



DRAFT

CAPITAL IMPROVEMENTS PLAN

The City of Mount Vernon, Washington
2018 to 2023

Introduction



We provide professional, efficient services to create a lifetime positive difference for our community.

***2018 – 2023
Capital Improvements Plan***

Capital Improvement Program Planning

One of the more challenging aspects in land use planning is ensuring that needed public facilities are available when growth occurs. The implementation of a well-defined Capital Improvement Plan (CIP) corresponds to the land use planning of our community, whose future growth depends on the timely and orderly development of needed infrastructure. The purpose of this annual update is to demonstrate that all capital facilities servicing Mount Vernon have been addressed and that capital planning has been and continues to be conducted to meet our forecasted growth. An important part of the CIP process is to review the City's land use goals and objectives and the means to accomplish them. Currently, facility planning is keeping pace with development.

Capital Improvement Plan Activity

Viable communities depend on good infrastructure planning and financing, and only with well thought-out capital facilities plans will we be able to effectively and realistically provide for growth and a high-quality of life.

Long-range mission

Capital investments achieve several missions, the first, being the maintenance of our facilities for future use. Rehabilitation, restoration and improvements of existing facilities all ensures the avoidance of higher cost of deferred maintenance, and meets regulatory requirements.

Second, we must take advantage of opportunities as they arise to meet future needs. These are not easily projected, but are important to encourage appropriate and timely development. The CIP serves as a planning document to help us keep pace with growth and respond appropriately through infrastructure development.

Third, we must invest in infrastructure to ensure we remain competitive when the economy again expands. This includes accommodating growth in utilities that meets our comprehensive plan projections, or where growth is currently occurring. We must continue to work on transportation needs to enhance transport of goods, services and employees. These investments will encourage economic development, and this is the only way we will be able to sustain our fiscal and financial health.

Capital Improvement Plan (CIP)

The GMA requires cities and counties to approve and maintain a comprehensive plan which includes a capital facilities element, consisting of: (a) an inventory of existing capital facilities owned by public entities . . .; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities [and] identifies sources of public money for such purposes; and (e) a requirement to reassess the land

use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent.

The CIP fulfills the Growth Management Act (GMA) requirement of facilities planning; in addition, it serves as a foundation for City fiscal management and eligibility for grants and loans. It provides coordination amongst City departments in terms of planning and coordinating for capital improvements, operating plans of departmental service providers, inter-city facilities, such as the Mount Vernon School District and Skagit Transit, and facility plans of the State, the region, and adjacent local jurisdictions.

The CIP identifies the location and cost of needed facilities, and the sources of funds that will be used to fund these facilities. Projected funding capacities are evaluated, and sources of public or private funds are identified. The CIP, which is a component of the Capital Facilities Plan Element (CFP), is approved through an annual review process and incorporated into the Comprehensive Plan. Subsequently adopted amendments to the CIP are hereby incorporated by reference into the CFP. The CFP and related chapters contain or refer to LOS standards for each public service and facility type. New development is to be served by adequate services and facilities, and this planning facilitates that coordination. The CFP contains broad goals and specific financial policies that guide and implement the provision of adequate public services and facilities and we ensure through review that they are in conformity with, and implement, the goals of our Comprehensive Plan.

The GMA mandates forecasts of future needs for capital facilities and the use of standards for levels of service of facility capacity, as the basis for public facilities contained in the CFP [see RCW 36.70A.020(12)]. As a result, requested public services and facilities detailed in the CFP are based on quantifiable, objective measures of service or facilities. Mount Vernon has taken care to coordinate our land use determinations based on these quantifiable, objective measures of service or facility capacity, such as traffic volume capacity per mile of road and acres of park land per capita, or average emergency response times. Mount Vernon has, based on the requirements of RCW 36.70A.070(3)(e) assessed our land use actions based on probable funding shortfalls and have reassessed our land use decisions to meet existing needs and to ensure that the land use element, capital facilities plan element, and financing plan element are coordinated and consistent. The CIP is utilized to plan 6 years of financing that will coordinate the services needs to meet expectations that are foreseen in our comprehensive planning.

