
2016 Proposed Capital Budget

2016 Budget Overview

Capital Improvements Committee

October 2, 2015

Capital Budget Objectives

Mission

Support the regional and local economy and protect the environment and public health

Objectives

1. Improve infrastructure and facilities condition.
2. Improve the efficiency of city operations.

2016 Capital Budget

- **2016 Total Capital Budget = \$272.4 million**
 - \$169.5 million General City
 - \$32.7 million DPW/Port Grant & Aid
 - \$70.2 million Enterprise (Parking, Water, Sewer)
- Levy Supported G.O. Borrowing: \$93.9 million
 - \$90.4 million in 2015
- Total Cash Levy for Capital: \$1 million
 - \$1.2 million in 2015

Financing

	2015 Adopted	2016 Proposed
Tax levy (cash)	\$1.2	\$1
Levy-supported debt	90.4	93.9
TID	16.5	53.9
Assessments	2.4	1.6
Cash Revenues	19.5	19.1
Grant & Aid (DPW)	38.4 (37.6)	32.7 (31.8)
Subtotal City	\$168.4	\$202.1
Enterprise	63.6	70.2
TOTAL	\$232	\$272.4

In millions

2016 Capital Budget: Key Takeaways

1. Pressure from IT, major facilities projects, and Strong Neighborhoods Program pose challenges for core infrastructure funding commitment.
 2. 2016 proposal includes priority-based reductions to Bridge, Alleys, and facility programs in lieu of funding for City Hall foundation.
 3. Demands on debt service levy will grow through the 6-year Plan period.
 4. SNP programs will continue to evolve based on experience & results.
 5. ADA compliance poses potential challenges for 2017-2018.
 6. Sewer and Water enterprises can support strong replacement cycles.
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2016 Proposed Capital Budget- Highlights

- City Hall Foundation Repair Project
 - \$13 million included for first phase of 4-5 year project
 - Total project costs estimated between \$53-60 million
 - Initiating the repair in 2016 is a more proactive, cost effective approach than reacting to a potential structural failure at an unknown point in the future
 - Little to be gained from a budget/planning perspective by a delay of less than 4-5 years
 - Risk of structural failure increases over time
- Reduction to Local Bridge Program
 - “Trade-off” to limit borrowing increase for Foundation Repair
 - \$4.1 million in proposed budget, down \$4.7 million from 2015
 - Major progress made in sufficiency rating
 - 95% of bridges with sufficiency rating greater than 50

2016 Proposed Capital Budget-Highlights (continued)

■ Police

- ❑ \$24.3 million request reduced to \$9.1 million in proposed budget
- ❑ Includes limited funding for ongoing PAB project: \$2.1 million
- ❑ Funds the most critical IT projects:
 - RMS, CAD, Mobile Computers, Radio Dispatch Consoles

■ Library

- ❑ \$4.8 million for new construction: Forest Home, Mill Rd.
- ❑ \$1 million for Central Library upgrades

2016 Proposed Capital Budget-Highlights (continued)

- Housing/Strong Neighborhoods
 - \$1.5 million for Strong Homes Loan Program
 - \$1.33 million for In Rem Property Program
 - \$500k for Challenge Grant
 - \$250k for ACTS partnership
 - \$300k for Rent-to-own
 - \$280k for other programs including homebuyer assistance
 - Housing Infrastructure Preservation Fund: \$450k
 - Housing Trust Fund: \$400k
 - Code Compliance Loan Program: \$500k
 - DNS Demolition/Deconstruction: \$2.2 million
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2016 Proposed Capital Budget-Highlights (continued)

