OVERVIEW

The Montana Legislature has passed legislation which allows a municipality to set aside a portion of its general all-purpose levy for replacement and acquisition of property, plant or equipment costing in excess of five thousand dollars ($5,000.00) with a life expectancy of five (5) years or more.

To set up a capital improvement *fund* the City is required to formally adopt a *Capital Improvement Program* (CIP). The main advantage of this method of financing is that funds can be earmarked and carried from one year to the next. If it is recognized that renovation of a public building will be needed in five years, an amount can be set aside annually so the project can be funded at the end of five years. The CIP fund also allows a project to be done in phases, with funds allocated for architectural planning the first year and construction in later years.

The Capital Improvement Program is a 5-year planning document designed to guide decisions concerning capital expenditures and not cast in stone. This is a planning document and, as for all planning documents, it is subject to revision in order to reflect changes in community needs and service requirements, environmental factors and Council priorities. The first year of the Plan is intended to accurately reflect that year's anticipated appropriation for major capital projects and is called the *Capital Budget.* The subsequent four years represent an anticipated capital need during the period as submitted by Department Heads. The CIP must be reviewed and revised each year in order to add new projects and revise priorities.

The process of determining major capital needs and establishing a financial program extending beyond the annual budget encourages department managers to examine long-range needs and allows the City to develop more coherent city-wide fiscal policies. The CIP provides a basis to compare and rank projects and provides opportunities to explore alternate funding sources, since most capital improvement requests exceed the available revenues. The Council will be requested from time to time to make revisions to the plan. Staff, as well as Council members, may develop these requests themselves.

The capital budget is separate and distinct from the City's operating budget for several reasons. First, capital outlays reflect non-recurring capital improvements rather than ongoing expenses. Where possible, capital projects are funded from nonrecurring funding sources such as debt proceeds and grants; these one-time revenue sources are not appropriate funding sources for recurring operating expenses. Second, capital projects tend to be of high cost in nature, requiring more stringent control and accountability. To provide direction for the capital program, the City Council has adopted policies relating to the Capital Improvement Program and the Capital Budget, which are discussed later in this section.

CIP PURPOSE

The purposes of setting up a five- (5) year Capital Improvement Program are:

- To ease the review of the annual capital budget through a uniform process.
- To broaden public participation in the budget process by providing documentation and scheduling hearings early in the process.
- To link capital budgets with the strategic plans, adopted policies, and other plans.
- To link capital expenditures with operating budgets.
- To increase coordination between departments, agencies, and other political jurisdictions.

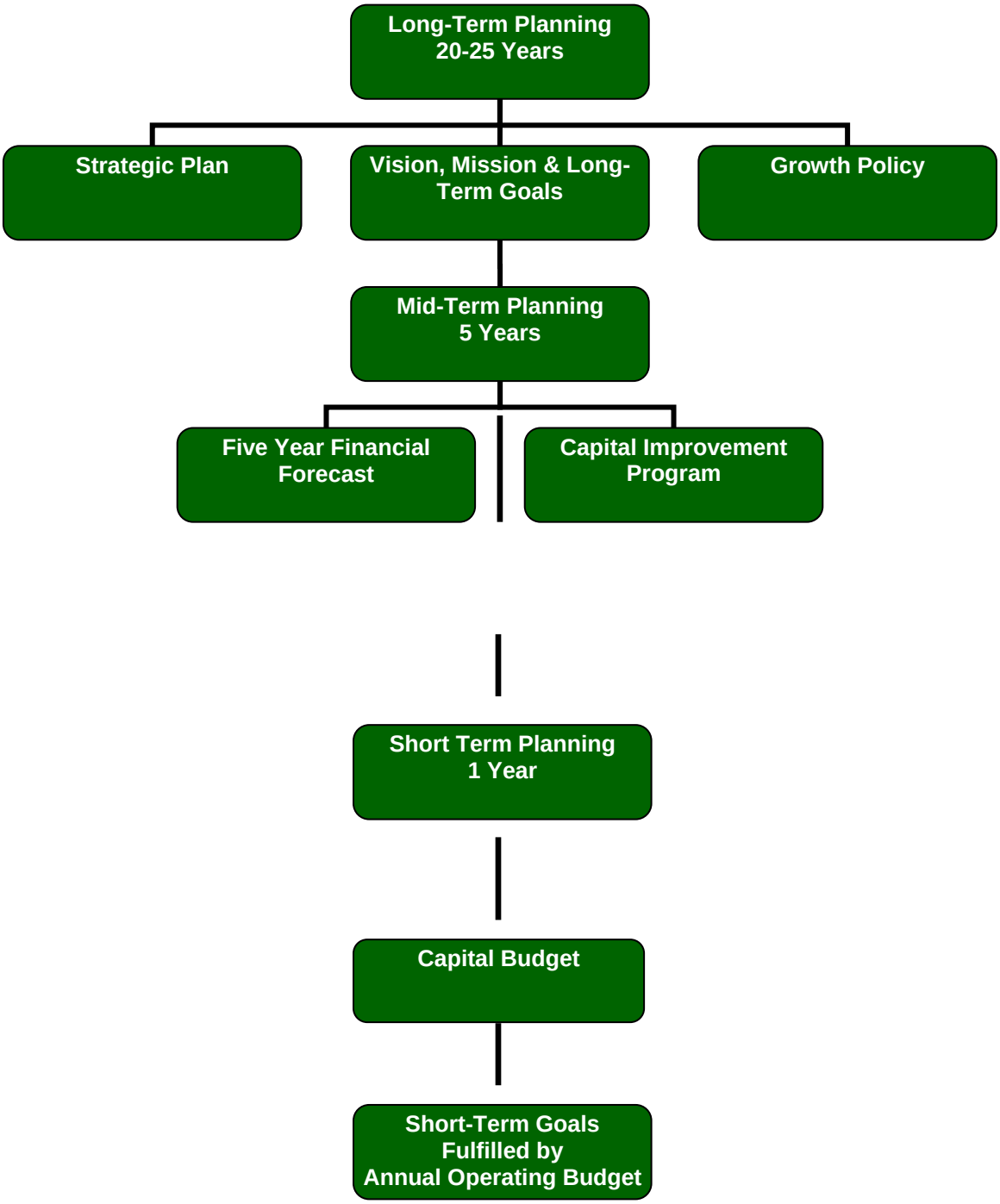
LINKAGE

The City of Missoula conducts various planning processes (long-term, mid-term and short-term), to help guide the government and to insure that decisions are made in the context of the organization as a whole and with a long-term perspective. Diligent efforts are made to insure each of these component planning processes are in concert with one another. This so called “Linkage” is paramount to insure short-term decisions are consistent with the overriding values embodied in the mid-term and long-term planning processes adopted by the City Council. This required linkage dictates that the CIP be developed within the context of and consistent with, the City’s long-term and mid-term plans.

One area of linkage between the city's future capital requirements has to do with the level of future debt service, especially in the debt supported by the General Fund and General Obligation debt which is supported by taxes. The debt management section of this budget reviews the future debt service requirements in these two areas. As discussed in that section of this budget document, after FY 2013, each future year has a smaller debt service requirement than the preceding year for the General Fund and the voted GO debt service. Eventually, after FY 2013, between $350,000 and $440,000 per year of tax supported projects will be freed up for future debt service requirements. This will provide more flexibility for the city in future budgets in the capital improvement program that is tax supported.

Each element of the City’s planning process has a different purpose and timeframe. The Strategic Plan, Vision, Mission, Long-term Goals and Growth Policy are the most far-reaching in nature—20 to 25 years. The Capital Improvement Program and the Five-Year Financial Forecast are mid-term in nature—5 years. The Annual Budget and the Capital Budget are short-term—covering a 1 year timeframe. The most important requisite is that they are coordinated and are in concert with one another.

Shown on the following page is a hierarchy of the City’s layered planning processes, all which support one another and are designed with a common goal. The chart depicts how the Capital Improvement Program, the Annual Operating Budget, and the Capital Budget fit within the City’s planning process hierarchy.


Long-Term Planning
20-25 Years
Strategic Plan
Vision, Mission & Long-Term Goals
Growth Policy
Mid-Term Planning
5 Years
Five Year Financial Forecast
Capital Improvement Program
Short Term Planning
1 Year
Capital Budget
Short-Term Goals Fulfilled by Annual Operating Budget

CAPITAL PLANNING

Capital Planning refers to the process of identifying and prioritizing City capital needs for determining which capital projects should be funded in the capital budget as resources become available. Citywide planning is guided by the City's Strategic Plan and the Growth Policy. These plans provide long term direction for the growth and development of the City.

Proposed capital projects are reviewed for compliance to the adopted Strategic Plan and Growth Policy as part of the budget adoption process.

PROCESS

General Discussion:

The capital improvements process provides for the identification, reviewing, planning, and budgeting of capital expenditures.

All requests for capital improvements are evaluated to aid the Mayor and City Council in selecting the projects to be funded. Department heads submit CIP requests. Departmental staff initiates some of these projects while other organizations; citizen groups and individual citizens initiate others. Evaluation is based on a point system, which requires the department head to judge how well the project in question satisfies each of several criteria. The process is designed to provide a comprehensive look at long term capital needs, which is essential for effective decision-making. However, the system is not intended to provide an absolute ranking of projects based solely on the total numerical scores. A few points difference between total scores of projects is not the only significant factor in determining priority. In addition, there are several criteria, which are considered separately from the point system. For example, if a project was urgently required in order to replace an existing dilapidated facility, it would probably be scheduled for early funding regardless of its score on other criteria. Also, there is a question, which asks the evaluator's overall personal judgment of a project's priority, and helps to identify which proposals are considered most important.

This ranking process allows projects to compete for funds either within its own fund source or citywide. If the department's request only includes capital expenditures which are proposed to be funded out of its own non-tax revenue generated by that department, the projects compete within that department for inclusion within the plan, (for example, wastewater treatment plant projects are funded by Sewer Fees, etc.). However, if the request is outside of the department's ability to generate revenue, i.e., a request for assistance from the General Fund, then the project would compete on a citywide basis for funding.