Linkage to Capital Facilities Plan

The Capital Facilities Element (CFP) is a required element of the City's Comprehensive Plan, mandated by the Washington State Growth Management Act. This Element contains goals and policies that relate to the provision and maintenance of public services and capital facilities required to adequately support anticipated growth during the next 20 years. The CFP, a 20 year planning model, includes summary information, inventories and levels of service and coordinates all the City services in one section to implement land use goals. More comprehensive consideration of the policies of Transportation, Sewer, Stormwater, Parks and Open Space,

and Utilities are found in other elements of the Comprehensive Plan. These specific elements, along with other specific land use goals established in the Land Use and Overall Economic Development Plan elements have provided a land use planning focus to this financing plan. The goals and policies of these Elements are consistent and integrated throughout the Mount Vernon Comprehensive Plan.

The CIP is incorporated by reference in the CFP and addresses the development activities undertaken by the City, to accommodate the demand for public services. The CIP is updated annually to coincide with the Council budgeting process, and includes a list of adopted and funded capital and operating projects; and identifies costs and revenues over a six (6) year period. The CIP is incorporated in the CFP, which further identifies projects that may not have approval or funding.

Requirements of Growth Management

The Growth Management Act requires that the Comprehensive Plan identify existing and future public facilities needed, to be consistent with the Land Use Element. The GMA also requires that when making land use designations, we consider services and facilities provided to residents and businesses in our UGA. It is the responsibility of the City to monitor the status of development, population projections, and employment in the City, in relation to the facility needs. An annual review and update of the CIP, which contains a list of adopted capital projects including costs and projected revenues, allows us to review, plan and coordinate in relation to land use activities, to ensure facilities are available when needed. Staff has evaluated our land use designations and has structured the infrastructure improvements recommended in the CIP to meet the anticipated development needs. We have compared zoning and availability of land, to ensure that the public facilities and services necessary to support development shall be adequate to service such development as it occurs. Based on this interdepartmental coordination we feel that the growth of the City will be addressed through this planning and is consistent with the policy statements adopted in the integrated segments of our Comprehensive Plan.

Concurrency and Levels-of-Service

One goal of the GMA is to provide public services and capital facilities, concurrently with, or prior to, development. This concept, known as “concurrency,” is also called “adequate public facilities”. In the City of Mount Vernon, concurrency requires 1) that services and facilities required to serve the development be in place at the time of development (or for some types of facilities, a financial commitment be made to provide for services and facilities within a specified time period) and 2) services and facilities required to serve the development have sufficient capacity to serve the development without decreasing the LOS below minimum standards adopted in the Capital Facilities Element. In order to make use of the LOS method, the City selects the way in which it will measure performance of each service or amount of each type of facility (i.e. response time, acres, gallons, etc.) . It also identifies the current and proposed LOS standards for each measurement. The standards adopted should be considered to reflect the quality of life against which performance of services or provisions of facilities are measured for concurrency.

The GMA specifically requires concurrency for transportation facilities. All other public services and facilities are required to be “adequate” [see RCW 19.27.097, 36.70A.020, 36.70A.030, and 58.17.110]. Concurrency management will ensure that sufficient public service and facility capacity is available for each proposed development. The city reviews this information prior to issuing permits, and mandates that these provisions are complied with and consistent with the long range planning and goals of our community. Our City has had to look at all options available on how to finance public facilities.

Financing of needed improvements has been weighed to best benefit the community as a whole. The City of Mount Vernon serves a growing community of 30,000 plus and we are projected to grow to over 47,000 in the next 20 years. An analysis of pay as we grow and pay as you use, is a difficult community issue. A single solution is not the best answer to our regional financial well-being. Our recommendation has weighed the benefit to the community in each region of impact, based on project need. Support of a viable and vibrant commercial employment center is required to keep our community well balanced. Therefore, we have incorporated the issue of current residents paying for growth, along with the need for new development to finance the facilities they require to expand. A combination, a sharing of at least part of the costs has been put together to best balance these objectives. Growth brings positive benefits and costs and an equitable distribution has been proposed to meet the community goals and provide for needed expansion in appropriate areas, to encourage a high quality of life for this community.

Conclusion

The needs of the community are best met through careful planning based on solid input. The City cannot meet all the demands of the community, since it has finite resources. Thus, integrated prioritization needs to take place to coordinate the goals and objectives of the upcoming years. We have clearly identified traditional, alternative and developer funding to meet our community needs and focus these resources to implement our land use planning and permitting actions. To coordinate this planning, staff critically evaluated all projects, and weighed and balanced priorities and needs to determine the best possible plan to meet predicted circumstances. We tailored our priorities to make sure that they clearly contribute to the accomplishment of our land use goals, and are consistent with our Comprehensive Planning.