- Economic Development

- TID Borrowing: \$53.9 million

- Increase of \$37.4m from 2015

- Commercial In Rem Program: \$250k

- Commercial Investment Program (formerly Façade Program): \$500k

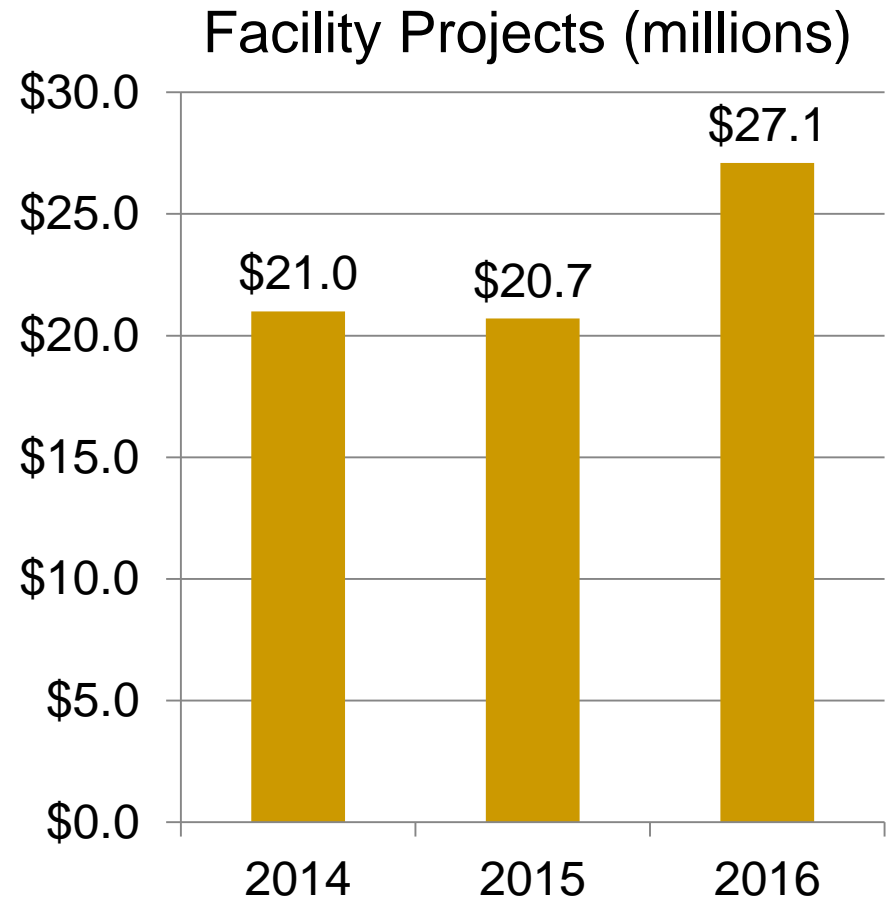
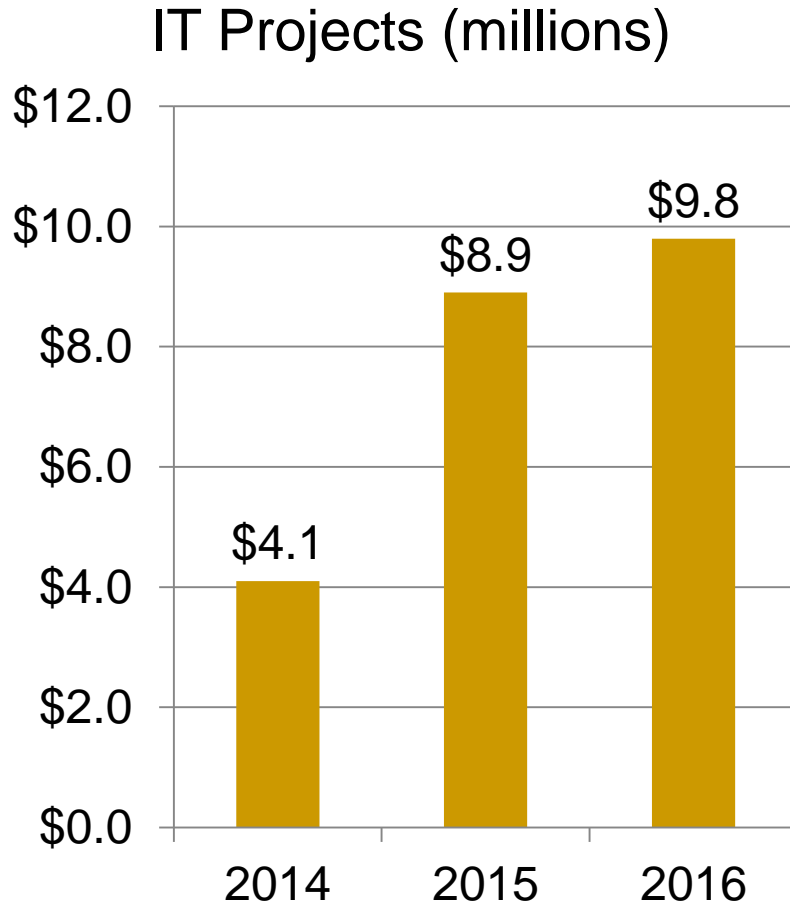
- Not included in 2016 Proposed Capital Budget

