

Summary:

The Capital Budget authorizes and provides the basis for control of expenditures for the acquisition and construction of capital facilities. It is the intent of the Finance Department and City Management to have capital improvement projects completed within the scope provided by capital improvement funds. As capital improvements projects are completed, the facilities are funded in the Operating Budget. The 2014-15 City capital budget, including transfers out, totals \$3,587,000 and includes projects in such programs as city facilities, street overlays, parks, traffic, and drainage.

Policy:

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds or Trust Funds. Although Capital Project Funds may be used for the acquisition of furniture, fixtures, machinery, and equipment; these funds are usually reserved for major facility construction and improvements or may be used for individual items that together form a larger project expenditure group.

Capital assets (including infrastructure) greater than \$5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Items that are usually placed in the Capital Projects funds normally have costs in excess of the \$15,000 to \$20,000 range.

Capital assets which may include public domain (infrastructure) general capital assets, cover certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks, medians, sewer and storm drains.

The City's Capital Improvement Plan (CIP) identifies each proposed project, the year the project starts, and the proposed method of financing. The City will actively pursue grant and other outside funding sources for all capital improvement projects.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statement of the proprietary funds.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Revenue Sources:

General Capital Improvement Fund (Fund 261) - Projects identified under this fund cover general City improvements and receive their funding from a Transfer-in from the General Fund, Utility Users Tax, Technology Enhancement Fees, Developer Fees and various Grants. Continued into FY 14-15, the FY 14-15 General Fund Transfer-in to the Capital Fund was not made. As the economy begins to rebound, conditions should improve to allow the City to begin making the General Fund transfer with City Council approval. Historical note: Prior to FY 03-04, the City practice has been to allocate 19% of sales tax revenue to assist in the funding of general city capital improvement projects (CIP); however, to help reduce the deficit, this allocation was reduced to 5% in FY 03-04 and to no (0%) sales tax dedication for FY 04-05. Starting in FY 05-06 the funding for general city capital projects came directly as a \$400,000 Transfer-in from the General Fund instead of an off-set from sales tax. This was done so that sales tax would start being recorded as "actual amounts received" versus an adjustment figure net of a % transferred to capital. The \$400,000 value was a match to the last 5% contribution amount presented in FY 03-04. It was hoped that as revenue improved higher levels would be made in the outgoing years. In FY 08-09 the transfer had climbed to \$552,500 before being impacted, once again, by poor economic conditions. As an additional general fund cost saving measure, the \$400,000 Measure Y transfer was not made in FY 09-10 and will also not be made in FY 10-11. Historical note: The annual \$400,000 transfer was supported by the Utility Users Tax and was approved by voters in November 1999 as Measure Y. When economic conditions permitted, this \$400,000 transfer was used to cover additional Parks, Recreation and Library projects. Although conditions have improved, the City continues to take cautious steps forward into FY 14-15

Revenue Sources (continued):General Capital Improvement Fund (Fund 261) (Continued)

The other Fund 261 revenue sources of Technology Enhancement Fees, Developer Fees, and various Grants vary depending upon level of development activity and availability of various grant resources in each fiscal year.

Measure J 1% Sales Tax (Fund 260) - On November 8, 2011 Palm Springs voters approved Measure J, a local revenue measure to maintain local community services and economically revitalize our Downtown. Measure J is a 1% sales tax increase.

Gas Tax Fund (Fund 133) - Projects under this fund cover street maintenance and street improvements only. The revenue is received from the State of California and other sources.

Measure A Improvements Fund (Fund 134) - Projects under this fund cover street maintenance and street improvements only. The revenue is received from the State of California from a special 1/2% sales tax.

Drainage Construction Fund (Fund 135) - Revenue is received from fees assessed on new construction for the purpose of building and maintaining a drainage and flood control system within the City.

Parking Fund (Fund 132) - A General Fund supported bond issue and minor miscellaneous. Parking revenue provided funding for various City parking lots and the downtown parking structure built during FY 01-02 & FY 02-03.

