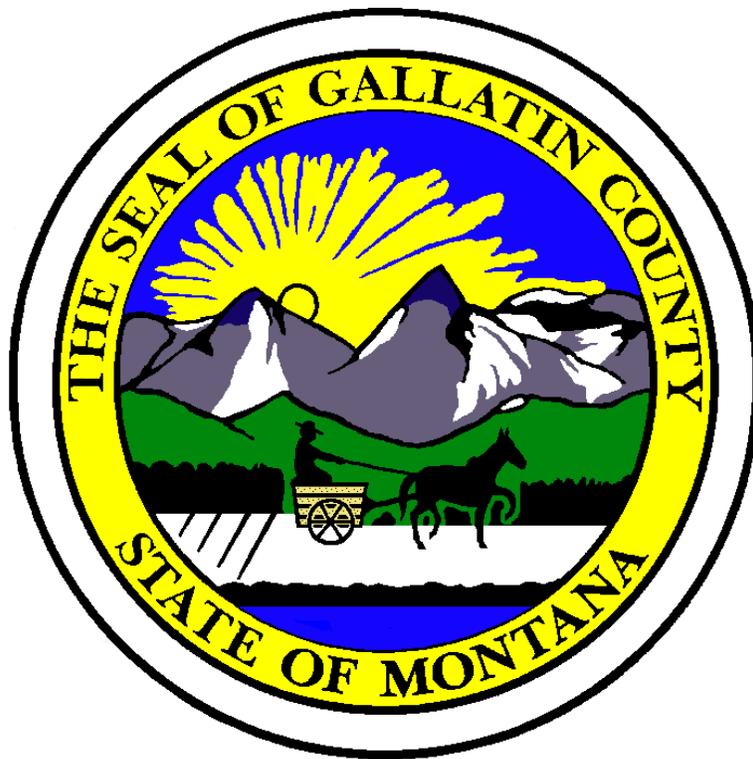

CAPITAL PROJECTS



CAPITAL PROJECTS

Overview of Capital Improvement Program (CIP) and Capital Budget

FY 2014 Final Capital Budget Summary

The Gallatin County Final Capital Budget for FY 2014 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 2014 Final Capital Budget identifies those items that will be funded during the current year. Some items will be expended over multiple years. The following table gives a brief description of the project, current estimated total project cost, and the FY 2014 Final Budget for the projects and capital outlay.

Summary of 2014 Capital Projects & Outlay			
Description	Project	Expended	FY 2014 Final
Open Space Acquisition	20,000,000 (plus interest)	18,319,565	1,680,435
Court/Law Enforcement Buildings	28,086,630	-	81,600
Noxious Weed Complex	750,000	-	-
I-90 Interchange	10,976,224	10,726,224	250,000
Core Equipment (rolling Stock)	7,900,000	Yearly allocation	1,080,464
County Facilities (\$0.95 set aside)	750,800	Yearly allocation	936,000
Capital Equipment (County Funds)	-	Yearly allocation	2,937,222
Detention Center (Reserve/Expansion)	2,000,000		689,460
Capital - Bridge Replacement	25,000,000	Yearly allocation	500,000
Capital (grants/misc.)	-	Yearly allocation	1,880,782
Capital (Enterprise/Intergovernmental)	-	Yearly allocation	10,105,283
Capital Equipment (special districts)	-	Yearly allocation	4,085,311
TOTAL	95,463,654		24,226,557

Capital Budget Process Overview

The Gallatin County 2014 Final Capital Budget is prepared through the combined efforts of the County Commissioners, Capital Improvement Program Committee, County Administrator, Finance Office and subcommittees that focus on specific project issues. 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. These individuals and organizations have contributed vital support to the preparation of this 2014 final budget information.

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
- Formulating policies, plans and programs for recommending capital programs
- Identifying deficiencies and recommending individual capital projects to the County Commission
- Raising public awareness
- Implementing appropriate evaluation to assess success and shortcomings

