
CAPITAL AND DEBT

TABLE OF CONTENTS

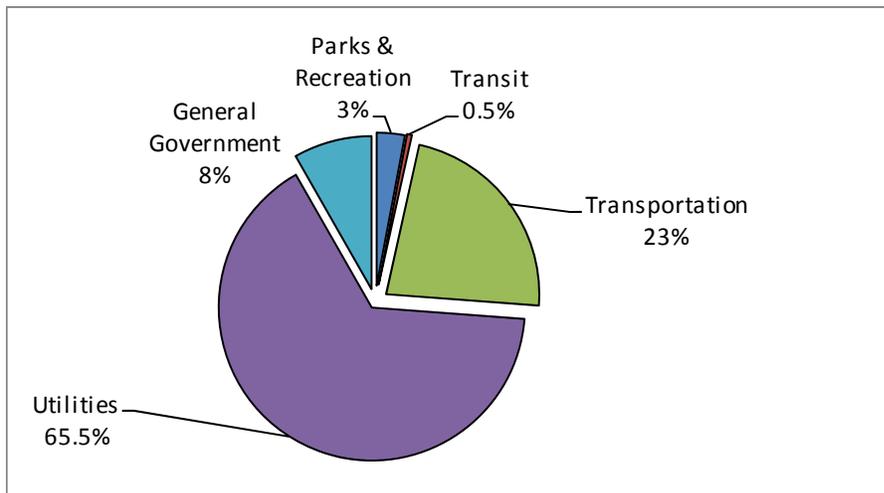
	PAGE
Summary of 2015 Capital Expenditures.....	6 - 1
Capital Improvement Program Overview	6 - 1
Impacts of Growth Management.....	6 - 2
Capital Budgeting Process	6 - 3
Capital Improvement Program Categories	6 - 4
2015 Capital Expenditure Detail.....	6 - 5
Details of Selected Capital Projects	6 - 11
Capital Improvement Program Funds.....	6 - 18
Capital Improvement Program (CIP) 2.....	6 - 18
Capital Improvement Program (CIP) 3.....	6 - 19
Capital Improvement Program (CIP) 4.....	6 - 21
Long Term Debt.....	6 - 22

SUMMARY OF 2015 CAPITAL EXPENDITURES

The total budgeted capital expenditures by major category for 2015 are listed below. Please see page 6-3 for an explanation of how expenditures are budgeted (through the operating budget or a separate capital budget) and pages 6-6 thru 6-10 for a detailed list of capital expenditures.

2015 Budgeted Capital Expenditures

Category	Included in Operating Budget	Included in Capital Budget	Total
General Government	\$ 6,646,399	\$ 1,120,613	\$ 7,767,012
Transit	479,128	-	479,128
Parks & Recreation	860,560	1,915,149	2,775,709
Transportation	3,967,668	17,269,218	21,236,886
Utilities	2,740,000	58,575,000	61,315,000
TOTAL	\$ 14,693,755	\$ 78,879,980	\$ 93,573,735



CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The Capital Improvement Program (CIP) implements the City’s policy to preserve physical assets, minimize future maintenance and replacements costs, and plan for future capital investments. Capital assets are essential to the support and delivery of many of the City’s core services.

The CIP attempts to set funding strategies not only for the current year, but also to project future needs for major construction, land acquisition, and equipment needs that support and enhance the City’s infrastructure, cultural environment, and recreational opportunities for the citizens of Everett. Capital projects are viewed not only in the context of how much the new project will cost, but also what impact the project will have on the City’s current and future operating budgets.

The Capital Improvement Program includes both capital expenditures and capital projects, defined as follows:

Capital Expenditure - Charges for the acquisition of equipment, land, building, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$5,000 and a useful life expectancy of more than one year.

Capital Project – Project that has a specific objective, is easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually (nonroutine), and typically has a total cost in excess of \$100,000.

While the CIP does not cover routine maintenance, it does include renovation, major repair, or reconstruction of damaged or deteriorated facilities. It also may include items not usually included in a CIP such as furniture and equipment. These items may be included in a capital project's overall cost if they are clearly associated with a newly constructed or renovated facility.

IMPACTS OF GROWTH MANAGEMENT

Capital facilities planning and financing is subject to the State of Washington Growth Management Act (GMA). The GMA requires that communities adopt comprehensive plans designed to guide the orderly development of growth over the next twenty years.

To comply with the GMA, the City updates its comprehensive Capital Facilities Plan (CFP) annually. The CFP provides long-range policy guidance for the development of capital improvements. The purpose of a CFP is to identify and coordinate those capital improvements deemed necessary to accommodate orderly growth, set policy direction for capital improvements, and ensure that needed capital facilities are provided in a timely manner.

The GMA requires that the CFP contain the following elements:

1. An inventory of existing public-owned capital facilities showing locations and capacities;
2. A forecast of the future needs for such capital facilities;
3. The proposed locations and capacities of expanded or new capital facilities;
4. A minimum six-year plan that will finance such capital facilities within projected funding capacities and clearly identify sources of public money for such purposes; and
5. A requirement to reassess the land use element if projected funding falls short of meeting existing needs.

The GMA defines capital facilities and utilities as mandatory elements for inclusion in the comprehensive plan. Capital facilities and utilities represent the infrastructure, or foundation, of a community and are integral to accommodating growth.

The CFP must include the full range of public services: water, sanitary sewer and storm water, police and fire, solid waste/recycling, parks and recreation, transportation, libraries and public housing. However, all facilities are not required to be in place (financed) when the impacts of that new development occur.

CAPITAL BUDGETING PROCESS

The CFP provides a framework from which the individual departments, Administration and Council work when determining which projects to move forward with. It is part of the first step in developing an overall capital improvement program: identifying the capital asset needs of the city. Some of the areas the City pays particular attention to when identifying capital asset needs are current and estimated future service levels, whether existing assets need repair or replacement, and improvements that would support growth and development.

After needs are identified, projects are proposed and analyzed for benefits and costs including their impact on future operating budgets. Requirements are prioritized and available resources and/or funding strategies are identified. Part of the planning process is to ensure available capital resources, especially for general government departments, are allocated to the City's highest priority projects. Once the capital assets/projects are selected, the expenditures can be authorized.

Capital expenditures can be authorized in one of two ways. First, capital expenditures can be authorized as part of the current operating budget if the capital project can be completed within the budget year. Second, capital expenditures can be authorized via the creation of a Capital Project Fund.

A Capital Project Fund is created through a Plans and Systems Ordinance that is adopted by the City Council and typically has a project life in excess of one year. The process of creating a separate capital project fund for each major capital project was established to improve management control and planning for these projects. Funding sources and expenditures are segregated from current operating expenditures and placed in the separate capital project fund. The capital project fund projects are budgeted for project length, therefore funds not spent in the current year will automatically be carried over to the next year until completion of the project.

The major steps for authorizing capital expenditures under each method are detailed below.

Capital expenditures approved as part of the current operating budget:

Step 1 - The department includes capital expenditure requests in their annual department budget.

Step 2 - The department submits their proposed department budget to the Budget Department and Administration as part of the annual budget process.

Please refer to the Budget Process section of the budget for steps in adopting the annual operating budget.

Capital expenditures approved via creation of a capital project fund:

Step 1 - The department prepares a proposed Plans and Systems Ordinance. Key elements of the ordinance include the scope of the capital project and a complete and balanced budget for the entire project, including a breakout of revenues and expenditures.

Step 2 - Other affected departments review and approve.

Step 3 - The Mayor, Chief Administrative Assistant, and the Legal department review and approve.

Step 4 - The proposed project is presented to City Council Members at a City Council meeting. Citizens are able to comment on the project at this time.