City of Mount Vernon

2017-2022 Capital Improvements Plan Policies

A number of important policy considerations are the basis for the Capital Improvements Plan (CIP). These policies provide guidance for the financial aspects of the CIP and for the project selection process, and relate to a variety of topics including who should pay and in what proportion individuals and groups should pay. The rationale for stating these policies are to assure that all affected groups are fully aware of the Council's intent in adopting this CIP plan.

A. Relationship of the Comprehensive Plan to the CIP

The City will update its comprehensive plan on an annual basis as well as undertaking a number of other planning processes and special studies, e.g., comprehensive plan updates for the utilities, specialized transportation studies, and park planning studies. All of these planning processes provide information concerning the need for specific capital improvements throughout the City. It is the City's policy to have these planning studies directly impact the City's CIP plans that is, in effect, the embodiment of the recommendations of these individual planning studies.

B. Establishing CIP Priorities

The City will use the following basic CIP project prioritization and selection process. Departments will establish their own internal technical selection processes for recommending a prioritized list of projects to be included in the CIP. This selection process will consider ideas and suggestions received from Councilmembers, citizens, City departments, boards and commissions, and other interested groups. The basic steps include:

1. The Finance Department determines revenue projections in consultation with various revenue generating departments.
2. The Finance Department advises the Mayor and participating departments of the "general tax revenue" available to the 6 major non-utility program areas (General Government, Police, Fire, Parks, Library, Transportation, and Information Systems).
3. The Mayor meets with Department Heads to review the proposed projects from all major program areas in order to coordinate interdisciplinary project prioritization, timing and funding sources.
4. The Mayor recommends a CIP Plan to the Planning Commission.
5. The Planning Commission reviews the CIP Plan, holds a public hearing on it, makes their desired alterations, then makes a recommendation to the City Council who will then officially adopt the Plan and establish related appropriations.

C. Types of Projects Included in the CIP Plan

The CIP Plan will display, to the maximum extent possible, all major capital facilities projects in which the City is involved. It is difficult to define precisely what characteristics a project should have before it is included in the CIP Plan for the public's and City Council's review and approval. While the following criteria may be used as a general guide to distinguish among projects that should be included or excluded from the CIP Plan there are always exceptions that require management's judgment. Therefore, the Mayor will decide through whatever administrative process deemed necessary which projects should be included in the CIP Plan. Department Heads or managers are responsible for the cost estimates of their proposed programs including future maintenance and operations costs related to the implementation of completed projects and any interest costs related to the implementation of completed projects and any interest costs associated with short-term financing required by their project implementation schedules.

For purposes of the CIP plan, a CIP project is generally defined to be any project that possesses the following characteristics:

1. Exceeds an estimated cost of \$10,000;
2. Involves totally new physical construction; reconstruction: the gradual and systematic replacement of an existing system on a piecemeal basis; replacement of a major component of an existing facility, or acquisition of land or structures;
3. Involves either City funding in whole or in part, or involves no City funds but is the City's responsibility for implementing, such as a 100% grant funded project or 100% Local Facilities District funded project.

D. CIP Plan Update and Amendment

The CIP Plan will be updated annually in conjunction with the comprehensive plan. The City Council may amend the CIP Plan at any time if a decision must be made quickly and action must be taken before the next annual CIP review period.

E. Scoping and Costing Based on Pre-Design Study

It is difficult to develop accurate scopes, cost estimates, and schedules for projects on which no preliminary engineering or community contact work has been done. Hence, projects may be initially proposed and funded only for preliminary engineering and planning work. This funding will not provide any moneys to develop final plans, specifications, and estimates to purchase rights-of-way or to construct the projects. However, an estimated amount sufficient to cover these costs based on a rough preliminary estimate will generally be earmarked within the project.

F. Required Project Features and Financial Responsibility

If a proposed project will cause a direct negative impact on other publicly owned facilities, improvements to the other facilities will be required as part of the overall new project and becomes a part of the new project's overall cost.

G. LID (Local Improvement District)

In the past our policy was to "require" the formation of LIDs where local benefits to private citizens were clearly identified. (In a LID, private citizens pay project costs in proportion to the benefits that they derive from a project.) LIDs have been used in developing parts of the City's street network. Because of the imposition of new revenue sources for funding transportation capital improvements (transportation impact fees and real estate excise taxes) using LIDs as a funding source will be somewhat limited in the future.

