

EXECUTIVE SUMMARY

OVERVIEW

This Capital Improvements Plan (CIP) outlines a schedule of public service expenditures over the ensuing six-year period (fiscal years 2010 – 2015). The CIP does not address all of the capital expenditures for the City, but provides for large, physical improvements that are permanent in nature, including the basic facilities, services, and installations needed for the functioning of the community. These include transportation systems, utilities, municipal facilities and other miscellaneous projects.

To qualify for inclusion into the CIP, a project must meet the following standards:

- Be consistent with 1) an adopted or anticipated component of the City master plan, 2) a state or federal requirement, or 3) a City Council approved policy; and
- Constitute permanent, physical or system improvements in excess of \$100,000; or significant equipment purchases in excess of \$100,000 with a useful life of at least ten years; or a study of at least \$100,000 that will lead to such projects; and
- Add to the value or capacity of the infrastructure of the City.

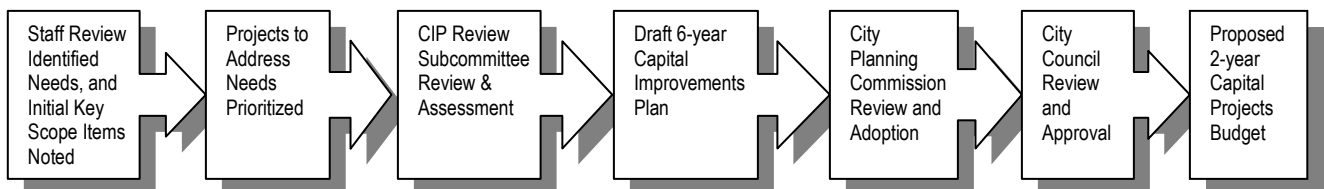
Projects that are considered operational, maintenance or recurring are excluded.

Preparation of the Capital Improvements Plan is done under the authority of the Municipal Planning Commission Act (Act 33 of the Public Acts of 2008). It is the City Planning Commission’s goal that the CIP be used as a tool to implement the City Master Plan and assist in the City’s financial planning.

The Capital Improvements Plan proposes project funding relative to the anticipated availability of fiscal resources and the choice of specific improvements to be achieved throughout the six-year plan. The first two years of the Capital Improvements Plan serve as the basis for establishing the City’s Capital Projects Budget (CPB) programming the implementation of the planned projects for the upcoming two fiscal years. The CIP and CPB make up the City’s Capital Improvements Program.

THE CAPITAL IMPROVEMENTS PROGRAM PROCESS

The Capital Improvements Program process begins with a review of identified system needs and concludes with the proposed CPB as outlined below:



ORGANIZATION

The Capital Improvements Program is divided into three sections:

Section I – Capital Improvements Programming

- Introduction
- Overview
- Public Involvement
- Program Summary
- Program Funding

Section II – Project Summary Reports

Section III – FY2008-2013 Capital Improvements Plan

The plan lists individual capital projects categorized by capital program. The following information is included on each project page:

- | | |
|------------------------------------|------------------------------------|
| • Project Name | • Identified Need |
| • Project Identification Number | • Scope Items |
| • Project Type | • Project Justification Score |
| • Submitting Service Area/Unit | • Beneficial Impacts |
| • Planning Area | • Initiating Plan/Study/Resolution |
| • CIP Review Subcommittee Priority | • Schedule |
| • Total Cost | • Schedule Justification |
| • Number of Years in the CIP | • Funding Source(s) |

PROJECT PRIORITIZATION

The CIP Review Subcommittee assesses all capital needs and gives each project a priority rating. The rating indicates that a project is one of the following:

► Urgent

- Corrects an emergency or condition dangerous to public health, safety or welfare;
- Complies with federal or state requirement(s) whose implementation time frame is too short to allow for longer range planning; or
- Is vital to the economic stability of the city

► Important

- Prevents an emergency or condition dangerous to the public health, safety, or welfare;
- Is consistent with an adopted or anticipated element of the City Master Plan, a federal or state requirement whose implementation time frame allows longer range planning, or a council approved policy;
- Is required to complete a major public improvement (this criterion is more important if the major improvement cannot function without the project being completed, and is less important if the project is not key to the functioning of another project); or
- Provides for a critically needed community program