Step 5 - City Council adopts the proposed Plans and System Ordinance. It takes three readings to adopt a Plans and Systems Ordinance. Citizens have additional opportunity to comment on the project at this time.

CAPITAL IMPROVEMENT PROGRAM CATEGORIES

The City has divided its capital improvement program into five categories based on the primary funding sources available to each and the related restrictions on the usage of those resources. The five categories are described below.

General Government

This category includes capital facilities and equipment associated with the general government including police precincts, fire stations, maintenance yards, shop facilities, and general office facilities throughout the city. This category also includes all general government vehicles and equipment. Primary funding sources for these facilities are general tax allocations and general obligation bonds.

Parks & Recreation

The parks system includes regional, community, neighborhood, and mini parks, as well as trails and cultural and recreational facilities. The Park Department's portion of the City's Comprehensive Plan identifies goals and priorities for capital development and maintenance. The major resources used to fund capital projects include a portion of the second quarter real estate excise tax and general fund contributions.

The City's two golf courses are also maintained by the Parks Department and are included in the Park's section of the Comprehensive Plan. The primary funding sources for golf capital projects are user fees and the issuance of debt.

Transportation

This category includes all transportation infrastructure within the City limits with the exception of most elements related to State or Federal highways. This infrastructure includes roads, bridges, traffic signals, street lights, trails and other pedestrian walkways. The City's Six Year Transportation Improvement Plan (TIP) sets the priorities for specific transportation capital projects. Major funding sources include the city's share of the state-shared gas tax, a portion of the second quarter real estate excise tax, federal and state transportation grants, mitigation fees, and public works trust fund loans.

This category also includes capital expenditures associated with the City's parking garage, which are funded primarily by user fees.

Transit

This category includes all transit capital facilities, including Everett Station and other transit centers, transit amenities such as bus stops and shelters, and fixed route and paratransit vehicles. Transit capital projects are prioritized in the City's Six Year TIP. Major funding sources include Federal Transit Administration (FTA) discretionary and formula grants, Washington State Department of Transportation grants for paratransit services, and a local six-tenths of one percent sales tax revenue dedicated to Everett Transit.

Utilities

This category includes all water and sewer infrastructure including water stations, sewer treatment facilities, water and sewer transmission systems, and storm water retention facilities. The Utility division maintains its own capital improvement plan, which is prepared in conjunction with the City's Comprehensive Plan, to prioritize and plan for future capital needs. The primary funding source for utility capital projects are user fees. Other significant resources are developer contributions, public works trust fund loans and revenue bonds.

2015 CAPITAL EXPENDITURE DETAIL

The tables on pages 6-6 thru 6-10 present detail of the city's 2015 capital expenditures. The tables are broken out first by major categories as described in the previous section and then by routine versus nonroutine capital expenditures as defined below.

Routine capital expenditures are those that are included in almost every budget and will not have a significant impact on the operating budget. Nonroutine capital expenditures are expenditures for significant capital projects that typically have a total project cost of over \$100,000 and that do not occur on an annual basis. Nonroutine significant capital projects may or may not have an impact on the operating budget.

The nonroutine capital expenditure tables note the estimated impact the capital expenditure will have on the City's operating budget. Maintenance for a minimum of 10 years is taken into account when determining the long-range cost of a capital project. The amount of the impact on the yearly operating budget is defined by the following terms:

Positive (P) –	The project is expected to reduce operating costs or generate income to offset any additional expense.
Negligible (N) –	The impact on the operating budget will be minimal. M & O expenses are estimated to increase by \$10,000 or less.
Moderate (M) –	M & O expenses are estimated to increase between \$10,001 and \$50,000.
High (H) –	M & O expenses are estimated to increase by \$50,001 or more.
Undetermined (U) –	Not yet calculated because a specific capital expenditure/project has not yet been identified. For practicality, the City budgets for some unidentified capital expenditures (unanticipated expenditures or project overages).

An asterisk (*) in the "M&O Impact" column indicates the project is described in more detail on pages 6-11 thru 6-17.

GENERAL GOVERNMENT**Routine Capital Expenditures**

Fund/Project Description	2015 Budget
Fund 002 - General Government	
Misc. equipment - Finance/Purchasing/Clerk	6,000
Misc. equipment - Fire	34,966
Misc. equipment - Downtown Improvement	2,782
Fund 110 - Library	
Books/Periodicals/Non-Print Material	650,976
Fund 126 - Motor Vehicle & Equipment Reserve	
Vehicle replacements - Police	492,000
Vehicle replacements - Parks	108,000
Vehicle replacements - Streets	366,000
Fund 146 - Property Management Fund	
Culmback Bldg. Common Area - carpet replacement	17,100
Fire Admin - HVAC	80,400
Fire Station #2 - reroof	29,500
Fire Station #7 - reroof	40,200
Miscellaneous projects	110,200
Fund 152 - Cumulative Reserve Fund for Library	
Miscellaneous	20,000
Fund 153 - Emergency Medical Services Fund	
Medic unit replacement	225,000
Fund 156 - Criminal Justice Fund	
Probation Department case management program	76,800
Fund 505 - Computer Reserve Fund	
City website replacement	37,957
Kronos upgrade (time keeping software)	20,169
Network upgrade - Wall Street Building	10,953
Disaster recovery upgrade	76,448
Physical and virtual server replacements	163,400
Oracle Enterprise upgrade	145,433
CommVault backup upgrade/OneTouch implementation	35,000
SharePoint upgrade	78,000
SQL 2014 Cluster implementation	32,640
TOTAL GENERAL GOVERNMENT - Routine Capital Expenditures	2,859,924

GENERAL GOVERNMENT (Continued)

Nonroutine Capital Expenditures

Fund/Project Description	Project Budget	Prior to 2015 Estimate	2015 Budget	After 2015 Projected	M&O Impact
Fund 145 - Cumulative Reserve Fund - Real Prop					
Unidentified property purchases	-	-	1,995,075		U
Fund 146 - Property Management Fund					
Fire Admin - warehouse construction	-	-	299,600		N
Everett Performing Art Center - roof replacement	-	-	498,700		P
Main Library - roof seal coat	-	-	438,700		N
Wall Street Bldg. - reroof	-	-	143,400		P
Fire Station #1 - reroof	-	-	151,400		P
Floor covering replacement program	-	-	110,200		N
EMS Building - tuck pointing	-	-	149,400		P
Fund 308 - Riverfront Development (Gen Gov)					
Prg 005 - Parcel C - Road & Intersection	4,576,148	3,778,397	797,751		N
Fund 342 - Facilities Construction Fund					
Prg 016 - Municipal Court Building Replacement	8,357,000	8,236,548	25,000		M
Prg 017 - Allen Buick Redevelopment Project	450,000	152,138	297,862		N
TOTAL GENERAL GOVERNMENT - Nonroutine Capital Expenditures			4,907,088		

TOTAL GENERAL GOVERNMENT CAPITAL EXPENDITURES			7,767,012		
--	--	--	------------------	--	--

TRANSIT

Routine Capital Expenditures

Fund/Project Description	2015 Budget
Fund 425 - Transportation Services/Transit Fund	
Bus stop improvements	60,000
ORCA equipment replacement	100,000
TOTAL TRANSIT - Routine Capital Expenditures	160,000

Nonroutine Capital Expenditures

Fund/Project Description	Project Budget	Prior to 2015 Estimate	2015 Budget	After 2015 Projected	M&O Impact
Fund 425 - Transportation Services/Transit Fund					
Everett Station repairs and rehabilitation	550,729	218,400	319,128	13,201	P*
TOTAL TRANSIT - Nonroutine Capital Expenditures			319,128		

