
CAPITAL PROJECTS



CAPITAL PROJECTS

Overview of Capital Improvement Program (CIP) and Capital Budget

FY 2017 Capital Budget Summary

The Gallatin County Final Capital Budget for FY 2017 includes funding of projects put forward by Elected Officials and Department Heads, reviewed and recommended by the Capital Improvement Program Committee, and approved by the County Commission. The FY 2017 Final Capital Budget identifies those items that will be funded during the current budget year. The following table gives a brief description, estimated cost, and the FY 2017 Capital Budget for projects and capital outlay.

CAPITAL OUTLAY / CAPITAL PROJECTS			
Summary of 2017 Capital Projects & Outlay			
<u>Description</u>	<u>Project</u>	<u>Expended</u>	<u>FY 2017 FINAL</u>
Open Space Acquisition	20,000,000	15,561,156	4,438,844
Judicial/Law Enforcement Buildings	65,000,000	1,861,400	2,683,536
Year-Round Ice Facility/Parking	4,500,000	1,500,000	-
Fairground Projects	650,000	130,000	165,000
Noxious Weed Complex	750,000	-	-
Storage Facility - in Judicial / Law Buildin	-	-	-
9 1 1 Radio Project	3,228,400	-	530,009
Core Equipment (Rolling Stock)	27,578,000	Yearly Allocation	1,901,801
County Facilities (\$0.95 set aside)	951,522	Yearly Allocation	951,522
Capital Equipment (County Funds)	5,663,399	Yearly Allocation	5,663,399
Detention Center (Reserve/Expansion)	9,423,311		707,481
Capital - Bridge Replacement	22,412,930	Yearly Allocation	1,600,000
Capital (Grants, misc.)	2,123,302	Yearly Allocation	2,123,302
Capital Projects	1,243,442	Yearly Allocation	1,243,442
Capital (Enterprise / Intergovernmental)	10,128,953	Yearly Allocation	10,128,953
Capital Equipment (Special Districts)	4,107,238	Yearly Allocation	4,107,238
TOTAL	177,760,497		36,244,527

Capital Budget Process Overview

The Gallatin County Capital Budget is prepared through the efforts of the County Commissioners, Capital Improvement Program Committee, County Administrator, and County Staff. Through this joint effort, capital expenditures are managed in a structured process designed to maintain the County's infrastructure for today's needs as well as meeting long range growth projections.

In 2002, Gallatin County adopted an initiative designed to improve management of the County's capital expenditures¹. The goal of the initiative is to provide County Commissioners with decision-making tools that identify, prioritize, finance and implement projects throughout the County.

To accomplish this goal, the County created the Capital Improvement Program Committee (CIPC). Comprised of both County staff and citizen volunteers, this Committee provides capital investment recommendations to County Commissioners and is charged with:

- Acting as the central planning body for review and recommendation on capital projects over \$50,000
- Identifying deficiencies and recommending individual capital projects to the County Commission
- Raising public awareness
- Implementing appropriate evaluation to assess success and shortcomings

¹ Gallatin County Resolution 2002-031, and MCA 7-6-616

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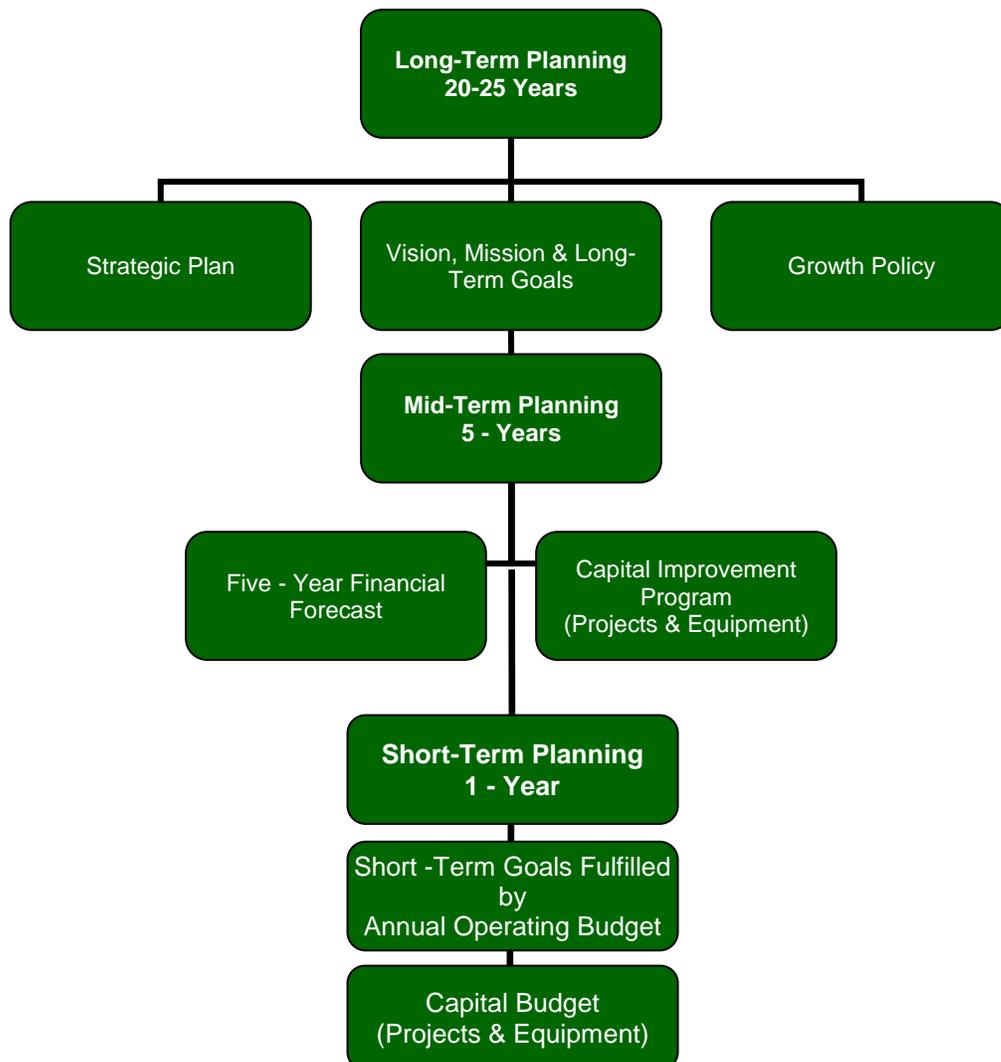
Overview of Capital Improvement Program (CIP) and Capital Budget

The capital budget is separate and distinct from the County's operating budget for several reasons:

- 1) Capital outlays reflect non-recurring capital improvements rather than ongoing expenses. Where possible, capital projects are funded from nonrecurring funding sources such as cash, debt proceeds and grants; these one-time revenues are not appropriate funding sources for recurring operating expenses.
- 2) Capital projects tend to be of high cost (greater than \$50,000), requiring more stringent control and accountability, except for Core Rolling Stock which has a value greater than \$25,000.