Quimby Act Fees (Fund 152) - Revenue is received from Quimby Act Park Fees which are intended to pay for future park and recreational facilities. As funding dollars are not always known, these projects are often not budgeted or identified until actual dollars are received.

Airport Fund/Special Capital Projects (Fund 416) - Special Capital Projects funding for the Palm Springs International Airport is used for capital projects related to the airport. Revenue is received from an airline landing fee surcharge. This includes equipment purchases, crack filling, furniture, fixtures and equipment for the new hold rooms, public parking control gates, road way finding signage and terminal furniture replacement.

Airport Fund/Federal Grants (Fund 416) - Revenue is received from Federal Grants (FAA) and used to rehabilitate and remodel the Palm Springs International Airport.

Wastewater Treatment Fund (Fund 420) - Revenue for this fund is not subsidized by general operating revenues of the City and is fully privatized. The treatment plant operations were privatized in September 1999, and are managed with a contract between the City of Palm Springs and Veolia Water North America - West, LLC.

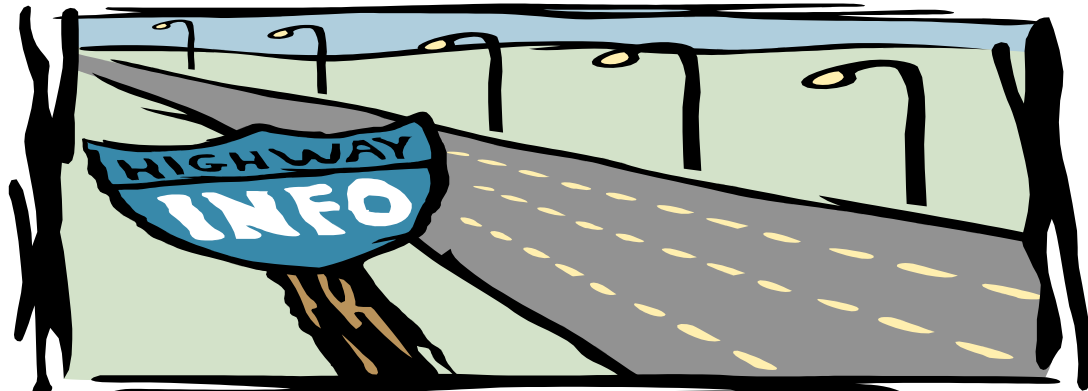
CAPITAL IMPROVEMENT PLAN (CIP)

PROGRAM DETAIL

The 2014-2015 City Capital Budget, including transfers out, totals \$3,587,500 and may include such projects as city facilities, parks, streets overlays, traffic and drainage.

NAME OF PROJECTS & REVENUE SOURCES	Fund 261	Fund 133	Fund 134	Fund 135	Total
	Capital Improve	Gas Tax	Measure A	Drainage All	CIP Plan
General Fund Transfers (\$0.00)	*				
Measure Y Revenue- Parks (\$0.00) :	*				
Measure Y Revenue - Library (\$0.00) :	*				
Auditing (Required)		1,750			
ADA Ramp Repair		50,000			
Prop 42 Replacement		492,341			
Unscheduled Capital Programs Fund 133		45,409	849,865		
Asphalt Overlay (Slurry Seal)			500,000		
Mid-Valley Parkway (Reimbursement)			10,422		
Burb & Gutter - Citywide			50,000		
Bogert Trail Bridge Repair			214,490		
SB 821 Sidewalk 13-14			30,000		
Vista Chino Bridge @ White Water			34,000		
Alejo Road @ Indian Street Bridge			34,000		
East Palm Canyon @ Palm Canyon Wash Bridge			34,000		
Jefferson Exchange (4.9% Local 24% Cost Share CVAG)			240,223		
Ramon Road Pavement Rehabilitation			51,000		
Levee Construction - Tahquitz Creek Levee				100,000	
Storm Drain Construction - Line 9				250,000	
TOTAL CAPITAL PROJECTS	0	589,500	2,048,000	350,000	2,987,500
Transfers Out:					
To General Fund for Street Maintenance		600,000			600,000
TOTAL CAPITAL PROJECTS INCLUDING PROJ. COVERED BY TRANSFERS OUT	0	1,189,500	2,048,000	350,000	3,587,500

*As part of the general fund deficit reduction measures General Fund transfers to the Capital Fund and Measure Y departments were not made for FY 14-15.