TOTAL TRANSIT CAPITAL EXPENDITURES			479,128		
---	--	--	----------------	--	--

PARKS & RECREATION

Routine Capital Expenditures

Fund/Project Description	2015 Budget
Fund 101 - Parks and Recreation	
Miscellaneous machinery and equipment	20,000
Gates	45,000
Exterior building repairs	21,500
Interior building repairs	60,000
ADA improvements	40,000
Security	15,000
Park amenity improvements	100,000
Paving/Striping	100,000
Contingency for unexpected projects	68,500
Fund 148 - Cumulative Reserve Fund for Parks	
Everett TV miscellaneous machinery and equipment	40,000
Lowell Riverfront Trail to Rotary Park path improvements	209,256
Fund 440 - Golf	
Miscellaneous machinery and equipment	141,304
TOTAL PARKS & RECREATION - Routine capital expenditures	860,560

Nonroutine Capital Expenditures

Fund/Project Description	Project Budget	Prior to 2015 Estimate	2015 Budget	After 2015 Projected	M&O Impact
Fund 354 - Parks CIP3 Construction					
Prg 016 - Thornton A Sullivan Park CapCons	500,000	509,932	-		N
Prg 027 - Downtown Area Sustainable Maint Renovations	153,000	120,329	32,671		N
Prg 028 - Gateways Sustainable Maint Renovations	150,000	93,924	56,076		N
Prg 043 - Jackson Park - Phase 1 Renovations	2,038,795	212,393	1,826,402		M*
TOTAL PARKS & RECREATION - Nonroutine capital expenditures			1,915,149		

TOTAL PARKS & RECREATION CAPITAL EXPENDITURES	2,775,709
--	------------------

TRANSPORTATION**Routine Capital Expenditures**

Fund/Project Description	2015 Budget
Fund 119 - Street Improvements	
Street improvement projects - primarily overlay	2,900,000
Various street projects - not yet assigned	753,115
Fund 157 - Traffic Mitigation	
Various street projects - not yet assigned	314,553
TOTAL TRANSPORTATION - Routine capital expenditures	3,967,668

Nonroutine Capital Expenditures

Fund/Project Description	Project Budget	Prior to 2015 Estimate	2015 Budget	After 2015 Projected	M&O Impact
Fund 303 - Public Works Improvement Projects					
Prg 016 - E. Everett Pedestrian Walkway	1,492,801	1,662,117	-		N
Prg 056 - Bond Street RR Crossing	255,000	153,243	-		N
Prg 057 - Snohomish River Pedestrian Bridge	974,940	577,087	397,853		N
Prg 078 - 36th St/ BNSF Non-Motorized Crossing	701,552	350,631	350,921		N
Prg 080 - Pigeon Creek/BNSF Ped Overcrossing	81,777	27,885	53,892		N
Prg 081 - SR99/Evergreen Way BRT Project	2,170,000	1,543,964	199,333		N
Prg 086 - Pedestrian Signals at Casino&Rucker	540,000	442,874	-		N
Prg 087 - Horizon Elementary Safety Improvements	415,000	647,737	-		N
Prg 089 - Broadway Bridge Replacement Project	13,613,800	2,234,821	6,978,435	4,400,544	N*
Prg 091 - 41st St. to W. Marine View Dr. Project	1,676,300	410,027	1,266,273		N
Prg 092 - Airport Rd to 112th Pedestrian Project	390,000	41,333	348,667		N
Prg 093 - N. Everett Pedestrian & Bike Safety Project	410,000	396,734	13,266		N
Prg 095 - Citywide Safety Improvement	450,000	11,043	438,957		N
Prg 096 - Broadway Safety Improvement	780,000	10,278	769,722		N
Prg 097 - Hawthorne Elementary Safe Rout	256,000	21,412	234,588		N
Prg 098 - 2013 Federal Overlay Project	1,433,423	1,590,196	-		N
Prg 099 - Evergreen Way & Pecks Drive	411,000	268,209	142,791		N
Prg 101 - Downtown Streetscape II	674,520	-	674,520		N
Prg 102 - 2015 Federal Overlay	4,800,000	-	4,800,000		N
Prg 103 - Grand Avenue Park Ped Bridge	600,000	-	600,000		U
TOTAL TRANSPORTATION - Nonroutine capital expenditures			17,269,218		

TOTAL TRANSPORTATION CAPITAL EXPENDITURES	21,236,886
--	-------------------

UTILITIES

Routine Capital Expenditures

Fund/Project Description	2015 Budget
Fund 401 - Water/Sewer Utility Fund & Fund 336 - Water/Sewer System Imp Projects	
WATER	
Water distribution system improvements	1,900,000
Pipeline repair and replacements	3,230,000
WFP repair	1,570,000
SEWER	
Sewer system capacity improvements	900,000
Sewer system replacements	1,840,000
Lift station improvements	4,850,000
WPCF Smith Island dike improvements	1,950,000
WPCF plant improvements	1,050,000
STORM	
Stormwater System Improvements	2,140,000
TOTAL UTILITIES - Routine Capital Expenditures	19,430,000

Nonroutine Capital Expenditures

Fund/Project Description	2013-2019* Project Budget	2013-2019 Prior to 2015 Estimate	2015 Budget	2015-2019 After 2015 Projected	M&O Impact
Fund 401 - Water/Sewer Utility Fund & Fund 338 - Solid Waste Improvement Fund & Fund 336 - Water/Sewer System Imp Projects					
WATER					
Water Supply Risk Mitigation	3,000,000	-	1,000,000	2,000,000	N
Reservoir No. 6 Roof Replacement	5,045,000	2,095,000	2,950,000		N
Three Lakes Valve Bypass	1,000,000	-	100,000	900,000	N
Diversion Dam Improvements	600,000	-	600,000		N
Cross-Tie Transmission Line	18,250,000	-	250,000	18,000,000	U
Public Works Building Upgrade - Water	8,120,000	-	250,000	7,870,000	N
Chaplain South Dam Tunnel Fill	630,000	320,000	310,000		N
SEWER					
WPCF Capacity Expansion - Phase C	59,150,000	19,750,000	20,500,000	18,900,000	H*
Public Works Building Upgrade - Sewer	6,780,000	-	150,000	6,630,000	N
Port Gardner CSO - Wet Weather Storage	11,000,000	-	-	11,000,000	U
Sewer Project L (East Grand Sewer)	5,390,000	550,000	2,320,000	2,520,000	N*
Sewer Project M (Sewer Portion)	6,420,000	1,750,000	2,010,000	2,660,000	N*
Hayes Street Regulator and CSO Controls	2,700,000	-	320,000	2,380,000	N
STORM					
Shore Avenue Outfall	1,162,000	432,000	730,000		N
Public Works Building Upgrade - Stormwater	4,520,000	-	100,000	4,420,000	N
Sewer Project L (East Grand Stormwater)	7,260,000	-	3,940,000	3,320,000	N*
Sewer Project M (Stormwater Portion)	10,900,000	-	4,680,000	6,220,000	N*
Fund 402 - Solid Waste Management Fund					
Leachate Collection System	3,650,000	1,650,000	1,675,000	325,000	N
TOTAL UTILITIES - Nonroutine Capital Expenditures			41,885,000		

* Water & Sewer Utility project budgets represents only years specified (not total project budget).

TOTAL UTILITIES CAPITAL EXPENDITURES	61,315,000
---	-------------------

DETAILS OF SELECTED CAPITAL PROJECTS

The next several pages contain individual project forms describing selected nonroutine projects in more detail.

Each project form is divided into three main sections:

- 1 - Project Description – describes the project, including where and why it is being performed.
- 2 - Capital Funding - details the funding sources for the project and how the funds will be spent.
- 3 - Estimated Impact on Future Operating Budgets - details the costs or savings impact of the project on future operating budgets.

