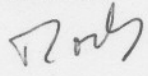


# Memo

**To:** Cindy Gust-Jenson, City Council Executive Director

**From:** Rocky Fluhart, Chief Administrative Officer 

**Date:** October 18, 2005

**CC:** Louis Zunguze, Community Development Director  
Brent Wilde, Community Development Deputy Director  
LuAnn Clark, Housing & Neighborhood Development Director

**Re:** CIP Adoption Recommendations

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The Administration and Council Staffs recently met with Tom Pippin of BBC Consulting and Anne Wescott from Galena Consulting to discuss unresolved issues related to the Council's adoption of the revised impact fees. At that meeting the consultants provided the following four options:

1. Adopt the 20 Year Capital Improvement Plan as currently proposed, and adopt the impact fees as proposed.
2. Eliminate specific projects from the 20 Year CIP that are unlikely to be funded and recalculate the maximum allowable impact fee accordingly.
3. Prepare an alternate CIP based on a shorter time frame, fiscally constrained by the amount of revenue projected to be spent on General Fund capital infrastructure over that time frame; recalculate the maximum allowable impact fee based on the revised CIP and the growth projected for the same time period.
4. If any of the above options were determined to take some time to accomplish, adopt a 21% inflationary increase to acknowledge the increase in construction costs from the 1999-based fees. (Source: 1999-2005 Construction Cost Index History; Construction Engineering News Report), and legislate an inflation factor every following year.

The Administration Staff presented these options to the Mayor, and he is making the following recommendations:

- Prepare a 5-Year CIP that is based on a tentatively projected list of capital projects to be funded within that timeframe and fiscally constrained by an annual CIP investment goal estimated at 9% of General Fund revenues;
- Keep the 20-Year CIP Inventory as a planning document to project the capital projects that have been identified for consideration in the City's long-range capital planning; and
- If a decision on impact fees is not to be reached by the end of the year, the Council could consider adopting the 21% inflationary adjustment to ensure that impact fees being collected are commensurate with current construction costs.

The Administration has always strived to meet the current policy to fund Capital Improvement Projects at 9% funding level whenever possible, and we will continue to do so. However, the 9% figure should be used solely as a guide for planning purposes as the Council will continue to need flexibility to use all funding available to pay for other critical services and needs that may arise.

If the Council agrees with the Mayor's recommendation, the Administration proposes that we request BBC and Galena Consulting to prepare a 5-Year Capital Improvement Plan and recalculate the resulting impact fees. The consultants have stated that the work could be completed within 30-45 days. The revised Capital Improvement Plan and impact fee analysis could be presented to the Council in early December for final consideration. The estimated cost for these revisions is \$7,500, depending on the scope of work requested.

The Administration and consultants are prepared to discuss this matter on Thursday, October 20, 2005.