

# CITY OF BELLINGHAM

## CAPITAL FACILITIES TASK FORCE REPORT

### EXECUTIVE SUMMARY

The City of Bellingham Capital Facilities Task Force, comprised of citizens and supported by elected officials and city staff, addressed two key issues facing Bellingham:

- City capital-spending priorities (*What facilities do we need most?*)
- Appropriate funding mechanisms to pay for priority projects (*How will we pay for them?*)

### GUIDING PRINCIPLES

In response, the task force developed five Guiding Principles, each of which is further elaborated into Directives. The Guiding Principles provide overall guidance as Bellingham makes capital investment decisions during the coming years. Each Guiding Principle is supported by several policy Directives that add focus and clarification. Using these Guiding Principles and Directives, the task force identified a set of capital projects it believes should be given high priority. The Guiding Principles are ranked in importance and organized into the order in which they should be applied.

#### 1. Make fully-informed decisions

The task force believes that the first order of business should be to conduct a careful and comprehensive assessment of the city's existing assets and the drivers of future capital requirements.

#### 2. Be prudent

Given current economic conditions, the task force's second Guiding Principle urges the city to be cautious in committing to new projects, and to focus first on maintaining existing infrastructure.

#### 3. Pursue alternatives

Next, the task force believes it is important to minimize capital spending by seeking alternatives to capital projects. The task force particularly supports partnering with the private and nonprofit sectors and encouraging changes in citizen behavior that could delay or reduce capital expenditures.

#### 4. Protect basic assets and services

When capital investment cannot be avoided prudently, priority should be given to projects that fulfill local government's basic duties to protect public health, safety and welfare.

#### 5. Where and how we build matters

Finally, the task force recommends that the city be mindful of the impacts and importance of location for new projects.

### Guiding Principles

1. Make fully-informed decisions
2. Be prudent
3. Pursue alternatives
4. Protect basic assets and services
5. Where and how we build matters

## DEBT CAPACITY MODELING

To fulfill the second part of its mission, the task force examined the current financial status of the city, with consideration of current and likely future economic trends. In particular the task force evaluated the city's capacity to assume and service significant debt required for major capital projects. The task force surveyed the suitable revenue sources and financing options for various kinds of projects and program areas, comparing the magnitude of anticipated future needs with projected financial capacity.

These analyses show that existing revenue streams are insufficient to meet all anticipated capital needs, and reinforced the belief that prioritization of capital facilities is essential. The task force concluded that, although there are specific revenue options available to the city for completing existing priority projects, the current state of the economy and the resulting uncertainty about city revenues requires a deep analysis of specific revenue proposals before recommendations on preferred options can be made. The task force did not have the time to adequately investigate all revenue options and therefore did not bring forward specific funding options to the council.

*It is important for readers to understand that the information gathered by the task force, the group's analysis, and the writing of this report all were completed in the midst of the most impactful recession of our time. This reality is the filter through which all our recommendations were made.*

The task force does provide guidance in financial management with specific examples within the Debt Capacity section of this report. The City Council should work closely with the Mayor's Office and Finance Department to develop a comprehensive long-term funding plan that provides for appropriate fiscal planning to complete these priorities.

## PRIORITY CAPITAL PROJECTS

The task force also recommends the city pursue eleven priority capital projects, completing them where possible in the next decade. These priorities were selected by applying the Guiding Principles and assessing the capital needs of the wide range of city government's responsibilities. These recommended priority capital projects are listed in the order of descending priority and by fund category in the chart on the next page and described more fully in the report. The task force is very much aware that this short list of priority capital projects leaves out numerous valuable and even critical government services and facilities. Unfortunately, at this point in time, the city's needs outstrip its means. Prioritization is essential, now more than ever, if the city is to fulfill its basic responsibilities and deliver the benefits of democratic self-government to its citizens.

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The task force concluded that the preservation of existing infrastructure is clearly a high capital priority and that any new initiatives should be tempered and pursued with a great degree of financial caution. Despite this reality, the task force also is very confident in the city's ability to not only weather these recessionary times but to come through this difficult period with a strong financial future.

<b>GENERAL FUND PRIORITIES</b>	<b>ENTERPRISE FUND PRIORITIES</b>
<b>1. Maintain and repair existing city streets</b>	<b>1. Maintain and replace water and sewer mains and stormwater infrastructure.</b>
<b>2. Restore and protect Lake Whatcom Reservoir watershed</b>	<b>2. Upgrade wastewater treatment facility</b>
<b>3. Develop library system plan</b>	<b>3. Address stormwater treatment and collection facilities citywide</b>
<b>4. Implement Phase 1 of Waterfront Master Plan</b>	<b>4. Install meters for all water customers</b>
<b>5. Focus on use and maintenance of existing general city buildings</b>	
<b>6. Implement a master plan for city-wide information management</b>	
<b>7. Improve safety and multi-modal options on existing streets</b>	

## **PUBLISHED NOVEMBER 2010**

*The Capital Facilities Task Force full report, as well as meeting minutes and other materials, can be found on the City of Bellingham website at:*

<http://www.cob.org/government/public/boards-commissions/capital-facilities.aspx>