

CAPITAL INVESTMENTS PLAN

INTRODUCTION

The 2007-2011 CIP plays a key role in the City of Dover where an aging infrastructure and a growing community demanding expansion exist. This CIP reflects the City's commitment to orderly expansion, staying current with technology, improving infrastructure, and planning for our future. The CIP proposes spending \$115 million over the next five years.

The CIP reflects the emphasis we gave over the last three fiscal years to strategic planning. In a series of meetings with Council, department heads, and other City employees, we have developed a vision, mission, and critical success factors for the City over the next two years. We want to be a clean and safe community with a future of balanced growth and opportunity where all citizens are heard, enjoy a high quality of life, and diversity is valued. We believe this CIP supports that by providing improvements to our parks and recreational facilities; supporting our police and fire services; and maintaining our streets and infrastructure. Copies of the strategic plan may be obtained from the City Manager's office.

The 2007 CIP totals \$12.8 million, an increase of approximately \$700,000 over the 2006 CIP. The 2007 CIP also contains proposed vehicle/equipment purchases of \$1 million.

General Fund projects in the CIP include the annual Street and Alley Program; a Citywide Voice Over Internet Protocol (VoIP) Phone System; construction of the John W. Pitts Recreation Center; purchase of communications equipment and radios for the Fire Department; continuation of the Citywide GIS System; implementation of a Space Needs Study; and dredging of Mirror Lake.

In the Water/Wastewater Fund, projects include continuation of the meter reading technology upgrade; continued work on improving water quality and inflow infiltration; and replacement of the Cheswold Well (#8).

Electric projects include improvement to Governors Avenue; relocation and rebuilding of a 69 KV line on Dover Downs property; replacement of the transformer at Lebanon Substation; continuation of the 69 KV Feeders 3 and 4 project; continuation of a Radio Read Meter Change Out Program and continuation of New Development/Upgrade projects.

The 69 KV Feeders 3 and 4 will install feeders from Cartanza Substation to the existing 69 KV loop and will be built in phases. Land acquisition and design specification began in Fiscal Year 2006 with major work and expense occurring from Fiscal Year 2008 through Fiscal Year 2011. This project will insure reliability to our customers. The Governors Avenue Rebuild project is part of a DelDOT road improvement project. All utility poles and wires will be replaced with underground equipment. This project will be partly reimbursed by the State.

Vehicular purchases for 2007 are budgeted at \$1,038,377. Major vehicular purchases include 13 Police Department vehicles; a Streets dump truck and leaf vacuum truck; and a wing mower for Grounds Maintenance.

DEFINITION

The Capital Investments Plan (CIP) is strictly a planning document designed to coordinate and communicate the City's capital requirements for the next five years. It should be utilized as a guide, not a final commitment. Funding is committed only when City Council approves the project or equipment purchase in an operating budget.

The City prepares a five-year CIP annually. This is in accordance with financial policies. This method provides for the orderly maintenance, replacement, and expansion of the City's capital assets.

With the CIP, emphasis and importance was placed on the process in order to provide a more orderly and comprehensive plan. Departments were encouraged to include all possible projects for consideration. Each request was reviewed in-depth and discussed in terms of priority and feasibility. The draft CIP was reviewed by Council during the budget review process in May. This approach allows for fewer revisions.

A schedule called "2007 CIP by Revenue Sources and Funds" is provided on Pages 118 and 119. This schedule provides a comparison of the Fiscal Year 2006 capital budget to the proposed Fiscal Year 2007 CIP.

All vehicles requested for replacement were inspected by Fleet Maintenance staff. Each vehicle's brake system, fuel system, suspension, steering mechanism, coupling devices, and operating systems were checked for condition and rated good, fair, or poor. Repair estimates were also included if any of the vehicle systems required maintenance. Any vehicles with a rating of good or fair were not replaced.

CRITERIA

Capital outlays are major projects undertaken by the City that generally fit within one or more of the following categories:

- All projects requiring debt obligation or borrowing
- Any acquisition or lease of land
- Purchase of major equipment and vehicles ordered in excess of \$25,000 with a life expectancy of five years or more
- Construction of new buildings or facilities including engineering, design, and other pre-construction costs with an estimated cost in excess of \$25,000
- Major building improvements that are not routine expenses and that substantially enhance the value of a structure
- Major equipment or furnishings required to furnish new buildings or other projects
- Major projects that are generally not recurring on a "year in, year out" basis
- Projects costing more than \$1,000 but less than \$25,000 are included with the operating budget (minor capital).

CAPITAL INVESTMENTS PLAN'S IMPACT ON OPERATING BUDGET

An important consideration in any CIP is its impact on the operating budget. The Fiscal Year 2007 capital budget is funded primarily from operating and reserve funds totaling \$9.2 million. Please refer to the table on the following page for projections of impact to operating budgets over the next five years by project. Because some capital investments are funded from general obligation and revenue bonds, the greatest impact on the operating budget is payment of debt service. The debt service for Fiscal Year 2006 is approximately \$4.2 million. In addition, completed projects may have operational costs such as maintenance, utilities, and manpower. In some cases, operational efficiencies result from capital projects that decrease costs in the operating budget. In the Capital Investments Plan description section, operation costs (savings) are shown for each project by year under "Impact on Operating Budget." A section, "Explanation of Impact on Operating Budget", is included to discuss and clarify what the impact of the project is anticipated to be. A summary of each project's "Impact on Operating Budget" follows in the next table.

IMPACT ON OPERATING BUDGET FOR CIP 2007-2011

Project Begins	Project Name	2007	2008	2009	2010	2011
2007	Citywide Fiber Optic Network Telephone	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
2007	Communications Equipment and Radios	5,000	5,000	5,000	5,000	5,000
2007	Develop Strategy and Implement GIS	6,500	6,500	6,500	6,500	12,500
2007	Fire Investigations Unit	500	500	500	500	500
2007	Itron Mobile Collection System	4,284	4,692	5,100	5,508	5,916
2007	John W. Pitts Recreation Center		200,000	286,855	295,460	304,324
2007	Replacement Library	-	-	-	168,144	173,225
2008	Citywide Document Imaging System	-	6,500	6,500	6,500	6,500
2008	Implement Citywide Fleet Management System	-	-	5,400	5,400	5,400
2008	Outage Answering Service	-	10,643	10,643	10,643	10,643
2008	Playground Equipment Purchase Program	-	300	300	300	300
2008	Replace iSeries System	-	-	15,000	15,000	15,000
2009	Citywide Security System	-	-	-	2,500	2,500
2010	10K Forklift	-	-	-	-	500
2011	Spash Pad at Schutte Park	-	-	-	-	20,000
		-	-	-	-	-
	Total Impact on Operating Budget	4,284	222,135	329,798	509,455	550,308