

2016 Capital Budget Discussion Wrap-Up Session

Board of Estimates

July 8, 2015

Goal of Series

- Develop understanding for agency planning process surrounding capital budget development
- Use additional context to make informed decisions about funding and timing of projects
- Establish process to make prioritized decisions about capital spending

What we've Covered: Night 1

Project	2016 GO Amount	Total Project Cost
Police		
Midtown Police Station	6.90	10.83
Police Evidence	-	15.675
Fire		
Fire Station 14	0.50	10.99
Library		
Pinney Library	8.83	9.01
Grandview Commons	-	4.48
Hawthorne	-	4.56
Parks		
Parks Facilities & Equipment	2.0	Ongoing
Parkland Improvements	3.3	Ongoing
Facilities		
MMB	10.65	29.935
Sustainability Plan	1.00	6.00

What we've Covered: Night 2

Project	2016 GO Amount	Total Project Cost
Traffic Engineering		
Street Light Infrastructure	0.7	Ongoing
Public Safety Radios	5.0	12.4
Traffic Signal Infrastructure	0.6	0.6
Engineering: Ped/Bike		
Sidewalk Program	1.4	Ongoing
Cap City Trail	0.4	1.9
Goodman Path	0.8	0.8
Ice Age Junction	2.6	4.6
West Towne Bike Path	1.3	4.8

What we've Covered: Night 2 (cntd)

Project	2016 GO Amount	Total Project Cost
Engineering: Major Streets		
Rural to Urban Streets	2.1	Ongoing
Street Reconstruction	4.0	Ongoing
Pavement Management	5.0	Ongoing
Capital Square Pavement Replacement	2.5	3.4
County Highway M	6.3	29.4
Johnson Street, E	0.1	4.7
McKenna Boulevard	-	2.7
Monroe Street	0.9	10.4

What we've Covered: Night 3

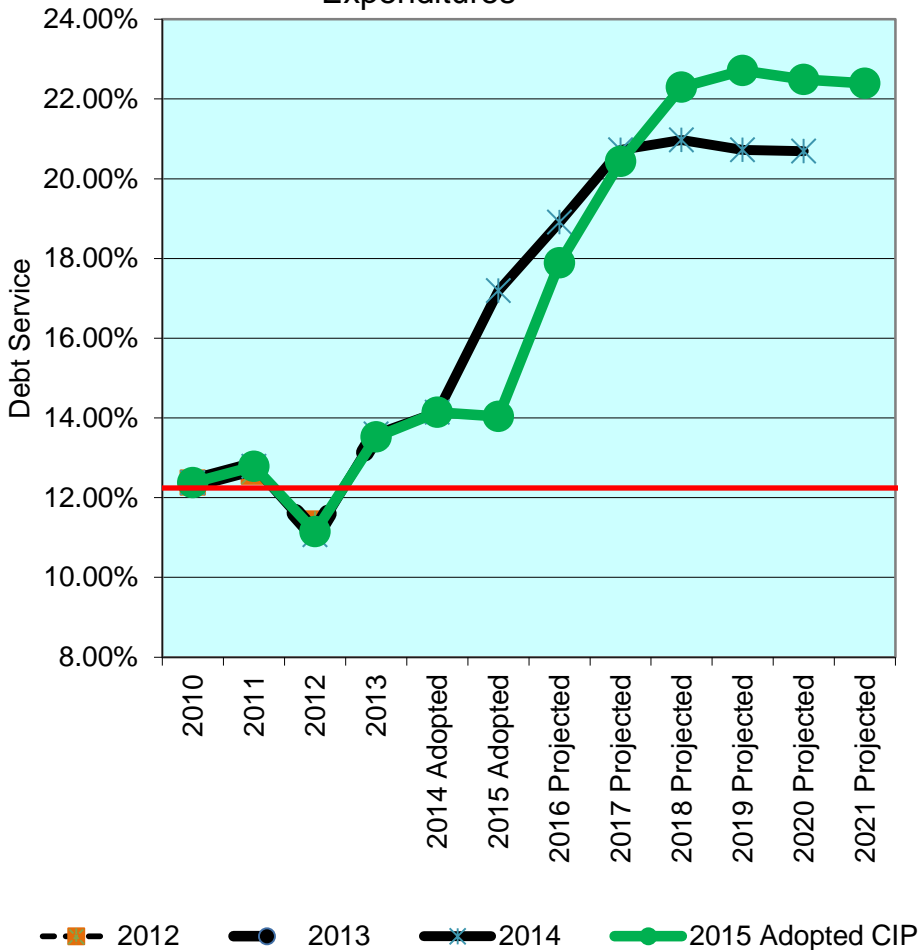
Project	2016 GO Amount	Total Project Cost
Streets		
Biodigester	6.90	10.83
Fleet		
Fire Maintenance Facility	9.6m	9.6m
Fleet Maintenance Facility	-	19.2m
Equipment Replacement	6.0m	6.0m
Metro		
Transit Coaches	8.83	9.01
Transit System Upgrades	-	4.48
Building Expansion/Construction	-	4.56
PCED		
Neighborhood Centers	6.5	-
Affordable Housing	2.8	45.0
Public Market	-	14.5
Cooperative Enterprise Plan	0.7	Ongoing
Women's Enterprise/Small Business Plan	0.5	Ongoing

