

Capital Plan Under Review

The City Council at its July 26 work session spent about two hours conducting an initial review of the City's proposed Capital Improvement Plan (CIP) for the years 2011-15.

Background

The CIP is a planning document that identifies needed investment in City infrastructure and capital equipment over the next five years, and seeks to balance those needs with the City's ability to finance such projects.

By identifying the City's capital investment priorities for five years out into the future, the CIP is also useful in seeking Federal and State funding to help meet local community needs.

Projects included in the CIP generally have a life of 10 years or more, and a price tag exceeding \$5,000. Such projects are most often funded through the issuance of City debt, in the form of notes or bonds.

In making plans for future capital projects, the City Council and management keep an eye on the City's total outstanding debt, as well as the amount of property taxes required to service such debt.

Wisconsin law limits the amount of "General Obligation" (G.O.) or tax-supported debt that can be issued by a municipality to no more than 5 percent of the total equalized value for that jurisdiction. By policy, the City of Two Rivers strives to keep its outstanding G.O. debt at or below 60 percent of that limit.

Based on a 2009 equalized valuation of \$584 million, our city's statutory debt limit is \$29.2 million; 60 percent of that number is \$17.5 million. As of 2010, the City has \$18.6 million in outstanding G.O. debt, which puts us at about 64 percent of the statutory limit.

The City exceeded its self-imposed limit because of about \$1.5 million in borrowing for water and sewer system projects that occurred in 2010. Normally, such borrowing would be in the form of utility revenue bonds, which do not count against the City's G.O. debt limit. But with current deficits in both the water and sewer utility funds, that borrowing had to be in the form of G.O. debt. Those debt issues will, however, be repaid from utility sources.

(Debt owed by the City's utilities totals \$10 million, including \$3.3 million still owed on the 2004-05 water plant upgrade and \$6 million owed on the 2008-09 wastewater plant project.)

The City's current tax levy for G.O. Debt Service is \$2 million per year. About \$1.5 million of that amount goes to principal retirement, the rest to interest.

Specifics of the 2011-15 Draft Plan

The preliminary CIP for 2011-15 identifies projects that will require \$9 million in local funding.

The largest single project is replacement of the 17th Street Bridge, in 2011-13. The local share of this \$14 million project will be \$2.8 million.

Other noteworthy projects proposed for the next five years include:

--About \$1.9 million in various street paving and reconstruction projects, including local match for reconstruction of 45th Street (CTH VV), local match for rebuilding portions of Hawthorne and 14th Streets (STH 310), plus asphalt overlays and concrete panel replacement to extend the life of existing streets.

--Just over \$1.3 million in capital equipment purchases for Public Works, including routine replacement of dump trucks (on a 15-16 year life cycle), loaders (16-year life cycle) and other equipment.

--\$1 million in rehabilitation work and upgrades at existing parks, including projects like paving and drainage work at Zander Park, facilities upgrades at the beach, repairs to tennis courts, new restrooms at Walsh Field, and upgrading the boat launch, parking area and fish cleaning station at Vets Park.

It's also worth noting that the CIP does NOT at this time allow for funding of other capital projects that SHOULD be on the City's radar screen—like the recently-discussed need to invest in city-owned seawalls around the harbor

The CIP will be refined and presented to the City Council for approval in September. As the process moves forward, I expect the proposed spending will be trimmed further. As the CIP is implemented in 2011 and updated in future years, project spending will likely be less than projected, as plans get fine-tuned and the City secures grants to supplement local funding.

A summary of the preliminary 2011-15 CIP can be viewed by going to the City's web site, www.two-rivers.org, and clicking on the item for "2011-15 Capital Plan."

Senate Bill Includes Funds for Harbor Dredging

The U.S. Senate Appropriations Committee last week approved a 2011 Energy and Water Resources appropriation bill that includes \$1.02 million to finish dredging of TR's harbor, up the East Twin River to the 22nd Street Bridge.

Thanks to Senator Herb Kohl, who sits on the Appropriations Committee, for his advocacy of this project.

Readers may recall that the City secured a \$754,000 appropriation (“earmark”) in 2009 for harbor dredging. At the time, we believed that sum would be sufficient to dredge the entire Federal Channel in the harbor, based on estimates provided in 2008 by the US Army Corps of Engineers.

Unfortunately, the Corps’ quantity estimates were way off, and the 2009 appropriation was fully consumed in dredging just the “outer harbor.” The Corps has since indicated that another \$1 million will be needed to finish the job.

There is presently no timetable for this bill to be taken up by the full Senate, let alone being reconciled with the House appropriations bill. In Washington, in an election year, who knows?

The City urges Senator Feingold to support this measure on the Senate floor, and Congressman Petri to offer his support in the House. “Earmark” may be a dirty word these days, but we have some unfinished dredging work that needs to be completed here in Two Rivers.

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