

October 14,2022

Re: Capital Summary Letter-2023 Recommended Budget

Members of City Council:

Each year, the City of Grand Junction invests a significant portion of the annual budget in capital improvements in the community. Through the continued assessment of the condition of City assets and a series of long-term capital and financial funding plans, the City of Grand Junction ensures that existing infrastructure is adequately maintained, and that future infrastructure is constructed in a fiscally responsible manner.

With the authorization from voters for the First Responder Tax and the issuance of debt for transportation expansion projects, the City has used those resources on critical capital projects including Fire Station 6, Fire Station 8, and transportation projects. These resources together with 0.75% sales tax, and utility enterprise funding, the 2023 Recommended budget plans for investing \$66.7 million in capital improvements in the community.

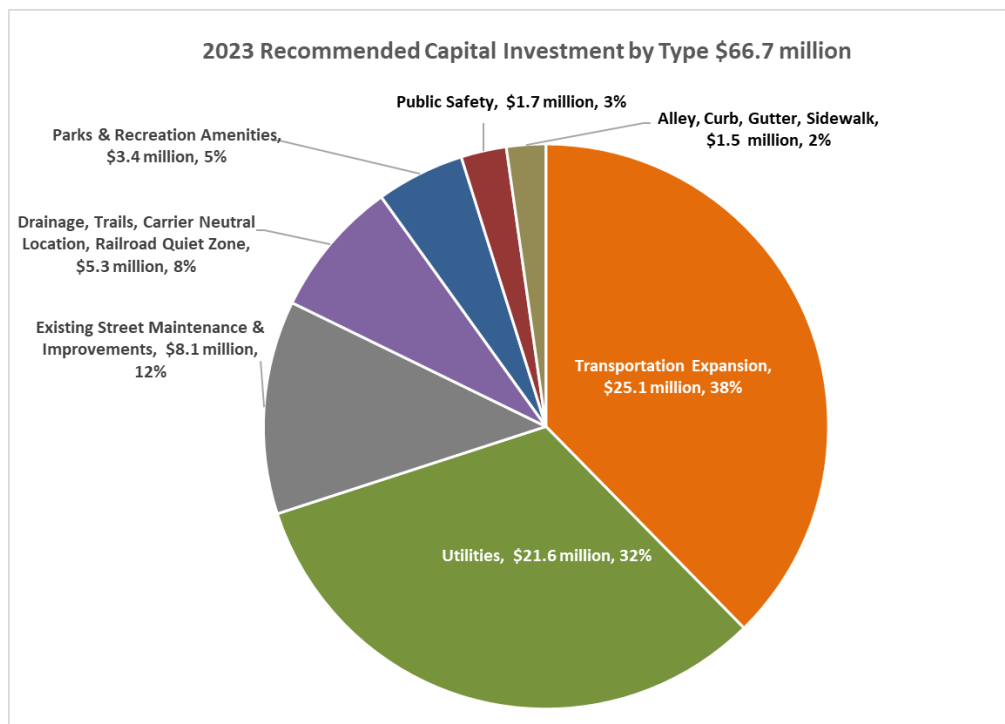
Capital Improvement Plan

Although the City continues to make significant capital investment on an annual basis, the amount of resources available in one year are not sufficient to fund all identified capital needs, also some projects are not needed today. As a result, staff has developed a Capital Improvement Plan (Plan) that identifies and prioritizes projects based on direction provided by the Council's strategic priorities. The Plan is balanced with projects planned in the next five years and projects past the five-year mark are identified and listed in order to be considered for future planning purposes.

Although the City has the multiple year planning document, City Council approves only the first year of the capital plan in the annual adoption of the budget. Recommended capital spending by type for 2023 includes \$25.1 million in transportation expansion projects, \$21.6 million in utilities infrastructure, \$8.1 million in existing street maintenance and improvements, \$5.3 million in other projects including drainage, trails, carrier neutral location, and quiet zone, \$3.4 million in parks and recreation amenities, \$1.7 million in public safety, and \$1.5 million for alley, curb, gutter, and sidewalks.