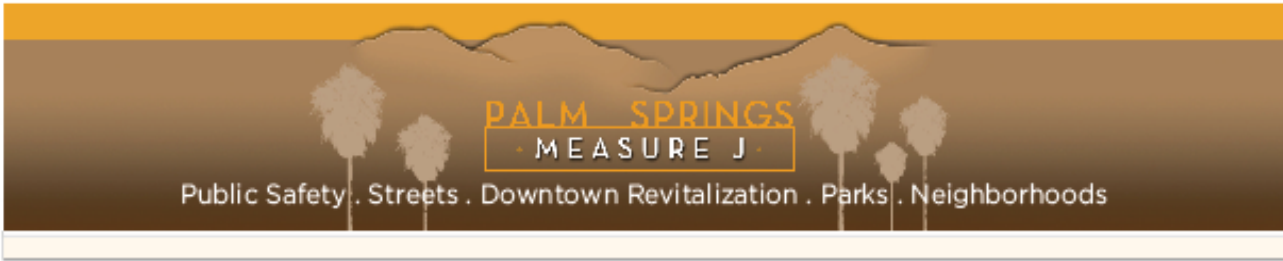
CAPITAL IMPROVEMENT PLAN (CIP)

ENTERPRISE FUNDS

NAME OF PROJECTS		Fund 416 Airport	Fund 420 Wastewater Treatment
1	AIP 52 - (Included matching revenue)*	12,600,000	
2	Sustainability Landscaping Conversion Phase I	950,000	
3	Vehicle Replacement	155,000	
4	Unscheduled Capital	1,228,000	
5	Digester Dome		310,000
6	Sludge Centrifuge		175,000
7	Prim Effluent Pump Station		1,200,000
8	Headworks Improvement		2,000,000
9	Primary Clarifier		3,450,000
10	Levee Construction - Tahquitz Creek Levee		100,000
11	SUB TOTAL	14,933,000	7,235,000
25	TOTAL CAPITAL PROJECTS	14,933,000	7,235,000
Transfers In:			
26	From Airport Operations	3,578,000	
27	AMOUNT PROVIDED BY FEDERAL GRANT	11,340,000	0
28	AMOUNT PROV. BY FUND REVENUES OR RESERVES	15,000	7,235,000

* \$11,340,000 Federal Grant = \$1,260,000 matching Revenue = \$12,600,000)





Desert Fashion Plaza Project Milestones

City and Developer open escrow for parking structure, streets, and museum expansion parcels	January 2
Developer contracts with architect to prepare plans	January 5
Demolition of Bank of America building commences	January 26
Demolition of Bank of America building completed	February 28
Oversight Committee appointed by City Council	March 21
Measure J Sales Tax becomes effective	April 1
Close of Bond Financing, Close of Acquisition Escrow, recordation and delivery of documents	May 1
Developer submits application for Major Architectural Approval of First Building	June 1
Design, Review and Approval of Project Architecture occurs; final building to be submitted for approval by October	May-December 2012
Plan check complete and Building Permits issued for all buildings	Mid-2013
Demolition of the remainder of the Mall	August 2013
Phase I Completion	December 2014