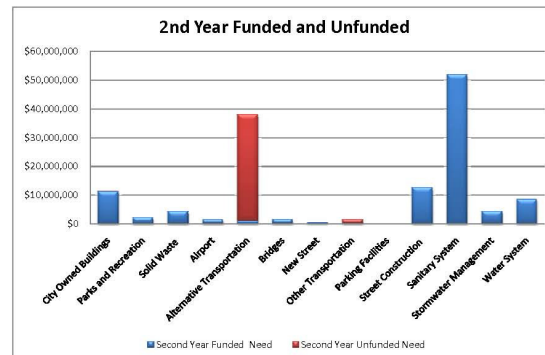
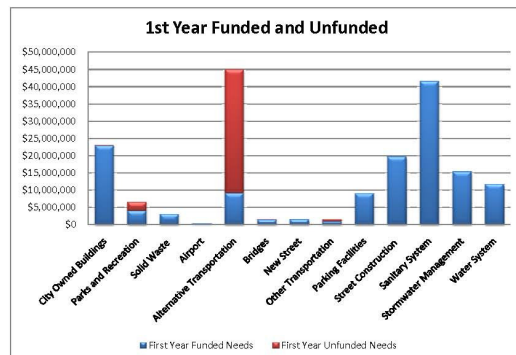
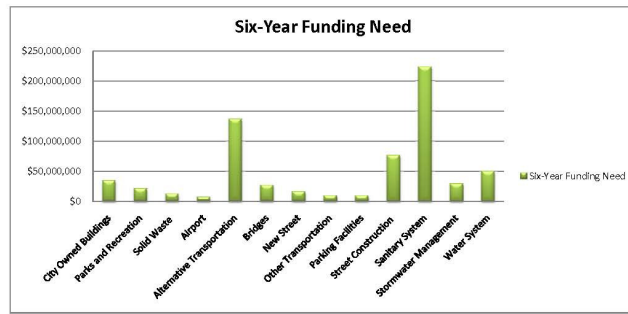
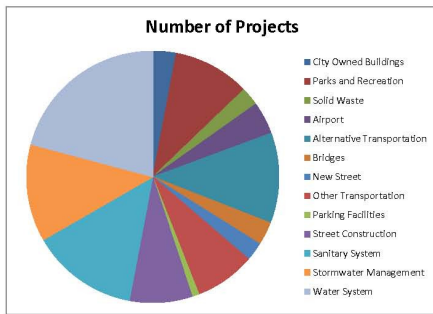
► Desirable

- Needed to correct an inequitable distribution of past public improvements and that would benefit the community;
- Worthwhile if funding becomes available;
- Can be postponed without detriment to present services; or
- Validity of planning and validity of timing have been established

THE TOTALS

A total of 337 projects are included in this year’s CIP with a six-year funding need for fiscal years FY2010 – 2015 of \$653,681,000. This is a 5.4% increase from the FY2008-2013 CIP document, which anticipated \$620,359,000 in funding need for fiscal years 2008-2013. The total anticipated funding need for all projects is \$832,948,000, which includes project funds spent prior to fiscal year 2010 and required funds needed after fiscal year 2015. The charts below indicate the total number of projects for each category, the total costs, the six-year funding need and first-year and second-year expenditures:

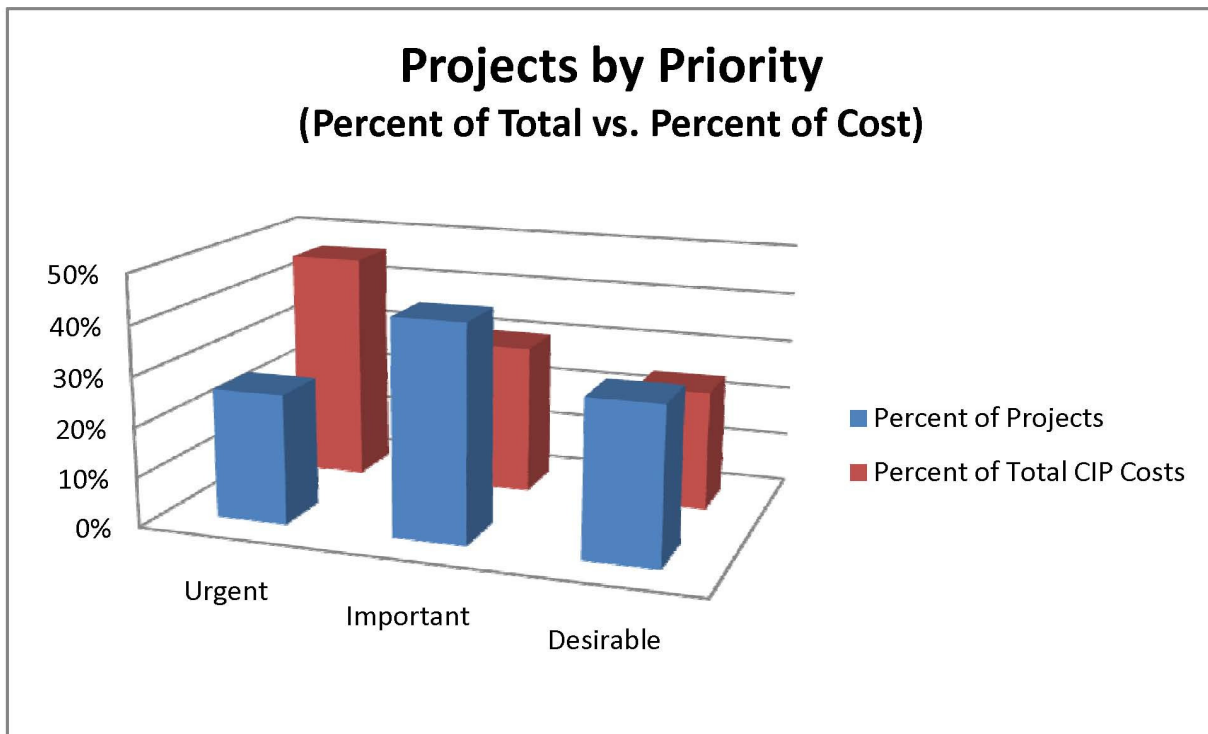
Category	Number of Projects	Six-Year Funding Need	First Year Funded Needs	First Year Unfunded Needs	Second Year Funded Need	Second Year Unfunded Need
City Owned Buildings	10	\$34,831,000	\$22,856,000	\$150,000	\$11,300,000	\$85,000
Parks and Recreation	33	\$21,514,000	\$3,985,000	\$2,500,000	\$2,253,000	\$0
Solid Waste	8	\$12,638,000	\$2,999,000	\$0	\$4,382,000	\$0
Airport	14	\$5,710,000	\$270,000	\$0	\$1,490,000	\$0
Alternative Transportation	39	\$136,795,000	\$9,090,000	\$35,800,000	\$1,054,000	\$37,066,000
Bridges	10	\$27,400,000	\$1,390,000	\$100,000	\$1,590,000	\$0
New Street	8	\$13,980,000	\$1,500,000	\$0	\$500,000	\$100,000
Other Transportation	26	\$10,105,000	\$911,000	\$530,000	\$200,000	\$1,274,000
Parking Facilities	3	\$10,035,000	\$9,035,000	\$0	\$0	\$0
Street Construction	27	\$76,601,000	\$19,615,000	\$0	\$12,680,000	\$0
Sanitary System	46	\$223,995,000	\$41,502,000	\$0	\$51,953,000	\$0
Stormwater Management	42	\$29,720,000	\$15,358,000	\$0	\$4,420,000	\$0
Water System	70	\$50,357,000	\$11,730,000	\$0	\$8,537,000	\$0
TOTALS	336	\$653,681,000	\$140,241,000	\$39,080,000	\$100,359,000	\$38,525,000



PRIORITIES

According to staff and the review of the CIP Review Subcommittee, 26% of all projects are considered “Urgent”, making up 46% of the total CIP costs. Below is a project breakdown by priority.