Examples of when LIDs may be formed are as follows:

1. Where old agreements exist, committing property owners to LID participation on future projects,
2. When current development activity or very recently past development activity will have exempted these projects from the assessment of transportation impact fees,
3. When a group of property owners wish to accelerate development of certain improvements,
4. When a group of property owners desire a higher standard of improvements than the City's project contemplates, and
5. When a group of property owners request City assistance in LID formation to fund internal neighborhood transportation facilities improvements, which may or may not have City finding involved.

H. Basis for Project Appropriations

During the Council's annual CIP Plan review each year the City Council will appropriate the full estimated project cost for any project expected to begin in the current year or the next calendar year as shown in the CIP Plan. Projects proposed for pre-design studies would only have appropriations established sufficient to cover those costs. Subsequent adjustments to appropriation levels may be made by the City Council at any time.

I. Finance Director's Authority to Borrow

The Finance Director is authorized to initiate interim and long-term borrowing measures as they become necessary as identified in the current CIP Plan.

J. CIP Non-Utility Operating costs

Non-utility CIP operating costs identified in the project description, as approved by the City Council, shall have a funding plan. Preferably, General Fund Budget tax sources will not be provided for this purpose. Preferable sources of funding include new taxes or user fees.

K. Balanced CIP Plan

The CIP Plan is intended to be a balanced six year plan. Therefore for the entire six-year period revenues should be equal to funded project expenditures in the plan. However, some projects are deemed necessary and categorized as funded despite insufficient funding



estimates which are based on current rate/fee structures. In these instances rate/fee adjustments must be considered and implemented prior to proceeding with those projects. Governmental Operating Funds revenue sources must equal projected expenditures including capital projects for at least the next fiscal year. Subsequent year revenue short falls may necessitate changes in service levels as well as capital project plans and will be considered during the annual budgeting processes.

L. CIP Plan – Funded and Unfunded Projects

The goal of this plan is to identify all desired and necessary capital improvements. This means that some projects will be included despite the fact that either sufficient funding sources have not been identified or potential external funding sources have not committed funds. The CIP Plan includes both funded and unfunded projects in this document and proposed ordinance.

M. Urban Growth Area (Recommended)





This CIP is also intended to address the City's Urban Growth Area (UGA) in a comprehensive manner; the location of this UGA is shown in the enclosed map. This CIP constitutes a major step towards the City of Mount Vernon providing the full range of urban governmental services to its UGA.



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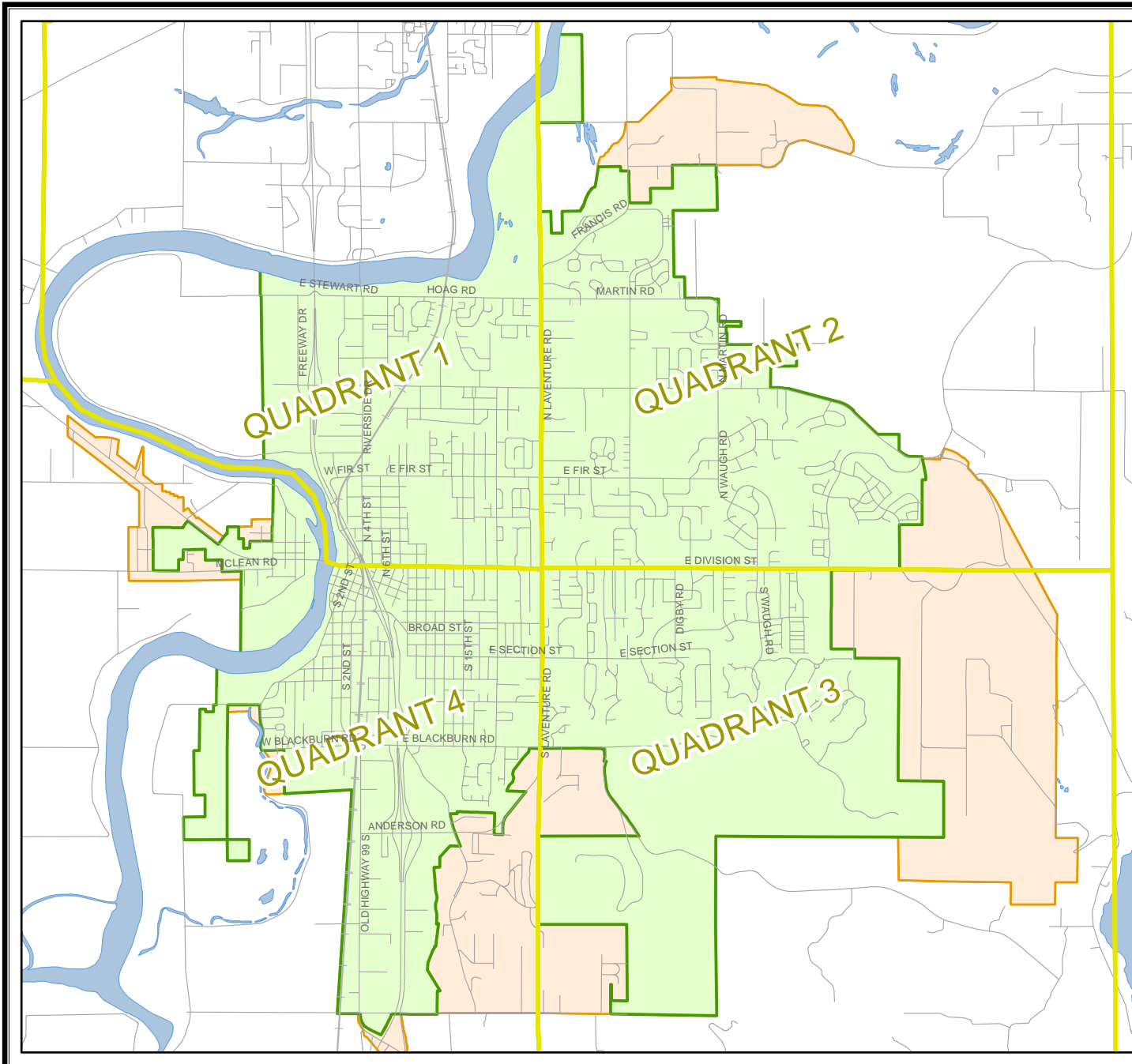
QUADRANT MAP

