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.

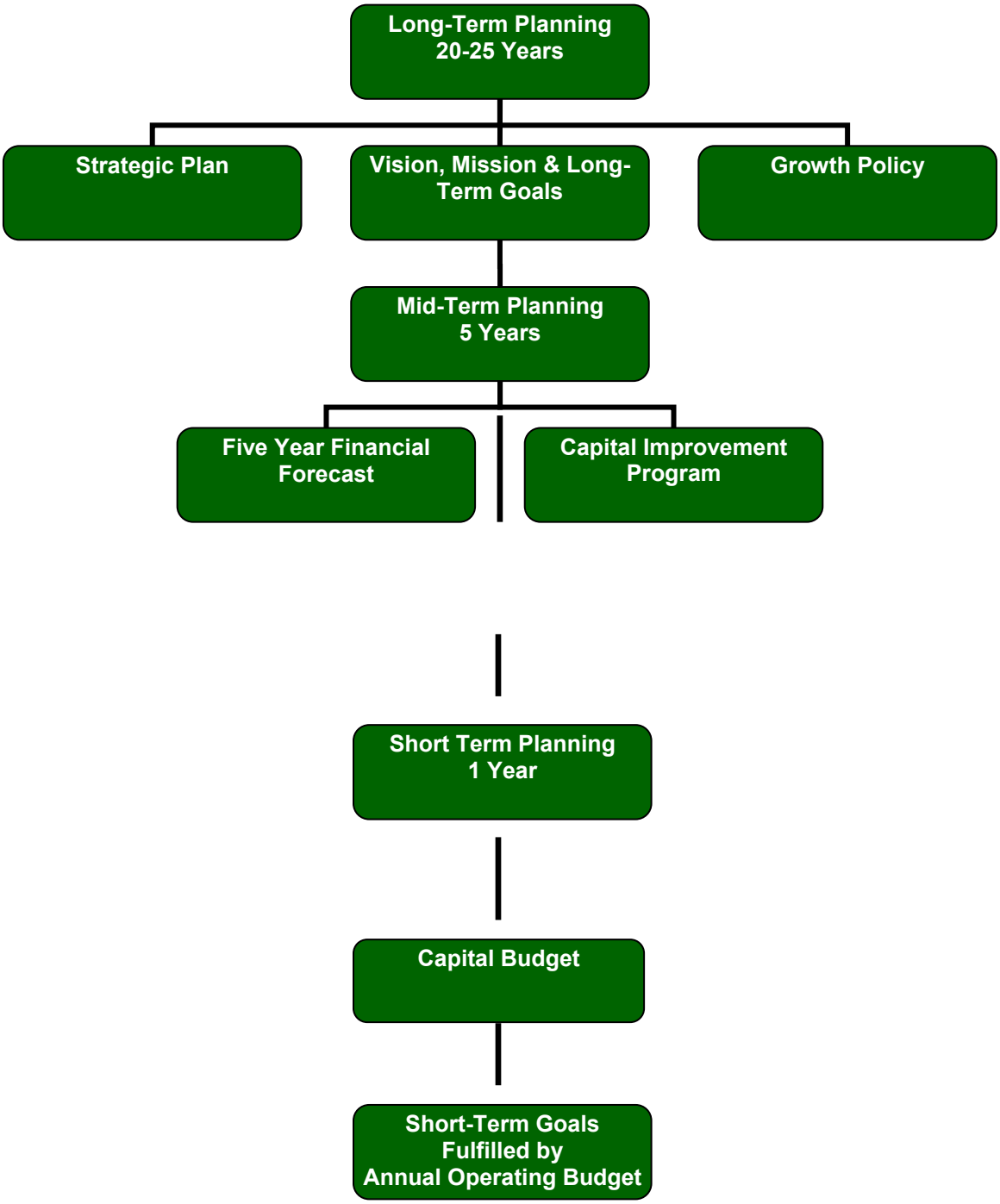
LINKAGE

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.

2012-2016 Capital Improvement Program

1. Recommendation for 2012-2016 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.

2012-2016 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 2012-2016 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 is authorized by M.C.A. 7-6-616 to set aside up to 10 percent (10%) 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 Fund: This fund source consists of taxes levied on increases in the Central Business District tax base since 1978. These funds are earmarked for redevelopment projects within the Central Business District. Two 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):

$850,000 Master Governmental Lease Purchase Agreement – heavy equipment/rolling stock- sold and closed on September 9, 2010

$10,345,000 Taxable Sewer Utility Revenue Bonds, Series 2010 (Recovery Zone Economic Development Bonds) - sold in a negotiated bond sale on November 15, 2010

$572,098 of tax exempt Sewer Utility Revenue Bonds sold in a private placement with the State of Montana Department of Natural Resources in FY 2011.