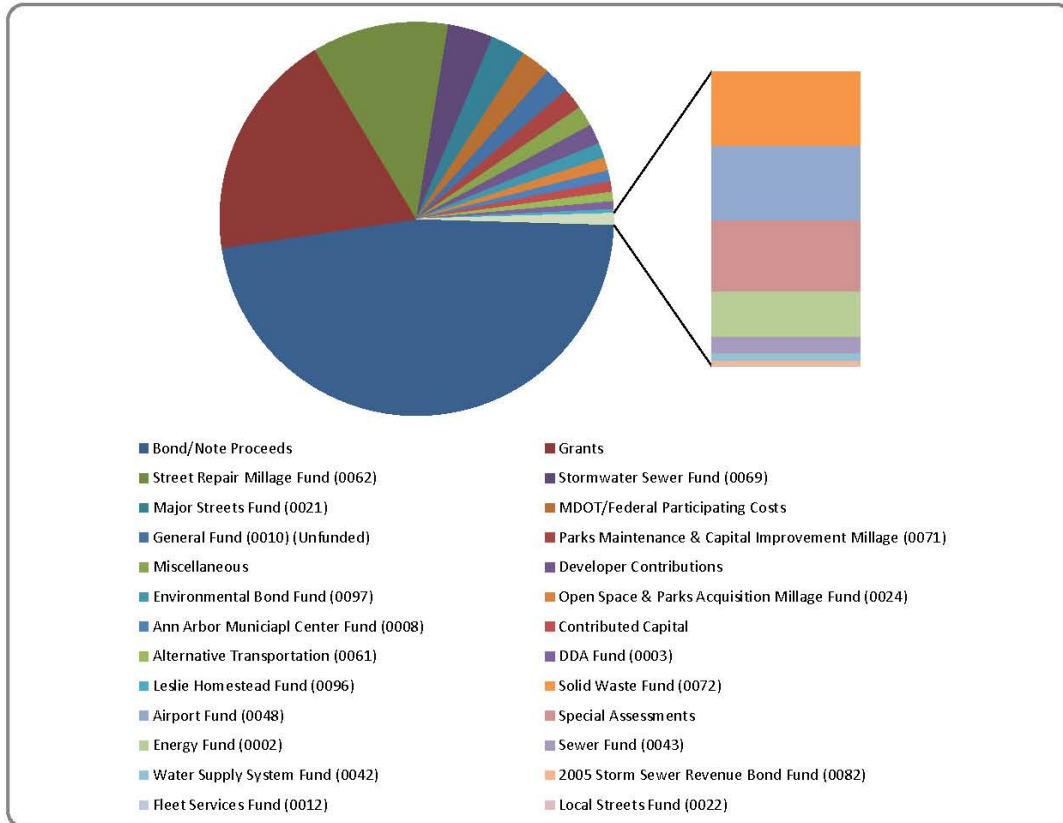
Priority	Number of Projects	Percent of Projects	Total of Projects Cost	Percent of Total CIP Costs
Urgent	87	26%	\$297,893,000	46%
Important	145	43%	\$197,176,000	30%
Desirable	104	31%	\$158,612,000	24%
TOTALS	336	100%	\$653,681,000	100%



FUNDING NEEDS AND SOURCES

The anticipated six-year funding need is \$653,681,000. Below is the summary of the categories of funding for these projects. Bonds will fund just over 47% of the projects. Slightly more than 2% of all funding need is anticipated from the General Fund.