This detail should provide the reader with a sense of the types of costs and benefits that are considered by the City when determining how a given capital project will impact future operating budgets.

Project Name: Everett Station Major Repairs**Project Description**

Budget: \$550,729

Location: Everett Station

Description: In 2013, Everett Transit was awarded a federal grant for preventive maintenance and rehabilitation of Everett Station. The grant was executed in April 2014 and covers several projects that have been prioritized based on greatest need. Projects include brick restoration and resealing, upgrade and repairs to emergency call stations, bus shelter repair, PA system upgrade and repair, and resurfacing and restriping of the parking lots. In 2014, Everett Transit was awarded additional grant funding for repair and rehabilitation of the building and public areas.

Justification: The work outlined will prevent damage to the exterior of the Station, provide safety and security to the public and protect both the FTA and City of Everett's interest in the property.

Start Date: September, 2014

Completion Date: December, 2015

Capital Funding**Funding Sources**

Federal Grant	440,583
Local Match	110,146
Total	550,729

Capital Costs

	Thru 2014	Five-year Plan					Total Cost
		2015	2016	2017	2018	2019	
Design/Engineering							-
Construction Costs	218,400	319,128	13,201				550,729
Total Cost	218,400	319,128	13,201	-	-	-	550,729

Estimated Impact on Future Operating Budgets

The impact on the operating budget is expected to be *positive*, reducing the annual maintenance cost over ten years.

Project Name: Jackson Park – Phase 1 Renovation**Project Description**

Budget \$2,038,795

Location: Jackson Park

Description: Phase one is the neighborhood park component of the larger master park plan. It will be completed on four acres on the west side of the park. Renovations and improvements include a new playground and tot lot, walking paths, restrooms, a picnic shelter, a community garden, and features depicting Senator Henry M. Jackson's contributions to the nation.

Justification: Jackson Park was last renovated more than 20 years ago and is in need of improvements to better serve the community.

Start Date: December, 2014

Completion Date: Fall, 2015

Capital Funding**Funding Sources**

Fund 154 - CIP 3	400,000
State Conservation Grant	500,000
Dept of Commerce Grant	970,000
Snohomish County Grant	75,000
Comm. Devel. Block Grant	93,795
Total	2,038,795

Capital Costs

	Thru 2014	Five-year Plan					Total Cost
		2015	2016	2017	2018	2019	
Design/Engineering	211,856	108,144					320,000
Construction Costs	538	1,718,257					1,718,795
Total Cost	212,394	1,826,401	-	-	-	-	2,038,795

Estimated Impact on Future Operating Budgets

The near-term impact on the yearly operating budget will be *moderate*. The new amenities and community garden, although modern and designed for significant and frequent use, will be far more numerous than those in the current layout of the park, and will require more frequent attention and ongoing maintenance.

	2015	2016	2017	2018	2019
New Personnel (FTEs)					
Other Operating Costs	15,000	16,000	17,000	18,000	19,000
Total Operating Costs	15,000	16,000	17,000	18,000	19,000

Project Name: Broadway Bridge Replacement Project**Project Description**

Budget: \$13,613,800

Location: Broadway Bridge over Burlington Northern Santa Fe mainline railroad tracks

Description: Replacement of the Broadway Bridge over the BNSF mainline tracks. This section of Broadway is a five lane principal arterial carrying vehicular volumes in excess of 30,000 ADT (average daily traffic). The proposed scope of the improvements includes demolition of the existing structure, traffic control, utility coordination, bridge structure replacement (including curbs, sidewalks, illumination), associated roadway improvements, utility improvements (drainage, water, sewer), utility coordination, traffic signal improvements, non-motorized transportation improvements, landscaping and irrigation.

Justification: The Broadway Bridge was constructed in 1912 and is in need of replacement. Load restrictions were imposed on the bridge in 2008, following a bridge inspection.

Remarks: The City has received additional federal funds for the design phase and has been approved for Federal Bridge Program Grant Funds through the Bridge Replacement Advisory Committee (BRAC).

Start Date: 2010

Completion Date: 2017

Capital Funding**Funding Sources**

Federal Grants	10,696,021
BNSF	824,000
City Match	2,093,779
Total	13,613,800

Capital Costs

	Thru 2014	Five-year Plan					Total Cost
		2015	2016	2017	2018	2019	
Design/Engineering	2,234,821	377,618					2,612,439
Construction Costs	-	6,600,817	4,400,544				11,001,361
Total Cost	2,234,821	6,978,435	4,400,544	-	-	-	13,613,800

Estimated Impact on Future Operating Budgets

The impact on the operating budget will be *negligible*.

Project Name: Water Pollution Control Facility (WPCF) Capacity Expansion – Phase C

Project Description

Budget: \$59,150,000

Location: Water Pollution Control Facility (WPCF) on Smith Island

Description: In 2009 Carollo Engineers prepared an Engineering report and identified the improvements needed at the Water Pollution Control Facility (WPCF) that allow the plant to continue to comply with the Department of Ecology NPDES permit requirements. WPCF Phase C expansion includes; a new trickling filter with a feed pump, an additional contract basin with aeration, an additional secondary clarifier, an additional pump at the south effluent pump station, a waste secondary sludge thickening facility, two anaerobic digesters, a digester control building, and a co-generation facility to utilize methane generated in the digesters

Justification: Increase the WPCF's efficiency, expand capacity, and control odor.

Start Date: 2007

Completion Date: 2022

Capital Funding

Funding Sources

User Fees/ Bonds	34,954,000
Wholesale Customers	14,196,000
State Loans	10,000,000
Total	59,150,000

Capital Costs

	Thru 2014	Five-year Plan					Total Cost
		2015	2016	2017	2018	2019	
Design/Engineering	2,962,500	3,075,000	150,000	225,000	300,000	2,160,000	8,872,500
Construction Costs	16,787,500	17,425,000	850,000	1,275,000	1,700,000	12,240,000	50,277,500
Total Cost	19,750,000	20,500,000	1,000,000	1,500,000	2,000,000	14,400,000	59,150,000

Estimated Impact on Future Operating Budgets

The impact on the operating budget will be *high*; however the facility's operational efficiency will increase as will the capacity. And, as the efficiency of the system increases, odor problems will decrease.

	2014	2015	2016	2017	2018	2019
New Personnel (FTEs)				6.0	6.0	6.0
Personnel				620,000	641,700	664,200
Other Operating Costs				380,000	399,000	419,000
Total Operating Costs	-	-	-	1,000,000	1,040,700	1,083,200

Project Name: Sewer Project L - East Grand Sewer & Stormwater Replacement

Project Description

Budget: \$12,650,000

Location: Area bounded by E Grand Ave, I-5, Everett Ave, and 23rd St

Description: Sewer system replacement will address the oldest and most deteriorated pipes in the City's system. Work will involve approximately 12,000 linear feet of sewer main ranging from 8" to 18" diameter, 40 manholes, and 200 side sewers.

Justification: The existing sewer lines are old and deteriorated and need to be replaced.

Start Date: 2013

Completion Date: 2017

Capital Funding

Funding Sources

User Fees/ Bonds	11,650,000
State Dept. of Ecology	1,000,000
Total	12,650,000

Capital Costs

	Thru 2014	Five-year Plan					Total Cost
		2015	2016	2017	2018	2019	
Design/Engineering	550,000	950,000	468,000	408,000			2,376,000
Construction Costs	-	5,310,000	2,652,000	2,312,000			10,274,000
Total Cost	550,000	6,260,000	3,120,000	2,720,000	-	-	12,650,000

Estimated Impact on Future Operating Budgets

Once ground-disturbing activities are completed, and roadways and alleyways are resurfaced, there should be no impact to future operating budgets.