Measure J - Fund 260

	<u>FY 2013-14</u> <u>Projected</u>	<u>FY 2014-15</u> <u>Preliminary</u>
Projected Beginning Balance	<u>\$9,788,824</u>	<u>\$1,978,686</u>
Revenue	\$11,000,000	\$11,000,000
Bond Payments	3,200,000	3,200,000
Downtown Maint & Other Expenses	388,043	400,000
Projects - Committed and in-Progress:		
12-13 and 13-14 Single Year Projects	11,653,428	
14-15 Single Year Projects		TBD
Multi-Year Projects:		
iHub Accelerator Campus	500,000	250,000
Architecture and Design Museum	566,667	283,333
PSHS Auditorium Remodel	291,000	291,000
Property Acquisition (near Chino Cone)	1,000,000	1,000,000
Tahquitz Median	1,030,000	1,030,000
Arnico Tract	181,000	279,000
Total Expenses and Transfers Out	<u>\$18,810,138</u>	<u>\$6,733,333</u>
Unallocated Projects / Reserves	0	6,245,353
Projected Ending Balance	<u>\$1,978,686</u>	<u>\$0</u>



**Palm Springs City Council Approved Projects for the Use of Measure J Funds
Fiscal Year 2013-14**

The following projects were recommended by the Measure J Commission and approved by the City Council with fiscal year 2013-14 funding.

<u>Project Expense Budget:</u>	<u>Approved</u>
1. Welwood Murray Library Renovation	582,446
2. Uptown Crosswalk Project (addition to FY 12-13 allocation)	126,000
3. iHub Accelerator Campus	* 500,000
4. Architecture and Design Museum	* 283,334
5. Firefighting Support Unit	350,000
6. Downtown Palm Springs Development	365,000
7. Swim Center Deck	180,000
8. Swim Center Underwater Lights	12,000
9. Bike Crossing at Date Palm (50% paid by Cathedral City)	15,000
10. Shade Cover at Mizell Senior Center	25,000
11. Trailhead Waste	5,000
12. Airport Backup Generator (50% paid by Airport)	62,500
13. Security Cameras at Park Restrooms	75,000
14. Baristo Sidewalk	25,000
15. Palm Springs High School Auditorium Remodel	* 291,000
16. Visitor's Center Landscaping	25,000
17. Library Computers	47,800
18. Library Planning	150,000
19. Property Acquisition (near Chino Cone)	* 1,000,000
20. JO Jessie DHUC - Gym Air Conditioning	175,000
21. entry Way Signs	150,000
22. Police Dept. Training Center Upgrades	100,000
23. Building Dept. Microfilm to Internet	110,000
24. Veteran's Memorial	12,960
25. Police Dept. Records Area - Redesign and Renovate	250,000
26. NMTP / Biking Issues	1,004,544
27. Debt Service	3,200,000
28. Downtown Maintenance and Other Expenses	275,000
29. Tahquitz Creek Master Plan	300,000
30. Police Dept. - Repave Rear and Front Parking Lots	300,000
31. Fire Station #4 Roof Replacement	20,000
32. Fire Station #4 Chiller Replacement	60,000
33. Police Dept. Initial Design - Remodel Building	100,000
34. Fire Station Security Cameras	27,000
35. Fire Stations Keyless Entry Systems	50,000
36. Uptown Treewell Irrigation System	45,000
37. Village Green Improvement	50,000
38. Pavillion Gymnasium Floor Repair and Refinish	30,000
39. City Hall Security Design and Installation	100,000
40. Arnico Tract Sewer Improvements	181,000
42. Street Repair	1,000,000
43. City Hall Parking Lot - Resurfacing	700,000
44. Lighting - Replace Underground Electrical, Phase Two	800,000
TOTAL PROJECT EXPENSE BUDGET	13,160,584

* These projects were approved with multi-year funding. Please see chart on next page.

**Palm Springs City Council Approved Projects for the Use of Measure J Funds
Fiscal Year 2013-14**

Several projects recommended by the Measure J Commission and approved by the City Council included funding for multiple years. The table lists those projects, along with approved amounts and in what fiscal year those allocations occur.

<u>Project Name</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
iHub Accelerator Campus	500,000	250,000	250,000
Architecture & Design Museum	283,334	283,333	283,333
PSHS Auditorium Remodel	291,000	291,000	0
Property Acquisition (near Chino Cone)	1,000,000	1,000,000	1,000,000

** These projects were approved with multi-year funding. Please see chart on next page.*