$1,594,596 of tax exempt Special Improvement District #544 Bonds sold in a private placement with the State of Montana Department of Natural Resources in FY 2011.

$885,000 of Special Curb, Gutter, Sidewalk and Alley Approach Bonds sold in a competitive sale that closed in July of 2010.

$1,290,000 Taxable Sewer Utility Revenue Bonds, Series 2011- sold in a competitive bond sale on April 18, 2011

$1,010,000 General Fund Limited Obligation Bonds, Series 2010C - sold in a negotiated bond sale on November 23, 2010

$635,000 Missoula Parking Commission Parking Facilities Revenue Bonds, Tax Exempt Refunding, Series 2010A - in a negotiated bond sale on December 17, 2010- in a negotiated bond sale on December 17, 2010

$7,500,000 Missoula Parking Commission Parking Facilities Revenue Bonds, Taxable Recovery Zone Economic Development Bonds Direct Pay, Series 2010B – sold in a negotiated bond sale on December 17, 2010

The following capital financing occurred subsequent to July 1, 2011 (beginning of FY 2012):

$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.

FY 2012 Capital Budget & Operating Budget Impacts
Projects by Department/Project Name

Department/Project Title	FY 2012 Capital Budget Appropriation	Annual Operating Budget Impacts: Personal Services Costs	Other Operating Costs	Debt Service Costs	Total
General Fund Capital Purchases					
PC - Computer Replacement - City Wide	$ 70,000				$ 70,000
CIP - General Fund					
White Pine Debt Service Series 2001A	-			130,100	130,100
FY2005 Art Museum Debt Service	-			37,223	37,223
City Hall Expansion Debt Service	-			85,235	85,235
Aquatics - General Fund Debt Service2006C ($1.86 M)	-			132,541	132,541
Fire Station #4 - General Fund Debt Serv. 2007A ($680K)	-			53,625	53,625
50 Meter Pool - Gen. Fund Debt Serv. ($840 K)	-			59,090	59,090
Internally Financed Equipment - owed to CIP	-			159,677	159,677
CIP CORE Replacement Equipment	-			229,653	229,653
Building Inspection Fund					
Building Division Inspection Vehicle Replacements	90,000				90,000
Wastewater Treatment Plant					
Wastewater Facility Headwork's & Odor Control Project	8,000,000			622,946	8,622,946
Miller Creek Interceptor Sewer	60,000				60,000
Airport Interceptor PhII & Wye Collection System	100,000				100,000
Sewer Pipe Rehabilitation Program	100,000				100,000
Russell Street Interceptor (6th-Idaho)	50,000				50,000
Hybrid Poplar Tree Effluent Land Application Project	35,000				35,000
Eko Compost Land Purchase	1,300,000				1,300,000
Vehicle Replacements	70,000				70,000
Missoula Redevelopment Agency					
Computer Replacement	2,379				2,379
Other Funds - CIP - FY 2012					
Copier Replacement Schedule	39,375				39,375
Vehicle Replacement Schedule	1,398,000				1,398,000
URD II West Broadway Corridor Improvements	100,000				100,000
URD III Trail Connections	50,000				50,000
URD II Silver Park & Millsite Trail System	1,500,000				1,500,000
URD III Curb/Sidewalks Commercial Corridor	500,000				500,000
URD III Residential Curbs-Sidewalks Ph II	584,038				584,038
URD II Western Curb/Sidewalk Improvements	250,000				250,000
River Bank Restoration and Flood Control	1,757,000				1,757,000
Cregg Lane/Wyoming St Connection	3,600,000				3,600,000
Epoxy Bike Lane Striping	53,440				53,440
Bicycle Commuter Network-Pending CTEP Projects	370,732		2,935		373,667
Grant Creek Trail	580,149				580,149
Park Development & Expansion	68,000				68,000
Aquatics CIP Plan for Splash & Currents	48,000				48,000
Annual Sidewalk Installation/Replacement Program	1,310,000				1,310,000
Neighborhood Initiated Traffic Calming	55,000				55,000
Street Improvement and Major Maintenance Program	1,100,000				1,100,000
Energy Savings Performance Contracting	-			88,025	88,025
Neighborhood Infrastructure Street Improvements	140,000				140,000
Public Service Commission Mandated Meter Conversion	86,000				86,000
Rattlesnake Drive Sidewalk (Brookside to Creek Crossing)	295,000				295,000
Front Street Parking Structure	10,285,000			756,553	11,041,553
Hillview Way Storm Drain Upsizing	17,500				17,500
Parks Major Upgrade & Replacement	47,846				47,846
Rattlesnake Creek/Broadway Crossing	505,000				505,000
South 3rd Street Reconstruction (Russell to Reserve)	633,000				633,000
Safe Routes to School Phases III & IV	129,642				129,642
University Crosswalks	300,000				300,000
Master Sidewalk Plan Implementation Phase 1	197,835				197,835
Gravel Street Paving	170,000				170,000
VanBuren Street Reconstruction	50,000				50,000
Russell Street Reconstruction	7,456,200				7,456,200
Scott and Toole Intersection Improvements	20,000				20,000
Purchase of Asphalt Recycle Plant	180,000				180,000
GRAND TOTAL	**$ 43,754,136**	**$ -**	**$ 2,935**	**$ 2,354,668**	**$ 46,111,739**