The adoption of a CIP by the City is strictly a statement of intent, not an appropriation of funding for projects contained within. A list of CIP projects will be updated on an annual basis as new needs become known and priorities change. The possibility of a project with a low priority can remain in the CIP longer than four years due to a more important project bumping ahead for quicker implementation. Some projects may also be bumped up in priority and implemented quicker than originally planned.

Definitions:

For the purposes of this process, capital is defined as items that have a single acquisition cost of $5,000 and a useable life of 5 years. Basically, this definition implies that those items, which can be clearly classified as major improvements, rather than routine maintenance or equipment replacement, are defined as capital for the purposes of this program. It includes any major expenditure for physical facilities. Vehicles intended for use on streets and highways, costing less than $35,000 are **not** included in the CIP.

2013-2017 Capital Improvement Program

1. Recommendation for 2013-2017 Capital Improvement Program:

   When possible department heads must, where appropriate, look at the City's Strategic Plan, the most recent Comprehensive Plan Update and amendments, Themes Document, Transportation Plan, Strategic Plan and other plans and documents or studies to determine if their projects are meeting the community's goals, and make a statement of their findings.

2. The Project Rating System:

   When considering a department's proposal(s) the CIP Budget Team will meet with each Department and Division Head. The purpose for this meeting will be: 1) to assure that both the Department and Division Head and the CIP Budget Team are fully briefed on the department's proposal(s); and 2) discussion between the CIP Budget Team and the Department and Division Head regarding how proposal(s) are rated.

3. Coordination:

   Department and Division Heads are encouraged to coordinate project proposals with internal departments as well as external agencies such as: the County, the Neighborhood Network and Councils, the Chamber of Commerce, the University of Montana, the School Districts and other community based organizations.

4. External Projects:

   Projects initiated by external organizations, citizens groups and individual citizens will be given to appropriate Department Heads after submittal to the Finance Department.

Annual Review

The CIP is reviewed on an annual basis. During this annual review process projects budgeted for the prior fiscal year are reviewed to determine status and whether to continue funding or require re-submittal to compete as a new project. New projects are added to projects carried over from the prior two years according to ranking or priority.

Responsibilities for Program Development

Before a project reaches the Mayor and City Council for FY 2012-2016, each project should be reviewed for financial feasibility, conformance to established plans and response to public need. Responsibility to coordinate with the appropriate department project proposal(s) requiring review for engineering feasibility, environmental impact, land use regulations, grant eligibility and redevelopment plans falls to the Department and Division Head submitting those project proposal(s).

1. Department Heads
   a. Prepare project request forms.
   b. Provide all necessary supporting data (project sheets, maps, environmental data forms, fiscal notes, schedules, etc.) for the CIP Committee.
   c. Review projects with other department heads when there is a need to coordinate projects.
   d. Meet with CIP Team on projects.

2. Public Works

   Review feasibility and cost estimates of all proposed public works type projects including preparatory studies.

3. Health Department

   As appropriate, review all projects for environmental impact.

4. Office of Planning and Grants

   Review all projects for conformance with the Transportation and Land use Plan, and whether projects being submitted for grants meet grant eligibility criteria and determination of which projects will compete best for competition grants.

5. Missoula Redevelopment Agency

   Examine all projects that relate to the Missoula downtown redevelopment area to see that they correspond to Missoula redevelopment plans.

6. CIP Team

   a. Review revenue estimates.

   b. Review fund summaries.

   c. Provide overall coordination for development of the CIP.

   d. Review departmental requests and staff comments.

   e. Review priorities, staff advice, and recommended additions, adjustments, or deletions.

   f. Review financial data and recommend proposed plans for financing CIP.

7. Council Members

   Requests that department heads prepare project forms for projects they feel should be considered.

   Update, review and approve CIP annually.

Method for Ranking Projects

1. **STEP 1** - The CIP Committee establishes the importance of one criterion over another by assigning the highest numerical score to the highest ranked criteria. This is called the weight factor.

   STEP 2 - The department's criteria score is multiplied by the weight factor to establish a total score. The weight factor broadens the range of total scores and assigns priorities to the criteria. The total score will help determine the relative importance of one project over another in a systematic way.

   STEP 3 - The department heads rate the capital projects according to the established criteria. All departments use the same criteria.

   STEP 4 - Determine that projects are urgently needed for public safety or are mandated legally or by a contractual agreement. (See criteria PI-4 on sample CIP form)

   STEP 5 - Determine scheduling of projects relative to allocation of available funds.

2. Rationale for Weight Factor Determination

   The weighted score is assigned to each criterion by a method, which measures each criterion against every other criterion. When one criterion is more important than another it is assigned a point. The criterion with the most points (most important) is given the highest weight. For example Criterion 05 (Does the project result in maximum benefit to the community from the investment dollar?) has the highest weight score. The following discussion explains the method by which the criteria were given a weight score. For Street Reconstruction projects, blocks considered to need reconstruction in the next five years are first rated according to the Asphalt Institute Pavement Rating System. Streets planned for reconstruction in the CIP budget year are then assigned a priority ranking utilizing the Asphalt Institute Pavement Rating System.

Definition of Criteria:

1. Is the project necessary to meet Federal, State, or local legal requirements? This criterion includes projects mandated by Court Order to meet requirements of law or other requirements. Of special concern are those projects being accessible to the handicapped.

2. Is the project necessary to fulfill a contractual requirement? This criterion includes Federal or State grants that requires local participation. Indicate the Federal grant name and number in the comment column.

3. Is this project urgently required? Will delay result in curtailment of an essential service? This statement should be checked "Yes" only if an emergency is clearly indicated; otherwise, answer "No." If "Yes," be sure to give full justification.

4. Does the project provide for or improve public health or safety? This criterion should be answered "No" unless public health or public safety can be shown to be an urgent or critical factor. If yes, please describe the public health or safety urgency.

5. Does the project result in maximum benefits to the community from the investment dollar? (Equipment and small projects should be related to larger program goals.)

   Use a cost/benefit analysis, and/or another systematic method of determining the relative merits of the investment where it is appropriate. You may develop your own method of analysis; however, you may wish to review this method with the Finance Director or CIP Team prior to submitting the project in order to resolve any questionable elements. Leveraging of city money by attracting outside dollars from other public or private sources should be considered and explained.

   Examples include when a project may be eligible for a federal or state grant where every dollar of City money will be matched by three dollars of federal monies. Another example would be when a piece of equipment is purchased; it may increase productivity by fifty percent (50%) and thereby reduce personnel and operating costs. This enables the City to avoid additional personnel or operation costs that would have been incurred otherwise in order to keep up with growing public service demand. Another example would include the acquisition of equipment so that a particular operation could be performed in-house as opposed to contracting outside when the in-house costs would be less than outside contracting costs.

   Types of analyses include established cost/benefit calculations, return on investment, and pay back period through operating savings or other capital savings, and accepted industry rating schemes such as The American Asphalt Institute test. Also, estimate the number of people served over the life expectancy of the project and divide by the cost of the project. Relate this to other similar projects. Put this figure in the comment section and attach the information used to arrive at the figure. Where possible use standard measurements, for example, average daily trips (ADT).

   This criterion also applies to the replacement or renovation of obsolete and inefficient facilities, which will result in substantial improvement in services to the public at the least possible cost.

   0 – No analysis is submitted where analysis is possible.

   1 – Analysis submitted is open to questioning. There are slight benefits to the project and no leveraging.

   2 – A credible analysis is submitted showing moderate benefits.

   3 – A credible analysis is submitted showing high benefits, which may include substantial leveraging.

6. Does the project require speedy implementation in order to assure its success of maximum effectiveness? (Equipment and small projects should be related to larger program goals.)

   0 – Time is not a critical factor (i.e., the project will be as worthwhile doing five years from now as it is now).

   1 – Time is of moderate importance.

   2 – Time is of substantial importance.

   3 – Time is critical factor.

   For example, there may be a time limitation on providing a local funding share in order to receive a State or Federal grant. Another example would be if an improvement or replacement project is not performed now, such as replacing a roof, the benefits will be reduced, such as an unrepaired/replaced roof that continues to leak until the building's structure is rotted until there is no structure that can be saved. A third example would be when a hazard, such as environmental pollution, exists and there is an increasing and significant risk that, if the hazard is not abated, then it is likely that significant or irreparable damage occurs or the City might be financially liable for the consequential damage. There may be other reasons why time is of the essence in the success or failure of a project. If the time factor is critical, explain why.

7. Does the project conserve energy, cultural or natural resources, or reduce pollution?

   0 – Does not have any conservation aspects or pollution reduction.

   1 – Project has minimal amount of conservation aspects or pollution reduction, or there is no substantiation of the claims of these benefits.

   2 – Project has significant level of either conservation aspects or pollution reduction, or an accompanying analysis or reference to another study, or plan substantiates this benefit.

   3 – Project has both conservation aspects and an accompanying analysis or reference to another study, or plan substantiates pollution reduction or a substantial amount of energy or pollution savings and this claim.

8. Does the project improve, maintain or expand upon essential City services where such services are recognized and accepted as necessary and effective? Identify in comment section what services are expanded. (Provision of a new service can be ranked anywhere on 0-2 scale).

   0 – Low to moderate improvement in low to moderately important service.

   1 – Maintain current level of service, substantial improvement of low priority service or moderate improvement of an essential service.

   2 – Substantial improvement of an essential service.

9. Does the project relate specifically to the City's strategic planning priorities or other plans?

   0 – Project enhances another plan, project or program aside from the strategic plan or does not conflict with any other plans, projects or programs (Note plan, project or program related to in comment section.)

   1 – Project enhances any of the strategic directions as determined during the City's strategic planning process. Falls within the appropriate year of the strategic plan.

   2 – This project substantially benefits any of the strategic directions to any of priorities as determined during the City's strategic planning process. Falls within the appropriate year of the strategic plan.

   3 – This project is critical to any of the strategic directions determined during the City's strategic planning process. Falls within the appropriate year of the strategic plan.

