

INTRODUCTION

Capital Improvement Budget Process

The Fiscal Years 2008-2012 **Capital Improvement Program (CIP)** is a multi-year plan for capital expenditures to replace and expand the City's infrastructure, vehicles and equipment. The program is updated annually to reflect the latest priorities and to provide updated cost estimates and available revenue sources.

The purpose of the CIP is to fund capital projects and capital acquisitions that will provide a long-term benefit to the citizens of Memphis. Because of the long-term benefit of the projects in the CIP, these projects are financed over a longer period of time. Present and future users of the projects pay for the projects.

The **Capital Improvement Budget** is the annual budget that funds major construction projects, acquisition of property, capital equipment purchases and ongoing capital programs for the City. For program purposes, the City defines a capital improvement as a major improvement or acquisition that will last 10 years or a major improvement or acquisition over \$50,000. Capital Acquisition includes items that have a useful life of over 5 years and a value of over \$5,000.

The CIP process begins in October with the submission of projects by each division. Costs and priorities for the projects are developed through a planning process that includes the Capital Committee and the Budget Office.

Preparing the Capital Improvement Program requires identifying the various sources of revenue for the projects such as general obligation bonds, federal grants, state grants, private funds and Capital Pay As You Go. In addition, each project must be evaluated as to the impact it will have on the City's operating budget.

New facilities require staff, utilities, maintenance and other costs that must be included in the operating budget. Projects in the Capital Improvement Program are ranked using various criteria such as the amount of funds available, importance to the overall mission of the Division and strategic priorities of the Mayor and City Council.

Estimates of costs for each capital project will include planning and design, land acqui-

sition, site improvements, construction and other costs needed to make new facilities operational. As a general rule, architectural/engineering costs are 12% of the construction cost of a building project. Large construction projects over \$1,000,000 are generally designed one year and constructed the next year. A/E costs for street and bridge projects can vary according to the type of project and other factors.

Projects are reviewed by the Administration based on need, impact on the area, quality of life in our neighborhoods and the general economic climate of the City. The Mayor then submits the proposed CIP to the City Council in April for adoption. Adoption by the City Council allocates funds for the first year of the program with specific language on how to appropriate and spend capital funds contained in the CIP resolution. Projects allocated in previous years' Capital Budgets are reprogrammed according to the priorities of the Mayor and Divisions.

Financing the Capital Improvement Program

Long Term Debt

The City's proposed Capital Budget has \$254,708,000 in total allocations for FY 2008. General Obligation Bonds are \$151,867,000 or 59.6% of the total revenue for the FY 2008 Capital Budget and \$900,822,242 or 59.4% of the five year Capital Improvement Program, including reprogrammed funds.

Federal Grants/State Grants

Federal and State grants represent \$47,238,000 or 18.5% of the revenue in the FY 2008 Capital Budget. The majority of these Federal funds are for MATA projects and Public Works projects that qualify for Federal grants. State grants represent the State matching portion of the MATA funds and Public Works projects that qualify for State funds.

Sewer Funds

Sewer funds are \$46,216,000 or 18.2% of the revenue in the FY 2008 Capital Budget and are used to fund projects to maintain and improve the sewer system. The Sewer Fund issues revenue bonds to finance most projects.



INTRODUCTION

Capital Improvement Budget Highlights

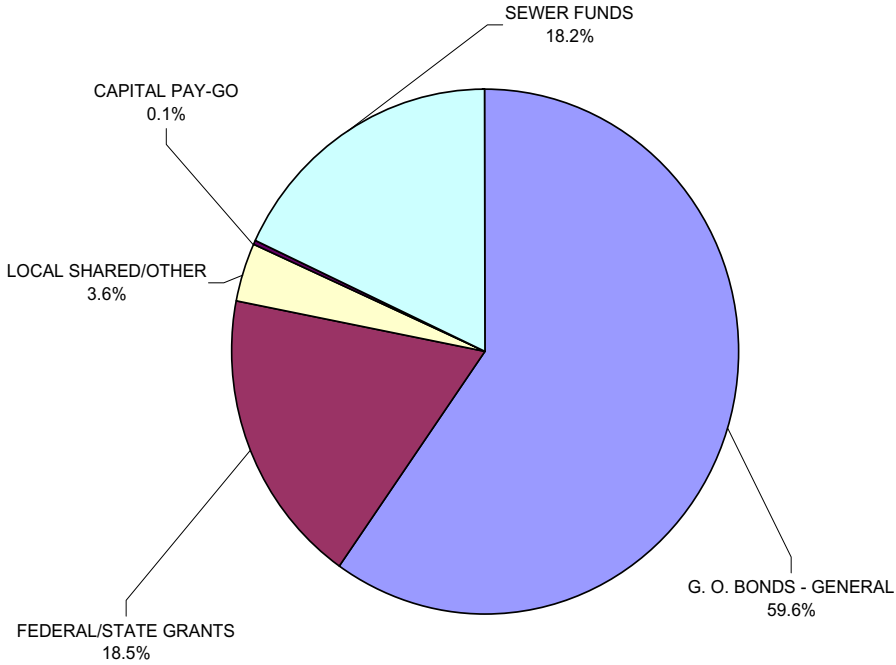
- **The Fire Division's** capital budget includes funds for the replacement of pumpers, aerial trucks, and ambulances. Improvements to computer aided dispatching (CAD) and four new fire stations highlight the FY 2008 CIP budget for the Fire Division.
- **The Police Division's** budget includes funds for more than 200 replacement police cars. In addition, funding for precinct renovations is included in the budget.
- **The Park's Division's** budget includes funding for improvements to five aquatic facilities, renovations to the Liberty Bowl Stadium, land acquisition for future parks, Wolf River greenway improvements and a children's garden to be located at the Memphis Botanic Garden.
- **The Public Works' Division's** budget includes funds to pave more than 200 lane miles of streets each year. ADA ramp improvements, sixteen road projects and four bridge projects also highlight the FY 2008 budget. The **Stormwater Fund** CIP budget will allow the City to make major investments in drainage infrastructure throughout the City. The **Sewer Fund** projects are for the repair and replacement of sewer infrastructure, new sanitary sewers, and improvements to the treatment plants.
- **The Public Services and Neighborhoods Division's** budget is highlighted by funding for a new animal shelter and a fourth vehicle inspection station.
- **The General Services Division's** budget includes major ADA improvements, funding for minor improvements to various City buildings and miscellaneous equipment replacement.
- **Housing and Community Development's** budget includes considerable funding for redevelopment of Lamar Terrace and Dixie Homes. It also includes a major anti-blight initiative.
- **The Engineering Division's** budget includes funding for replacement of traffic signals, intelligent transportation improvements, and a traffic signal inventory initiative.
- **Information System's** budget includes projects to upgrade the City's information technology infrastructure including a disaster recovery facility.
- **Health Services** budget includes the replacement of three boilers.
- **The Memphis Public Library** budget includes major renovations to branch libraries.
- **The Memphis Area Transit Authority's** capital improvement budget is heavily leveraged by Federal and State funding. A project that will benefit from outside funding includes a new bus transfer station near the Memphis International Airport. Preventive maintenance is funded partially by G.O. Bonds.
- **The Riverfront Development's** budget includes funds for Beale Street Landing and Cobblestone improvements.