Hierarchy of Capital Process

To provide direction for the capital program, the County Commission has adopted policies relating to the Capital Improvement Program and the Capital Budget, which are discussed later in this section. The following chart shows the hierarchy of the County's layered planning processes, 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 County's planning process hierarchy.



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Overview of Capital Improvement Program (CIP) and Capital Budget

Capital Planning and Capital Improvement Planning Committee (CIPC) Process

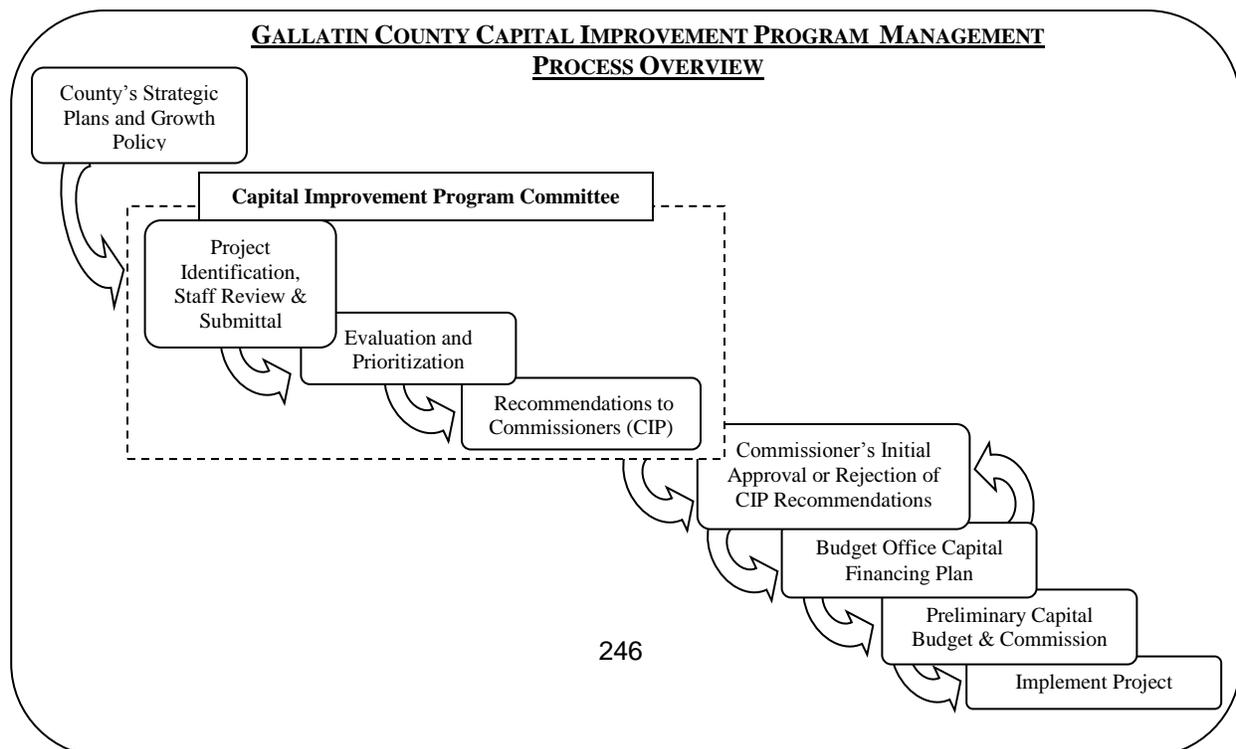
Capital Planning refers to the process of identifying and prioritizing County capital needs for determining which capital projects should be funded in the capital budget as resources become available. Countywide planning is guided by the Gallatin County Strategic Plan and the Growth Policy. These plans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

To support the County's short and long term objectives, the Capital Improvement Planning Committee (CIPC) addresses all capital expenditures to systematically plan, schedule, and finance projects to ensure cost-effectiveness and conformance with established policies. The CIPC creates a Capital Improvement Plan (CIP), a five-year plan organized into the same functional groupings used for the operating programs. The CIP reflects 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 existing fixed assets.

The CIPC's plan projects the County's capital projects and capital equipment needs over the course of current year's budget plus the next five years. Even though each year's plan addresses a six year forecast, the Committee views the long term needs of the County's infrastructure based largely on population growth forecasts. Once approved by the County Commissioners, the first year's CIP projects become part of the Capital Budget. These capital projects represent one year of the five-year CIP and it is a component of the Annual Operating Budget. Unlike the CIP, the Capital Budget represents the approved capital items contained in the current year Annual Operating Budget.

The CIPC is comprised of 9 voting members, including one elected official, one department head and a non-voting County Commissioner. The balance of the CIPC members are Gallatin County citizens represented by geographical diversity and/or representatives from business, construction and finance industries. The CIP is prepared under the direction of the County Administrator (CA).

The CIP update begins in late fall when the CIPC prepares packets for distribution to Elected Officials, Department Heads and agencies. These packets explain the goals of the CIPC, describe the overall process, and provide pertinent information for submittal. Included are the capital budget calendar, forms, instructions, written documentation, and definitions to be used in preparing capital project budgets, including revising current project estimates and the method to add new capital projects.



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Overview of Capital Improvement Program (CIP) and Capital Budget

Each application is required to meet certain minimum standards, including:

- Minimum estimated cost of \$50,000
- A life expectancy of at least 5 years
- Creates or revitalizes a fixed asset
- And fall within the following classifications:
 - Construction of new facility
 - Remodeling, expansion or leasing of existing facilities
 - Purchase, improvement and development of land
 - Operating equipment and machinery for new or expanded facilities
 - Planning and engineering costs related to specific capital improvements
 - Street construction, reconstruction, resurfacing or renovation

To gain uniformity and clarity in capital requests, each submittal is reviewed by County Staff to assure that all pertinent information is provided including:

- reason for the project,
- proposed project location and scope,
- project cost estimate and the nature of the estimate (conceptual or definitive)
- project funding requirements by fiscal year,
- proposed project schedule and completion dates,
- anticipated operating cost impacts and management approvals.