2013-2017 Guides for Department Heads in Preparing Information on Projects

Process

1. Requests for all City Hall building construction needs should be sent to the Public Works Director. Please include the following information: the square footage, the number of people affected and the function of the people affected. Also note the problem with the existing space.
2. Submit project forms to the Finance. If there are any organizations in Missoula that you wish to be sure get a copy of the preliminary list, please submit their names and addresses with your projects.
3. All on-road vehicles worth less than $35,000 are not included in the Capital Improvement Program.
4. Present a list of projects that might be included in the Capital Improvement Program after 2009.

Filling Out Forms

1. Only projects requesting funding during the first three years of the CIP will be evaluated with the criteria and ranked. The other projects are included for planning purposes without expressing intent to fund or not fund.
2. Be sure that all information asked for on the form is presented. If further explanation is needed, please attach it to the form.
3. If there is a need to coordinate one project with another project either internal or external, note and explain the need for the coordination in Part 5 of the form (Justification). Attach additional information when necessary.
4. In the justification section (Part 5) of the form explain your choice of a particular funding method(s). Also include a justification for your project and its relation to the criteria.
5. Section 7 of the form should reflect funding sources (include operating budget/in-king contributions) your totals should equal the total cost of the project, not just the cost to the City.

DESCRIPTION OF PROGRAM CATEGORIES

The capital budget is broken down into the following categories:

- **CS** – Community Services (includes public buildings, etc.) e.g., renovation and energy improvements as well as new construction
- **PR** –Parks, Recreation and Open Space
- **S** –Street Improvements
- **PS** –Public Safety
- **WW**– Wastewater Facilities
- **SE** –Street Equipment

CIP AMENDMENT PROCEDURE

In the case of a situation that arises which involves receipt of unanticipated revenue or unanticipated Missoula Redevelopment Agency projects the following amendment procedure is prescribed:

1. Department head requests an amendment to the CIP through the Finance Director.
2. CIP Team reviews the request.

3. CIP Team takes the request to all department heads for comments.
4. CIP Team makes recommendation to Council.
5. Amendment goes to Council for approval.

The purpose of this procedure is to handle large capital requests, which occur at mid-fiscal year and to adjust the CIP so that it remains up-to-date and therefore a useful working document.

TAX INCREMENT FUNDS

The unique nature of tax increment funds is recognized. The Missoula Redevelopment Agency undertakes capital expenditures, which are intended to encourage additional private investment within the Central Business District. Not all of these expenditures are committed a year or more in advance and they require the ability on the part of the Missoula Redevelopment Agency (MRA) to respond promptly to developer requests.

Pursuant to the purpose of the CIP all anticipated projects to be funded in part or totally with tax increment funds for acquisition of property and public works facilities will be placed in the CIP. Tax increment funds not committed or anticipated for specific projects within these budget categories will be appropriated as contingency funds, and be made available for authorized expenditures under State law. For project requests made during the fiscal year, which require tax increment financing, the CIP amendment procedure described in Section V shall be used.

The following project categories may be financed with tax increments funds and will not be subject to the CIP process: demolition and removal of structures, relocation of occupants and cost incurred under redevelopment activities described under MCA 7-15-4233. Section MCA 7-15-4233 outlines the exercise of powers and costs incurred for planning and management, administration and specific urban renewal projects, i.e., rehabilitation programs.

CAPITAL IMPROVEMENT PROGRAM FUNDING MECHANISMS

The FY 2013-2017 Capital Improvement Program has sixteen different sources of funding. Each fund source is described below.

The various projects submitted by the departments are scored and ranked as shown in the statistical charts in Section IV. Projects **within** each fund source compete against other projects in that fund source for funding.

As noted before, capital projects, unlike operating expenses which recur annually, only require one-time allocations for a given project. This funding flexibility allows the City to use financing and one-time revenue sources to accelerate completion of critical projects.

All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or General Obligation Bonds appropriately pay for projects that benefit the general public as a whole. User fees, development fees, and/or contributions pay for projects that benefit specific users.

General Fund Tax Levy: The City of Missoula sets aside a portion (amount varies from year to year) of its General Fund Tax Levy for projects in a Capital Improvement Program (C.I.P.).

Cash Balance: This fund source is a contribution of the City's general fund cash balance, in addition to the portion of the CIP that comes from the general fund tax levy. This category also includes projects which use excess cash reserves in the CIP fund itself.

State Revenues: The City receives various payments from the State of Montana for different purposes. A portion of Gas Tax revenues is earmarked for labor and material costs of street projects. The City also maintains State routes

within City limits and does special street projects for the State. Revenues from these activities are used for labor, material, and capital outlay expenditures.

Tax Increment Funds: This funding source consists of taxes levied on increases in the value of parts of the Central Business District tax base, which began in 1978 and continue today in a few new districts adjacent to the original Central Business District. These funds are earmarked for redevelopment projects within the district boundaries. Several new Urban Renewal Districts have been created to supersede the original downtown district that will address redevelopment issues in two older parts of the City.

Sewer R & D Fund: The Sewer Replacement and Depreciation Fund consists of funds set aside annually for future investment in sewage treatment plant facilities.

Parking Commission: The Missoula Parking Commission maintains substantial cash reserves that are available to them for projects related to parking needs.

Grants/Donations: This fund source consists of Federal grants, State grants, and donations by citizens and businesses where the money is passed through the City.

CTEP: These are Federal grants primarily directed towards improving or expanding non-motorized transportation.

G.O. Bonds: These are bonds for which the full faith and credit of the City is pledged. G.O. Bonds require voter approval.

Special Assessments & Other Debt: Special Assessments are charges against certain properties to defray the cost of infrastructure improvements deemed primarily to benefit those properties. Also included are Revenue bonds where the debt service payments are paid for exclusively from the project earnings and Sidewalk/Curb Assessments. Other debt can include revenue bonds for Sewer project loans and tax increment bonds, which were sold to finance the downtown parking structure. Tax increment bonds are repaid by tax increment revenues, which were previously discussed.

Title One: These are funds generated by repayment of HUD? UDAG projects.

Trails Fund: Donations and land lease payments have been set aside in a special revenue fund for the purpose of expanding the trails system.

Cable TV: These are funds generated from collection of franchise fees paid by subscribers of the local cable television operators.

User Fees: User fees are charges for city services where the benefits received from such services can be directly and efficiently applied to those who receive the benefits.

Park Acq. & Development Fund: This fund is set up to account for funding that developer's pay to the City instead of donating park land when they are subdividing bare land.

CMAQ: These are federal grants aimed at mitigating air quality problems.

Other & Private: This fund source represents other miscellaneous categories. One type of funding source would be the operating budget, which are the "in-kind" costs of City employee labor that are funded by the operating budget. Private investment is not included in the total City costs of the project, but is shown to demonstrate the "leveraging" of private investment that some projects, especially projects of the Missoula Redevelopment Agency, have. Also included are projects where the State of Montana may fund the project and be responsible for its implementation, so the project does not affect city funds or go through our treasury. These projects are shown because the affect the urban area.

CAPITAL BUDGET AND ITS IMPACT ON FUTURE OPERATING BUDGETS

Whenever the City commits to a CIP plan, there is an associated long-range commitment of operating funds. For this reason, it is important to evaluate capital commitments in the context of their long-range operating impact. Most capital projects affect future operating budgets either positively or negatively due to an increase or decrease in maintenance costs or by providing capacity for new programs to be offered. Such impacts vary widely from project to project and, as such, are evaluated individually during the process of assessing project feasibility. The five-year financial forecast also provides an opportunity to review the operating impact of growth-related future capital projects.

The operating impact of capital projects is analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational efficiency savings associated with projects are also taken into consideration (net operating costs). Departmental staff plan and budget for significant start-up costs, as well as the operation and maintenance of new facilities. The cost of operating new or expanded facilities or infrastructure is included in the operating budget in the fiscal year the asset becomes operational. Debt service payments on any debt issued for capital projects is also included in the operating budget.

Listed below are two tables. The first table contains the capital items included in this year's Annual Budget, together with projected impacts on future operating budgets (exclusive of equipment replacement costs). The second table shows the equipment replacement costs by department for the next five fiscal years. A detail of the summarized capital replacement schedule is printed in the appendix to this report.

Please note that the level of operating budget impact is disclosed in the tables below. The General Fund debt service impacts have been in the CIP budget for many years and are discussed in further detail in the debt management section of this document.

The Fire equipment replacement schedule below (fire engines and ladder truck) will likely be postponed until a voted levy can be secured to pay for the purchase and financing of this very expensive equipment. The General Fund equipment will be financed while the enterprise fund equipment in the replacement schedule will be paid for in cash. Not all of the General Fund equipment will be purchased due to economic reasons, although the police patrol vehicles are always replaced due to their heavy use.

The future operating debt service impact for both of the new parking structures (East Main Street and the Riverfront Triangle) and the new head-works at the wastewater plant will be completely mitigated by current and future rate increases already in place. These projects will be funded utilizing revenue bonds that are rated by national rating agencies (Standard & Poors and Moody's). Rate covenants are in place for the all current revenue bonds requiring that debt service coverage ratios be maintained in order to maintain the debt ratings. No future revenue bonded debt can be issued without a demonstrated history of maintaining adequate debt service coverage ratios (please see the appendix for coverage calculations for both parking and wastewater). The dates and actual debt sizing for the E. Main Street parking ramp financing and the headwork's financing are disclosed below.

Other than the debt financed projects discussed above, most non-General Fund supported projects are paid for in cash from various types of revenue streams such as grants and tax increment dollars.

The following capital financings occurred during the previous fiscal year (FY 2011):

$1,250,000 Special Improvement District #548 Bonds for improving circulation and pedestrian safety in the 5th/6th/Arthur & Maurice area of the University of Montana – sold in a competitive sale on June 6, 2011 and closed on July 5, 2011.

$775,000 of Special Curb, Gutter, Sidewalk and Alley Approach Bonds sold in a competitive sale that closed on June 11, 2012.