Project Name: Sewer Project M – Sewer and Stormwater Project**Project Description**

Budget: \$17,320,000

Location: West and South of Providence Everett Medical Center

Description: Implement the recommendations presented in “North Everett Combined Sewer Evaluation (Basin D) – Post June 9, 2010 Flood Event”, March 2011, Otak, Inc. Alternative #9 outlines specific system modifications to address chronic basement flooding problems in the vicinity of Colby, Hoyt, and 15th Street. Approximately seven 125 LF of combined sewer and storm water drainage pipe will be constructed as capacity improvements. Work will be open-cut pipe installation.

Justification: Many existing sewers, manholes, storm drain structures and side sewers in this area are very old and deteriorated, are undersized and/or have flat slopes and should be replaced soon.

Start Date: 2014

Completion Date: 2017

Capital Funding**Funding Sources**

User Fees/ Bonds	17,320,000
Total	17,320,000

Capital Costs

	Thru 2014	Five-year Plan					Total Cost
		2015	2016	2017	2018	2019	
Design/Engineering	1,500,000	1,000,000	387,000	945,000			3,832,000
Construction Costs	250,000	5,690,000	2,193,000	5,355,000			13,488,000
Total Cost	1,750,000	6,690,000	2,580,000	6,300,000	-	-	17,320,000

Estimated Impact on Future Operating Budgets

Once ground-disturbing activities are completed, and roadways and alleyways are resurfaced, there should be no impact to future operating budgets.

Capital Improvement Program Funds

To provide for the segregation of financial resources dedicated for General Government capital projects, the City has established separate funds in the operating budget. While the City refers to these funds as Capital Improvement Program (CIP) funds, it should be noted these funds are not considered *the capital improvement program* but rather are considered tools to better manage the general government resources available to fund capital projects.

The operating budgets for the CIPs can be found in the Special Revenue section of this budget document. CIP2 and CIP4 are accounted for in Fund 162. CIP3 is accounted for in Fund 154.

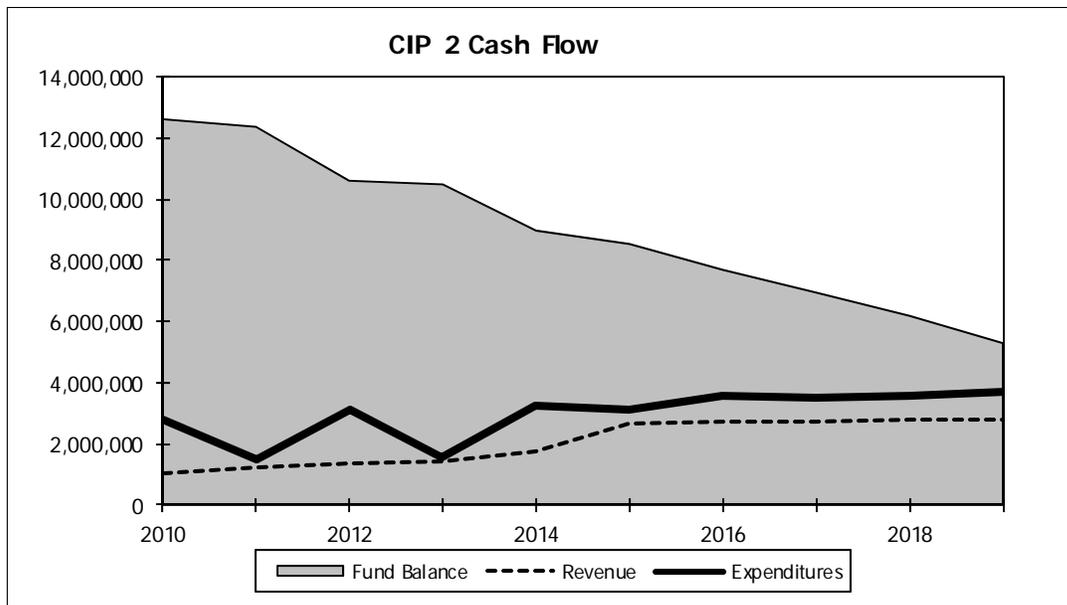
Capital Improvement Program 2

CIP 2 was established in 1989. Revenue sources for this program include the first quarter of one percent Real Estate Excise Tax and General Fund contributions. CIP 2 currently provides debt service support for the City's 2014 floating rate LTGO refunding bonds and 2012 LTGO refunding bonds. It also provides \$500,000 each year to the Everett Public Facilities District (PFD) for debt support.

The 2014 floating rate LTGO refunding bonds were issued to refinance the outstanding balance of the City's 2001 variable rate demand bonds (VRDBs) and the PFD's 2007 variable rate demand bonds. The 2001 VRDBs were used to purchase property for the site of the Everett Events Center. The PFD's 2007 VRDBs were used to finance a portion of the construction of the Events Center.

The 2012 LTGO refunding bonds were issued to refinance the \$15,000,000 bonds issued in 2003 for the Edward D. Hansen Conference Center.

As the graph below indicates, expenditures continue to exceed revenue. Adjustments will be made as needed to ensure the fund does not go negative in future years.



Capital Improvement Program 3

In January 1992, the City of Everett imposed an additional one quarter of one percent Real Estate Excise Tax (REET) on the sale of real property within the City. The imposition of this tax was authorized by the Growth Management Act of 1990. According to this act, the second quarter of one percent Real Estate Excise Tax is to be used solely for projects designated in the Capital Facilities Plan element of an approved comprehensive plan.

The second 1/4% revenues are restricted by state law to "those public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of street, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and planning, construction, reconstruction, repair, rehabilitation or improvement of parks."

In 1997, City Council adopted ordinances establishing Fund 354 Park Project Construction Fund and Fund 303 Public Works Improvement Projects. The process approved multiple projects eligible for CIP 3 funding. Additional projects continue to be approved on a project-by-project basis.

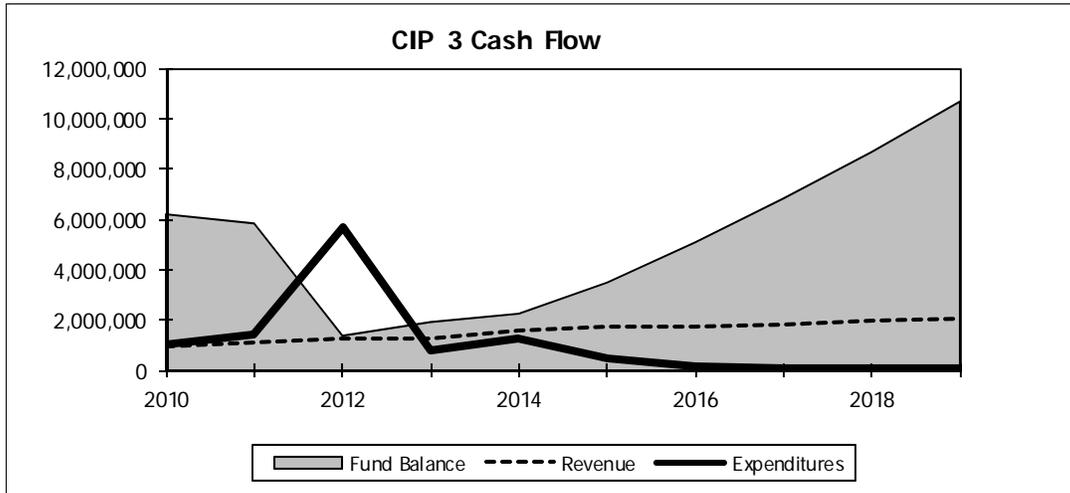
Current CIP 3 Projects in progress, funded in whole or in part by CIP 3, are as follows:

Park Projects in Progress	CIP3 Contribution
Gateways Sustainable Maint Renov	\$ 150,000
Everett Performing Arts Ctr Plaza	2,346,132
Habitat Restoration Project	70,000
Jackson Park New MP Improvements	400,000
	<u>\$ 2,966,132</u>

Street Projects in Progress	CIP3 Contribution
Street Overlay - 2015	\$ 300,000
Pigeon Creek/BNSF Ped Overcrossing	60,000
US 2 Route Development	200,000
	<u>\$ 560,000</u>

Public Works Trust Fund Loans	Annual Pmt
75th St Improvement	\$ 58,881
Riverfront	56,347
112th: 3rd to I5 and SR527 to I5	57,303
	<u>\$ 172,531</u>

The graph and table below illustrate the cash flow of CIP 3 through 2019.