Another tool, employed by the County Staff and the CIPC, is to identify needed infrastructure improvement through a Facility Condition Index (FCI). The goal of the FCI is to systematically and routinely identify deferred maintenance items that exist and to assign a relative cost to these items². At this time all facilities that have had an FCI study. The FCI prioritizes the building condition using the following criteria:

- Safety
- Damage / Wear Out
- Codes / Standards
- Environmental Improvements
- Energy Conservation
- Aesthetics
- Other (non-FCI), Renovation, Adaptive

Once the submittals are completed by the requesting party, and prior to submittal to the CIPC, they are reviewed and evaluated by the County Administrator, Project Manager, Facilities Manager and the Finance Director for completeness and accuracy. To support CIPC review of requested projects, the County review team meets with each of the departments to determine that the proposed capital request is in accordance with the County's Comprehensive Strategic Plan and Growth Policy and contains adequate definition, cost and schedule information. Once this initial review is completed, the Preliminary capital requests are then submitted to the CIPC for review and prioritization. Throughout the development process, the County Administrator, Finance Director and the Grants and Projects Administrator hold regular meetings with the CIPC to keep them up-to-date, provide them with revenue projection updates, and to obtain overall policy guidance.

² Report from Comma-Q to Ed Blackman, April 20, 2006 for the Law & Justice Building and August 28, 2006 for the Detention Center.

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The purpose of the CIP evaluation process is to establish an objective ranking, or priority, to the capital expenditures based on a set of criteria. These criteria and relative weighting are prepared by the CIP and included in the submittal request.

CIP Project Evaluative Criteria and Rating Range for 2016 Budget

Criteria	Score Rating Range
1. Health and safety	3 - 9
2. Commission goals	2 - 6
3. Implication of deferment	2 - 6
4. Annual recurring costs	1 - 3
5. Environmental Improvement	1 - 3
6. Community benefit	1 - 3

Upon completing their review, in consultation with the CIPC, the County review team meets with the appropriate program directors and representatives to resolve outstanding issues and ensure that all are in agreement with the current information. When projects are considered complicated, or exceed \$100,000, a Project Engineering Study may be requested by the CIPC, or staff. The intent of these selected studies is to establish a clear scope, cost and schedule for a project prior to its prioritization and inclusion into the annual budget.

After the CIP process is reviewed and agreement among the CIPC is reached, the information is forwarded as a recommendation to the County Commission. The Commission is free to modify the recommendation as they deem necessary. The Commission holds a public hearing as part of the budget process in June, to hear comments on the recommended CIP. After the public hearing, the Commission meets and incorporates their decisions on Capital Projects into the Preliminary Budget. The County Commission then holds work sessions and public hearings to obtain public comment. The Capital Budget is approved as part of the Annual Operating Budget in late August of each year. The Final Budget document reflects the adopted budget and the CIP which are distributed, via hardcopy and electronic format.

Positive results of the Capital Improvement Program and Capital Budget include:

- Translation of the County's Strategic Plan, growth policy, individual department's functional plans, and other programs and policies into tangible projects.
- Coordination of the capital projects of all County departments so they further the implementation of long-term plans.
- Encouragement of private development in areas that conform with the County's long-term growth policy.
- Providing for an objective assessment of capital budget requests, incorporating structured evaluation criteria applied on a consistent basis.
- Enabling the County Commission to plan the financing of capital and operating activities.
- Protecting the County's investment in existing facilities, where appropriate, to avoid the higher cost of rehabilitation and/or replacement associated with deferment.
- Fostering economies of scale through inter-jurisdictional cooperation.
- Promoting of economic development and its inherent contributions.

Overview of Capital Improvement Program (CIP) and Capital Budget

Capital Budget Impact on Future Operating Budgets

Whenever the County 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, debt obligation 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 operation and maintenance cost of each new facility. 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.

Linkage

Gallatin County 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 coordinate 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 County Commission. This required linkage dictates that the CIP be developed within the context of, and consistent with, the County’s long-term and mid-term plans.

Each element of the County’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 Operating Budget and the Capital Budget are short-term — covering a one (1) year timeframe. The most important aspect is that they are coordinated and correspond with one another.

Funding Sources for CIP and Capital Budget

A variety of funding sources are available to finance the Capital Improvement Program and Capital Budget. As noted before, capital projects, unlike operating expenses that recur annually, only require one-time allocations for a given project. This funding flexibility allows the County to use financing and one-time revenue sources to accelerate completion of critical projects.

In general capital investments can be divided into two categories, minor and major expenditures. The following descriptions outline the importance of this distinction:

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.

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Overview of Capital Improvement Program (CIP) and Capital Budget

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 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 make payment. 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. The following summarizes the funding sources for the CIP.

Project Financing Sources

General Fund:	The County's general fund is available for use for any expenditure deemed to be in the public interest by the Gallatin County Commission.
State Revenues:	The County receives various payments from the State of Montana for different purposes. A portion of Gas Tax revenues is earmarked for material costs of road projects.
Grants/Donations:	This funding source consists of Federal grants, State grants, and donations by citizens and businesses where the money is passed through the County.
CTEP:	Federal grants primarily directed towards improving or expanding non-motorized transportation.
General Obligations Bonds:	Bonds for which the full faith and credit of the County is pledged. G.O. Bonds require voter approval.
Loans:	Received through Local Financing or Board of Investments Bond Program.
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 assessments.
User Fees:	User fees are charges for County services where the benefits received from such services can be directly and equitably applied to those who receive the benefits.
Park Acquisition & Development Fund:	This funding is set up to account for funding that developers pay to the County instead of donating park-land when they are subdividing bare land.
Other & Private:	This funding source represents other miscellaneous categories.

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Listing Capital Outlay / Capital Projects

Capital Projects / Budget Listing

Listed below are the capital items included in this year's Annual Budget, together with projected impacts on future operating budgets.