$871,739 Master Governmental Lease Purchase Agreement – heavy equipment/rolling stock- sold and closed on April 12, 2012.

The following capital financing occurred subsequent to July 1, 2012 (beginning of FY 2013):

None as of this time.

FY 2013 Capital Budget & Operating Budget Impacts
Projects by Department/Project Name

FY 2013 Capital Budget		Annual Operating Budget Impacts			
Department/Project Title	Appropriation	Personal Services Costs	Other Operating Costs	Debt Service Costs	Total
General Fund Capital Purchases					
PC - Computer Replacement - City Wide	$ 67,000				$ 67,000
CIP - General Fund					
White Pine Debt Service Series 2001A	-			127,100	127,100
FY2005 Art Museum Debt Service	-			36,914	36,914
City Hall Expansion Debt Service	-			83,323	83,323
Aquatics - General Fund Debt Service2006C ($1.86 M)	-			134,823	134,823
Fire Station #4 - General Fund Debt Serv. 2007A ($680K)	-			52,515	52,515
50 Meter Pool - Gen. Fund Debt Serv. ($840 K)	-			63,010	63,010
Internally Financed Equipment - owed to CIP	-			159,677	159,677
Energy Savings Performance Debt 2010C	-			86,825	86,825
CIP CORE Replacement Equipment	-			229,652	229,652
Building Inspection Fund					
Computer Replacement	3,500				3,500
Wastewater Treatment Plant					
Sewer Pipe Rehabilitation Program	200,000				200,000
Russell Street Interceptor (6th-Idaho)	50,000				50,000
Hybrid Poplar Tree Effluent Land Application Project	450,000				450,000
Energy Conservation Equip Replacement Project	65,800				65,800
Missoula Redevelopment Agency					
Computer Replacement	2,379				2,379
Other Funds - CIP - FY 2013					
Copier Replacement Schedule	42,500				42,500
Vehicle Replacement Schedule	3,524,000				3,524,000
Central Maintenance Building, Tools and Fence	271,500				271,500
URD III Trail Connections	62,000				62,000
URD II Silver Park & Millsite Trail System	2,500,000				2,500,000
URD III Infrastructure Projects	750,000				750,000
Two-Way Front and Main Sts Traffic Flow Project	100,000				100,000
URD II Western Curb/Sidewalk Improvements	250,000				250,000
Aerial Orthophotography Update	40,000				40,000
Relocate Offoce of Neighborhoods-Mayor's Remodel	50,000				50,000
Epoxy Bike Lane Striping	38,773				38,773
Transfer Center Improvements	8,000				8,000
Grant Creek Trail	640,799				640,799
Park Development & Expansion	98,000				98,000
Aquatics CIP Plan for Splash & Currents	138,000				138,000
Annual Sidewalk Installation/Replacement Program	860,000				860,000
Neighborhood Initiated Traffic Calming	55,000				55,000
Street Improvement and Major Maintenance Program	1,000,000				1,000,000
Lolo Trail Study	120,000				120,000
Fort Missoula Regional Park	40,000				40,000
Renovate, Replacement and Improvements	70,000				70,000
Rattlesnake Drive Sidewalk (Brookside to Creek Crossing)	295,000				295,000
Riverfront Triangle Parking Structure	3,000,000				3,000,000
McCormick Park Site Plan	225,000				225,000
West Broadway Island	50,000				50,000
Rattlesnake Creek/Broadway Crossing	420,000				420,000
South 3rd Street Reconstruction (Russell to Reserve)	155,000				155,000
Kim Williams Expansion	46,518				46,518
MDA Caras Park Improvements	100,000				100,000
Milwaukee Lighting-Orange to Garfield Ph1	232,700				232,700
Gravel Street Paving	268,000				268,000
VanBuren Street Reconstruction	222,000				222,000
Stump Cutter	52,000				52,000
ToolCat Utility Work Machine	65,610				65,610
White Pine Playground	3,600				3,600
Concession Truck	105,000				105,000
Turf Equipment - Top Dresser - Aerator	15,000				15,000
Park Equipment Trailers	24,000				24,000
Fire Hydrants	40,000				40,000
Traffic Signal Controllers	34,100				34,100
Scott and Toole Intersection Improvements	251,000				251,000
GRAND TOTAL	**$ 17,101,779**	**$ -**	**$ -**	**$ 973,839**	**$ 18,075,618**

DEPARTMENT	EQUIPMENT REPLACEMENT TOTALS					
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
ADMINISTRATION						
Total Operating Portion	$ -	$ -	$ 25,000	$ -	$ 35,000	$ -
Total CIP Portion	-	-	-	-	-	
TOTAL OPERATING AND CIP	$ -	$ -	$ 25,000	$ -	$ 35,000	$ -
PW ENGINEERING						
Total Operating Portion	$ -	$ 72,000	$ 85,000	$ 30,000	$ 85,000	$ 5,000
Total CIP Portion	-	-				
TOTAL OPERATING AND CIP	$ -	$ 72,000	$ 85,000	$ 30,000	$ 85,000	$ 5,000
POLICE DEPARTMENT						
Total Operating Portion	$ 326,000	$ 212,000	$ 331,000	$ 447,000	$ 222,000	$ 366,000
Total CIP Portion	-	-	-	-	-	
TOTAL OPERATING AND CIP	$ 326,000	$ 212,000	$ 331,000	$ 447,000	$ 222,000	$ 366,000
FIRE DEPARTMENT						
Total Operating Portion	$ 98,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Total CIP Portion	1,213,000	515,000	540,000	60,000	470,000	430,000
TOTAL OPERATING AND CIP	$ 1,311,000	$ 550,000	$ 575,000	$ 95,000	$ 505,000	$ 465,000
FIRE ADMINISTRATION						
Total Operatingt Portion	$ 25,000	$ -	$ 30,000	$ 95,000	$ 30,000	$ -
Total CIP Portion	-	-	-	-	-	
TOTAL OPERATING AND CIP	$ 25,000	$ -	$ 30,000	$ 95,000	$ 30,000	$ -
STREET DIVISION						
Total Operating Portion	$ 90,000	$ 25,000	$ 25,000	$ 25,000	$ 85,000	$ -
Total CIP Portion	477,000	1,010,000	1,005,000	701,000	601,000	990,000
TOTAL OPERATING AND CIP	$ 567,000	$ 1,035,000	$ 1,030,000	$ 726,000	$ 686,000	$ 990,000
VEHICLE MAINTENANCE						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	$ -
Total CIP Portion	-	-	25,000	-	70,000	-
TOTAL OPERATING AND CIP	$ -	$ -	$ 25,000	$ -	$ 70,000	$ -
TRAFFIC SERVICES						
Total Operating Portion	$ -	$ -	$ 41,000	$ -	$ -	$ -
Total CIP Portion	215,000	30,000	48,000	150,000	16,000	-
TOTAL OPERATING AND CIP	$ 215,000	$ 30,000	$ 89,000	$ 150,000	$ 16,000	$ -
PARKS DEPARTMENT						
Total Operating Portion	$ 96,000	$ 95,000	$ 13,300	$ 123,000	$ 1,300	$ 33,000
Total CIP Portion	370,000	181,000	177,000	-	336,000	215,000
TOTAL OPERATING AND CIP	$ 466,000	$ 276,000	$ 190,300	$ 123,000	$ 337,300	$ 248,000
Grand Total Operating Portion	$ 635,000	$ 439,000	$ 585,300	$ 755,000	$ 493,300	$ 439,000
Grand Total CIP Portion	2,275,000	1,736,000	1,795,000	911,000	1,493,000	1,635,000
Federal Transportation Portion	-	-	-	-	-	-
SCBA Equipment Grant	-	-	-	-	-	-
TOTAL GENERAL FUND	$ 2,910,000	$ 2,175,000	$ 2,380,300	$ 1,666,000	$ 1,986,300	$ 2,074,000

CEMETERY						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	$ -
Total CIP Portion	65,000	56,000	56,000	56,000	38,000	30,000
TOTAL OPERATING AND CIP	$ 65,000	$ 56,000	$ 56,000	$ 56,000	$ 38,000	$ 30,000
PARKING COMMISSION						
Total Operating Portion	$ 35,000	$ 18,000	$ 56,000	$ 58,000	$ 28,000	$ 28,000
Total CIP Portion	-	18,000	-	-	-	-
TOTAL OPERATING AND CIP	$ 35,000	$ 36,000	$ 56,000	$ 58,000	$ 28,000	$ 28,000
WASTEWATER TREATMENT						
Total Operating Portion	$ -	$ 60,000	$ 75,500	$ 90,000	$ 135,000	$ 60,000
Total CIP Portion	-	238,000	-	-	248,000	488,000
TOTAL OPERATING AND CIP	$ -	$ 298,000	$ 75,500	$ 90,000	$ 383,000	$ 548,000
BUILDING						
Total Operating Portion	$ -	$ 60,000	$ -	$ 30,000	$ 90,000	$ 60,000
Total CIP Portion	-	-	-	-	-	-
TOTAL OPERATING AND CIP	$ -	$ 60,000	$ -	$ 30,000	$ 90,000	$ 60,000
MRA						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	
Total CIP Portion	-	-	-	-	-	
TOTAL OPERATING AND CIP	$ -	$ -	$ -	$ -	$ -	$ -
MCAT						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	
Total CIP Portion	-	-		-	-	
TOTAL OPERATING AND CIP	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating	$ 670,000	$ 577,000	$ 716,800	$ 933,000	$ 746,300	$ 587,000
Total CIP	2,340,000	2,048,000	1,851,000	967,000	1,779,000	2,153,000
Grand Total	$ 3,010,000	$ 2,625,000	$ 2,567,800	$ 1,900,000	$ 2,525,300	$ 2,740,000
Federal Transportation Portion	(205,700)	(174,250)	(522,750)	(494,700)	-	(493,000)
Park District 1 - Funding	(351,000)	(276,000)	(190,300)	(123,000)	(337,300)	(248,000)
Aquatics Support	(115,000)					
Fire - GO Bond	(1,200,000)	(515,000)	(540,000)	(60,000)	(430,000)	(430,000)
TOTALS	$ 1,138,300	$ 1,659,750	$ 1,314,750	$ 1,222,300	$ 1,758,000	$ 1,569,000
Operating Equipment - predominantly rolling stock - pickup trucks & cars costing less than $35,000						
CIP Equipment - Predominantly heavy equipment such as tandem axel dump trucks, fire engines, graders etc.						

