CIP for fiscal year 2003/04. The remaining expenditures will be for planning and design, land acquisition, and miscellaneous other expenditures.

Flood Control District

The Flood Control District has 25 active CIP projects in fiscal year 2003/04, with total estimated expenditures of \$13.6 million. Five of the projects are part of the bond package approved by voters in the 1997 special elections. The Flood Control District will partner with the Army Corps of Engineers on six projects in fiscal year 2003/04, with the Corps of Engineers contributing an additional \$13.6 million to those projects.

Thirty-seven percent, or \$5.1 million of fiscal year 2003/04 expenditures, is estimated for construction expenditures; the remaining Flood Control-related expenditures are for planning and design, land acquisition, and miscellaneous expenditures. The Floodprone Land Acquisition Program is budgeted at \$3.0 million, the largest budget for a single project in fiscal year 2003/04.

Natural Resources, Parks & Recreation

There are 30 CIP projects, with total projected expenditures of \$11.9 million, scheduled for activity in fiscal year 2003/04 for Natural Resources, Parks & Recreation. Ten of these projects deal with city of Tucson athletic and playfield improvements. All but one of these 30 projects are part of the bond package approved by voters in the 1997 special elections; the lone non-bond project is the Pima Motorsports Park.

Twenty-two of the 30 Natural Resources, Parks & Recreation projects are scheduled to be under construction during the course of fiscal year 2003/04. The estimated construction expenditures of \$9.1 million represent 77 percent of total expenditures for the year; the balance of expenditures are planning and design, land acquisition, and startup expenditures.

Open Space

In the May 20, 1997 special elections, voters approved \$27.9 million in bonds for the acquisition of open space. Through June 2003, Pima County has used \$22.8 million of the bond authorization and an additional \$723,000 from other funding sources to acquire various parcels. The County Administrator's ongoing review of open space acquisition will address how the remaining \$5.1 million of the 1997 Open Space Bond authorization will be expended. In fiscal year 2003/04, an estimated \$306,000 of non-bond funding is projected for open space acquisitions.

Cultural Resources

Cultural Resources is a program that stresses equally the acquisition and rehabilitation of historic structures and provides for mitigation of archaeological resources. The Cultural Resources category of CIP for fiscal year 2003/04 consists of seven projects, all of which were approved by voters in the 1997 special elections. Total expenditures are projected at \$2 million.

Four of the seven Cultural Resources projects will be under construction during fiscal year 2003/04. The estimated construction expenditures of \$918,000 are approximately 46 percent of the projected Cultural Resources activity. The remaining expenditures will be for planning and design, land acquisition, and miscellaneous other expenditures.

Neighborhood Reinvestment

The Neighborhood Reinvestment category of CIP for fiscal year 2003/04 consists of nine small, bond-funded individual projects grouped under one master bond and project number. All of the projects will be under construction during the course of the year; the projected expenditures total is \$1.3 million. All fiscal year 2003/04 expenditures are for construction.

Solid Waste Management

The fiscal year 2003/04 CIP budget for Solid Waste Management consists of two projects, both of which were approved by voters at the May 20, 1997 special election. Projected expenditures for the projects are \$425,000. All fiscal year 2003/04 expenditures are for planning and design costs of the expansion of the Sahuarita landfill and environmental remediation of the El Camino del Cerro landfill.

Wastewater Management

The fiscal year 2003/04 adopted CIP budget for Wastewater Management consists of 28 projects with total expenditures of \$26.7 million. The Wastewater Management capital budget is dominated by the Randolph Park facility expansion, which is projected to be complete in fiscal year 2003/04. Other large projects for fiscal year 2003/04 include the projected completion of the Ina Road treatment facility expansion and the beginning of the Roger Road treatment facility rehabilitation. Other projects include the projected completion of the Green Valley facility upgrade, continuation of the Marana facility upgrade, and extensive work on other wastewater reclamation facilities and delivery systems throughout Pima County.

Complete Capital Project List FY 2003/04

For a comprehensive list of the active and new projects comprising Pima County's fiscal year 2003/04 CIP budget refer to the *Summary Schedules* section - *Summary of Active Capital Improvement Projects*.

Impact of Completed Capital Projects on Operations and Maintenance: Fiscal Year 2003/04

During the budget cycle for fiscal year 2003/04, data concerning projected O&M expenditures was collected from departments. For Enterprise and Special Revenue funds, the departments added the incremental O&M expenditure amount to their base budget requests. For General Fund departments, O&M for completed capital projects was included in the form of supplemental requests or by adjustments to their existing departmental base budgets. The following table summarizes the adopted expenditures associated with Capital Projects scheduled for completion in fiscal year 2003/04.

FY 2003/04 Operations and Maintenance Increases by Category

	# of Projects Scheduled for Completion FY 2003/04	Total Increase to Base Budget Associated with Completed Projects
Facilities Management	2	\$20,000
Transportation	9	65,976
Flood Control District	7	30,100
Natural Resources, Parks & Recreation	17	659,341
Open Space	0	0
Solid Waste	0	0
Cultural Resources	3	0
Neighborhood Reinvestment	0	0
	38	\$775,417