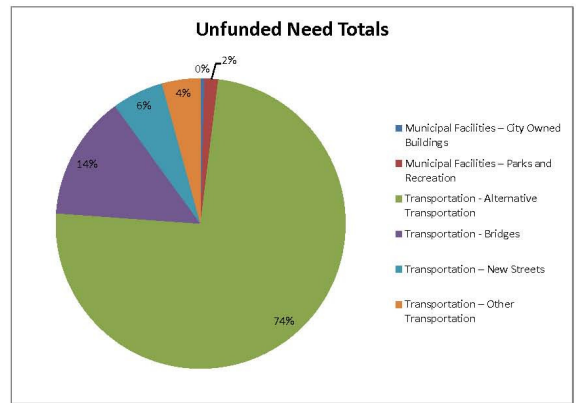
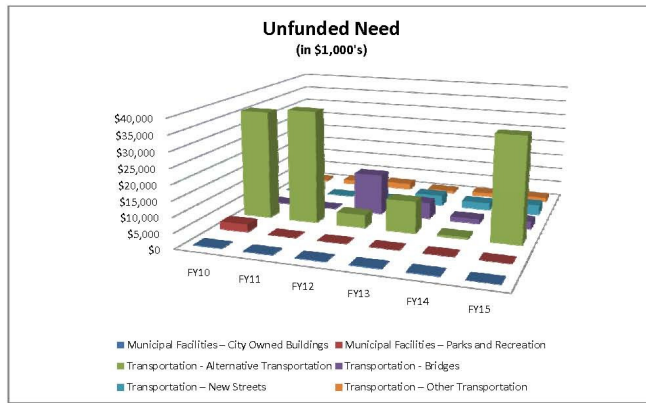
Funding Source	In Thousands of Dollars						Totals	Percent of Total
	FY10	FY11	FY12	FY13	FY14	FY15		
Bond/Note Proceeds	\$77,737	\$67,875	\$44,788	\$38,128	\$19,230	\$60,740	\$308,498	47.19%
Grants	\$41,111	\$34,001	\$6,233	\$9,786	\$4,284	\$27,098	\$122,523	18.74%
Street Repair Millage Fund (0062)	\$12,565	\$12,240	\$17,123	\$11,826	\$9,086	\$10,270	\$73,110	11.18%
Stormwater Sewer Fund (0069)	\$14,263.00	\$3,435.00	\$2,295	\$1,560	\$1,887	\$797	\$24,237	3.71%
Major Streets Fund (0021)	\$1,985	\$2,882	\$5,742	\$4,104	\$2,781	\$1,120	\$18,614	2.85%
MDOT/Federal Participating Costs	\$9,110	\$1,875	\$2,513	\$2,550	\$0	\$0	\$15,848	2.42%
General Fund (0010) (Unfunded)	\$2,087	\$1,985	\$1,302	\$592	\$500	\$7,500	\$13,866	2.14%
Parks Maintenance & Capital Improvement Millage (0071)	\$1,428	\$2,503	\$1,993	\$1,685	\$1,670	\$2,330	\$11,589	1.77%
Miscellaneous	\$2,926	\$2,680	\$462	\$5,000	\$0	\$0	\$10,968	1.66%
Developer Contributions	\$2,606	\$1,000	\$4,260	\$2,608	\$0	\$0	\$10,474	1.60%
Environmental Bond Fund (0097)	\$2,060	\$3,500	\$200	\$2,108	\$250	\$0	\$8,118	1.24%
Open Space & Parks Acquisition Millage Fund (0024)	\$3,000	\$2,000	\$2,000	\$0	\$0	\$0	\$7,000	1.07%
Ann Arbor Municipal Center Fund (0008)	\$5,790	\$0	\$0	\$0	\$0	\$0	\$5,790	0.89%
Contributed Capital	\$0	\$3,270	\$336	\$2,108	\$0	\$0	\$5,714	0.87%
Alternative Transportation (0061)	\$90	\$294	\$280	\$70	\$597	\$3,768	\$5,089	0.78%
DDA Fund (0003)	\$1,300	\$300	\$350	\$350	\$350	\$1,420	\$4,070	0.62%
Leslie Homestead Fund (0096)	\$0	\$0	\$0	\$0	\$0	\$2,100	\$2,100	0.32%
Solid Waste Fund (0072)	\$934	\$452	\$68	\$42	\$0	\$0	\$1,516	0.23%
Airport Fund (0048)	\$7	\$37	\$1,340	\$17	\$10	\$92	\$1,503	0.23%
Special Assessments	\$109	\$140	\$323	\$698	\$90	\$90	\$1,450	0.22%
Energy Fund (0002)	\$380	\$440	\$30	\$30	\$30	\$0	\$910	0.14%
Sewer Fund (0043)	\$0	\$75	\$0	\$0	\$0	\$260	\$335	0.05%
Water Supply System Fund (0042)	\$60	\$100	\$0	\$0	\$0	\$0	\$160	0.02%
2005 Storm Sewer Revenue Bond Fund (0082)	\$85	\$0	\$0	\$0	\$0	\$0	\$85	0.01%
Fleet Services Fund (0012)	\$7	\$0	\$0	\$0	\$0	\$0	\$7	0.00%
Local Streets Fund (0022)	\$7	\$0	\$0	\$0	\$0	\$0	\$7	0.00%
TOTALS	\$179,537	\$140,884	\$91,658	\$83,242	\$40,775	\$117,585	\$653,681	100.00%
Percent of Total	25.70%	25.40%	17.80%	13.20%	10.10%	7.70%	100%	



FUNDING ISSUES

As is often the case with many governmental agencies, the total funding need identified in the CIP exceeds the available funding. There are projects contained in this CIP that do not have an established, secure source of funding at this time, other than the City’s General Fund. The project categories with one or more unfunded projects over the six years of this plan are summarized in the table below:

Category	Unfunded Need In Thousands of Dollars						Totals
	FY10	FY11	FY12	FY13	FY14	FY15	
Municipal Facilities – City Owned Buildings	\$150	\$85	\$125	\$175	\$200	\$0	\$735
Municipal Facilities – Parks and Recreation	\$2,500	\$0	\$0	\$0	\$0	\$0	\$2,500
Transportation - Alternative Transportation	\$35,800	\$37,066	\$4,270	\$10,420	\$620	\$34,135	\$122,311
Transportation - Bridges	\$100	\$0	\$13,390	\$5,338	\$1,500	\$2,500	\$22,828
Transportation – New Streets	\$0	\$100	\$350	\$3,390	\$2,310	\$3,290	\$9,440
Transportation – Other Transportation	\$530	\$1,274	\$1,935	\$755	\$1,216	\$1,355	\$7,065
TOTALS	\$39,080	\$38,525	\$20,070	\$20,078	\$5,846	\$41,280	\$164,878



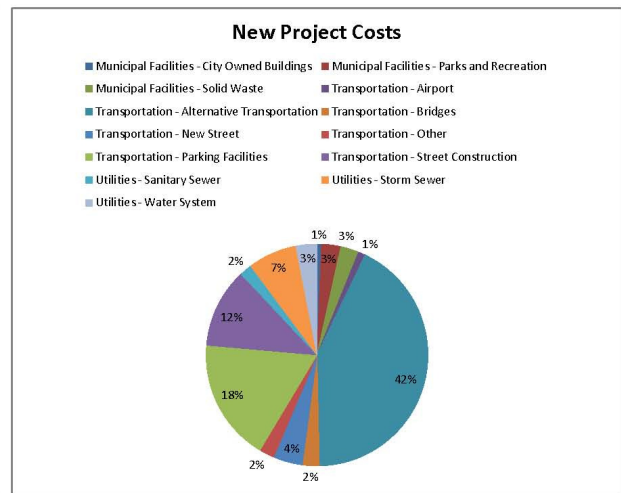
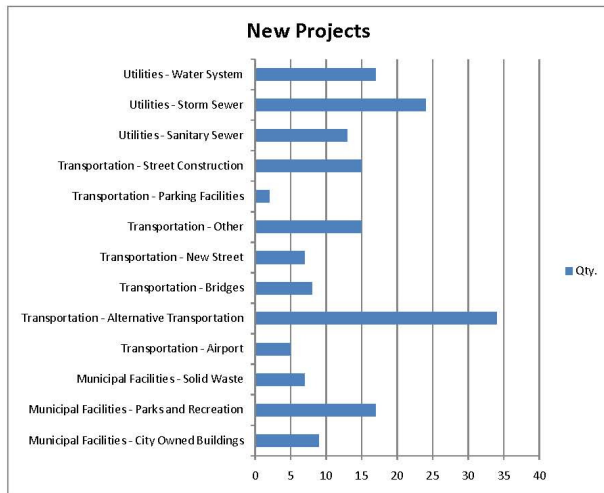
The *Transportation – Alternative Transportation* projects, making up the largest portion of the unfunded need, include several projects related to the Mayor’s Model for Mobility vision for the city and the region. In particular, the majority of these unfunded needs are related to two prospective commuter rail projects - - an east-west (the Detroit to Ann Arbor) commuter rail project and a north-south (the Washtenaw-Livingston, or WALLY) commuter rail project - - as well as projects related to signature transit connection service between these rail systems and major employment and destination centers. In addition, sidewalk gap projects included in the plan do not have a dedicated funding source other than special assessments and the General Fund, so those are listed as unfunded projects.

The *Transportation – Bridges* projects include the replacement of the two East Stadium Bridges which call for participating funding from the Michigan Department of Transportation (MDOT), which have not yet been committed.

NEW PROJECTS

There are 125 new projects in this year’s CIP, with 22 being considered urgent priority, 92 being listed as important, and 11 classified as desirable. The total cost of all new projects is \$146,136,600, representing approximately 24% of all project costs.