CORE EQUIPMENT REPLACEMENT SCHEDULE--ALL

UNIT #		VEHICLE DESCRIPTION	YEAR	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
		ADMIN. DEPARTMENTS							
800		TOYOTA PRIUS						35,000	
885		DODGE DURANGO2	2001		-	25,000	-		-
890		FORD RANGER (MCAT)							
1		**TOTAL UNITS**		**-**	**-**	**25,000**	**-**	**35,000**	**-**
		ENGINEERING DIVISION							
503		JEEP GRAND CHEROKEE	2005			30,000			
504		DODGE 1\2 TON 4WHL	2001		32,000				
505		JEEP LIBERTY	2006				30,000		
506		FORD RANGER EXT CAB	2006					25,000	
507		GMC SONOMA	2007						
508		GMC 2500 4WL DR	2005		35,000				
509		CHEVROLET IMPALA	2008					30,000	
510		GMC COLORADO	2005			30,000			
511		GMC SIERRA 2500	2000					30,000	
512		CHEVROLET COLORADO	2005			25,000			
		SEWER TAP COMPRESSORS			5,000				5,000
8		**TOTAL UNITS**		**-**	**72,000**	**85,000**	**30,000**	**85,000**	**5,000**
		POLICE DEPARTMENT							
1		FORD ESCAPE	2012						25,000
6		FORD ESCAPE	2012						25,000
7		CHEVROLET G30 VAN	2004					45,000	
10		CHEVROLET TAHOE	2002		35,000				
11		CHEVROLET IMPALA	2004				25,000		
12		CHEVROLET IMPALA	2004			25,000			
20		DODGE DAKOTA	2010				40,000		
26		CHEVY VAN	2005	35,000					
39		BUICK CENTURY	2003	25,000					
42		FORD EXPEDITION	2005				40,000		
44		DODGE CHARGER	2010		38,000			38,000	
45		DODGE CHARGER	2010		38,000			38,000	
46		DODGE CHARGER	2010		38,000			38,000	
47		DODGE CHARGER	2010		38,000			38,000	
48		CHEVROLET TAHOE	2011			38,000			38,000
49		DODGE CHARGER	2011			38,000			38,000
50		DODGE CHARGER	2011			38,000			38,000
51		DODGE CHARGER	2011			38,000			38,000
52		DODGE CHARGER	2011			38,000			38,000
53		DODGE CHARGER	2011				38,000		
54		DODGE CHARGER	2011				38,000		
55		DODGE CHARGER	2012			38,000			38,000
56		DODGE CHARGER	2012			38,000			38,000
6699		FORD TAURUS	2005		25,000				
8033		CHEVROLET IMPALA	2007					25,000	
8040		FORD F150 CREW CAB	2007						
8059		CHEVROLET IMPALA	2008						25,000
8060		CHEVROLET IMPALA	2008						25,000
8061		DODGE CHARGER	2009	38,000			38,000		
8062		DODGE CHARGER	2009	38,000			38,000		
8063		DODGE CHARGER	2009	38,000			38,000		
8064		DODGE CHARGER	2009	38,000			38,000		
8065		DODGE CHARGER	2009	38,000			38,000		
8066		DODGE CHARGER	2009	38,000			38,000		
8071		TOYOTA HIGHLANDER	2009						
8082		FORD CROWN VIC	2009	38,000			38,000		
8088		MALIBU HYBRID	2009						
8089		MALIBU HYBRID	2009						
8090		MALIBU HYBRID	2009						
8494		FORD EXPEDITION	2006			40,000			
40		**TOTAL UNITS**		**326,000**	**212,000**	**331,000**	**447,000**	**222,000**	**366,000**

		FIRE DEPARTMENT						
NV3		BOAT TRAILER	2001					
NV1		RESCUE BOAT (15 YR)	2001					
CT1		MOBILE CASCADE SYSTEM	1997					40,000
CAT		CATARAFT TUBES	2002					
1073		FIRE ENGINE (TYPE 1)	2010					
3227		FIRE ENGINE (TYPE 1)	2003					
2341		FIRE ENGINE (TYPE 1)	2002					430,000
1373		FIRE ENGINE (TYPE 1)	1999		430,000			
1380		FIRE ENGINE (TYPE 1)	1999			430,000		
6664		FIRE ENGINE (TYPE 1)	2009					
9974		FIRE ENGINE (TYPE 1)	1999					
9021		LADDER TRUCK	1990					
1419		LADDER TRUCK	2001	1,200,000				
4197		WATER TENDER (20 YR)	1999					
8685		WILD LAND ENGINE (TYPE 2)	2000			110,000		
4002		WILDLAND ENGINE (TYPE 3)	1999					
7237		WILD LAND ENGINE (TYPE 6)	2007					
9098		WILD LAND ENGINE (TYPE 6)	2006		85,000			
5803		COMMAND VEHICLE	2007				60,000	
GER		GENERATORS (All 5 Stations)						
COMP		COMPRESSORS AND FILL STATION						
CT1		HYDRANTS (LOW WATER AREAS)	1997	-	-	-		
		SCBA (15 YRS)						
		INFORM,ATION SYSTEMS (MIDC'S)						
		THERMAL IMAGERS (6 YRS)		13,000				
		HAND HELD RADIOS		20,000	20,000	20,000	20,000	20,000
		MOBILE RADIOS	2004	15,000	15,000	15,000	15,000	15,000
		DEFIBRILLATORS (10 YRS)	REPLACE	63,000				
		LAND FOR STATION 6	REPLACE					
		DEFIBRILLATORS (10 YRS)	2002					
31		**TOTAL UNITS**		**1,311,000**	**550,000**	**575,000**	**95,000**	**505,000**
		FIRE ADMINISTRATION						
902		CHEVROLET IMPALA	2007					30,000
903		CHEVROLET UPLANDER	2006				30,000	
906		CHEVROLET COLORADO	2005			30,000		
908		FORD RANGER	2009				30,000	
909		TOYOTA PRIUS	2006					
911		DODGE D250 4WHL	2001	25,000				
912		FORD F 250	2006				35,000	
7		**TOTAL UNITS**		**25,000**	**-**	**30,000**	**95,000**	**30,000**
		STREET DIVISION						
101		GMC EXT CAB 1/2 TON	2003		25,000			
102		GMC EXT CAB 1/2 TON	2005			25,000		
103		GMC EXT CAB 1/2 TON	2006				25,000	
104		DODGE 3/4 TON	2002					45,000
105		CHEVY 1 TON DEICER UNIT	2000	45,000				
108		DODGE 1 TON / LIFT GATE	1996	45,000				
111		FORD F350 CREW CAB	2007					40,000
112		JOHNSTON 650	2007			205,000		
113		JOHNSTON 650	2007			205,000		
114		JOHNSTON 650	2006		205,000		205,000	
116		JOHNSTON 650	2006			205,000		
117		ISUZU JOHNSTON 650	2009				207,000	
120		ELGIN BROOM BEAR	2005	205,000				
121		IH TANDEM VAC-CON	2002	37,000				
122		CAT	2006					
123		CAT	1982					225,000
130		FORD SINGLE AXLE	1996	115,000				
131		I.H. TANDEM AXLE	2009					

132		I.H. TANDEM AXLE	2007						
135		FREIGHTLINER	2012						
136		FREIGHTLINER	2010						170,000
137		FREIGHTLINER	2012						
138		I.H. 7400	2007				170,000		
139		I.H. TANDEM AXLE	2009						
140		STERLING TANDEM AXLE	2002		130,000				
143		ROSCO SPR-H	1997					200,000	
145		BARBER GREENE	1995		180,000				
146		CAT	1996			130,000			
147		CAT	1996			130,000			
149		CAT	2006						
150		BOMAG	2003						
154		CAT	2004						
155		KOMTSU	2010						
167		FORD SINGLE AXLE	1997	115,000					
168		FORD SINGLE AXLE	1997		115,000				
169		FORD SINGLE AXLE	1997			115,000			
171		BOBCAT	1996				52,000		
174		FORD F800	1994		135,000				
175		FORD\ROSCO	1996		155,000				
176		STERLING	2001					120,000	
177		STERLING	2005						120,000
178		IH 7400 SINGLE AXLE	2006						120,000
179		FREIGHTLINER	2009						
180		FREIGHTLINER	2009						
181		FREIGHTLINER	2009						
196		CATERPILLAR PS 150B	2001						80,000
197		DYNAPACK CP132 9	2001						80,000
198		CIMLINE CRACK SEALER	2005						
T-100		TRAIL KING	1994				41,000		
T102		WALTON	1994					41,000	
T-105		TOW MASTER	1997						
T-145		ECONOLINE	2003		90,000				
P105		BOSS RTE PLO	2008						
P128		FALLS	2008						
P130		SCHMIDT	1986						
P164		SCHMIDT	1986						
P165		SCHMIDT	1986						
P167		SCHMIDT	1992						
P168		SCHMIDT	2004				16,000		
P169		SCHMIDT HSP4210POLLY	2007						
P176		SCHMIDT	2002						
P177		SCHMIDT	2004						
P178		SCHMIDT	2006						
CS150		NORTON CLIPPER	2005						
		SANDERS	7 TOTAL			10,000		10,000	
		ASPHALT WACKER	4 TOTAL	5,000		5,000		5,000	
		DEICER UNITS	7 TOTAL				10,000		10,000
52	TOTAL UNITS			**567,000**	**1,035,000**	**1,030,000**	**726,000**	**686,000**	**990,000**
	VEHICLE MAINT. DIVISION								
702		HYSTER				25,000			
777		CAT - OLYMPIAN						70,000	
2	**TOTAL UNITS**			**-**	**-**	**25,000**	**-**	**70,000**	**-**
	TRAFFIC DIVISION								
560		FORD ECONOMY VAN	1987	180,000					
562		GRACO PAINT SPRAYER	1996						
563		ARTIC CAT ATV	2004	12,000					
573		DODGE GRAND CARAVAN	2005			25,000			
582		GMC CABOVER	1994		30,000				
584		SMART TRAILER	1997					16,000	
585		FREIGHTLINER AERIAL LIFT	2009				150,000		
588		GMC SIERRA	2002						
589		GMC	2004			48,000			
590		CHEVY PICKUP	2002		-				