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

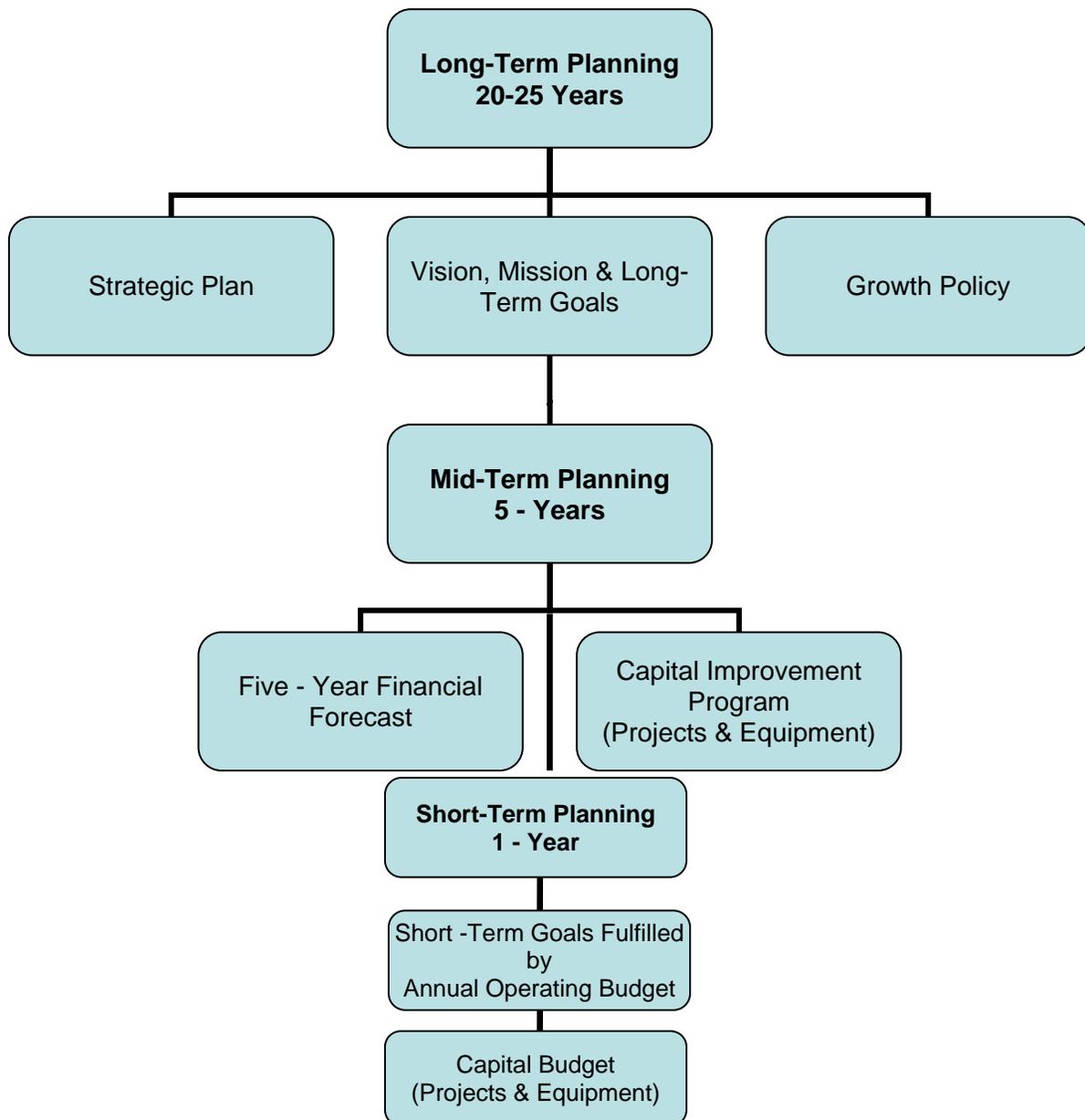
¹ Gallatin County Resolution 2002-031, and MCA 7-6-616

Overview of Capital Improvement Program (CIP) and Capital Budget

- 1) 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 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.



Overview of Capital Improvement Program (CIP) and Capital Budget

Capital Planning and Capital Improvement Planning Committee (CIPC) Process

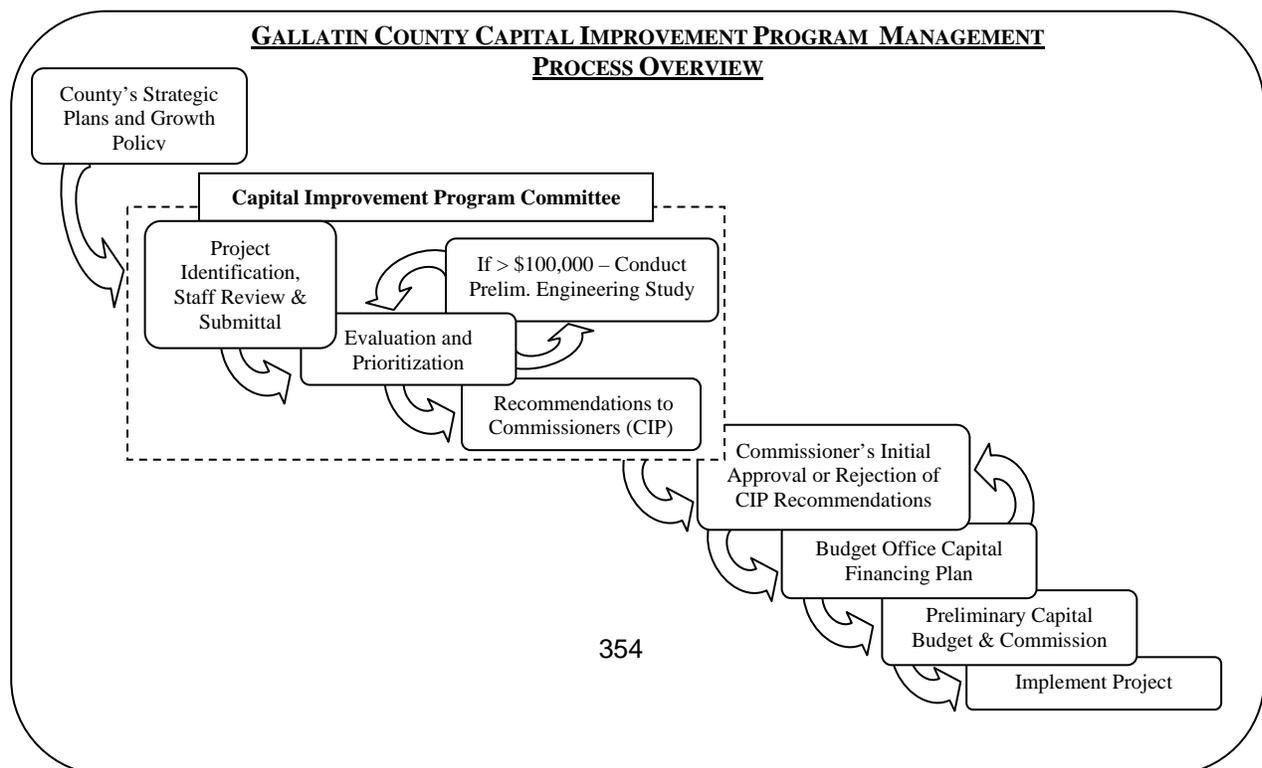
Capital Planning refers to the process of identifying and prioritizing County capital needs for determining which capital projects should be funded in the capital budget as resources become available. Countywide planning is guided by the Gallatin County Strategic Plan and the Growth Policy. These plans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