- Fire Repair Shop

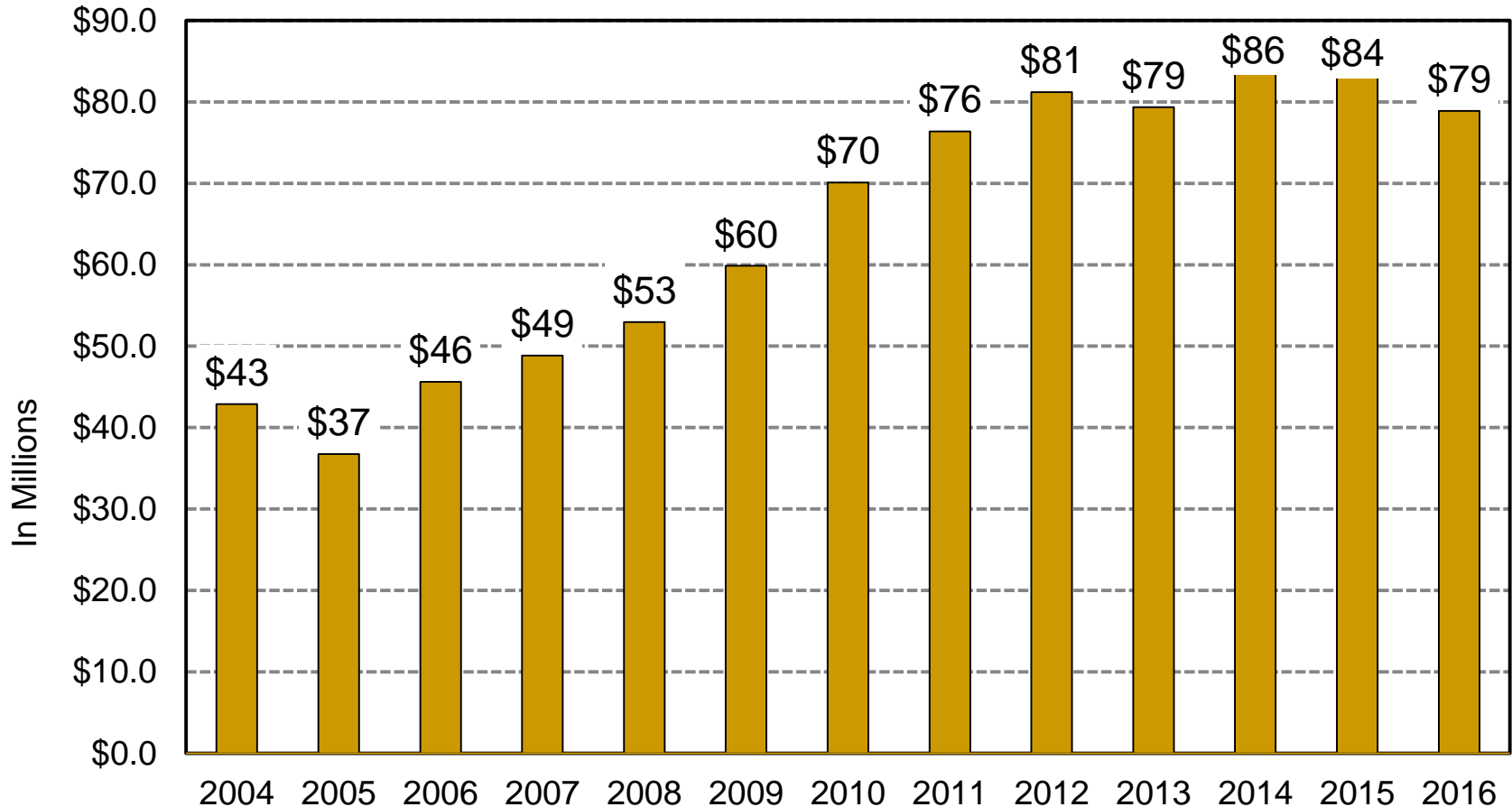
- City Attorney 8th floor Renovation

Funding for IT and Facility Projects

Increases by \$11.8 Million from 2014 to 2016



City Funding for Core Infrastructure: 2004-2016



*Includes city funding for Major, Local and High Impact Street Programs, Major and Local Bridge Programs, Street Lighting Program, and Sewer Capital Program.

Revenue Options for 2016-2021 CIP

- Reliance on liquidity isn't sustainable as a long-term funding option
- 4 interwoven options: program cutbacks; debt levy increases; alternate capital revenues; and/or policy change to PDAF withdrawal
- Feasible Options to consider:
 1. Increase Motor Vehicle Registration fee By \$10/year: \$3.3 million annual revenue for local & high impact street programs
 - Expectation will be for increased mileage output
 - Allows for a larger cash funding component or an offset to debt service
 2. Expand use of storm water charge to curb and gutter components of street projects (swap debt for cash as well): 2% "set aside" = \$500,000 annually
 3. Allocate a combined \$5 increase to solid waste and snow & ice charges to reduce levy-supported finance for applicable major fleet equipment
 - Potential to substitute cash for debt
 - Yields ~ \$1-\$1.2 million/year
 4. Beginning in 2019, allocate 2% annual debt levy increase for CIP (\$1.3 million)
 5. Establish PDAF annual withdrawal at \$6.5-\$7 million to increase CIP levy capacity
 - Balance has grown ~ \$18 million since 2004

Questions?

- For questions or any additional follow-up, please contact:
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