591		LONG CHIH				16,000			
		STAND ON SNOW REMOVAL UNIT		23,000					
		SMALL SNOW EQUIPMENT							
51		TOTAL UNITS		**215,000**	**30,000**	**89,000**	**150,000**	**16,000**	**-**
		PARKS DEPARTMENT							
201		DODGE DURANGO	1999		25,000				
205		DODGE DAKOTA	1998		25,000				
209		BABB TRAILER W/ PRESSURE WASHER	2007					21,000	
211		POLARIS 6x6 UTV	2008						
212		MORBARK CHIPPER	2010						
214		CASE 580L	1998						85,000
224		JOHN DEERE TRACTOR 6310	2001					65,000	
241		F250 FORD PICKUP (TRAIL SNOW)	2000	45,000					
243		CHEVY PICKUP	2000				45,000		
246		FORD F700 AERIAL LIFT TRUCK	2002		150,000				
252		MITSUBISHI (MINI TRUCK)	1998				15,000		
253		HONDA (MINI TRUCK)	2000				15,000		
255		MITSUBISHI (MINI TRUCK)	1996				15,000		
256		LAND PRIDE SEEDER	2009						
262		TORO	2004					90,000	
264		ARTIC CAT ATV	2001			12,000			
265		CHEVROLET ¾ TON PICKUP	1999				30,000		
267		BANDIT M250 CHIPPER	1996					40,000	
272		GMC PICKUP	2004						30,000
275		JOHN DEERE 1445	2006					40,000	
276		JOHN DEERE 1445	2005					40,000	
278		425 JOHN DEERE TRACTOR	1998		31,000				
282		TORO 580D MOWER	2000	90,000					
283		CHEVY 3/4 TON PICKUP	1998	45,000					
285		CHEVY 3/4 TON PICKUP	1999		45,000				
286		TORO 580D MOWER	2006			90,000			
287		KUBOTA UTV	2006						40,000
289		KUBOTA UTV	2006						40,000
292		JOHN DEERE F 1145 MOWER	2000	40,000					
298		JOHN DEERE 1445	2007						40,000
T202		B-WELDING TRAILER	2000			10,000			
T203		B-WELDING TRAILER	2000			10,000			
T204		SPORT LAND TRAILER	2006						
T205		SPORT LAND TRAILER	2005						
T206		SPORT LAND TRAILER	2005						
T207		UTILITY TRAILER	1993					10,000	
T208		UTILITY TRAILER	2005						10,000
T210		TOW MASTER	1995	15,000					
T211		TITAN 16' TRAILER	2006					15,000	
T214		REDMAX 12 TON TRAILER	2003					15,000	
T215		TRAILER ?	1995			15,000			
T262		PJ TRAILER	2003						
273A		PULL BEHIND AERATOR	2 PER	8,000					
		UTV SNOW REMOVAL "TOOL CAT"		66,000					
		STUMP GRINDER				52,000			
		VENDING TRUCK		115,000					
		TOP DRESSER		12,000					
		580 TRAILERS		24,000					
		SPORTS FIELD PAINT STRIPPER		3,000					
		WEED EATERS		1,300		1,300	1,300	1,300	1,300
		HAND PUSH MOWERS		1,700			1,700		1,700
49		**TOTAL UNITS**		**466,000**	**276,000**	**190,300**	**123,000**	**337,300**	**248,000**
		Total General		**2,910,000**	**2,175,000**	**2,380,300**	**1,666,000**	**1,986,300**	**2,074,000**
		CEMETERY							
601		CASE 580 CKB	1974						
602		SUL AIR COMPRESSOR	1979					38,000	

604		TORO WALK BEHIND	2002						
608		HUSTLER \ ATTACHMENTS	2002		40,000				
609		HUSTLER \ ATTACHMENTS	2001						
610		POLARIS RANGER	2002				16,000		
613		JOHN DEERE	2007						
614		KUBOTA	2004			16,000			
615		HUSTLER \ ATTACHMENTS	2004			40,000			
616		PROCORE 880	2004						30,000
618		HUSTLER \ ATTACHMENTS	2007				40,000		
625		BACKHOE LOADER	2001						
698		KAWASAKI MULE			16,000				
		UTILITY CART/SPRAYER/BUCKET LIFT		65,000					
13	**TOTAL UNITS**			**65,000**	**56,000**	**56,000**	**56,000**	**38,000**	**30,000**
		PARKING COMM.							
858		CHEVROLET 3500	1995	35,000					
865		GO-4	2010					28,000	
866		GO-4	2003						28,000
867		GO-4	2006			28,000			
868		GO-4	2006			28,000			
869		GO-4	2008				28,000		
870		GMC	2005				30,000		
871		JOHN DEERE GATOR	2005		18,000				
872		GMC SIERRA	2008		18,000				
8	**TOTAL UNITS**			**35,000**	**36,000**	**56,000**	**58,000**	**28,000**	**28,000**
		WWT DIVISION							
302		FORD FUSION HYBRID	2010					30,000	
310		CAT 416 D LOADER BACKHOE	2005						70,000
312		PACIFIC 8500 M	2010						
313		FORD TRANSCONECT	2012						
314		GMC SIERRA 3500	2004					45,000	
316		DOOSAN FORKLIFT	2006						
317		PIPEHUNTER SIDEKICK EASMENT	2009						
321		IH AQUATEC	2011						
322		CHEVROLET	2010		25,000				25,000
323		IH	1988						
324		CHEVY 1 TON	2004						
325		FORD RANGER	2007			35,000			
326		CHEVROLET	2010		35,000				35,000
328		IH AQUATEC-VAC	2008						270,000
329		FORD LNT 8000	1995						
330		INGERSOLL RAND	1988					18,000	
332		FREIGHTLINER	1997		200,000				
334		CHEVROLET HYBRID	2006			34,000			
335		SECA JETTER UNIT	2004					200,000	
336		FORD F350-3 yr financing	2008				45,000		
337		FORD F350-3 yr financing	2008				45,000		
338		FORD F350-3 yr financing	2008					45,000	
339		FORD F350-3 yr financing	2008					45,000	
375		FORD 4" PUMP	1950						
381		COMC 3" PUMP	1951						
385		LANDA PRESSURE WASH	1986						
387		OLYMPIAN GENERATOR	1999						41,000
388		OLYMPIAN GENERATOR	1999						41,000
390		OLYMPIAN GENERATOR	2002						41,000
392		SULLAIR 210H COMPRESSOR	2005		38,000				
NV6		NASHUA TRAILER	1957						
T301		RETTIG UTILITY TRAILER	1999			6,500			
T329		SECA JETTER UNIT	1995						25,000
33	**TOTAL UNITS**			**-**	**298,000**	**75,500**	**90,000**	**383,000**	**548,000**

		BUILDING DIVISION							
401		FORD ESCAPE	2012					30,000	
402		FORD RANGER EXT CAB	2011				30,000		
403		CHEVROLET COLORADO	2005		30,000				30,000
405		CHEVROLET COLORADO	2005		30,000				30,000
408		FORD ESCAPE	2012					30,000	
410		FORD ESCAPE	2012					30,000	
6		TOTAL UNITS		-	60,000	-	30,000	90,000	60,000
		GRAND TOTALS		3,010,000	2,625,000	2,567,800	1,900,000	2,525,300	2,740,000