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 of at least 5 years
- Create or revitalize 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

In addition, each submittal is reviewed for compliance with the County Commission's current goals, which are:

- Public health, safety and welfare
- Statutory duties and/or documented public demand
- Improve efficiency, effectiveness and productivity of County functions
- Improve Criminal Justice System
- Improve and maintain County infrastructure by using new construction values
- Keep budget structurally balanced by maintaining current operation reserves percentages
- Commitment to employee retention through funding of needed wage and/or benefit adjustments
- Improve management, accountability and oversight to reduce County risk
- Commitment to implementing growth policy

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

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

Overview of Capital Improvement Program (CIP) and Capital Budget

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.

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 2009 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 preliminaryizing its priority or inclusion into the annual budget.

After the CIP process is preliminaryized 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 preliminaryized as part of the Annual Operating Budget in late August of each year. Preliminary budget documents reflecting the adopted budget and CIP are then prepared and distributed, both 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.

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

Overview of Capital Improvement Program (CIP) and Capital Budget

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.

CAPITAL PROJECTS

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 2014 - DEPARTMENT - FINAL				
CAPITAL OUTLAY / CAPITAL PROJECT LISTING				
Dept.	DEPARTMENT	Object Code	DESCRIPTION	APPROVED BUDGET
1000-300	Administrator	905	Equipment Reserve	\$ 746
1000-340	Three Forks Airport	905	Mower	17,500
1000-210	County Attorney	940	Computer	1,793
1000-308	Bridge	905	Side Dump Truck	35,000
1000-308	Bridge	905	Bridge Reserve	102,658
1000-308	Bridge	940	Welder	6,000
1000-308	Bridge	940	Triple Axle Equipment Trailer	35,000
4010-201	Capital Projects	905	Reserve	632,097
4010-201	Capital Projects	940	Core	231,360
4010-201	Capital Projects	940	Core - Road - Loader	325,000
4010-201	Capital Projects	940	Core - Road - Sign Truck	35,000
4010-201	Capital Projects	940	Core - Road - Mower	60,000
4010-201	Capital Projects	940	Core - Road - Dozer	145,000
4010-201	Capital Projects	940	Core - Road - Plow Truck	42,500
4010-201	Capital Projects	940	Core - Road - Pup Trailer	28,000
4010-201	Capital Projects	940	Core - Sheriff - Expedition	48,868
4010-201	Capital Projects	940	Core - Sheriff - (3) Interceptors	117,611
4010-201	Capital Projects	940	Core - Sheriff - Carryover Ins. / sale	12,750
4010-201	Capital Projects	940	Core - Sheriff - FY 13 Carryover	4,375
4010-201	Capital Projects	940	Core - Noxious Weed	-
4010-201	Capital Projects	940	Core - Park / Recreation	30,000
4010-201	Capital Projects	920	Building upgrade	793,000
4010-201	Capital Projects	920	Courthouse Generator	60,000
4010-201	Capital Projects	920	Guenther Elevator (carryover)	83,000
4010-201	Capital Projects	920	L & Justice Master Plan	81,600
4010-201	Capital Projects	920	Detention Expansion	689,460
4010-201	Capital Projects	930	BRIDGE REPLACEMENT PROGR/	500,000
1000-202	Clerk & Recorder			-
1000-290	Clerk of District Court			-
1000-201	Commission			-
1000-	Compliance			-
1000-285	Court Services			-
2300-250	Disptach & Records			-
2300-254	Emergency Servcies (DES)	920	Building upkeep	2,500
1000-245	Extension	905	Vehicle Reserve	12,500
2160-330	Fair	905	Reserve - Security & other	65,991
2160-335	Fair - Ag Center Reserve	905	Building - Reserve	13,000
2160-330	Fair - Ag Center Reserve	920	Carpet for Ag Building	8,000
1000-218	Finance	905	Computer/Printer Reserve	2,966
1000-218/	Finance - Accounting	905	Reserve	2,347
2300-200	Fire	905	Vehicle Reserve	19,321
1000-225	GIS	905	Equipment Reserve	12,115
2270-201	Health-Mental Health	905	Reserve	2,197
2270-216	Health - Human Services	905	Reserve	16,722
2270-217	Health - Environmental	905	Reserve	15,300
2270-221	Health - Admin.	905	Reserve	197,195