CIP 3 CASHFLOW

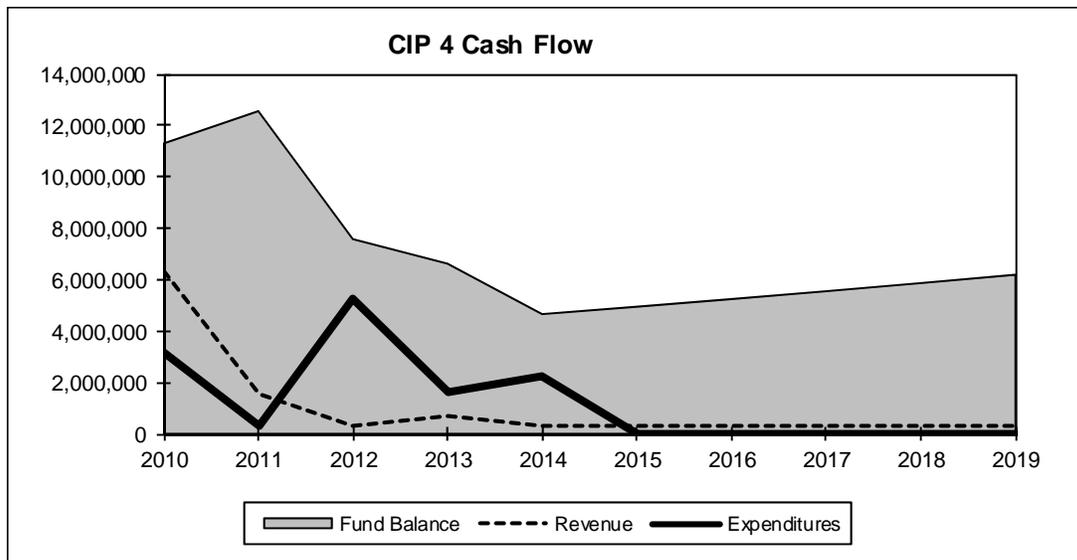
	2015	2016	2017	2018	2019
Balance Forward	\$ 2,249,180	\$ 3,484,683	\$ 5,082,917	\$ 6,826,069	\$ 8,668,539
Revenue:					
2nd 1/4% REET	1,664,171	1,697,454	1,731,404	1,766,032	1,801,352
Misc					
Interest Return	43,863	71,919	123,763	187,635	261,537
TOTAL Revenue	1,708,034	1,769,373	1,855,167	1,953,667	2,062,889
Expenses:					
Park Projects	-	-	-	-	-
Street Projects	300,000	-	-	-	-
Public Trust Fund Loans	172,531	171,139	112,015	111,197	56,201
TOTAL CIP 3 Expenses	472,531	171,139	112,015	111,197	56,201
ENDING FUND BALANCE	\$ 3,484,683	\$ 5,082,917	\$ 6,826,069	\$ 8,668,539	\$ 10,675,227

Capital Improvement Program 4

CIP 4 was established in 1995. This capital improvement program is funded from General Fund contributions, rental fees, interest earnings, and transfers from other operating funds of the City. The City is currently in the process of reviewing its Comprehensive Plan to determine which projects will be funded with CIP 4 resources.

Current CIP 4 Projects in progress, funded in whole or in part by CIP 4, are as follows

Projects in Progress - CIP 4	Estimated Year of Completion	Estimated CIP 4 Contribution
Downtown Hotel Project	2015	\$ 450,000
Broadway Bridge	2017	1,522,500
Public Amenities and Wetland Enhancement	2015	700,000
Total Projects in Progress - CIP 4		\$ 2,672,500



LONG-TERM DEBT

Summary of Outstanding Debt

The following table is a summary of the City's outstanding debt as of 12/31/14.

	Governmental Activities	Business-type Activities	Total
General obligation debt	\$ 48,260,000	\$ 5,000,000	\$ 53,260,000
Revenue debt	-	142,965,000	142,965,000
Other long-term debt	772,958	34,650,682	35,423,640
	<u>\$ 49,032,958</u>	<u>\$ 182,615,682</u>	<u>\$ 231,648,640</u>

The City's debt management policy can be found in the Financial Structure and Policies section of this document.

Debt Limits

Only general obligation debt is subject to the legal debt limit capacity restrictions. General obligation debt includes not only general obligation bonds but other governmental activity debt such as notes payable, compensated absences, and the principal component of capital leases of governmental activities.

Revenue bonds and Local Improvement District (LID) bonds are not limited because no taxing power or general fund pledge is provided as security.

The State of Washington provides cities with three segments of debt capacity, each equal to two and one-half percent of the City's assessed valuation, for a total debt capacity of seven and one-half percent (7.5%). Allowable uses of these segments are as follows:

Segment 1 - General Governmental Purposes

The City can incur debt up to one and one-half percent (1.5%) of its assessed valuation solely with a vote of the legislative body (often referred to as "councilmanic" debt). To use the remaining one percent (1.0%), a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election is required.

Segment 2 - City-Owned Water and Sewer Purposes

The City can incur debt up to an additional two and one-half percent (2.5%) for water and sewer purposes with a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election.

Segment 3 - Acquiring and Developing Open Space, Parks Facilities, and Capital Facilities Associated with Economic Development

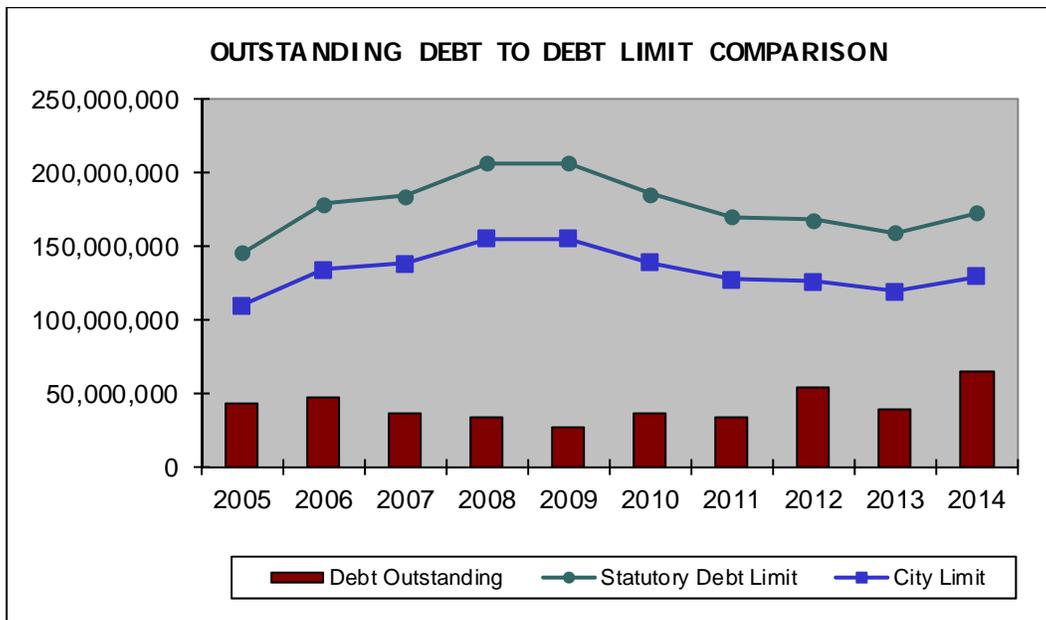
The City can incur debt up to an additional two and one-half percent (2.5%) for acquiring and developing open space, parks facilities, and capital facilities associated with economic development with a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election.