Issues

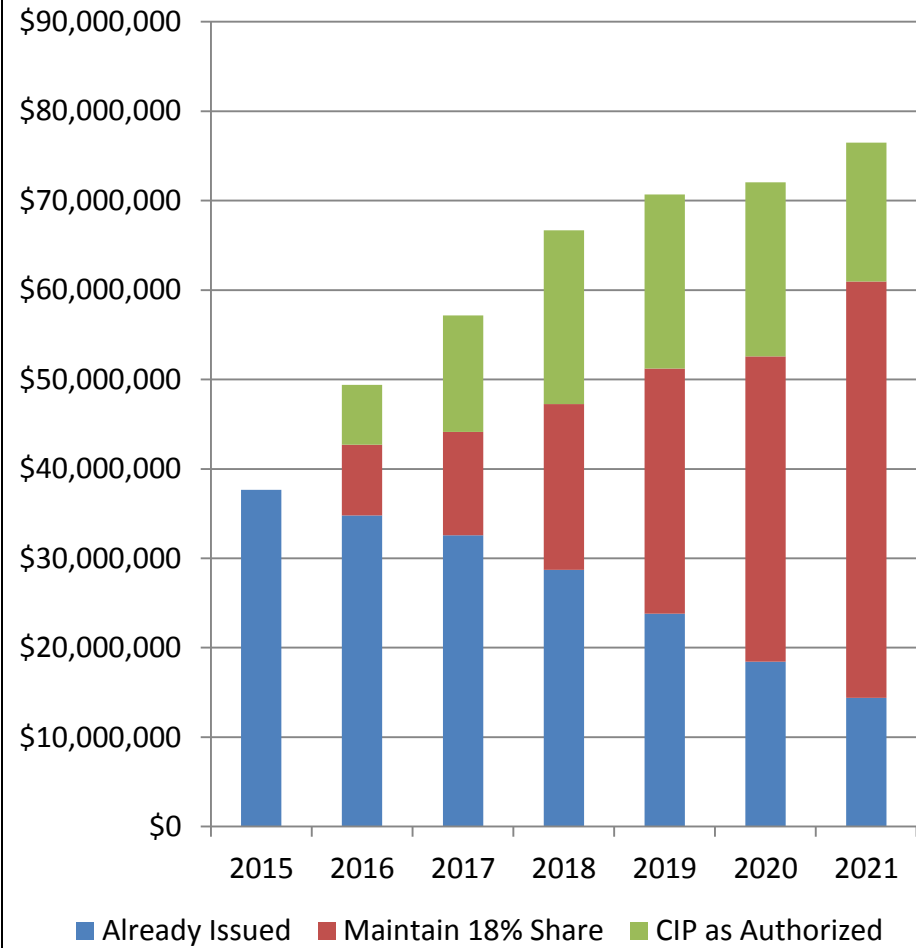
- Rate of increase in taxes; revenue options
- Rate of increase in debt service; debt levels
- Prioritization of infrastructure needs
 - Existing buildings vs. new facilities
 - Economic development opportunities
 - Land use goals
- Prioritization of operating needs
 - Existing vs. new staff
 - Pay increases; wages vs. benefits
 - Reallocation of resources / results-oriented budgets