DEPARTMENT	EQUIPMENT REPLACEMENT TOTALS					
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
MAYOR						
Total Operating Portion	$ 6,600	$ 31,600	$ 6,600	$ 6,600	$ 6,600	$ 6,600
Total CIP Portion	-	-	-	-	-	-
TOTAL OPERATING AND CIP	$ 6,600	$ 31,600	$ 6,600	$ 6,600	$ 6,600	$ 6,600
PW ENGINEERING						
Total Operating Portion	$ -	$ 59,500	$ 35,000	$ 85,000	$ 34,500	$ 60,000
Total CIP Portion	-	-	-			
TOTAL OPERATING AND CIP	$ -	$ 59,500	$ 35,000	$ 85,000	$ 34,500	$ 60,000
POLICE DEPARTMENT						
Total Operating Portion	$ 232,000	$ 366,000	$ 478,000	$ 141,000	$ 432,000	$ 405,000
Total CIP Portion	-	-	-	-	-	-
TOTAL OPERATING AND CIP	$ 232,000	$ 366,000	$ 478,000	$ 141,000	$ 432,000	$ 405,000
FIRE DEPARTMENT						
Total Operating Portion	$ 30,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Total CIP Portion	135,000	1,211,000	505,000	541,000	100,000	911,000
TOTAL OPERATING AND CIP	$ 165,000	$ 1,246,000	$ 540,000	$ 576,000	$ 135,000	$ 946,000
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	$ 50,000	$ 55,000	$ 70,000	$ 40,000	$ 35,000	$ 55,000
Total CIP Portion	747,000	955,000	1,151,000	797,000	746,000	491,000
TOTAL OPERATING AND CIP	$ 797,000	$ 1,010,000	$ 1,221,000	$ 837,000	$ 781,000	$ 546,000
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	$ -	$ -	$ 24,000	$ 41,000	$ -	$ 7,000
Total CIP Portion	-	203,000	150,000	48,000	-	-
TOTAL OPERATING AND CIP	$ -	$ 203,000	$ 174,000	$ 89,000	$ -	$ 7,000
PARKS DEPARTMENT						
Total Operating Portion	$ 44,000	$ 25,000	$ 25,000	$ 30,000	$ 90,000	$ -
Total CIP Portion	-	74,000	281,000	235,000	-	61,000
TOTAL OPERATING AND CIP	$ 44,000	$ 99,000	$ 306,000	$ 265,000	$ 90,000	$ 61,000
Grand Total Operating Portion	$ 362,600	$ 597,100	$ 673,600	$ 408,600	$ 728,100	$ 598,600
Grand Total CIP Portion	882,000	2,443,000	2,087,000	1,646,000	846,000	1,533,000
Federal Transportation Portion	(164,000)	-	-	-	-	-
SCBA Equipment Grant	-	-	-	-	-	-
TOTAL GENERAL FUND	$ 1,080,600	$ 3,040,100	$ 2,760,600	$ 2,054,600	$ 1,574,100	$ 2,131,600