LEGEND

-  CIP Quadrant
-  City Limits
-  Urban Growth Area
-  Rivers and Lakes



NOT TO SCALE



CITY OF MOUNT VERNON

201 -202 CAPITAL IMPROVEMENTS PLAN

The Mount Vernon Capital Improvements Plan (CIP) presents a schedule of major public facility improvements that will be implemented within the next six year period. Project design, land acquisition and construction costs as well as the projected means of financing these costs are integral components of this Plan. The projects included in the CIP were derived from a larger list of capital projects that had been previously identified in the City of Mount Vernon's comprehensive plan and/or other planning studies. Specifically this CIP incorporates by reference the following:

1. The Skagit County coordinated Water System Plan, 1993; The Mount Vernon School District Capital Facility Plan; Skagit County County-Wide Regional Comprehensive Plan Policies; Skagit County Housing Needs Assessment, 2003; Puget Power's Skagit County GMA Draft Electric Facilities Plan, November 1992; City of Mount Vernon Parks Plan 2007; City of Mount Vernon Impact Fee Program; City of Mount Vernon Comprehensive Sewer and Combined Sewer Overflow Plans (R.W. Beck); City of Mount Vernon Comprehensive Surface Water Management Plan (R.W. Beck); City of Mount Vernon Storm Drainage Study Riverside/Freeway Basins (Bell-Walker); City of Mount Vernon 6 year Transportation Program; City of Mount Vernon Fire Department Master Plan, 2005.
2. Each of these documents contains: (a) an inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities.

Project Categories

This CIP presents only those major public improvements that are viewed as most urgently needed within the next six years. However, these public improvements will still need public hearings, environmental review, a public vote in some cases, and annual budget decisions. Projects are presented using the following ten categorical breakdowns:

Wastewater (Sanitary Sewer)	Transportation
Fire	Surfacewater (Drainage)
Parks	General Government
Library	Police
Health and Sanitation (Solid Waste)	Information Services

Quadrant Identification

In addition to the ten categories listed above, capital projects are also presented by location. The City (including urban growth areas) has been divided into 4 segments (numbered 1-4) as described below:

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- Quadrant 1 - Northwest quarter bounded by Division Street to the south; La Venture Road to the east and the city limits to the north and west.
 - Quadrant 2 - Northeast quarter bounded by La Venture Road to the west; Division Street to the south and the city limits to the north and east.
 - Quadrant 3 – Southeast quarter bonded by Division Street to the north; La Venture Road to the west and the city limits to the south and east.
 - Quadrant 4 – Southwest quarter bounded by Division Street to the north; La Venture Road to the east and the city limits to the south and west.

Most City projects, regardless of category, will be included in one of these quadrants. Projects that slightly overlap quadrant lines will be included in the quadrant where the majority of project work is to be conducted. The quadrant maps may be found in the department request detail for each category. Projects which are identified as city-wide have been assigned to quadrant “0” and are not included in the maps.