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2014 - DEPARTMENT - FINAL				
CAPITAL OUTLAY / CAPITAL PROJECT LISTING				
Dept.	DEPARTMENT	Object Code	DESCRIPTION	APPROVED BUDGET
1000-211	Justice Court	905	Equipment Reserve	6,555
2220-910	Library Fund	905	Capital Reserves	76,171
2140	Noxious Weed	905	Core Vehicle	10,000
2140	Noxious Weed	940	1/2 Ton Service Truck	20,000
1000-295	Planning	940		-
5120	Rest Home - Administration	905	Capital Reserves	680,237
5120	Rest Home - Dietary	905	Food Service Reserve	25,000
2110-307	Road - Operations	905	Gravel Pit purchase reserve	160,000
2110-307	Road - Operations	905	Logan Yard Shop reserve	50,000
2110-307	Road - Operations	905	Large Excavator	120,000
2110-307	Road - Operations	905	Specific Road projects	313,411
2110-307	Road - Operations	910	Right of way	50,000
2110-307	Road - Operations	940	(2) Bedliners	16,000
2110-307	Road - Operations	940	(2) Sander units	24,000
2110-307	Road - Operations	940	Water Truck	50,000
2300-258	Sheriff - Coroner	905	Reserve	-
2300-258	Sheriff - Law Enforcement	940	Vehicle - non Core	125,000
2300-258	Sheriff - Search & Rescue	905	Reserve	30,000
2300-258	Sheriff - Search & Rescue	920	Building	13,500
2300-258	Sheriff - Search & Rescue	940	Equipment	5,800
2300-209	Sheriff - Big Sky	940	Vehicle replacement	50,000
2300-209	Sheriff - Big Sky	940	New Vehicle for new deputy	50,000
2300-209	Sheriff - Detention Center	920	Cameras	10,600
2300-209	Sheriff - Detention Center	905	Capital Reserves	100,000
1000-	Supt. of Schools			-
1000-203	Treasurer - Tax			-
	subtotal - Tax Supported			\$ 6,474,746
2200	Mosquito-Three Rivers	905	Reserve	\$ 67,930
2210-910	Parks	930	Improvements to Parks	-
2210-910	Parks	930	Improvements to Regional Park	-
2393-202	Clerk & Recorder -Records Preservation	940	Mobile Shelving System	50,000
2393-202	Clerk & Recorder -Records Preservation	940	File Cabinets	5,000
2393-202	Clerk & Recorder -Records Preservation	940	Computers	5,000
2393-202	Clerk & Recorder -Records Preservation	940	On Demand Ballot Printing System	30,000
2393-202	Clerk & Recorder -Records Preservation	940	Replace Printer	5,000
2393-202	Clerk & Recorder -Records Preservation	940	Scanner	5,000
2393-202	Clerk & Recorder -Records Preservation	915	Auto Indexing Module	25,000
2790-850	Local Water Quality	940	Computer	2,500
2840-320	Noxious Weed - Grant	940	Equipment for Spraying	-
2850-250	Joint Dispatch - State 9-1-1	905	Reserve	297,636
2850-250	Joint Dispatch - State 9-1-1	915	Records Management System upgr	135,000
2850-250	Joint Dispatch - State 9-1-1	940	Virtual Server Project	45,000
2850-250	Joint Dispatch - State 9-1-1	915	Mobile Data Software project	33,000
2850-250	Joint Dispatch - State 9-1-1	940	Radio upgrade	200,000
2850-250	Joint Dispatch - State 9-1-1	915	Completion of Paging Upgrade	50,000
2850-250	Joint Dispatch - State 9-1-1	905	Capital Reserve	146,217