COPIER EQUIPMENT REPLACEMENT SCHEDULE--ALL

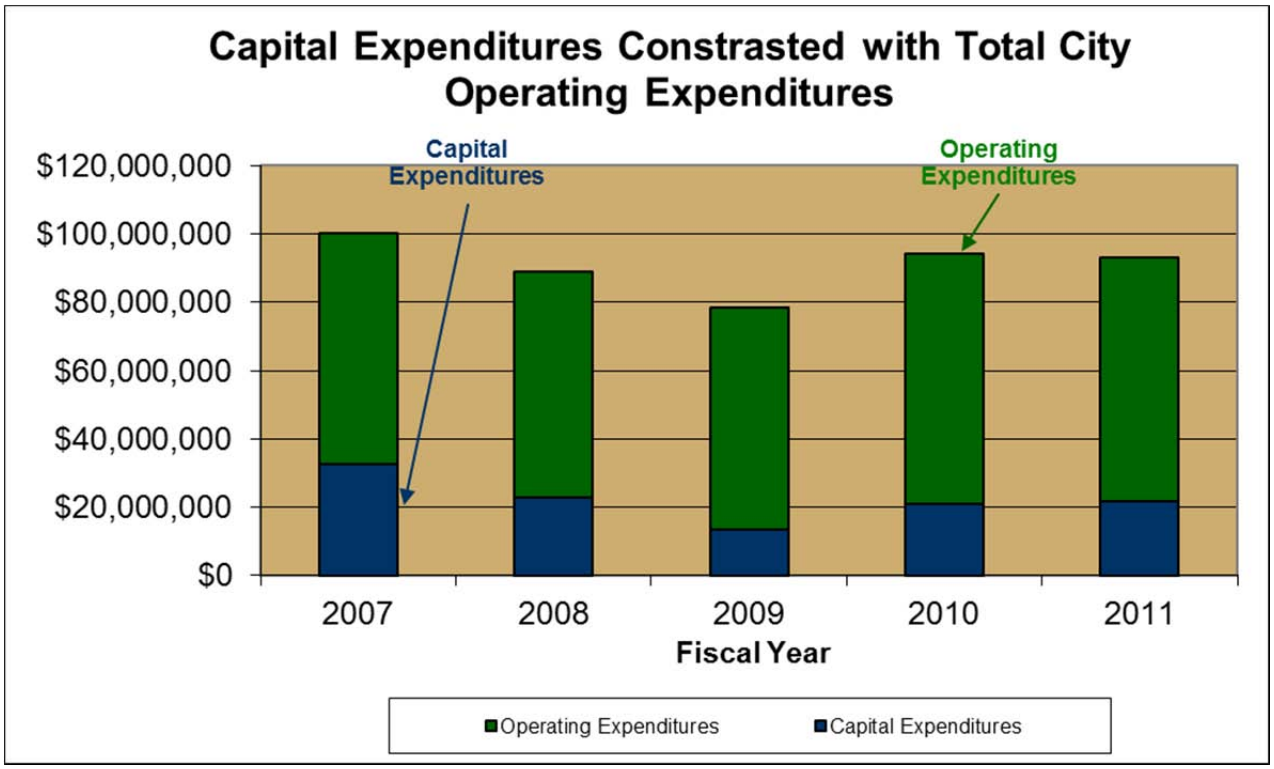
COPIER DESCRIPTION	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
GENERAL FUND DEPARTMENTS						
Attorney - Konica Minolta BizHub 353	$ -	$ 12,500	$ -	$ -	$ -	$ -
Clerk - Konica Minolta BizHub C550	-	13,000	-	-	-	-
Council - HP LaserJet 4345xs MFP	-	8,000	-	-	-	-
Human Resources - Minolta Di3510	-	-	-	-	-	-
Mayor - Sharp MX3501N	-	-	11,000	-	-	-
Muni Court - Konica Minolta BizHub 350	7,500	-	-	-	-	-
HP DesignJet 5500PF 42 (plotter)	-	20,000	-	-	-	-
PW - Minolta Di6500E	-	-	-	-	-	-
Police - HP DesignJet 5500PS	12,000	-	-	-	-	-
Police - Konica Minolta BizHub C552	-	-	-	-	14,000	-
Konica Minolta Di3510F	-	-	-	-	-	-
HP DesignJet 5500 PS (Plotter)	-	12,000	-	-	-	-
Streets - Minolta Dialta	-	-	-	-	-	-
Parks - Minolta Di3510	-	-	-	-	-	-
Parks - HP DesignJet 5500 (plotter)	12,000	-	-	-	-	-
Parks - Konica Minolta BizHub 350	11,000	-	-	-	-	-
TOTAL GENERAL FUND	**$ 42,500**	**$ 65,500**	**$ 11,000**	**$ -**	**$ 14,000**	$ -
CEMETERY						
Cemetery - Sharp MX 3501N	$ -	$ 13,000	$ -	$ -	$ -	$ -
Cemetery - Cannon ImageRunner 2200	-	-	-	-	-	-
TOTAL CEMETERY	**$ -**	**$ 13,000**	**$ -**	**$ -**	**$ -**	$ -
MRA						
Sharp MX4101N	$ -	$ -	$ -	$ 11,000	$ -	$ -
TOTAL MRA	**$ -**	**$ -**	**$ -**	**$ 11,000**	**$ -**	$ -
WWT DIVISION						
HP 5500N Color LaserJet	$ -	$ -	$ 7,000	$ -	$ -	$ -
Konica 7020	-	-	-	-	-	-
TOTAL WWTP	**$ -**	**$ -**	**$ 7,000**	**$ -**	**$ -**	$ -
BUILDING DIVISION						
Building - Konica Minolta BizHub 350	$ -	$ 9,000	$ -	$ -	$ -	$ -
TOTAL BUILDING	**$ -**	**$ 9,000**	**$ -**	**$ -**	**$ -**	$ -
						-
GRAND TOTALS	**$ 42,500**	**$ 87,500**	**$ 18,000**	**$ 11,000**	**$ 14,000**	**$ -**

CAPITAL EXPENDITURES CONTRASTED WITH TOTAL CITY OPERATING EXPENDITURES

The investment by the City in its capital and infrastructure is of primary importance to insure the long-term viability of service levels. The amount of capital expenditures in relation to the total City budget is a reflection of the City's commitment to this goal.

The City of Missoula strives to provide for adequate maintenance of capital, plant, and equipment and for their orderly replacement. All governments experience prosperous times as well as periods of economic decline. In periods of economic decline, proper maintenance and replacement of capital, plant, and equipment is generally postponed or eliminated as a first means of balancing the budget. Recognition of the need for adequate maintenance and replacement of capital, plant, and equipment, regardless of the economic conditions, will assist in maintaining the government's equipment and infrastructure in good operating condition.

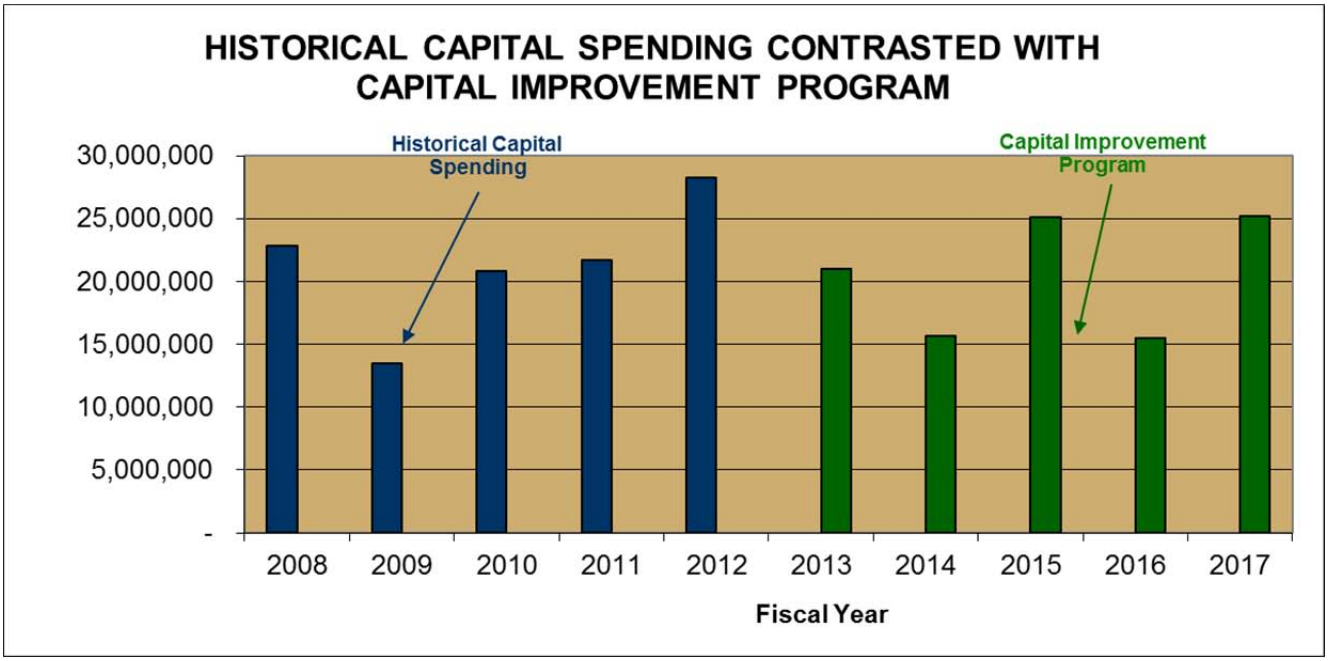
The graph below illustrates Missoula's historical investment in capital. The graph depicts actual capital expenditures over the course the last five years (for which audited values are available at the time of publication of the budget) as compared to the City's operating budget. Obligating resources to capital investment is appropriate for a growing community as Missoula strives to meet level of service standards identified in the Strategic Plan and community outcomes identified in the Growth Management Plan.



CAPITAL IMPROVEMENT PROGRAM (NEXT FIVE YEARS) CONTRASTED WITH HISTORICAL CAPITAL SPENDING (PREVIOUS FIVE YEARS)

Another indicator of Missoula's commitment to providing for the adequate maintenance of capital, plant, and equipment and for their orderly replacement is the level of projected capital spending over the course of the next five to six years as compared to the previous five-year period. This information is useful to the City Council in their deliberations when determining which items will be included in the Capital Budget. This information also helps the City Council make decisions with a long-term perspective.

Shown below is a graph which contrasts historical capital spending (last four years of audited values) with the capital spending identified in the Capital Improvement Program (the next six years).



CAPITAL IMPROVEMENT POLICIES

The City of Missoula has developed a set of financial management policies that cover all aspects of its financial operations. These and other policies are reviewed periodically by the Chief Administrative Office, the Finance Director and the City Council and are detailed in the Executive Summary section of this document. Policies on capital improvements are one component of those financial policies. Listed below are excerpts from those policies, which relate specifically to capital improvements.

CIP Formulation:

1) **CIP Purpose.** The purpose of the CIP is to systematically plan, schedule, and finance capital projects to ensure cost-effectiveness as well as conformance with established policies. The CIP is a five-year plan organized into the same functional groupings used for the operating programs. The CIP will reflect a balance between capital replacement projects that repair, replace or enhance existing facilities, equipment or infrastructure; and capital facility projects that significantly expand or add to the City's existing fixed assets.

2) **CIP Criteria.** Construction projects and capital purchases of $5,000 or more will be included in the Capital Improvement Plan (CIP); minor capital outlays of less than $5,000 will be included in the regular operating budget. The Capital Improvement Plan (CIP) differentiates the financing of high cost long-lived physical improvements from low cost "consumable" equipment items contained in the operating budget. CIP items may be funded through debt financing or current revenues while operating budget items are annual or routine in nature and should only be financed from current revenues.

3) **Deteriorating Infrastructure.** The capital improvement plan will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.