CEMETERY						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	$ -
Total CIP Portion	-	80,000	72,000	112,000	68,000	-
TOTAL OPERATING AND CIP	$ -	$ 80,000	$ 72,000	$ 112,000	$ 68,000	$ -
PARKING COMMISSION						
Total Operating Portion	$ -	$ 30,000	$ 18,000	$ 56,000	$ 58,000	$ 28,000
Total CIP Portion	-	-	18,000	-	-	-
TOTAL OPERATING AND CIP	$ -	$ 30,000	$ 36,000	$ 56,000	$ 58,000	$ 28,000
WASTEWATER TREATMENT						
Total Operating Portion	$ 70,000	$ 205,000	$ 60,000	$ 75,500	$ -	$ 190,000
Total CIP Portion	-	323,000	256,000	270,000	-	270,000
TOTAL OPERATING AND CIP	$ 70,000	$ 528,000	$ 316,000	$ 345,500	$ -	$ 460,000
BUILDING						
Total Operating Portion	$ 90,000	$ -	$ 50,000	$ 50,000	$ -	$ 75,000
Total CIP Portion	-	-	-	-	-	-
TOTAL OPERATING AND CIP	$ 90,000	$ -	$ 50,000	$ 50,000	$ -	$ 75,000
MRA						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	$ -
Total CIP Portion	-	-	-	-	-	-
TOTAL OPERATING AND CIP	$ -	$ -	$ -	$ -	$ -	$ -
MCAT						
Total Operating Portion	$ -	$ -	$ -	$ -	$ -	$ -
Total CIP Portion	-	-	-		-	-
TOTAL OPERATING AND CIP	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating	$ 522,600	$ 832,100	$ 801,600	$ 590,100	$ 786,100	$ 891,600
Total CIP	882,000	2,846,000	2,433,000	2,028,000	914,000	1,803,000
Grand Total	$ 1,404,600	$ 3,678,100	$ 3,234,600	$ 2,618,100	$ 1,700,100	$ 2,694,600
Federal Transportation Portion	(164,000)	-	-	-	-	-
SCBA Equipment Grant	-	-	-	-	-	-
TOTALS	$ 1,240,600	$ 3,678,100	$ 3,234,600	$ 2,618,100	$ 1,700,100	$ 2,694,600
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	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	ADMIN. DEPARTMENTS							
800	TOYOTA PRIUS							
802	MERCURY MARINER	2008	6,600	6,600	6,600	6,600	6,600	6,600
885	DODGE DURANGO2	2001	-	25,000	-	-	-	-
890	FORD RANGER (MCAT)							
4	**TOTAL UNITS**		**6,600**	**31,600**	**6,600**	**6,600**	**6,600**	**6,600**
	ENGINEERING DIVISION							
503	JEEP GRAND CHEROKEE	2005				30,000		
504	DODGE 1\2 TON 4WHL	2001		30,000				
505	JEEP LIBERTY	2006					30,000	
508	GMC 2500 4WL DR	2006			35,000			
509	CHEVROLET IMPALA	2007						30,000
510	GMC COLORADO	2005				30,000		
511	GMC SIERRA 2500	2008						30,000
512	CHEVROLET COLORADO	2005				25,000		
572	FORD RANGER	2000	-	25,000				
	SEWER TAP COMPRESSORS (3)			4,500			4,500	
9	**TOTAL UNITS**		**-**	**59,500**	**35,000**	**85,000**	**34,500**	**60,000**
	POLICE DEPARTMENT							
7	CHEVROLET G30 VAN	2004					45,000	
9	DODGE INTREPID	1997	30,000					
10	CHEVROLET TAHOE	2002			35,000			
11	CHEVROLET IMPALA	2004					25,000	
12	CHEVROLET IMPALA	2004				25,000		
20	DODGE DAKOTA PICKUP	2010						
26	CHEVY VAN	2005		35,000				
30	DODGE INTREPID	2001	30,000					
35	FORD CROWN VIC	2005			38,000			
39	BUICK CENTURY	2003		25,000				
42	FORD EXPEDITION	2005		40,000				
43	DODGE CHARGER	2010			38,000			38,000
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
1365	HONDA	2008	24,000				24,000	
1366	HONDA	2008	24,000				24,000	
1367	HONDA	2008	24,000				24,000	
1373	BMW	2009	24,000				24,000	
1374	BMW	2009						
1375	BMW	2009						
6699	FORD TAURUS	2005			25,000			
8033	CHEVROLET IMPALA	2007						25,000
8040	FORD F150 CREW CAB	2007						
8052	FORD CROWN VIC	2008	38,000			38,000		
8059	CHEVROLET IMPALA	2008						
8060	CHEVROLET IMPALA	2008						
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						
8161	FORD CROWN VIC	2008	38,000			38,000		
8162	FORD CROWN VIC	2008			38,000			38,000
8163	FORD CROWN VIC	2008			38,000			38,000
8164	FORD CROWN VIC	2008			38,000			38,000
8165	FORD CROWN VIC	2008			38,000			38,000
8166	FORD CROWN VIC	2008			38,000			38,000
8494	FORD EXPEDITION	2006				40,000		
46	**TOTAL UNITS**		**232,000**	**366,000**	**478,000**	**141,000**	**432,000**	**405,000**