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2014 - DEPARTMENT - FINAL				
CAPITAL OUTLAY / CAPITAL PROJECT LISTING				
Dept.	DEPARTMENT	Object Code	DESCRIPTION	APPROVED BUDGET
2900-205	PILT - ITS -	940	Computer Set Aside	77,800
2900-205	PILT - ITS	940	Virtual Desktops	79,825
2900-205	PILT - ITS	940	Software licenses & renewals	10,000
2900-205	PILT - ITS	940	Adjustable Workstations	10,500
2900-205	PILT - ITS	915	Intangibles - Software etc.	25,000
2900-205	PILT - ITS -	940	Computer - Compliance	1,600
2900-205	PILT - ITS -	940	Computer (2) GIS	4,000
2900-205	PILT - ITS -	940	Computer - Supt. of School	1,600
2900-205	PILT - ITS -	940	Rourters, Servers, etc.	120,203
2950-350	DUI Task Force	905	Reserve	51,803
2917-210	Victim Witness	940		-
2927-209	Homeland Security	940	Mobile Data Terminal Grant	90,579
2968-216	Health - Cancer Prevention	905	Breast & Cervical Cancer	104,649
2969-221	Health - Preparedness	905	Health Preparedness	100,940
2969-221	Health - Preparedness	940		-
2969-221	Health - NACCHO	905	Reserve for Future needs	-
2973-216	Health - MCH	905	Reserve	-
2976-216	Health - Communicable Disease	905	Reserve	100,000
4140-320	Open Space Bond	910		1,680,435
	RID Construction	930		250,752
	CTEP Projects			110,167
4331	Road - Junk Vehicle Program	905	Vehicle / Equipment / Improvement	133,163
4430-201	CDBG/Stimulus /Other			460,120
5411-380	Solid Waste District - GCSWD	905	Closure/Post Closure Reserve	1,989,567
5411-381	Solid Waste District - GCSWD	905	Cell Reserve	1,599,000
5411-381	Solid Waste District - GCSWD	905	Equipment Reserve	1,246,539
5411-381	Solid Waste District - GCSWD-Operations	930	Trees	15,000
5411-381	Solid Waste District - GCSWD-Operations	930	Logan Springs landswap	50,000
5411-381	Solid Waste District - GCSWD-Operations	930	Great West Compost expansion	56,000
5411-381	Solid Waste District - GCSWD-Operations	930	DEQ - License	12,000
5411-381	Solid Waste District - GCSWD-Operations	930	Compost Drilling & Lab	33,000
5411-381	Solid Waste District - GCSWD-Operations	930	Fence & Windscreen	25,000
5411-381	Solid Waste District - GCSWD-Operations	940	Waste Works - update	10,000
5411-381	Solid Waste District - GCSWD-Operations	940	Excavator	300,000
5411-381	Solid Waste District - GCSWD-Operations	940	Haul Truck	400,000
5411-381	Solid Waste District - GCSWD-Operations	940	HHW Lockers	10,000
5411-382	Solid Waste District - GCSWD-	920	Wash/	150,000
5411-382	Solid Waste District - GCSWD-	940	Cat 826 Terra Wheel	43,000
5411-386	Solid Waste District -	940	Back up computer & printer	3,500
5411-386	Solid Waste District -	940	Camera	5,000
5411-386	Solid Waste District -	940	Eye Wash station	35,000
5412-380	Solid Waste District - WYCompost	905	Reserve - Compost Facility	1,789,198
5412-380	Solid Waste District - WYCompost	905	Reserve- Transfer Station	-
6010-307	Motor Pool - Sheriff	940	Replacement Vehicle	13,500
6010-307	Motor Pool	940	Used Vehicle	18,500
6070-	Facility	940	Upgrade CH Building Automation S	55,000
6070-	Facility	940	Upgrade CH VAV	8,700
6070-	Facility	940	FCI	623,018
6070-	Facility	940	CH Exterior Camera Inst.	9,800
6070-	Facility	940	Keyless Access JGMC	13,309
6070-	Facility	920	Exterior Control Joints L & J	4,000

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2014 - DEPARTMENT - FINAL				
CAPITAL OUTLAY / CAPITAL PROJECT LISTING				
Dept.	DEPARTMENT	Object Code	DESCRIPTION	APPROVED BUDGET
6090-205	Communications	905	Telephone Reserve	340,000
6090-205	Communications	940	vSphere Vmware upgrade consulting	5,000
6090-205	Communications	940	Storage Area Network (SAN) upgrad	75,000
6090-205	Communications	940	Cisco Call Manager Upgrade / UCS	80,000
6110-201	Copier Revolving	940	Copier - Commission	18,000
6110-201	Copier Revolving	940	Copier - Court Services	8,000
6110-203	Copier Revolving	940	Copier - Treasurer	-
6110-209	Copier Revolving	940	Copier - Sheriff	4,000
6110-216	Copier Revolving	940	Copier - Health HHS	20,000
6110-214	Copier Revolving	940	Copier - Health ENV	12,000
6110-218	Copier Revolving	940	Copier - HR	15,000
6110-225	Copier Revolving	940	Copier - GIS	-
6110-225	Copier Revolving	940	Copier - Clerk of Court	13,000
6110-225	Copier Revolving	905	Copier -	7,000
6110-295	Copier Revolving	940	Copier - Planning	18,450
6110-330	Copier Revolving		Copier - Fair	18,000
	7200 Central Valley Fire District	905		331,373
	7213 Big Sky Fire District	940		129,000
72_ _	Gallatin River Ranch	940		3,179
72_ _	Sourdough Fire District	940	Bond	2,953,000
	7208 Three Forks Fire District	940	Fire Hose Tester	-
	7209 Willow Creek Fire District	905	Reserve	-
	7214 Hebgen Fire District	940		245,950
	7215 Gallatin Gateway Fire District	920		6,000
	7216 Bridger Canyon Fire District	905	Fire Truck	-
	7217 Amsterdam Fire District	905	Reserve	-
	Fire Districts/Fire Service Areas	940		394,000
7250-000	Madison Dyke			
	7301 Mount Green Cemetery Districts	940		
	7303 Fairview Cemetary District	905	Reserve	-
	7351 Conservation	905		12,809
	7390 West Yellowstone TV District	940		10,000
	subtotal Non-Tax Supported			<u>\$ 17,751,811</u>
				<u>\$ 24,226,557</u>