FY 2017 - DEPARTMENT APPROVED CAPITAL OUTLAY / CAPITAL PROJECT LISTING			
Depart. Code	DEPARTMENT	DESCRIPTION	FINAL
1000-300	Administrator		-
1000-340	Three Forks Airport	Reserve	103,044
1000-210	County Attorney		-
1000-308	Bridge	Bridge Reserve	196,039
1000-308	Bridge	Loader	80,000
4010-201	Capital Projects	Core - Sheriff -Vehicles	346,718
4010-201	Capital Projects	Core - Park / Recreation	56,000
4010-201	Capital Projects	Core - Fire Wild Land Unit Truck	23,111
4010-201	Capital Projects	Core - Road	325,000
4010-201	Capital Projects	Core - Road - prior years	1,079,472
4010-201	Capital Projects	Core - Motor Pool	41,500
4010-201	Capital Projects	Core - Noxious Weed	30,000
4010-201	Capital Projects	Building Upgrade	803,704
4010-201	Capital Projects	Bridge Replacement Program	1,600,000
4010-201	Capital Projects	Law & Justice / Storage	2,683,536
4010-201	Capital Projects	Detention Expansion	707,481
4010-201	Capital Projects	Treasurer Remodel	147,818
4010-201	Capital Projects	9-1-1 ongoing Capital	190,000
4010-330	Capital Projects	Office Building at Fairgrounds	220,000
4010-330	Capital Projects	Fair - Improvements - per list	165,000
4010-201	Capital Projects	Undesignated - Prior Years	309,318
4010-201	Capital Projects	Land Reserve	376,713
4010-201	Capital Projects	Undesignated - FY 2017	350,000
4010-340	Capital Projects	Three Forks - Airport FAA	73,728
1000-290	Clerk of District Court		-
1000-201	Commission		-
1000-285	Court Services		-
2300-250	Dispatch & Records	CAD, Records System	600,000
2300-250	Dispatch & Records	Microwave Upgrade	190,009
2300-254	Emergency Services	Building Upkeep	5,000
1000-245	Extension	Vehicle Reserve	7,500
2160-330	Fair - improvements other than buildings	Fencing - Gate B west, Grandstand and Mtrsprt.	16,260
2160-330	Fair - improvements other than buildings	Water - Anderson Arena & Mtr Sport	18,000
2160-330	Fair - improvements other than buildings	Install Electrical - Motorsport / VIP area	6,513
2160-330	Fair - buidling improvements	walk in door replacement	6,500
2160-330	Fair - buidling improvements	Remodel Anderson Arena kitchen	7,100
2160-330	Fair - buidling improvements	Replace Exterior - Haynes I	17,500
2160-330	Fair - buidling improvements	Finish siding Exhibit 1, 2, 3	8,500
2160-330	Fair - equipment	Loader	5,100
2160-330	Fair - equipment	Forklift	15,000
2160-330	Fair - equipment	Water Wheel	5,100
2160-330	Fair - Building improvements	Reserve - Improvements	8,153
2160-330	Fair - Parking	Reserve - Parking	24,802

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2017 - DEPARTMENT APPROVED CAPITAL OUTLAY / CAPITAL PROJECT LISTING			
Depart. Code	DEPARTMENT	DESCRIPTION	FINAL
1000-218	Finance	Printer Reserve	2,500
1000-218	Finance - Accounting	Reserve	2,813
2300-200	Fire	Vehicle Reserve	8,500
1000-225	GIS	Equipment Reserve	9,283
2270-216	Health - Human Services	Electronic Medical Records	45,000
2270-217	Health - Environmental	Replace Scanners/GPS	12,000
2270-217	Health - Environmental	Improve Paragon Module	2,000
2270-221	Health - Administration	Reserve	130,977
2270-221	Health - Administration	Build Out of office space	20,000
1000-211	Justice Court	Equipment Reserve	5,000
2220-910	Library Fund	Belgrade Reserve	31,520
2220-910	Library Fund	Bozeman Reserve	112,427
2220-910	Library Fund	Manhattan Reserve	12,417
2220-910	Library Fund	Three Forks Reserve	12,674
2220-910	Library Fund	West Yellowstone Reserve	8,917
1000-900	Miscellaneous - General Fund	Financial Software	600,000
2140-320	Noxious Weed	Reserves and Vehicle Reserve	46,446
1000-295	Planning	Access Database	20,000
5120-370	Rest Home - Administration	Reserves	238,633
5120-370	Rest Home - Administration	Buildings	100,000
5120-370	Rest Home - Administration	Kangaroo Pump & Chair Scale	1,728
5120-376	Rest Home - Dietary	Industrial Mixer	1,590
2110-307	Road - Operations	Gravel Pit Purchase Reserve	250,000
2110-307	Road - Operations	Large Excavator Reserve	180,000
2110-307	Road - Operations	Reserve	110,327
2110-307	Road - Operations	Specific Road Projects	67,358
2110-307	Road - Operations	Right of Way	50,000
2110-307	Road - Operations	Extend Gravel Pit Power	30,000
2110-307	Road - Operations	Pup Trailer	55,000
2110-307	Road - Operations	Two (2) Pickups	40,000
2110-307	Road - Operations	Belly Dump Trailer	51,000
2110-307	Road - Operations	Parts Washing Tool	7,000
2110-307	Road - Operations	Logan Storage Building	11,150
2110-307	Road - Operations	Repairs for Trailer & 2 Skidsteers	12,000
2110-307	Road - Operations	Automotive Scan Tool	6,000
2110-307	Road - Operations	Two (2) Electric Pumps for Pit	100,000
2110-307	Road - Operations	Civil Engineer Pickup	25,000
2300-209	Sheriff - Big Sky	Big Sky Vehicle Reserve	29,972
2300-209	Sheriff - Big Sky	Vehicle Replacement	60,500
2300-360	Sheriff - Detention Center RMS	Reserve	23,152
2300-360	Sheriff - Detention Center	Capital Reserves	100,000
2300-360	Sheriff - Detention Center	RMS	228,446
2300-360	Sheriff - Detention Center	Cameras	12,000
2300-360	Sheriff - Detention Center	Pod Barrier	18,500