FIRE DEPARTMENT

NV3	BOAT TRAILER	2001						10,000	
NV1	RESCUE BOAT (15 YR)	2001						30,000	
CT1	MOBILE CASCADE SYSTEM	1997							40,000
CAT	CATARAFT TUBES	2002							
1073	FIRE ENGINE (TYPE 1)	2010							430,000
3227	FIRE ENGINE (TYPE 1)	2003							
2341	FIRE ENGINE (TYPE 1)	2002							430,000
1380	FIRE ENGINE (TYPE 1)	1999					420,000		
1373	FIRE ENGINE (TYPE 1)	1999				420,000			
9974	FIRE ENGINE (TYPE 1)	2009							
9021	LADDER TRUCK	1999							
1419	LADDER TRUCK	1990			1,200,000				
4197	WATER TENDER (20 YR)	2001							
8685	WILD LAND ENGINE (TYPE 2)	1999					110,000		
9098	WILD LAND ENGINE (TYPE 6)	2000				85,000			
3361	WILD LAND ENGINE (TYPE 6)	1999		105,000					
5803	COMMAND VEHICLE	2007						60,000	
6664	FIRE ENGINE - STATION 5	2006							
7237	WILD LAND ENGINE - STATION 5	2007							
GER	GENERATORS (All 5 Stations)								
COMP	COMPRESSORS AND FILL STATION								
CTI	MOBILE CASCADE SYSTEM	1997							
	SCBA (15 YRS)								
	INFORM,ATION SYSTEMS (MIDC'S)			30,000					
	THERMAL IMAGERS (6 YRS)				11,000		11,000		11,000
	HAND HELD RADIOS	REPLACE			20,000	20,000	20,000	20,000	20,000
	MOBILE RADIOS	REPLACE			15,000	15,000	15,000	15,000	15,000
	DEFIBRILLATORS (10 YRS)	2002		30,000					
	EMS TRAINING MANNEQUIN (3YEARS)								
18	**TOTAL UNITS**			**165,000**	**1,246,000**	**540,000**	**576,000**	**135,000**	**946,000**

FIRE ADMINISTRATION

902	CHEVROLET IMPALA	2007							30,000
903	CHEVROLET UPLANDER	2006						30,000	
906	CHEVROLET COLORADO	2005					30,000		
908	FORD RANGER	2006						30,000	
909	TOYOTA PRIUS	2009							
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				35,000			
105	CHEVY 1 TON DEICER UNIT	2000			40,000				
108	DODGE 1 TON / LIFT GATE	1996		40,000					
111	FORD F350 CREW CAB	2007							40,000
112	JOHNSTON 650 Sweeper	2007		205,000			205,000		
113	JOHNSTON 650 Sweeper	2007		205,000			205,000		
114	JOHNSTON 650	2006				205,000		205,000	
116	JOHNSTON 650	2006					205,000		
120	ELGIN BROOM BEAR	2005			205,000				
121	FORD TANDEM AXLE VACUUM	1983		45,000					
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							
133	STERLING DUMP TRUCK	2002		130,000					130,000
134	STERLING DUMP TRUCK	2002		130,000			130,000		
136	FREIGHTLINER	2010						170,000	
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				120,000			
175	FORD\ROSCO	1996				155,000			
176	STERLING	2001				120,000			
177	STERLING	2005							120,000
178	IH 7400 SINGLE AXLE	2006							
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			30,000				
P105	BOSS RTE PLO	2008							
P128	FALLS	2008							
P130	SCHMIDT	1986							
P164	SCHMIDT-Snowplow	1986		16,000					
P165	SCHMIDT-Snowplow	1986		16,000					
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		10,000
	ASPHALT WACKIER	4 TOTAL			5,000		5,000		5,000
	DEICER UNITS	7 TOTAL		10,000		10,000		10,000	
66	TOTAL UNITS			**797,000**	**1,010,000**	**1,221,000**	**837,000**	**781,000**	**546,000**
	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			175,000				
562	GRACO PAINT SPRAYER	1996							
563	ARTIC CAT ATV	2004			12,000				
573	DODGE GRAND CARAVAN	2005					25,000		
584	SMART TRAILER	1994			16,000				
585	FREIGHTLINER AERIAL LIFT	1997				150,000			
588	GMC SIERRA	2009							
589	GMC	2002					48,000		
590	CHEVY PICKUP	2004				24,000			
591	LONG CHIH	2002					16,000		
	SMALL SNOW EQUIPMENT								7,000
11	**TOTAL UNITS**			**-**	**203,000**	**174,000**	**89,000**	**-**	**7,000**
	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							
217	CHEVY PICKUP	1989		35,000					
224	JOHN DEERE TRACTOR 6310	2001							
243	CHEVY PICKUP	2000						30,000	
246	FORD F700 AERIAL LIFT TRUCK	2002				150,000	65,000		
252	MITSUBISHI (MINNI TRUCK)	1998							
253	HONDA (MINI TRUCK)	2000							
255	MITSUBISHI (MINNI TRUCK)	1996					15,000		
256	LAND PRIDE SEEDER	2009					15,000		
262	TORO	2004					15,000		
264	ARTIC CAT ATV	2001		9,000					