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.

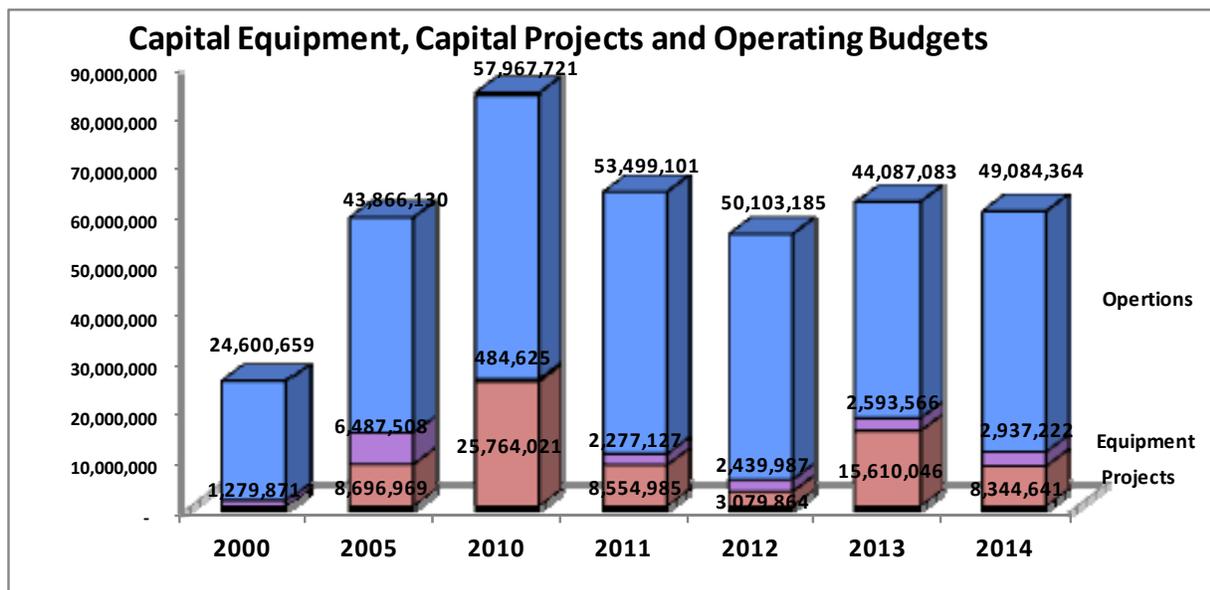
Relevant findings are forwarded to each of the project managers to provide an opportunity for feedback. This layer of review provides timely and quantitative information regarding each department's capital projects and the foresight necessary for the planning process for the upcoming fiscal year.

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. Obligating 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.