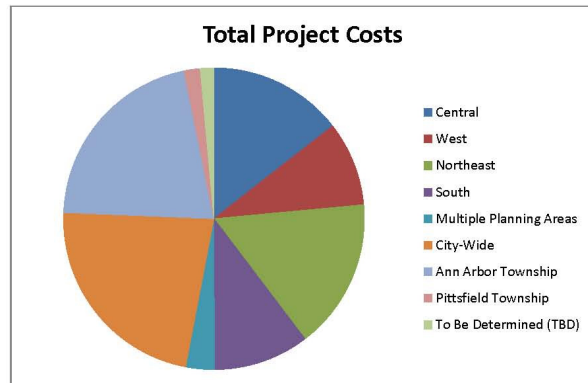
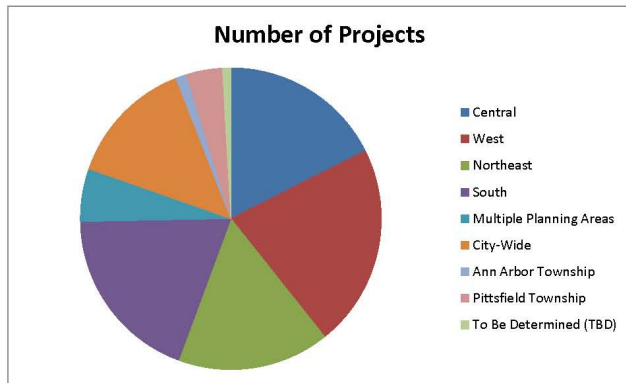
Category	Qty.	Cost
Municipal Facilities - City Owned Buildings	9	\$2,006,180
Municipal Facilities - Parks and Recreation	17	\$8,946,000
Municipal Facilities - Solid Waste	7	\$8,445,524
Transportation - Airport	5	\$3,252,500
Transportation - Alternative Transportation	34	\$134,825,000
Transportation - Bridges	8	\$7,842,000
Transportation - New Street	7	\$13,565,000
Transportation - Other	15	\$6,990,000
Transportation - Parking Facilities	2	\$56,400,000
Transportation - Street Construction	15	\$36,843,000
Utilities - Sanitary Sewer	13	\$5,665,000
Utilities - Storm Sewer	24	\$22,675,413
Utilities - Water System	17	\$9,657,000
TOTAL	173	\$317,112,617



GEOGRAPHIC DISTRIBUTION

The anticipated geographic project distribution is quite equitable in the four city planning areas (central, south, west and northeast) with all four areas 16.37 – 21.73% of the number of projects in the CIP. In terms of the project cost distribution, the west area contains the lowest percentage of the total project costs, but it has the greatest number of individual projects. In contrast to this trend, the central and northeast areas have the fewest number of projects yet have the greatest percentage of project costs, with some of very costly projects including the Police Department/Court Facility, many of the Model for Mobility Projects and the two East Stadium Bridge Replacement projects.

Geographic/Planning Area	Number of Projects	Percent of Projects	Total Project Costs	Percent of Total CIP Costs
Central	59	17.56%	\$94,592,500	14.47%
West	73	21.73%	\$59,167,000	9.05%
Northeast	55	16.37%	\$105,466,500	16.13%
South	64	19.05%	\$67,236,000	10.29%
Multiple Planning Areas	19	5.65%	\$20,132,000	3.08%
City-Wide	46	13.69%	\$147,925,000	22.63%
Ann Arbor Township	4	1.19%	\$138,350,000	21.16%
Pittsfield Township	13	3.87%	\$11,252,000	1.72%
To Be Determined (TBD)	3	0.89%	\$9,560,000	1.46%
TOTALS	336	100%	\$653,681,000	100%



MAJOR PROJECTS

Below is a list of the top ten project expenditures during fiscal years 2010-2015, including their project priority. Based on the total cost of all projects (\$653,681,000), the top ten projects constitute approximately 57% of the total funding need.

Project Name	Total Cost	Priority
Facilities Renovation	\$91,500,000	Urgent
Model for Mobility: Wally (Capital Investment)	\$64,000,000	Desirable
Footing Drain Disconnection Project (Long Term)	\$58,250,000	Important
Residuals Handling Improvements	\$46,000,000	Urgent
Police Department/District Court Facility	\$33,450,000	Urgent
Model for Mobility: Transit Connector (Construction)	\$30,000,000	Desirable
Annual Local Street Resurfacing Program	\$18,140,000	Urgent
East Stadium Bridge Replacement (over AARR)	\$11,598,000	Urgent
First & Washington Parking Structure	\$9,035,000	Important
Annual Major Street Resurfacing Program	\$8,553,000	Urgent

TOTAL \$370,526,000