Project Financing:

1) **Minor Capital Projects.** Minor capital projects or recurring capital projects, which primarily benefit current residents, will be financed from current revenues. Minor capital projects or recurring capital projects represent relatively small costs of an on-going nature, and therefore, should be financed with current revenues rather than utilizing debt financing. This policy also reflects the view that those who benefit from a capital project should pay for the project.

2) **Major Capital Projects.** Major capital projects, which benefit future residents, will be financed with other financing sources (e.g. debt financing). Major capital projects represent large expenditures of a non-recurring nature which primarily benefit future residents. Debt financing provides a means of generating sufficient funds to pay for the costs of major projects. Debt financing also enables the costs of the project to be supported by those who benefit from the project, since debt service payments will be funded through charges to future residents.

All CIP Projects in Project Type Order

******* FY 2013 TO FY 2017 CAPITAL BUDGET ********

	DEPT.	FY13 NO.	FY-13 RANK	TOTAL PROJECT COSTS TOTAL	FY13	FY14	FY15	FY16	FY17
Earmarked Expenditures:									
FY2005 Art Museum Debt Service	Art Museum	CS-01	NR	$ 92,773	$ 36,914	$ 38,437	$ 17,422	$ -	$ -
Council Chambers/MRA Debt Service 2006B ($1.1 M)	Council/MRA	CS-01	NR	420,013	83,323	86,110	83,985	81,860	84,735
Fire Station #4 - General Fund Debt Serv. 2007A ($680K)	Fire	CS-01	NR	259,480	52,515	51,045	49,875	53,705	52,340
Aquatics - General Fund Debt Service2006C ($1.86 M)	Parks & Rec	CS-01	NR	663,369	134,823	131,623	133,723	130,641	132,560
50 Meter Pool - Gen. Fund Debt Serv. ($800 K estimated)	Parks & Rec	CS-01	NR	305,900	63,010	61,433	60,138	58,825	62,495
White Pine Debt Service Series 2010A Refunded	Public Works	CS-01	NR	645,663	127,100	129,800	127,438	129,813	131,513
Energy Savings Performance Debt 2010C ($1,010,000)		CS-01	NR	425,775	86,825	85,325	84,125	82,925	86,575
CIP CORE Replacement Equip-debt sv-FY 09	General Fund	CS-01	NR	472,209	157,403	157,403	157,403		
CIP CORE Replacement Equip-debt sv-FY10	General Fund	CS-01	NR	361,245	72,249	72,249	72,249	72,249	72,249
CIP CORE Replacement Equip-debt sv-FY11	General Fund	CS-01	NR	-					
Internally Financed Equipment - owed to CIP	IS	CS-01	NR	798,383	159,677	159,677	159,677	159,677	159,677
Copier Replacement Schedule	General Fund	CS-03		173,000	42,500	87,500	18,000	11,000	14,000
Vehicle Replacement Schedule	General Fund	CS-04		13,445,100	3,524,000	2,972,000	2,982,800	2,320,000	1,646,300
Riverfront Triangle Parking Structure	MPC	CS-05	31	3,000,000	3,000,000				
Street Materials Storage Site - Missoula Southside	PW	CS-06	NR	320,000				20,000	300,000
Upper Gharrett Drainge Improvements	PW	CS-07	NR	200,000				200,000	
Grant Creek Drainage Improvements	PW	CS-08		450,000				50,000	400,000
Central Maintenance Building,Tools and Fence	VM	CS-09	44	871,500	271,500	120,000	480,000		
Hillview Way Storm Drain Upsizing	PW	CS-10		17,500				17,500	
URD II Western Curb/Sidewalk Improvements	MRA	CS-11	42	250,000	250,000				
URD III Infrastructure Projects	MRA	CS-12	53	1,250,000	750,000	500,000			
Two-Way Front and Main Sts Traffic Flow Project	PW	CS-13		1,000,000	100,000		675,000	225,000	
Aerial Orthhophotography Update	PW	CS-14	42	40,000	40,000				
Waterproofing Parking Structures	MPC	CS-15	31	300,000		300,000			
Relocate Office of Neighborhoods-Mayor's Remodel	Mayor	CS-16	38	50,000	50,000				
Salt Brine Facility	PW	CS-17		270,000				270,000	
Energy Savings City Hall & Station 4	PW	CS-18	48	42,000		42,000			
Transfer Center Improvements	PW	CS-19	53	8,000	8,000				
Lolo Trail Study	PW	CS-21	44	120,000	120,000				
Aquatics CIP Plan for Splash & Currents	P&R	PR-01	44	1,160,500	138,000	90,000	52,000	30,500	850,000
Missoula Active Transportaion Plan (MATP)	P&R	PR-02	49	4,293,315		762,198	199,000	1,703,677	1,628,440
Fort Missoula Regional Park	P&R	PR-03	53	8,227,885	40,000		8,187,885		
Grant Creek Trail	P&R	PR-04	53	1,176,949	640,799	536,150			
Renovate, Replacement and Improvements	P&R	PR-05	52	1,395,000	70,000	250,000	325,000	350,000	400,000
McCormick Park Site Plan	P&R	PR-06	49	7,250,000	225,000				7,025,000
Park Development & Expansion	P&R	PR-07	49	1,718,006	98,000	220,006		1,400,000	
Playfair Park Site Plan, Design, Renovation	P&R	PR-08	53	2,500,000				500,000	2,000,000
URD II Silver Park Ph IV & Millsite Trail System	MRA	PR-09	53	2,500,000	2,500,000				
BBT-South to Livingston (URD III Trail Connections)	P&R	PR-10	47	62,000	62,000				
Rattlesnake Trail	P&R	PR-11	35	171,025					171,025
West Broadway Island	MRA	PR-12	53	200,000	50,000	150,000			

All CIP Projects in Project Type Order

******* FY 2013 TO FY 2017 CAPITAL BUDGET ********

	DEPT.	FY13 NO.	FY-13 RANK	TOTAL PROJECT COSTS TOTAL	FY13	FY14	FY15	FY16	FY17
Kim William Expansion	P&R	PR-13	52	46,518	46,518				
Mansion Heights Stairs	P&R	PR-14		141,728				141,728	
MDA Caras Park Improvements	P&R	PR-15	48	175,000	100,000	75,000			
Milwaukee Lighting-Orange to Garfield Ph1	P&R	PR-16	56	232,700	232,700				
Stump Cutter	P&R	PR-17	53	52,000	52,000				
Toolcat UtiityWork Machine	P&R	PR-18	49	65,610	65,610				
Trail maps for Missoula's Conservation Lands	P&R	PR-19	47	12,900			12,900		
White Pine Park Playground	P&R	PR-20	49	3,600	3,600				
Concession Truck	P&R	PR-21	46	105,000	105,000				
Turf Equipment - Top Dresser - Aerator	P&R	PR-22	49	15,000	15,000				
Park Equipment Trailers	P&R	PR-23	44	24,000	24,000				
Fire Hydrants	Fire	PS-01	48	160,000	40,000	40,000	40,000	40,000	
Fire Station #6 Land Purchase	Fire	PS-02	42	300,000		300,000			
Neighborhood Initiated Traffic Calming	PW	S-01	46	250,000	55,000	55,000	55,000	55,000	30,000
Epoxy Bike Lane Striping	PW	S-02	39	38,773	38,773				
Rattlesnake Creek/Broadway Crossing	PW	S-03	45	420,000	420,000				
South 3rd Street Reconstruction (Russell to Reserve)	PW	S-04	49	1,933,300	155,000	1,000,000	778,300		
Rattlesnake Drive Sidewalk(Brookside to Creek Crossing)	PW	S-05	41	295,000	295,000				
Eldora Lane Drainage Improvements	PW	S-06	36	120,000		120,000			
Master Sidewalk Plan Implementation Phase 1	PW	S-07	49	1,170,000		390,000	390,000	390,000	
Duncan/Greenough Dr Reconstruction	PW	S-08	NR	800,000				800,000	
Hillview Way Street Improvements	PW	S-09	35	3,000,000					3,000,000
Bellevue Park Curb and Sidewalk Improvements	PW	S-10	36	120,000		120,000			
Lower Miller Cr Rd Reconstruction Phases III throught VIII	PW	S-11	42	1,241,400				588,100	653,300
Gravel Street Paving	PW	S-12	41	968,000	268,000		700,000		
Mullan and George Elmer Drive Intersection Signal	PW	S-13	34	330,000					330,000
VanBuren Street Reconstruction	PW	S-14	33	730,000	222,000	241,500	266,500		
Street Improvement and Major Maintenance Program	PW	S-15	46	5,400,000	1,000,000	1,100,000	1,100,000	1,100,000	1,100,000
Annual Sidewalk Installation/Replacement Program	PW	S-16	49	4,300,000	860,000	860,000	860,000	860,000	860,000
Neighborhoood Infrastructure Street Improvements	PW	S-17	45	480,000		240,000	240,000		
Russell Trail Crossings	PW	S-18	45	954,000		560,000			394,000
Scott and Toole Intersection Improvements	PW	S-19	33	251,000	251,000				
Traffic Signal Controllers	PW	S-20		34,100	34,100				
Old Highway 93 Sewer Interceptor	WW	WW-01	31	600,000				400,000	200,000
Airport Interceptor PhII & Wye Collection System	WW	WW-02	48	4,000,000		200,000	2,800,000	1,000,000	
Hybrid Poplar Tree Effluent Land Application Project	WW	WW-03	52	650,000	450,000	50,000	50,000	50,000	50,000
Sewer Pipe Rehabilitation Program	WW	WW-04	45	1,300,000	200,000	200,000	300,000	300,000	300,000
Russell Street Interceptor (6th-Idaho)	WW	WW-05	45	1,000,000	50,000		950,000		
Sewer Lift Station Upgrade & Rehabilitation	WW	WW-06	40	630,000		450,000	180,000		
Linda Vista Blvd Interceptor STEP System Conversion	WW	WW-07		520,000					520,000
Energy Conservation Equip Replacement Project	WW	WW-08	56	65,800	65,800				
Totals				$ 89,842,020	$ 18,002,739	$ 13,004,455	$ 22,588,418	$ 13,592,199	$ 22,654,208