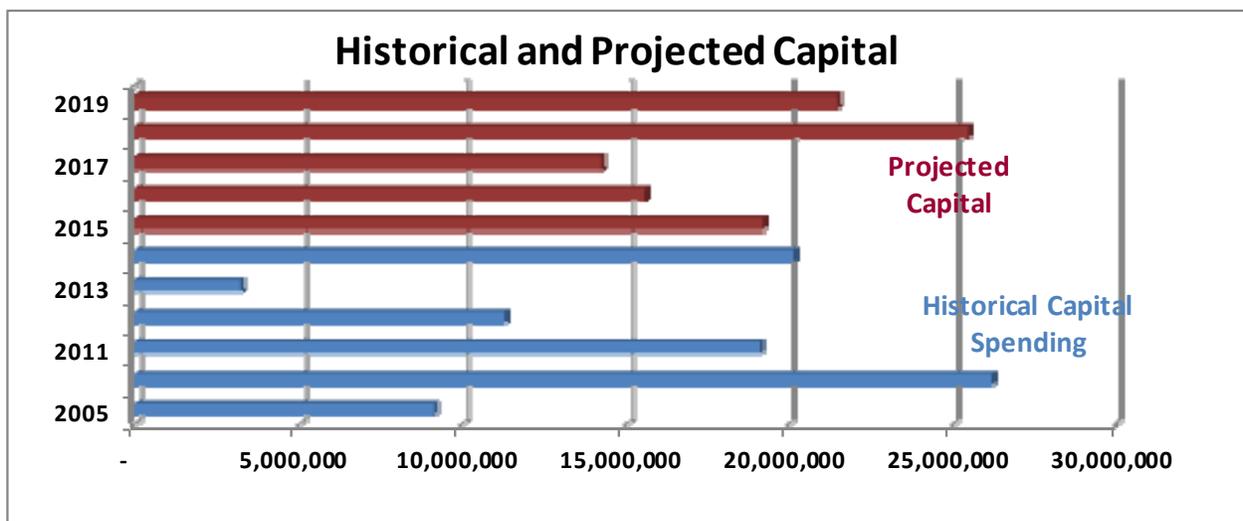
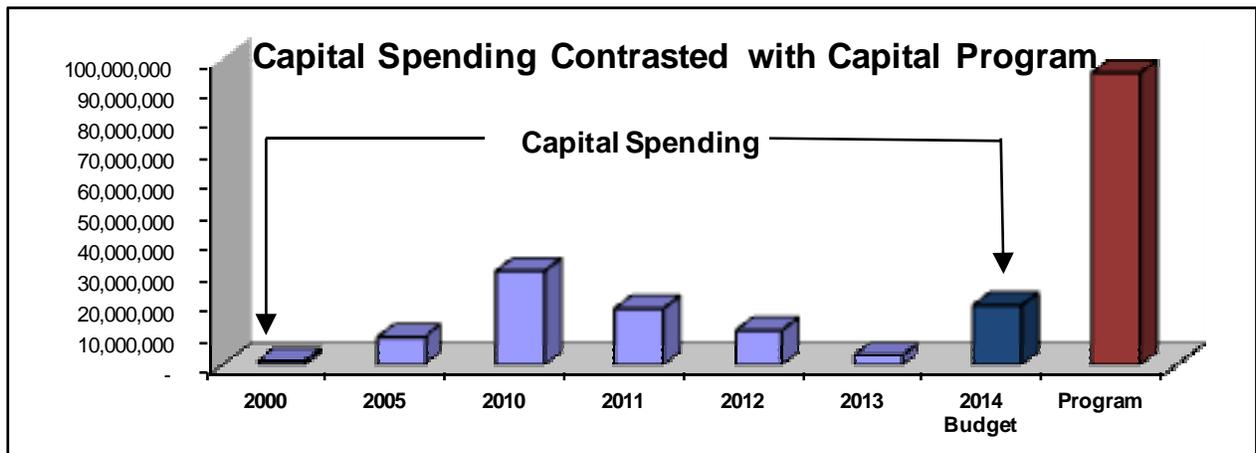
CAPITAL PROJECTS

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 contrasts historical capital spending (last five years) with the capital spending identified in the Capital Improvement Program (the next five years).



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

2014 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 starting the process of replacing bridge infrastructure in a systematic manner. The County will levy \$300,000 in Newly Taxable Property (NTP) taxes in FY 2014, with additional taxes increasing the yearly allocation to \$500,000 / year. 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 our 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 second year of funding not being used until next spring because of tax collections in December and May/June. 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 associated with replacement of bridges in a systematic manner.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

Core Equipment (Rolling Stock)

Estimated Project Costs

Budget: \$7,300,000

Type:

Vehicles	57
Heavy Equipment	58
Other	11

Core Costs:

<u>Activity</u>	<u>Replacement Cost</u>	<u>Yearly Need</u>
General Government	175,000	35,000
Public Safety	1,902,112	245,490
Public Works	5,138,000	622,714
Public Health	0	0
Recreation / Other	280,000	22,467
Subtotal	7,320,112	925,671

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	50,000

Subtotal (383,300)

FY 2013 Capital Fund (4010) (330,000)

FY 2014 Capital Fund (4010) (600,000)

Unfunded Core Equipment Need (For future years) (387,629)

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.

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.

Listing Capital Outlay / Capital Projects

I-90 East Belgrade (Airport) Interchange

Estimated Project Costs

Entity	Source	Amount	Subtotals
State	Interstate Maintenance	10,000,000	
	Match	960,105	
	Additional	757,915	11,718,020
County	SAFETEA-LU Grant	7,249,111	
	SAFETEA-LU Match	268,533	
	SAFETEA-LU Match	476,933	
	Earmark Federal	1,461,000	
	TIGER – Federal	8,976,224	
	Loan	2,000,000	20,431,801
Airport	Gallatin Field	3,000,000	3,000,000
City	Belgrade Urban Funds	2,000,000	2,000,000
Railroad	Crossing Closure	200,000	<u>200,000</u>
TOTAL			37,349,821

Description

The total project budget is \$56,884,171 which includes \$37,349,821 in the Federal Aid scoped project and the \$19,534,350 in improvements to the local connector roadways that have been determined as needing improvements when ‘Warrants’ are met. (Warrants are the number of vehicles traveling on a road.)