At the end of this letter there is a table of terms that may be helpful when reviewing the capital information as well as the following attachments that provide detail listing and descriptions of projects as well as the Plan:

- **Attachment A** – 2023 Recommended Capital Projects Listing (by fund, by department)
- **Attachment B** – 2023 Recommended Capital Project Descriptions
- **Attachment C** – Capital Plan



0.75% Sales Tax Capital and Other Revenues for Capital

The major source of revenue for general government capital projects is the 0.75% City sales and use tax which is projected to generate approximately \$18.3 million in 2023. The City has annual debt service and reoccurring expenses funded from the 0.75% sales tax for debt service for transportation expansion and the lease payment for the public safety buildings, economic development funding, and contributions to the Downtown Development Authority for Las Colonias Park and Grand Junction Convention Center improvements, and annual street maintenance. After these reoccurring expenses there is \$8.1 million available for new annual projects from this funding source.

Another source of revenue are funds that are restricted to specific uses including Parkland Expansion (from impact fees) and Conservation Trust Funds which are lottery funds disbursed through the State. Parkland expansion fees currently generate approximately \$990,000 per year for those park development projects. Some Conservation Trust Funds are dedicated annually for the Suplezio Field/Stocker Stadium lease payments and the Golf Course irrigation loan. After these expenses, the parks and lottery revenues provide another \$380,000 each year for dedication to parks projects. Finally, the City has historically been successful at leveraging limited resources to obtain significant grant funding for capital projects. In the last five years and into 2022, the City has been awarded approximately \$19.5 million in grant funds for use on general government capital projects.

Voter authorized taxes and revenues will contribute significantly toward furthering the City's general government capital plan as well. The First Responder Tax which began in 2020 has funded the capital construction of two additional fire stations and associated fleet/equipment for response vehicles with the third station planned for 2024. The First Responder Tax also has funded capital expansion improvements to the Police Department and addition of patrol vehicles. In 2023 specifically the FRT will be used for capital project to fund land acquisition and the ladder truck equipment and ambulance of the third station.

2023 Recommended Budget 0.75% Capital Fund Highlights

The 2023 capital investment plan for 0.75% sales tax fund totals \$30.6 million which includes debt service for already completed projects and reoccurring expenses as well as new projects. New projects total \$17.8 million invested in a diverse scope of projects that span across the community. Improvements include streets, public safety, outdoor recreation, trails, safe routes to schools, curb, gutter, and sidewalks. Below are highlights of 2023 projects:

- **\$3.5 million** – Street maintenance
- **\$2.2 million** – North Avenue Enhanced Transit Corridor (\$1.35M CDOT funding)
- **\$1.2 million** – Canyon View Parking Lot Renovations
- **\$900,000** – Major alley improvements (\$430,000 alley assessment revenue)
- **\$700,000** – 4th & 5th Street Design and Improvements (year 1 of 5, \$4.1M total project)
- **\$620,000** – Union Pacific Railroad Downtown Quiet Zone
- **\$500,000** – Asphalt Trail Replacements (Parkland Fund; year 2 of 4, \$1.5M total project)

Transportation Capacity

The ability to move around the community with relative ease is important to maintaining the quality of life and expanding the existing transportation system is needed to address the influx of people moving to the community and the growth in residential developments. The Transportation Capacity Fund is designed to fund the expansion of the transportation infrastructure; however, the needs have significantly outpaced the resources.

The source of revenue for the transportation capacity fund is primarily transportation capacity payment impact fees (TCP Fees). In 2019 City Council adopted 75% of the recommended impact fee with a 4-year, bi-annual implementation period. 2023 is the final year of implementation and according to the adopted ordinance, beginning January 1, 2023, an inflationary calculation is added to the fee. In addition to the change in TCP fees, the voter authorization in November of 2019, to issue \$70 million in debt for specific transportation expansion projects, will allow the City to complete much needed expansion over the next five years. The \$70 million in debt will be paid with 0.75% sales tax revenues. \$50 million of the authorized debt was issued in 2020, and the proceeds are still being used for expansion projects. The additional \$20 million in debt is expected to be issued in 2024.