Each year the Snohomish County Assessor certifies the City of Everett’s assessed valuation for the coming year. The City’s 2014 assessed valuation was \$11,516,922,797.

The following table presents the City’s estimated general obligation debt limits and available capacities as of December 31, 2014. The net outstanding indebtedness figure includes the general obligation and other governmental activities debt as shown on the previous page plus \$10,312,567 in compensated absences and \$1,058 in capital leases.

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	Without Vote (Councilmanic)	With Vote	With Vote	With Vote
	1.50%	1.00%	2.50%	2.50%
Legal Limits, Net	\$ 172,753,842	\$ 115,169,228	\$ 287,923,070	\$ 287,923,070
Net Outstanding Indebtedness	64,346,583	-	-	-
Margin Available	\$ 108,407,259	\$ 115,169,228	\$ 287,923,070	\$ 287,923,070

As the graph below illustrates, the city’s outstanding non-voted debt has remained well below the statutory debt limit as well as the city’s self-imposed debt limit of 75% of the statutory limit.



General Obligation Bonds

General obligation (GO) bonds are backed by the full faith and credit of the City. Non-voted debt is paid from general revenues. Voted general obligation bonds are paid from excess property tax levies assessed on property within the City as approved by the voters in each case.

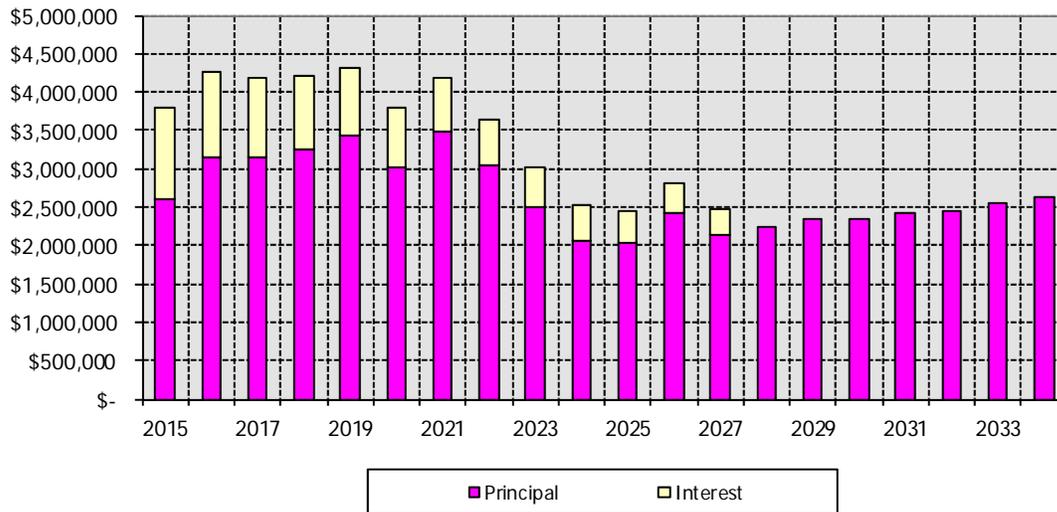
General obligation bonds outstanding at December 31, 2014, are as follows:

Name of Issue / Purpose	Date of Issue	Date of Final Maturity	Interest Rate(s)	Amount Originally Issued	Redemptions to Date	Debt Outstanding
Governmental Activities						
2012 LTGO and Refunding Bonds - capital	10-04-12	12-01-26	2.00-4.00%	13,935,000	1,540,000	12,395,000
2014 Floating Rate LTGO Bonds - capital	11-03-14	12-13-34	Variable	35,865,000	-	35,865,000
Total Governmental Activities				49,800,000	1,540,000	48,260,000
Business Activities						
2010 LTGO Bonds - capital	03-26-10	12-01-19	1.00-4.25%	10,500,000	5,500,000	5,000,000
Total Business Activities				10,500,000	5,500,000	5,000,000
Total General Obligation Bonds				\$ 60,300,000	\$ 7,040,000	\$ 53,260,000

The 2015 total debt service requirement for the GO bonds is \$3,799,691 (principal payments of \$2,610,000 and interest payments of \$1,189,691). \$2,617,191 of this amount will be funded by Fund 162 – Capital Improvement Reserve Fund, a major fund, which is funded primarily by real estate excise taxes. The remainder, \$1,182,500, will be funded by Fund 402 – Solid Waste, a non-major business-type fund, which is funded by user fees.

The chart below depicts the annual debt service requirements for the GO bonds broken out by principal and interest. Details of the individual GO bond requirements are presented on the following page. As currently configured, the City of Everett’s GO bonds will be retired in 2034.

**GENERAL OBLIGATION DEBT
ANNUAL DEBT SERVICE PAYMENTS**



Annual debt service requirements to maturity for GO bonds are as follows:

	2010 LTGO Bonds *		2012 LTGO Bonds		2014 LTGO Bonds		TOTAL	TOTAL
	Prin	Int	Prin	Int	Prin	Int	Principal	Interest
2015	1,000,000	182,500	785,000	383,140	825,000	624,051	2,610,000	1,189,691
2016	1,000,000	152,500	525,000	359,590	1,625,000	609,979	3,150,000	1,122,069
2017	1,000,000	120,000	515,000	343,840	1,630,000	581,151	3,145,000	1,044,991
2018	1,000,000	82,500	610,000	328,390	1,630,000	553,059	3,240,000	963,949
2019	1,000,000	42,500	800,000	310,090	1,630,000	524,697	3,430,000	877,287
2020 - 2024	-	-	8,560,000	749,275	5,560,000	2,297,352	14,120,000	3,046,627
2025 - 2029	-	-	600,000	23,720	10,575,000	1,652,398	11,175,000	1,676,118
2030 - 2034	-	-	-	-	12,390,000	659,219	12,390,000	659,219
Totals	5,000,000	580,000	12,395,000	2,498,045	35,865,000	7,501,905	53,260,000	10,579,950

* Debt service for this general obligation debt is budgeted and paid by the Solid Waste Fund 402.

Revenue Debt

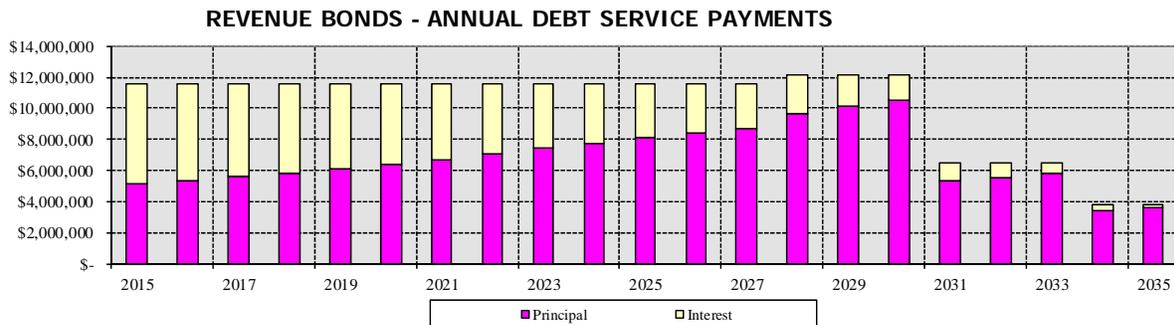
Revenue debt is typically composed of bonds for which the City pledges income derived from the acquired or constructed assets to pay the debt service.