Current Status

The Federal Aid scoped project is fully funded. Bids are expected to be let in August of 2013, with construction being over the next 36 months.

The County is upgrading connector roads as funds become available to avoid being in a position to have to make major improvement in a short period of time.

Future Budget Impact

The County will not see an increase in costs except for the connector roadway improvements. However, these improvements would be required based on utilization over the next decade. Maintenance costs will be slightly lower because of increased capacity and improvements to road surfaces.

Listing Capital Outlay / Capital Projects



Open Space Acquisition

Estimated Project Costs

Budget:	\$20,000,000 (Plus interest earnings)
Spent to date	<u>18,359,565</u>
FY 2014 Appropriation	1,640,435

Revenue Sources

Bond Proceeds	\$16,800,000
Available Bonds	3,200,000
Interest Earnings	780,861
Sale of Land	<u>300,000</u>
Total Budget	\$21,080,861

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

There is approximately \$1.6 million in authorization spending remaining in the Open Space Bond Fund. The County anticipates completing two projects in FY 2014 which will expend approximately \$1.0 million of the balance. The last increment of Bond debt will be issued by the end of calendar year 2014, if projects are brought forward that call for additional debt. If bonds are not sold, taxes will not increase in FY 2014. No ongoing costs are foreseen for the Open Space project.

CAPITAL PROJECTS

Listing Capital Outlay / Capital Projects

FY 2014 Capital Projects / Outlay

CAPITAL OUTLAY / CAPITAL PROJECTS									
FY 2014 CAPITAL PROJECTS/OUTLAY - FINAL Budget									
Projects by Department/Project Name									
CAPITAL PROJECTS									
DESCRIPTION	YEAR	CIPC Priority	FY 2014 BUDGET	ESTIMATED PROJECT	REVENUE SOURCES				Amount Needed
					County	Department	Other	TOTAL	
Core Rolling Stock	2014		1,080,464	7,900,000	5,400,000	2,500,000	-	7,900,000	-
Bridge Replacement Program	2014		500,000	23,948,640	21,448,640	2,500,000	-	23,948,640	-
Building Reserve (\$.95/sq. ft.)	2014		750,800	750,800	-	750,800	-	750,800	-
Judicial / Law Enforcement Building	2014	1	81,600	28,086,630	28,086,630	-	-	28,086,630	-
Detention Center (Reserve/Expansion)	2014		689,460	2,000,000	-	2,000,000	-	2,000,000	-
Airport Interchange	2014		250,000	37,800,000	2,000,000	-	35,800,000	37,800,000	-
CTEP PROJECTS	2014		110,167	535,255	-	-	535,255	535,255	-
subtotal Budgeted Projects			3,462,491	101,021,325	56,935,270	7,750,800	36,335,255	101,021,325	-
CIP - Long Term					ESTIMATES ONLY				
Sheriff - Remodel of L & J	2016	2	-	250,000	-	-	-	-	250,000
DES - Storage Facility	2018	3	-	400,000	-	-	-	-	400,000
Fair - CTEP Trail & SWMP #3	2014	4	250,000	250,000	32,500	-	217,500	250,000	-
Fair- Exhibit Bldg Remodel	2015	5	-	55,000	-	-	-	-	55,000
Fair - Remodel Midway Facility	2019	6	-	62,000	-	-	-	-	62,000
Fair - Parking North of Office	2014	7	225,000	225,000	68,000	-	157,000	225,000	-
Fair - Sale Pavilion	2015	8	-	60,000	-	-	-	-	60,000
Fair - Green Space, Sod, Trees, Shru	2019	9	-	60,000	-	-	-	-	60,000
Fair - Move RV Pedestals	2014		-	50,000	-	-	50,000	50,000	-
Fair - Signage at Entrances	2015		-	60,000	-	-	-	-	60,000
Fair - Year Round Ice Facility	2015		925,000	4,500,000	-	-	4,275,000	4,275,000	225,000
Fair - New Animal Wash Rack	2015		-	50,000	-	-	-	-	50,000
Fair - Indoor Swim Center	2015		-	7,195,000	-	-	7,195,000	7,195,000	-
Fair - Indoor Arena	2016		-	1,500,000	-	-	1,500,000	1,500,000	-
Fair - Storm Water Management	2016		-	60,000	-	-	-	-	60,000
Fair - Concourse Building	2018+		-	2,500,000	-	-	-	-	2,500,000
Fair - Event Center	2018+		-	4,500,000	-	-	-	-	4,500,000
Fair - Outdoor Lazy River Water Park	2018+		-	270,000	-	-	-	-	270,000
Fair - Model Train Building	2018+		-	150,000	-	-	-	-	150,000
subtotal CIP Long - Term			1,400,000	22,197,000	100,500	-	13,394,500	13,495,000	8,702,000
TOTAL CAPITAL PROJECTS			4,862,491	123,218,325	57,035,770	7,750,800	49,729,755	114,516,325	8,702,000