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2017 - DEPARTMENT APPROVED CAPITAL OUTLAY / CAPITAL PROJECT LISTING			
Depart. Code	DEPARTMENT	DESCRIPTION	FINAL
2300-209	Sheriff - Law Enforcement	Capital Expenses - Fed. Equit. Share	52,161
2300-209	Sheriff - Law Enforcement	Ford Interceptor	56,485
2300-209	Sheriff - Law Enforcement	Vehicle Build	30,414
2300-209	Sheriff - Law Enforcement	Handheld Radio	6,000
2300-209	Sheriff - Law Enforcement	Records Management System	34,721
2300-209	Sheriff - Law Enforcement	MDT	5,719
2300-209	Sheriff - Law Enforcement	Equipment	5,800
2300-258	Sheriff - Search & Rescue	Reserve	147,778
2300-258	Sheriff - Search & Rescue	Building	13,000
2300-258	Sheriff - Search & Rescue	Snowmobile	13,000
2300-258	Sheriff - Search & Rescue	Four-Wheeler	10,000
2300-355	Sheriff - Three Forks	Three Forks Vehicle Reserve	86,621
1000-232	Supt. Of Schools		-
1000-203	Treasurer		-
	Subtotal - Tax Supported		14,202,748
2200-000	Mosquito District - Three Rivers	Reserve	25,600
2210-910	Parks	Reserved Cash-In-Lieu	14,000
2210-910	Parks	Improvements to Regional Park	22,882
2250-295	Planning Board	Access Database	10,000
2393-202	Clerk & Recorder - Records Preservation	Reserve	18,400
2393-202	Clerk & Recorder - Records Preservation	Plat Scanner	26,000
2393-202	Clerk & Recorder - Records Preservation	Flat File Cabinet	5,000
2393-202	Clerk & Recorder - Records Preservation	Printer for Plat Room	5,000
2393-202	Clerk & Recorder - Records Preservation	Eagle Recorder Self Serve Module	20,000
2790-850	Local Water Quality	Reserve	134,275
2850-250	Joint Dispatch - State 911	Reserve	343,527
2850-250	Joint Dispatch - State 911	Phone System	275,000
2850-250	Joint Dispatch - State 911	VMWare Cluster & EMC storage	150,000
2850-250	Joint Dispatch - State 911	Capital Reserve	109,270
2900-201	PILT	Attorney Copier	10,000
2900-205	PILT - ITS	Routers / Servers	111,760
2900-205	PILT - ITS	SANs Shelving	110,000
2900-205	PILT - ITS	Software	50,000
2900-218	PILT - Finance	County Website	50,000
2950-350	DUI Task Force	Reserve	74,292
2917-210	Victim Witness		9,150
2927-254	Homeland Security	Emerg. Serv.	41,177
2927-250	Homeland Security	Microwave - 911	125,000
2968-216	Health - Cancer Prevention	Breast & Cervical Cancer	214,716
2969-221	Health - Preparedness	Health Preparedness	118,253
2976-216	Health - Communicable Disease	Reserve	50,000

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Listing Capital Outlay / Capital Projects

FY 2017 - DEPARTMENT APPROVED CAPITAL OUTLAY / CAPITAL PROJECT LISTING			
Depart. Code	DEPARTMENT	DESCRIPTION	FINAL
4140-420	Open Space	Road and Street - Feguson/Oak	211,000
4140-420	Open Space	Land, Easements	3,321,045
4140-420	Open Space	Capital Equipment	906,799
4200-7**	RID Construction		291,876
4310-219	CTEP Projects		396,476
4331-307	Road - Junk Vehicle Program	Vehicle/Equip/Improvement Reserves	107,601
4430-201	CDBG/Stimulus/Other		447,489
5411-380	Solid Waste District - GCSWD	Closure/ Post Closure Reserve	2,139,235
5411-380	Solid Waste District - GCSWD	Copier	10,500
5411-381	Solid Waste District - GCSWD	Expansion Reserve	2,940,000
5411-381	Solid Waste District - GCSWD	Equipment Reserve	385,300
5411-381	Solid Waste District - GCSWD	Reserve	854,501
5411-381	Solid Waste District - GCSWD - Operation	Logan Springs Landswap	110,000
5411-381	Solid Waste District - GCSWD - Operation	Great West Compost Expansion	50,000
5411-381	Solid Waste District - GCSWD - Operation	Soil Vapor Extraction	100,000
5411-381	Solid Waste District - GCSWD - Operation	Fence & Windscreen	25,000
5411-381	Solid Waste District - GCSWD - Operation	Track Loader	300,000
5411-381	Solid Waste District - GCSWD - Operation	Water Truck	100,000
5411-384	Solid Waste District - Cell 3	Cell 4 Expansion	25,000
5411-386	Solid Waste District		611,375
5412-380	Solid Waste District - WY Compost	Reserve - Compost Facility	508,584
5412-380	Solid Waste District - WY Compost	Comptroller Upgrade	59,850
5412-380	Solid Waste District - WY Compost	Reserve - Transfer Station	583,331
6010-209	Motor Pool - Sheriff	Replacement Vehicle	25,000
6010-300	Motor Pool	Used Vehicle	25,000
6070-310	Facility	Replace/upgrade Roof -Courthouse	120,000
6070-310	Facility	Facility Automation - Guenther	70,000
6070-310	Facility	FCI	546,159
6090-205	Communications	Network Security	150,000
6090-205	Communications	Hardware	88,595
6090-205	Communications	MT Drive Secure Cloud	6,000
6090-205	Communications	Storage	50,000
6090-205	Communications	UPS	25,000
6090-205	Communications	Bozeman Fiber Equipment	45,000
6110-201	Copier Revolving	Copier - Commission	12,600
6110-285	Copier Revolving	Copier - Court Services	12,500
6110-203	Copier Revolving	Copier - Treasurer	11,000
6110-209	Copier Revolving	Copier - Sheriff	12,500
6110-216	Copier Revolving	Copier - Health HHS	18,000
6110-217	Copier Revolving	Copier - Health ENV	14,000
6110-214	Copier Revolving	Copier - HR	15,000
6110-225	Copier Revolving	Copier - GIS	(1,477)
6110-290	Copier Revolving	Copier - Clerk of Court	12,000
6110-211	Copier Revolving	Copier - Justice Court	1,500
6110-295	Copier Revolving	Copier - Planning	34,000
6110-330	Copier Revolving	Copier - Fair	30,000
6110-850	Copier Revolving	LWQD	3,900

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Listing Capital Outlay / Capital Projects

FY 2017 - DEPARTMENT APPROVED CAPITAL OUTLAY / CAPITAL PROJECT LISTING			
Depart. Code	DEPARTMENT	DESCRIPTION	FINAL
7200-*-*-	Central Valley Fire District	Reserve	3,395,996
7213-*-*-	Big Sky Fire District		60,000
7219-*-*-	Gallatin River Ranch		9,894
7205-***-	Hebgen Fire District		273,000
940	Fire Districts/Fire Service Areas		368,348
7351-*-*-	Conservation		-
7390	Other Special Districts		-
Subtotal - Non Tax Supported			<u>22,041,779</u>
Total - Tax Supported & Non Tax Supported			<u>36,244,527</u>

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

Review Process

In the spring, prior to the start of year-end activity, the Finance Director and designated Project Manager conduct reviews of each project contained in the current year's Capital Budget. The review allows the County:

- To identify projects with excess appropriations that might be subject to reallocation.
- To identify projects with total expenditures and encumbrances exceeding the current appropriation that might require additional appropriations.