265		CHEVROLET ¾ TON PICKUP	1999					90,000	30,000	
272		GMC SIERRA PICKUP	2004							
275		JOHN DEERE 1445	2006				26,000			
276		JOHN DEERE 1445	2005			26,000				
278		425 JOHN DEERE TRACTOR	1998							
282		TORO 580D MOWER	2000				90,000			
283		CHEVY 3/4 TON PICKUP	1998							
285		CHEVY 3/4 TON PICKUP	1999						30,000	
286		TORO 580D MOWER	2006					30,000		
287		KUBOTA UTV	2006							20,000
289		KUBOTA UTV	2006							20,000
292		JOHN DEERE F 1145 MOWER	2000			26,000				
298		JOHN DEERE 1445	2007							
T202		B-WELDING TRAILER	2000					10,000		
T203		B-WELDING TRAILER	2000					10,000		
T204		SPORT LAND TRAILER	2005							
T205		SPORT LAND TRAILER	2005							
T206		SPORT LAND TRAILER	2006							
T207		UTILITY TRAILER	2005							
T208		UTILITY TRAILER	2005							
T210		TOW MASTER	1993			15,000				
T211		TITAN 16' TRAILER	2005				15,000			
T214		REDMAX 12 TON TRAILER	1995					15,000		
T215		TRAILER ?	2006							
T262		PJ TRAILER	2003							
273A		AERA-VATOR	1995			7,000				
42		**TOTAL UNITS**			44,000	99,000	306,000	265,000	90,000	61,000
		Total General			**1,244,600**	**3,040,100**	**2,760,600**	**2,054,600**	**1,574,100**	**2,131,600**

CEMETERY

601		CASE 580 CKB	1974					56000		
602		SUL AIR COMPRESSOR	1979						38000	
604		TORO WALK BEHIND	2002							
608		HUSTLER \ ATTACHMENTS	2002			40000				
609		HUSTLER \ ATTACHMENTS	2001			40000				
610		POLARIS RANGER	2002				16000			
613		JOHN DEERE	2007							
614		KUBOTA	2004					16000		
615		HUSTLER \ ATTACHMENTS	2004				40000			
616		PROCORE 880	2004						30000	
618		HUSTLER \ ATTACHMENTS	2007					40000		
625		BACKHOE LOADER	2010							
698		KAWASAKI MULE	2001				16000			
13		**TOTAL UNITS**			**-**	**80,000**	**72,000**	**112,000**	**68,000**	**-**

PARKING COMM.

858		CHEVROLET 3500	1995			30,000				
865		GO-4	2010							28,000
866		GO-4	2003							
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				18000			
9		**TOTAL UNITS**			**-**	**30,000**	**36,000**	**56,000**	**58,000**	**28,000**

WWT DIVISION

302	#	FORD FUSION HYBRID	2010							30,000
310	#	CAT 416 D LOADER BACKHOE	2005							
314		PACIFIC 8500 M	2010							
314	#	GMC SIERRA 3500	2004			45,000				
316	#	DOOSAN FORKLIFT	2006							
317		PIPEHUNTER SIDEKICK EASMENT	2009							
321	#	IH TANDEM VAC-CON	2002							270,000
322	#	CHEVROLET	2010				25,000			
323	#	IH	1988							
324	#	CHEVY 1 TON	2004							
325	#	FORD RANGER	2007		35,000			35,000		
326	#	CHEVROLET	2010				35,000			
328	#	IH AQUATEC	2008					270,000		

329		FORD LNT 8000	1995							
330	#	INGERSOLL RAND	1988				18,000			
332		FREIGHTLINER	1997			200,000				
334		CHEVROLET HYBRID	2006		35,000			34,000		
335	#	SECA JETTER UNIT	2004				200,000			
336	#	FORD F350	2008			40,000				40,000
337	#	FORD F350	2008			40,000				40,000
338	#	FORD F350	2008			40,000				40,000
339	#	FORD F350	2008			40,000				40,000
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					6500		
T329		SECA JETTER UNIT	1995							
30		**TOTAL UNITS**			**70,000**	**528,000**	**316,000**	**345,500**	**-**	**460,000**
		BUILDING DIVISION								
401	#	FORD RANGER EXT CAB	2004		30,000					25,000
402	#	FORD RANGER EXT CAB	2005					25,000		
403	#	CHEVROLET COLORADO	2005					25,000		
405	#	CHEVROLET COLORADO	2004				25,000			
407	#	CHEVROLET COLORADO	2005				25,000			
408	#	FORD RANGER EXT CAB	2004		30,000					25,000
410	#	DODGE EXT CAB PICKUP	2002		30,000					25,000
7		**TOTAL UNITS**			**90,000**	**-**	**50,000**	**50,000**	**-**	**75,000**
		GRAND TOTALS			**1,404,600**	**3,678,100**	**3,234,600**	**2,618,100**	**1,700,100**	**2,694,600**