2023 Recommended Budget Transportation Capacity Fund Highlights

The 2023 Recommended Budget for the Transportation Capacity Fund totals \$25.1 million in projects, highlighted by the following.

- **\$9.0 million** – F ½ Parkway, Market to Patterson (\$17M total)
- **\$2.9 million** – B ½ Road, 29 Road to 29 ½ Road
- **\$2.9 million** – D ½ Road, 29 Road to 30 Road
- **\$2.6 million** – F ½ Parkway, 23 ½ Road to 24 Road
- **\$2.5 million** – Crosby Avenue, 25 ½ Road to Main Street

Drainage Fund

The Drainage Fund receives approximately \$15,000 each year from development activity fees. Most drainage projects require a transfer of 0.75% Capital funds in order to complete a project. This is the case in 2023 for

\$1,500,000 planned for replacement of an aging, undersized facility before the development of Three Arrows and a signalized intersection is built.

Grand Junction Regional Communications Center Fund

Communications Center capital is funded by the E911 Surcharge that is charged on phone lines addressed within Mesa County. In 2023 \$530,000 is planned for microwave replacements at tower sites as well as 800 MHZ system improvements. Between 2024 and 2027, \$5.9 million is planned in capital improvements for a backup communication center and training center, 9-1-1 telephone upgrade, and workstation and console replacement.

Enterprise Funds

Each year the City makes a significant capital investment in utility infrastructure in our water and sewer enterprise operations. The capital improvements and replacements to the treatment plants and collection systems are funded by user fees through the issuance of debt or funds accumulated into the reserves over a period of time. The capital improvement plan for the utility funds is included in the utility funds long term financial plans that are developed with the assistance of outside industry consultants through a rate study every few years.

In 2023, the Water Services Division has \$3.7 million planned for service line replacements, watershed ranch improvements and beginning a Gunnison River infrastructure improvement plan. Between 2024 and 2027 another five years, \$20 million will be invested in the water system including service and flow line replacements, as well as significant infrastructure improvements along the Gunnison River including conversion of two gravel pits to water storage impoundments.

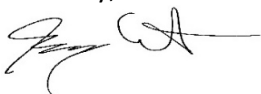
The Joint Sewer Fund will be investing \$17.9 million in 2023 for lift station elimination and rehabilitation, sewer line replacements and treatment plant expansion projects. From 2024 to 2027 another \$109.2 million is planned primarily for sewer capacity projects, sewer line replacement, and significant treatment plant expansion, improvement, and asset replacement.

In preparation for constructing a Materials Recovery Facility for the recycling operation, the Solid Waste Fund will invest \$100,000 in 2023 for a site evaluation and conceptual design study. In 2024 and 2026 it is planned to purchase a hopper refuse truck for dual stream pickup, one each year.

Capital Investments

The continued investment in the City's public infrastructure is key to ensuring the high quality of life for our residents. These are the highlights of the \$66.7 million planned capital projects in the City for 2023. The City of Grand Junction will continue to ensure that existing infrastructure is adequately maintained, and that future infrastructure is constructed in a fiscally responsible manner.

Sincerely,



Greg Caton
City Manager

Commonly Used Acronyms

CDBG	Community Development Block Grant
CDOT	Colorado Department of Transportation
CTF	Conservation Trust Fund
DOLA	Colorado Department of Local Affairs
FML	Federal Mineral Leasing
FRT	First Responder Tax
GOCO	Great Outdoors Colorado
PCI	Pavement Condition Index
PIAB	Parks Improvement Advisory Board
SRTS	Safe Routes to School