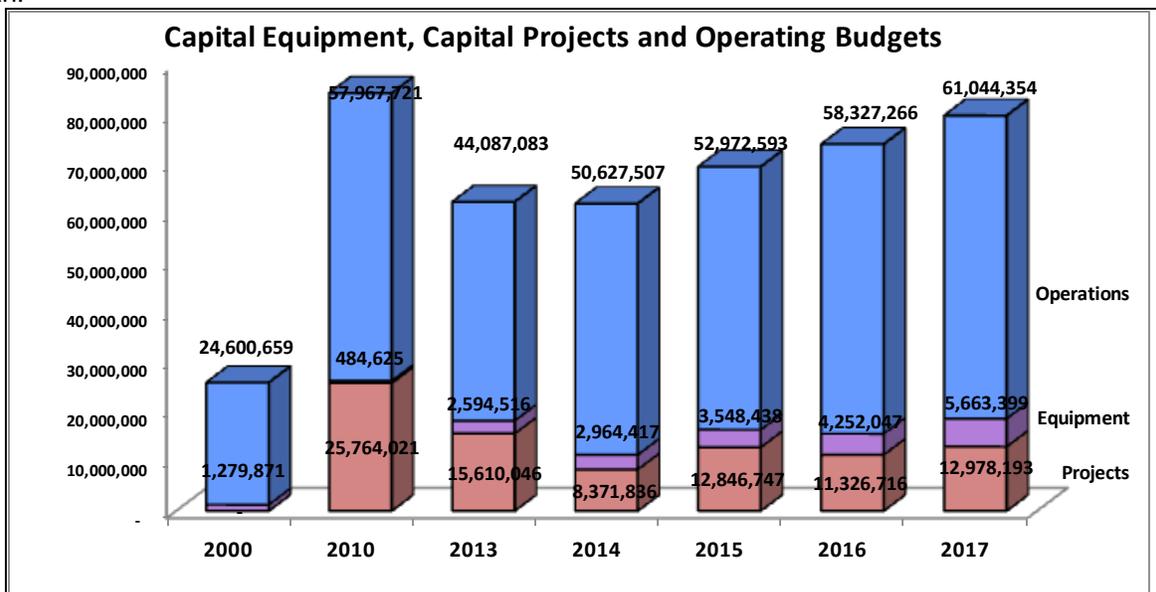
Relevant findings are forwarded to each of the project managers to provide an opportunity for feedback. This layer of review provides timely and quantitative information regarding each department's capital projects and the foresight necessary for the planning process for the upcoming fiscal year.

Capital Expenditures Contrasted With Total County Operating Expenditures

The investment by the County 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 County budget is a reflection of the County's commitment to this goal.

Gallatin County strives to provide 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, facilities, 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, facilities, and equipment, regardless of the economic conditions, will assist in maintaining the government's equipment and infrastructure.

The graph below illustrates Gallatin County's historical investment in capital. The graph depicts actual capital expenditures over the last five years as compared to the County's operating budget. Obligor resources to capital investment is appropriate for a growing community as Gallatin County strives to meet level of service standards identified in the Strategic Plan and community outcomes identified in the Growth Management Plan.

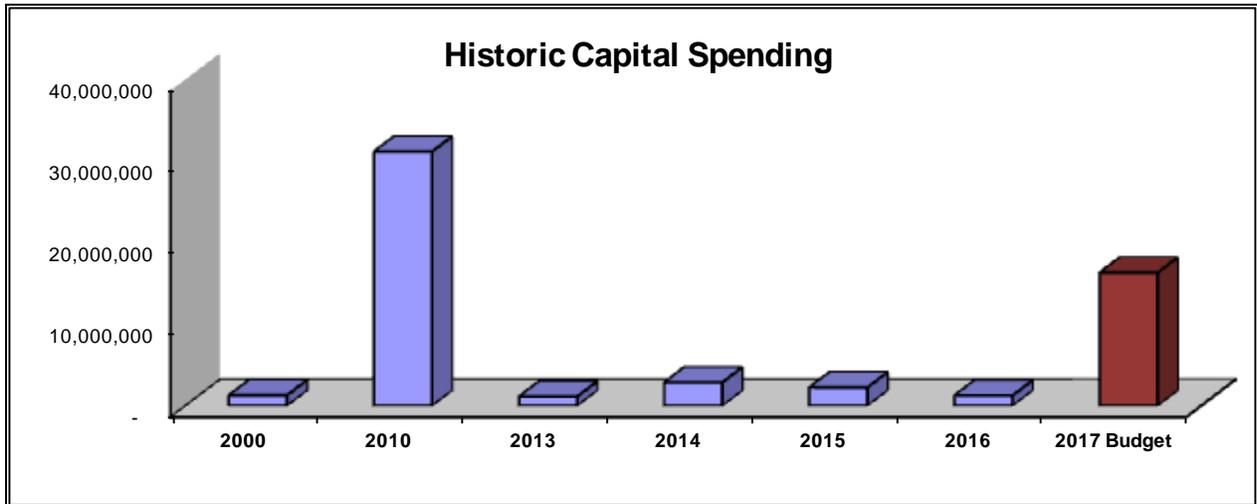


CAPITAL PROJECTS

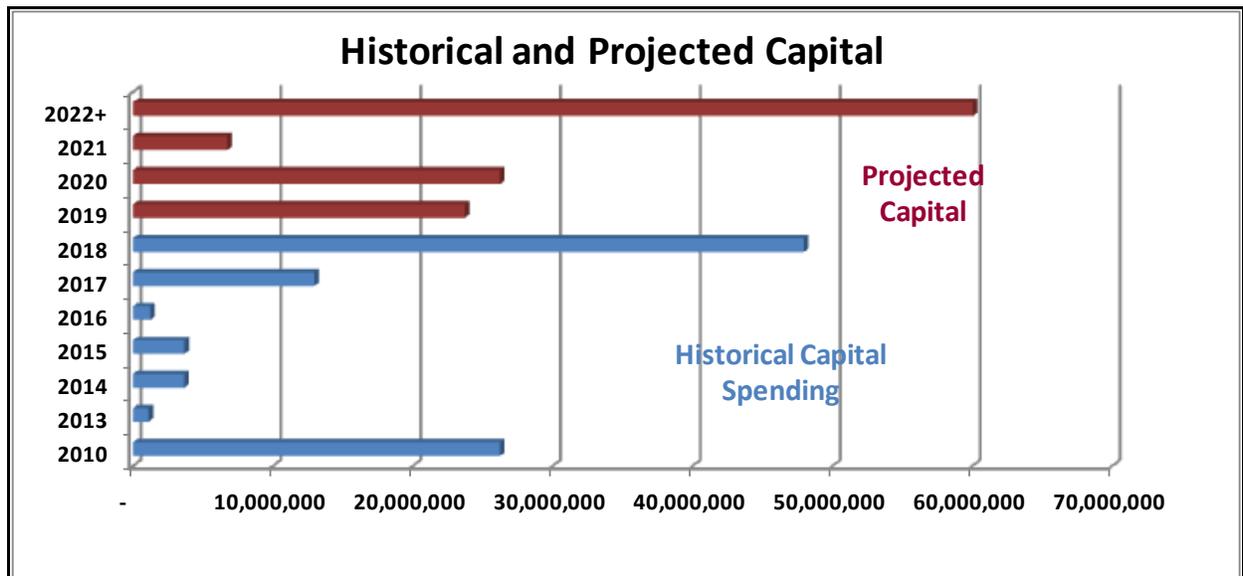
Listing Capital Outlay / Capital Projects