COPIER EQUIPMENT REPLACEMENT SCHEDULE--ALL

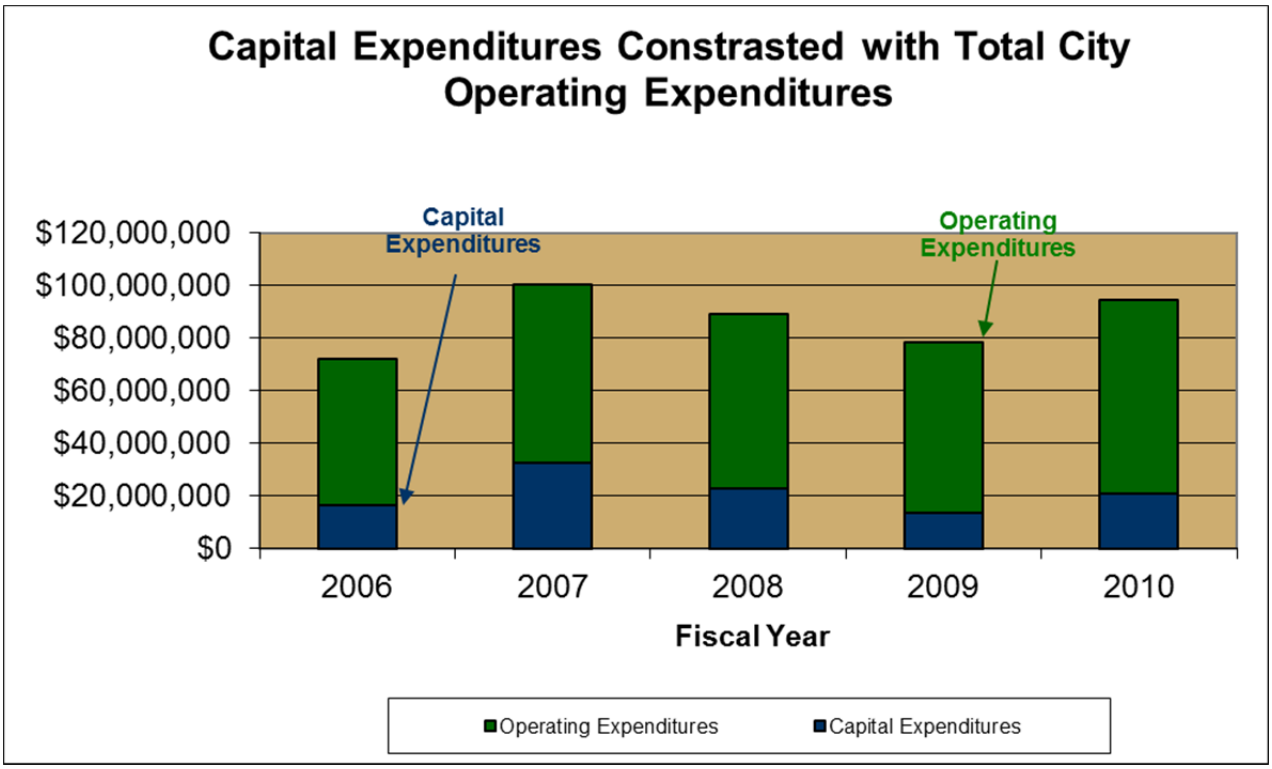
FAMS #	COPIER DESCRIPTION	YEAR	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	GENERAL FUND DEPARTMENTS							
9154	Attorney - Konica Minolta BizHub 353	2008	$ -	$ -	$ 12,500	$ -	$ -	$ -
9153	Clerk - Konica Minolta BizHub C550	2008	-	-	13,000	-	-	-
9033	Council - HP LaserJet 4345xs MFP	2006	-	8,000	-	-	-	-
6802	Human Resources - Minolta Di3510	2004	7,500	-	-	-	-	-
9155	Mayor - Sharp MX3501N	2008	-	-	-	11,000	-	-
6797	Muni Court - Konica Minolta BizHub 350	2006	-	7,500	-	-	-	-
NA	General Fund Lease - Minolta Di3510	2007	10,000	-	-	-	-	-
6488	HP DesignJet 5500PF 42 (plotter)	2003	-	-	-	-	-	-
6805	Minolta Di6500E	2004	-	-	-	-	-	-
MPC	HP DesignJet 5500PS	2003	-	12,000	-	-	-	-
WWTP	Konica Minolta BizHub C552	2009	-	-	-	-	-	14,000
6903	Konica Minolta Di3510F	2004	12,000	-	-	-	-	-
9139	HP DesignJet 5500 PS (Plotter)	2007	-	-	12,000	-	-	-
6255	Minolta Dialta	2005	-	7,000	-	-	-	-
MRA	HP DesignJet 5500 (plotter)	2004	-	12,000	-	-	-	-
BLDG	Konica Minolta BizHub 350	2004	-	11,000	-	-	-	-
16	TOTAL UNITS		**29,500**	**57,500**	**37,500**	**11,000**	**-**	**14,000**
	Total General		**29,500**	**57,500**	**37,500**	**11,000**	**-**	**14,000**
	CEMETERY							
6582	Cemetery - Sharp MX 3501N	2008	-	-	13,000	-	-	-
NA	Cemetery - Cannon ImageRunner 2200	2007	-	9,000	-	-	-	-
2	**TOTAL UNITS**		**-**	**9,000**	**13,000**	**-**	**-**	**-**
	MRA							
6290	Sharp MX4101N	2010	-	-	-	-	11,000	-
1	**TOTAL UNITS**		**-**	**-**	**-**	**-**	**11,000**	**-**
	WWT DIVISION							
9264	HP 5500N Color LaserJet	2009	-	-	-	7,000	-	-
696	Konica 7020	UNK	-	7,000	-	-	-	-
2	**TOTAL UNITS**		**-**	**7,000**	**-**	**7,000**	**-**	**-**
	BUILDING DIVISION							
7964	Building - Konica Minolta BizHub 350			9,000				
1	**TOTAL UNITS**		**-**	**9,000**	**-**	**-**	**-**	**-**
	GRAND TOTALS		**$ 29,500**	**$ 82,500**	**$ 50,500**	**$ 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.