The Role of the CIP in the Operating Budget Process

The CIP is a financial planning document. It identifies estimated capital costs for public facility projects and provides an estimate of subsequent operating costs. The CIP financing plan also proposes (vs. provides) an income stream that can finance capital expenditures and the increased operating costs that may result from opening new public facilities. However, it is not until annual budget decisions are made by the City Council that the actual means of financing an item are determined and the actual dollars to be spent on capital costs and operating costs are determined, budgeted, and approved.

NOTE: 1) The City will perform its activities and make capital budget decisions in conformity with its Comprehensive Plan. RCW 36.70A.120.

2) Once developed the CIP makes the annual budget preparation process easier in that capital outlays will have already been spelled out and the dollar amounts only need be carried across to the budget. The CIP book accompanies the budget as a companion explanatory reference source.

CIP Review Process

Each year during the months of May and June a review process to update the Capital Improvements Program Plan is conducted. This process consists of a number of sequential steps:

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1. **Staff Recommended Changes:** City staff reviews the current CIP plan and suggest alterations in scope, cost, financing sources or schedule for some of the projects currently in the Plan, then a list of entirely new CIP projects is considered. Revenue estimates are developed and allocated to the major program areas for which they are targeted. The project costs are compared to available revenue and the department heads present their preliminary program to the Mayor for review after which changes may be made based on overall City goals and priorities. On the basis of this process, a CIP plan (Mayor's recommendations) is published.
 2. **City Council Project Suggestions:** The Mayor requests that each Councilmember submit project ideas and/or suggestions for staff consideration during the internal development of the CIP plan.
 3. **Staff Presentation to the City Council:** The Council receives the staff's CIP plan and begins discussing the content. Staff makes presentations detailing the Plan's content and areas of change from the previous plan.
 4. **Public Presentations and Feedback:** Staff also offers to conduct informational meetings with community groups and the general citizenry. Suggested changes to the CIP plan that arise from these sessions are forwarded to the City Council.
 5. **Public Hearings:** The Planning Commission conducts one or more public hearings at which the public may give testimony and offer suggested changes to the CIP plan.
 6. **City Council Review and Adoption:** After considering all public testimony, the Planning Commission makes a recommendation to the City Council. The City Council reviews the recommendation of the Planning Commission and makes desired alterations to the CIP Plan, adopts the ordinance and directs staff to prepare a published document containing the newly revised final CIP plan and to formally incorporate this into the City's Comprehensive Plan.

How Citizens Can Get Involved

The Mayor and the City Council require that staff seek information from the public in several areas to help design a CIP plan that truly responds to the needs of our community. Input is especially desired in the following areas:

1. **General Category Priorities:** What project categories are of highest priority? In other words, are better roads, more or better parks, or better police or fire protection facilities more important?
2. **Specific Project Priorities:** Which specific projects are most important? Which projects, if any, in our existing CIP plan are unnecessary?
3. **CIP Policies:** The CIP plan contains policy statements that are, in essence, the overall rules by which the CIP process operates. They establish the parameters for project selection and funding allocation decisions. Should any of these "rules" be altered?

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4. Financing: The Council needs citizen ideas on CIP financing. Can additional revenue sources be suggested that should or should not be used?

There are a number of ways that citizens and community groups may provide this information. They can testify at the public hearings, respond to a questionnaire, write letters, telephone specific staff members, and/or make personal contact with staff or individual Councilmembers.

Prioritizing

The variables considered when determining a particular project priority may change with each project. Comparing priorities among different types of projects becomes a difficult task. Departments could be instructed to evaluate and prioritize their capital projects based on the following:

- Relationship to departmental goals and facility plans
- Relationship to recognized city-wide plans (i.e. comprehensive plan) and Council policies
- Cost effectiveness
- Full cost of project, including operating and maintenance costs
- Impact of level and quality of services to the public

These criteria, while valid, do not provide data on each project that can be accurately computed from project to project. Other factors to take into account when prioritizing might include:

- Interagency agreements
- Emergency needs
- Funding availability in a particular category
- Unusual or unexpected opportunities

In addition, a second look for related projects among the categories might suggest priority adjustments to facilitate time-and-money-saving coordination of two or more projects.

The careful questioning and probing of proposals helps assure that projects are clearly justifiable. In some cases, more appropriate alternatives may be identified. The effect of delay or deferral of a particular project can be carefully examined.

CIP Revenue and Funding Sources