Capital Improvement Program (Next Five Years) Contrasted With Historical Capital Spending (Previous Five Years)

Another indicator of Gallatin County's commitment to providing for the adequate maintenance of capital, facilities, and equipment and for their orderly replacement is the level of projected capital spending over the next five years as compared to the previous five-year period. This information is useful to the County Commission in their deliberations when determining which items will be included in the Capital Budget. This information also helps the County Commission make decisions with a long-term perspective. Shown below is a graph which shows historical capital spending (last five years plus 2000, 2005 and 2010).



The County's Capital Projects are estimated at \$138,752,543 as identified in the Capital Improvement Plan.



Listing Capital Outlay / Capital Projects

Capital Improvement Policies

Gallatin County 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 County Administrative Office, the Finance Director and the County Commissioners 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.

Capital Improvement Program (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 County's existing fixed assets.
- 2) **CIP Criteria.** Construction projects and capital purchases of \$50,000 or more will be included in the Capital Improvement Plan (CIP); minor capital outlays of less than \$50,000 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.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2017 Capital Projects / Outlay

CAPITAL OUTLAY / CAPITAL PROJECTS									
FY 2017 CAPITAL PROJECTS / OUTLAY - FINAL BUDGET									
Projects by Department / Project Name									
DESCRIPTION	CAPITAL PROJECT AND OUTLAY / RESERVES				Revenue Sources				Amount Needed
	YEAR	CIPC Priority	FY 2017 Budget	Estimated Project	County	Department	Other	TOTAL	
	Core Rolling Stock	2011		1,901,801	27,578,000	1,901,801	364,312	-	
Bridge Replacement Program	2013		1,600,000	23,948,640	1,600,000	-	-	1,600,000	22,348,640
Building Reserve (\$0.95/sq. ft.)	1994		951,522	951,522	951,522	-	-	951,522	-
Judicial / Law Enforcement Building	2010	1 and 2	2,683,536	65,000,000	2,683,536	-	-	2,683,536	62,316,464
9 1 1 Radio Project	2017	3	530,009	27,500,000	380,009	150,000	-	530,009	26,969,991
Sheriff - Radio Replacement	2017	4	-	1,000,000	1,000,000	-	-	1,000,000	-
Rest Home Addition	2016	5	100,000	300,000	100,000	-	-	100,000	200,000
Storage Facility - in Judicial / Law Buildir	2015	carry over	-	-	-	-	-	-	-
L. E. Records / CAD System	2017	6	828,446	828,446	600,000	228,446	-	828,446	-
Financial Software Replacement	2017	9	600,000	600,000	600,000	-	-	600,000	-
Detention Center (Reserve / Expansion)	2013		2,607,481	9,423,311	-	2,607,481	-	2,607,481	6,815,830
CTEP Projects	2015		396,476	396,476	-	-	396,476	396,476	-
Subtotal Budgeted Projects			12,199,271	157,526,395	9,816,868	3,350,239	396,476	13,563,583	143,962,812
Capital Reserves	2017		12,153,633						
Machinery & Equipment	2017		11,891,623						
CIP - Long Term									Estimates Only
DES - Storage Facility	prior year		-	540,000					540,000
Health - Expansion / Renovation	2017	8	-	50,000					50,000
Fair - Event Center	2018+	10	-	3,000,000					3,000,000
Subtotal CIP - Long Term	2019+		-	3,590,000	-	-	-	-	3,590,000
TOTAL CAPITAL PROJECTS			36,244,527	161,116,395	9,816,868	3,350,239	396,476	13,563,583	147,552,812

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

2017 Capital Projects

Bridge Replacement Program

Estimated Project Costs

Program Costs:	\$22,412,930		
Time Frame	Number	Feet	Cost
Next 5 years	18	1,714	\$7,817,260
Next 10 years	51	921	2,597,220
Next 15 years	13	148	513,240
Next 20 years	14	253	713,460
Over 20 years	98	2,928	<u>10,771,750</u>
	TOTAL		22,412,930

Description

The Bridge Replacement Program was implemented in FY 2013 with the goal of replacing bridge infrastructure in a systematic manner. The County is levying \$300,000 in Newly Taxable Property (NTP) taxes in FY 2017, with additional taxes increasing the yearly allocation to \$400,000 / year at a future time. The County will continue to levy a minimum of 3.00 mills for the Bridge department with \$100,000 being earmarked for replacement of bridges of less than 50 feet. The County will use the new funds to support the Bridge department's need to update large bridges that cannot be done through the current bridge revenues. The Program will expand on the County's ability to replace bridges, not only by increasing the County revenue but also by using the new revenue to leverage bridge replacement funding from the state, federal, local and private sources.

Current Status

The program is in the implementation phase with the first through third year of funding starting the design on replacement of the Nixon Bridge and bridges in the Three Forks / Willow Creek Area. Future years will depend on availability of funds and the needs of the Department being dealt with in a systematic manner.