Currently, all outstanding revenue debt is utility related and is therefore paid from Utility Fund 401, a major fund. The 2015 total debt service requirement for revenue debt is \$11,534,526 (principal payments of \$5,125,000 and interest payments of \$6,409,526).

Revenue bonds outstanding as of December 31, 2014, are as follows:

Name of Issue / Purpose	Date of Issue	Date of		Interest Rate(s)	Amount Originally Issued	Redemptions to Date	Debt Outstanding
		Final Maturity					
05 Water/Sewer Revenue Bonds - capital	10-14-05	12-01-30		3.75-5.0%	35,000,000	34,055,000	945,000
09 Water/Sewer Revenue Bonds - capital	12-01-09	12-01-33		2.0-5.0%	40,000,000	6,910,000	33,090,000
11 Water/Sewer Revenue Bonds - capital	03-09-11	12-01-35		2.5-5.0%	51,000,000	1,400,000	49,600,000
13 Water/Sewer Revenue Bonds - capital	03-01-13	12-01-30		3.0-5.0%	62,145,000	2,815,000	59,330,000
Total Revenue Bonds					\$ 188,145,000	\$ 45,180,000	\$ 142,965,000

The chart below depicts the annual debt service requirements for the revenue bonds broken out by principal and interest. As currently configured, the City of Everett's revenue bonds will be retired in 2035.



Annual debt service requirements to maturity for revenue bonds are as follows:

	2005 Water & Sewer Revenue Bonds		2009 Water & Sewer Revenue Bonds		2011 Water and Sewer Revenue Bonds		2013 Water and Sewer Revenue Bonds		TOTAL	TOTAL
	Prin	Int	Prin	Int	Prin	Int	Prin	Int	Principal	Interest
2015	945,000	47,250	1,145,000	1,516,424	1,455,000	2,363,465	1,580,000	2,482,388	5,125,000	6,409,526
2016	-	-	1,190,000	1,470,624	1,525,000	2,290,715	2,655,000	2,403,388	5,370,000	6,164,726
2017	-	-	1,235,000	1,423,024	1,575,000	2,244,965	2,790,000	2,270,638	5,600,000	5,938,626
2018	-	-	1,285,000	1,373,624	1,610,000	2,205,590	2,930,000	2,131,138	5,825,000	5,710,351
2019	-	-	1,340,000	1,322,224	1,695,000	2,125,090	3,070,000	1,984,638	6,105,000	5,431,951
2020 - 2024	-	-	7,730,000	5,574,119	9,820,000	9,267,950	17,840,000	7,458,438	35,390,000	22,300,506
2025 - 2029	-	-	9,655,000	3,646,304	12,495,000	6,592,950	22,995,000	3,493,450	45,145,000	13,732,704
2030 - 2034	-	-	9,510,000	1,124,338	15,790,000	3,308,680	5,470,000	191,450	30,770,000	4,624,468
2035	-	-	-	-	3,635,000	181,750	-	-	3,635,000	181,750
Totals	945,000	47,250	33,090,000	17,450,679	49,600,000	30,581,155	59,330,000	22,415,525	142,965,000	70,494,609

Other Long-Term Debt

In addition to general obligation and revenue bonds, the City has obtained several low interest rate government loans to provide for the construction of capital projects.

Governmental Activities:

The 2015 total debt service requirement for the Public Works Trust Fund Loans is \$172,531 (principal payments of \$167,005 and interest payments of \$5,526). This debt will be paid from the Real Estate Excise Tax Fund 154, a non-major fund.

Name of Issue / Purpose	DATE OF			AMOUNT		REDEMPTIONS TO DATE	DEBT OUTSTANDING
	DATE OF ISSUE	FINAL MATURITY	INTEREST RATE(S)	ORIGINALLY ISSUED			
Public Works Trust Fund Loan - 75th Street	09-23-96	07-01-16	2.00%	930,880		815,426	115,454
Public Works Trust Fund Loan - Riverfront	04-28-99	07-01-18	2.00%	1,000,000		783,284	216,716
Public Works Trust Fund Loan - 112th Street	12-22-02	07-01-22	0.50%	1,000,000		559,212	440,788
Total Governmental Activities				\$ 2,930,880		\$ 2,157,922	\$ 772,958

Business-Type Activities:

The 2015 total debt service requirement on the outstanding business-type activity debt listed below is \$3,237,185 (principal payment of \$2,886,590 and interest payments of \$350,595). This debt will be paid from the Utility Fund 401, a major fund.

Name of Issue / Purpose	Date of			Amount		Redemptions to Date	Debt Outstanding
	Date of Issue	Final Maturity	Interest Rate(s)	Originally Issued			
PWTFL Water Transmission Line	08-02-95	07-01-15	1.00%	651,183		623,366	27,816
PWTFL Sewer Basement Flooding Reduction	07-01-01	07-01-21	1.00%	1,881,000		1,188,000	693,000
PWTFL Water Transmission Line	07-01-01	07-01-21	1.00%	4,252,792		2,688,379	1,564,413
PWTFL Cross-Town Effluent Pipeline	05-13-03	07-01-23	0.50%	5,490,000		2,882,250	2,607,750
PWTFL Water Transmission Lines #2-3	11-17-03	11-17-23	0.50%	841,671		437,448	404,223
PWTFL Treatment Plant Upgrade	04-25-05	07-01-25	0.50%	9,500,000		3,694,444	5,805,556
SRF Clearwell No. 2	03-03-06	10-01-25	1.50%	4,040,000		1,591,689	2,448,311
SRF Clearwell No. 2	12-21-07	10-01-26	1.50%	4,040,000		1,488,421	2,551,579
SRF Clearwell No. 2	03-03-08	10-01-27	1.50%	3,030,000		956,842	2,073,158
SRF Clearwell No. 2	08-22-08	10-01-29	1.50%	4,040,000		1,053,526	2,986,474
SRF Recovered Water Outfall	08-05-09	10-01-29	1.50%	1,376,473		289,725	1,086,748
SRF Bond Street CSO	10-13-10	10-31-31	2.90%	1,994,497		103,506	1,890,991
PWTFL Water Pollution Facility Expansion	06-25-06	07-01-26	0.50%	7,000,000		2,578,947	4,421,053
WPTFL WPCF Plant Expamsnson Phase C	01-31-13	06-01-32	0.50%	6,131,787		-	6,003,326
Mukilteo Water District	01-01-11	09-30-24	7.82%	140,883		54,599	86,284
Total Business Activities				\$ 58,505,122		\$ 23,725,979	\$ 34,650,682

The table below lists the annual debt service requirements broken out by principal and interest for five years and five-year increments thereafter, for the city's other long-term debt. As currently configured, all other long-term debt will be retired in 2032.

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	167,005	5,526	172,531	2,886,590	350,595	3,237,185
2016	167,007	4,131	171,138	2,861,076	328,421	3,189,497
2017	109,279	2,737	112,015	2,863,448	299,402	3,162,850
2018	109,276	1,919	111,195	2,865,889	270,313	3,136,202
2019	55,099	1,102	56,201	2,861,012	241,153	3,102,165
2020- 2024	165,293	1,653	166,946	13,043,292	783,182	13,826,475
2025 - 2029	-	-	-	5,829,346	243,387	6,072,733
2030 - 2032	-	-	-	1,440,028	36,021	1,476,049
Total	\$ 772,959	\$ 17,067	\$ 790,026	\$ 34,650,682	\$ 2,552,473	\$ 37,203,155

BLANK PAGE