Debt Service and the Budget

Ratio of Debt Service to Total General Fund Expenditures



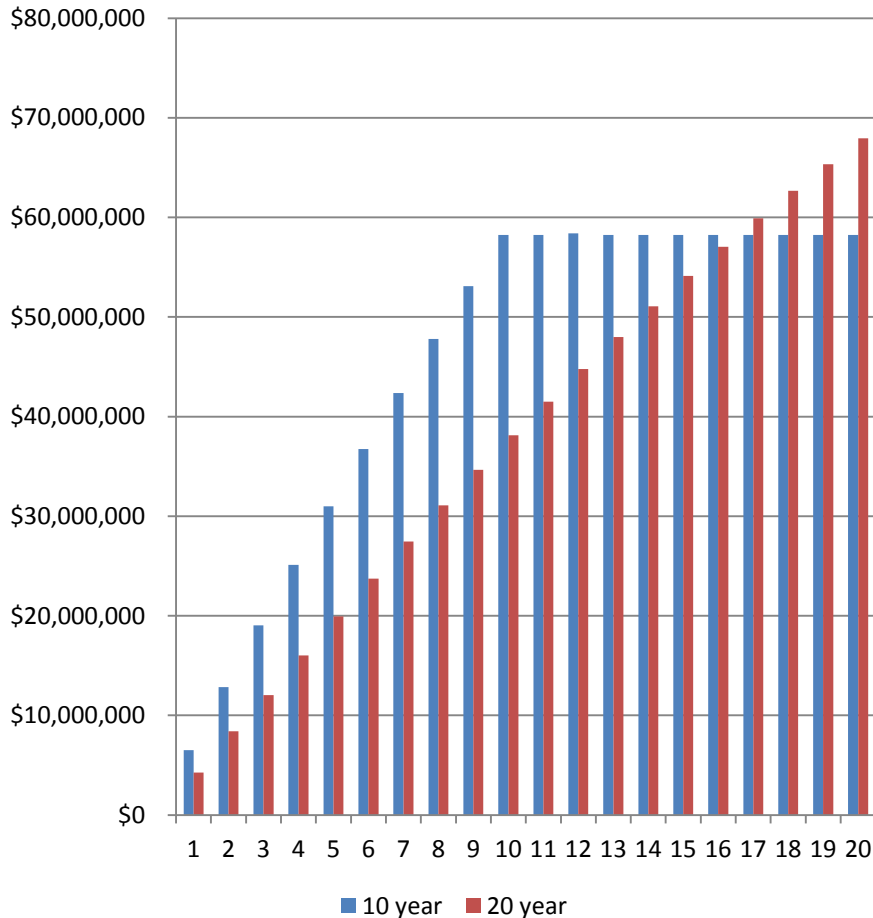
General Fund Debt Service



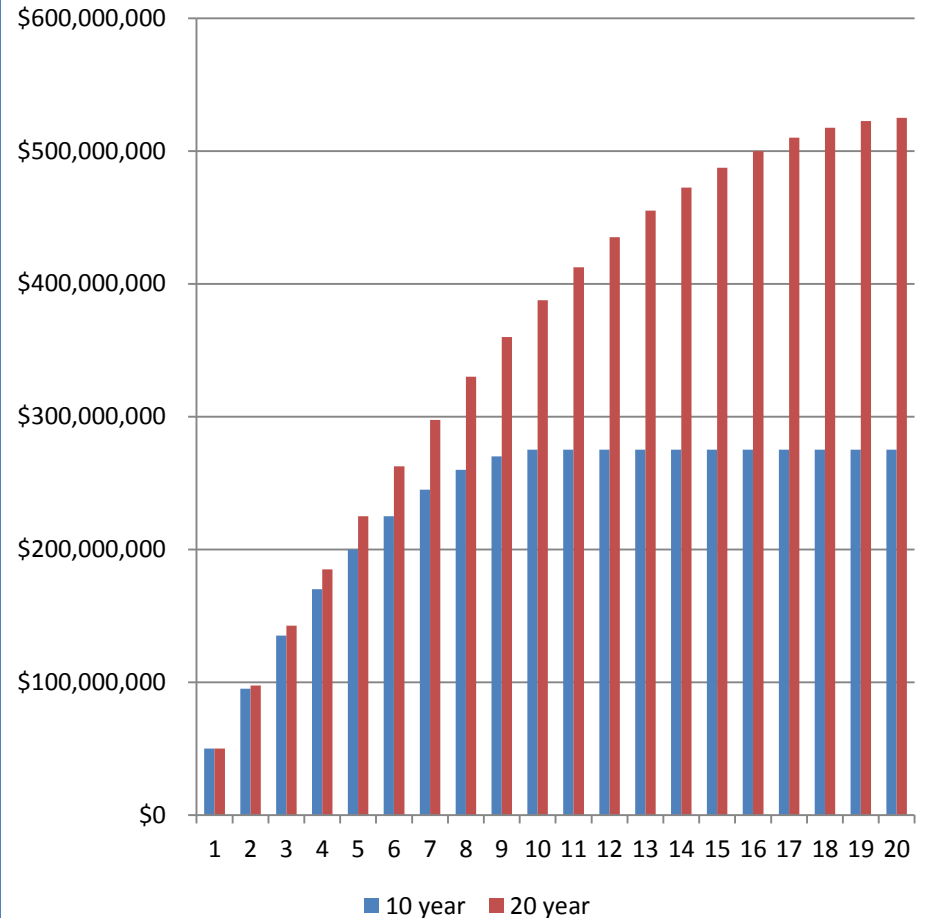
10 vs. 20 year Debt

less debt service initially; more debt over time

Debt Service



Debt Outstanding



\$50m borrowing/year; 3% interest for 10 year debt; 3.5% for 20 year debt

Forecast Model Options

from Less to More “Pain”

1. \$4 million annual reoffering premium
2. Large projects will take longer to complete than assumed in CIP.
3. Agency Project “Buckets” (e.g., Reconstruct Streets) will spend two-thirds of estimate annually.
4. 20 year bonds equivalent to large projects (Fire Admin/MMB/Pinney)

Forecast Model Options (continued)

- Project Delays:
 - Pinney Branch by 1 year
 - Monroe Street by 2 years
 - Biodigester outside CIP
 - Public Market outside CIP
 - Police Evidence outside CIP
 - Midtown and FS 14 by 2 years
- Eliminate new projects and programs

Wrapping Up

- Utilize information to guide decisions as part of the 2016 capital budget process
- Prioritized Amendment Process
 - Develop criteria for ranking budget amendments
 - Use criteria to evaluate proposed amendments to guide decision making
 - Consider amendments based on their priority level established by these criteria

Possible Criteria for CIP Amendment Decisions

Property Taxes and Spending:

- Hold debt service ratio below 16%.
- Allow no greater than \$100 increase on average value home (~ 4% increase)

Capital Budget and CIP:

- Hold actual borrowing to \$90 million or less
- Reduce CIP to accommodate reauthorizations due to actual timing of projects.
- Focus on existing infrastructure first; service expansions later; non-infrastructure (e.g., grants) has lowest priority.