Future Budget Impact

Future budgets will see an increase in funding for inflationary increases. It is anticipated that ongoing costs will decrease for maintenance of older bridges and an increase in efficiency will be seen associated with replacement of bridges in a systematic manner.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

Core Equipment (Rolling Stock)

Estimated Project Costs

Budget: \$7,910,000

Type:

Vehicles	62
Heavy Equipment	58
Other	11

Core Costs:

<u>Activity</u>	<u>Replacement Cost</u>	<u>Yearly Need</u>
General Government	275,000	35,000
Public Safety	2,009,940	334,990
Public Works	5,335,060	622,714
Public Health	0	0
Recreation / Other	210,000	22,467
Subtotal	7,910,000	1,015,171

Revenue Source:

Historic Allocations (less)

PILT - Grader Loan	153,000
Road	125,000
Bridge	45,000
Weed	5,000
Fair – Parks	5,300
Public Safety	58,333

Subtotal

(383,300)

FY 2016 Capital Fund (4010)

(695,500)

Core Equipment Need (For future years)

63,629

Description

The County did not include replacement of core equipment as part of the ongoing budget considerations prior to FY 2011. Replacement of equipment depended on yearly allocation from current operating budgets that were already strained. The 'Core Equipment' program requires departments to set aside a small portion of each tax dollar for replacement and dedicates a portion of the growth in taxes associated with 'Newly Taxable Property' to the program. The Commission fully funded the program in FY 2014 with \$600,000 of ongoing tax revenues. An increase was approved in FY 2017 for Sheriff cost increases and additional Sheriff vehicles.

Current Status

The program is in the implementation phase with the continued purchase of equipment on either a formal replacement schedule, as is the case for Law Enforcement Vehicles, or on an as needed bases for Road, Bridge, Fire, Recreation, Motor Pool and Noxious Weed. Future years will depend on availability of funds and the needs of the departments being dealt with in a systematic manner.

Future Budget Impact

Future budgets will see an increase in funding for inflationary increases and for new equipment placed into 'Core' by the Commission. It is anticipated that ongoing costs will decrease for maintenance of older vehicles and an increase in efficiency associated with replacement of equipment in a systematic manner will be realized.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

Open Space Acquisition



Estimated Project Costs

Budget:	\$23,035,162 (includes interest earnings and land sale)
Spent to date	<u>18,596,322</u>
FY 2017 Appropriation	4,438,840

Revenue Sources

Bond Proceeds	\$20,000,000
Interest Earnings	788,366
Other Finance Sources	1,066,996
Sale of Land	<u>300,000</u>
Total Budget	\$22,155,362

Status – Active

Description

Open Space Bond Fund was approved through two ballot measures by the voters in 2000 and 2004. It authorizes the County to expend up to \$20,000,000 on the purchase of land and conservation easements and the administration and maintenance thereof.

Current Status

With the Open Space Bond fund, the County has purchased three community parks and 23 conservation easements that equate to roughly 45 square miles of land conserved. We have leveraged all the funds expended to date at approximately 21% of the total value of all land interests acquired.

Future Budget Impact

The County has expended the full \$20,000,000 in voter approved Open Space Bonds. The County anticipates completing two projects in 2017 which will expend approximately \$2.8 million of the balance.

No ongoing costs are foreseen for the Open Space project. Cost of park maintenance is estimated at \$110,000 in FY 2017 with the County currently funding \$72,000 through taxes and the balance with cash.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

Law and Justice Center (Replacement)

Estimated Project Costs

	<u>Source</u>	<u>Amount</u>	<u>Subtotals</u>
REVENUE	FY 2013 allocation	\$ 81,600	
	FY 2015 allocation	100,000	
	FY 2016 allocation	200,000	
	FY 2017 allocation (if approved)	500,000	
	Storage Building allocation	1,000,000	
	FY 2018 allocation (if approved)	700,000	
	FY 2019 allocation (if approved)	900,000	
	G. O. Bond (if approved)	65,000,000	68,481,600
EXPENSES	Up to 85% Architectural Designs	3,500,000	
	Bond Issuance Cost, Risk Mngr.	450,000	
	Balance of Arch. Eng., etc	500,000	
	Construction	59,971,600	
	Infrastructure, equipment	3,060,000	<u>67,481,600</u>
	BALANCE (inflation)		1,000,000

Description

The total project budget is \$67,481,600, without inflation. This is based on a architect and construction managers estimate for two buildings. The estimated bond is for \$67,481,600 with additional revenue coming from the City of Bozeman, County Storage Building set aside and utilization of newly taxable property being earmarked through FY 2019 (total of \$3,481,600).

Current Status

The Commission approved \$500,000 in taxes from newly taxable property in FY 2017. This will be added to in future years to generate \$900,000 in new taxes by occupancy. The County is planning goal have a vote in November, of 2016 on a debt of up to \$65,000,000, with the City of Bozeman asking voters for an increase in taxes to fund their portion of the debt. If voters approve the bond, construction would commence in the spring of 2017.

Future Budget Impact

The County will see an increase in costs associated with a significant increase in size for the two new buildings. Current estimates show an increase in staff, screening staff and operating costs of \$900,000 for the County.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

Detention Center Update, Expansion or Repair

Estimated Project Costs

<u>REVENUE</u>	<u>Source</u>	<u>Amount</u>	<u>Subtotals</u>
	FY 2015 Balance	2,643,836	
	FY 2016 Revenue	667,300	
	FY 2017 Revenue	660,500	
	FY 2018 Revenue	653,840	
	FY 2019 Revenue	647,110	
	FY 2020 Revenue	540,380	
	FY 2020 Revenue	433,650	
	FY 2021 Loan	2,000,000	
	FY 2021 Revenue	426,920	
	FY 2022 Revenue	<u>320,190</u>	
	subtotal		8,993,726
<u>EXPENSES</u>	FY 2020 Design	1,000,000	
	FY 2021 Construction	6,500,000	
	FY 2022 Infr. Equipment	<u>1,125,000</u>	
	subtotal		8,625,000

Description

The total project budget is \$8,625,000, based on a very preliminary architectural estimate. The project would expand the current facility by 60 to 90 beds and allow for one more expansion of a similar size in the future. Revenue is generated by 75% of the estimated inmate bed revenue, reduced by 10% per year until expansion completed. The change in amount the state allocated for payment reducing the per day charge from \$95 to \$69 may delay the start of construction. The \$2,000,000 loan would allow the construction of the facility 5-6 years earlier. Repayment of the loan would come from the inmate bed revenue and the public safety fund.

Current Status

The Commission has approved \$2,643,836 for the FY 2016 budget. This will be added to over time through dedication of 75% of inmate revenues after costs are taken into consideration.

Future Budget Impact

The County will see an increase in costs associated with the expansion of the current detention center that will include one additional employee for facilities and an increase of 10-12 detention officers. Operational costs will increase associated with additional capacity for meals, medical and utilities. All costs will be further estimated during the facility design.