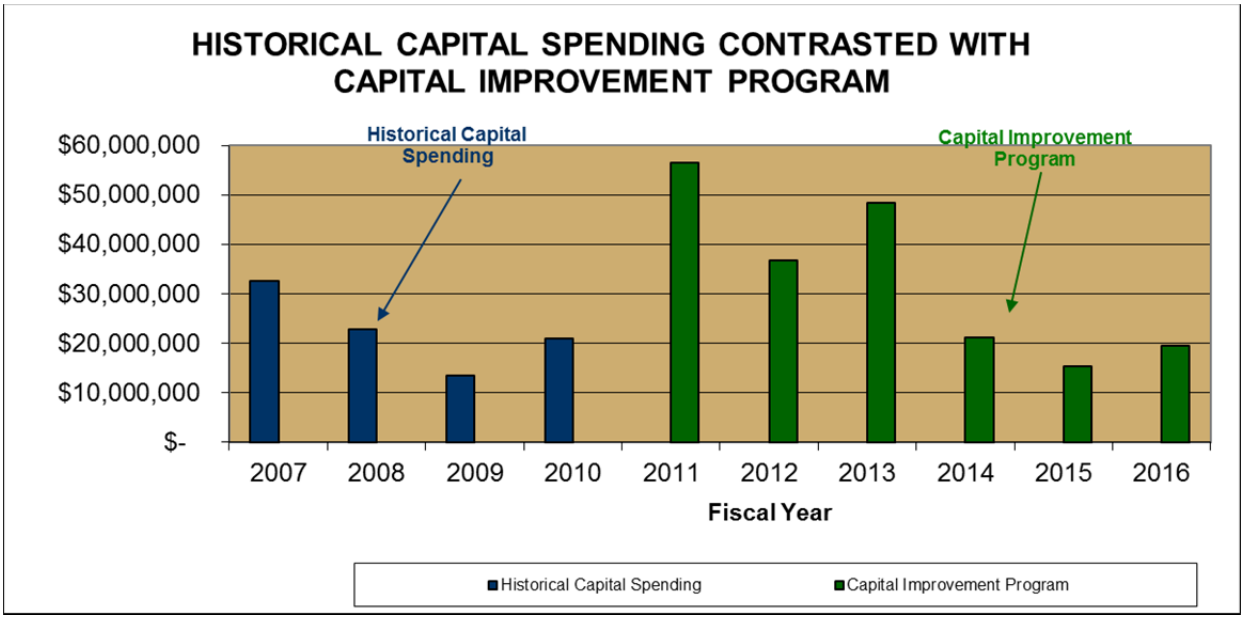
The graph below illustrates Missoula's historical investment in capital. The graph depicts actual capital expenditures over the course the last five years (for which audited values are available at the time of publication of the budget) as compared to the City's operating budget. Obligating resources 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.