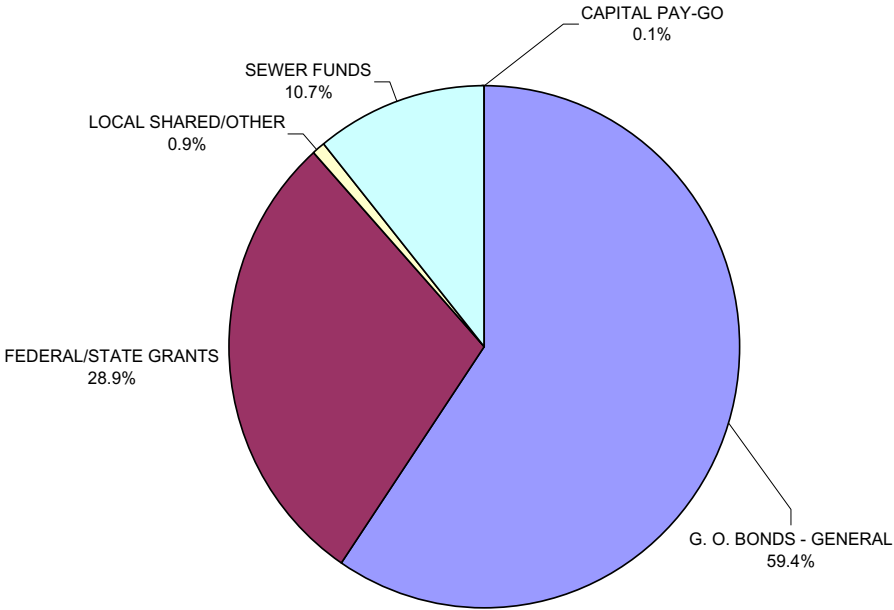
FY 2008 – 2012

CAPITAL IMPROVEMENT PROGRAM

WHERE THE MONEY COMES FROM



FY 2008 BUDGET

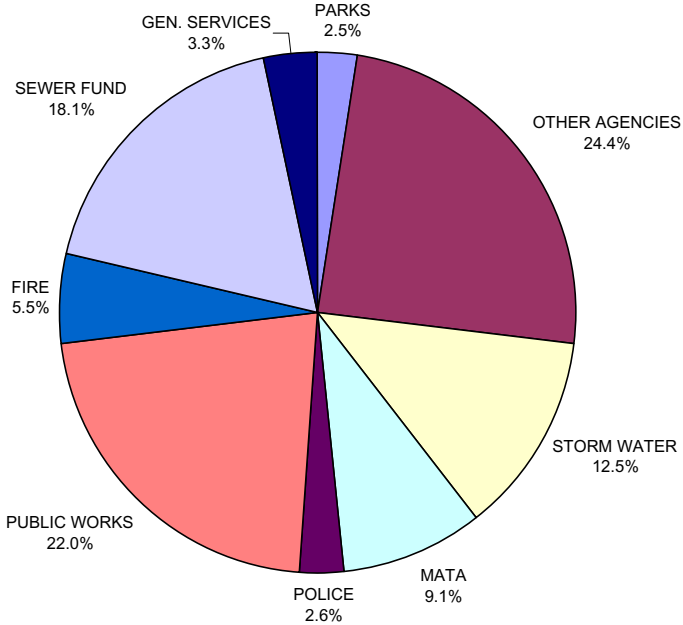


FY 2008 - 2012 PROGRAM*

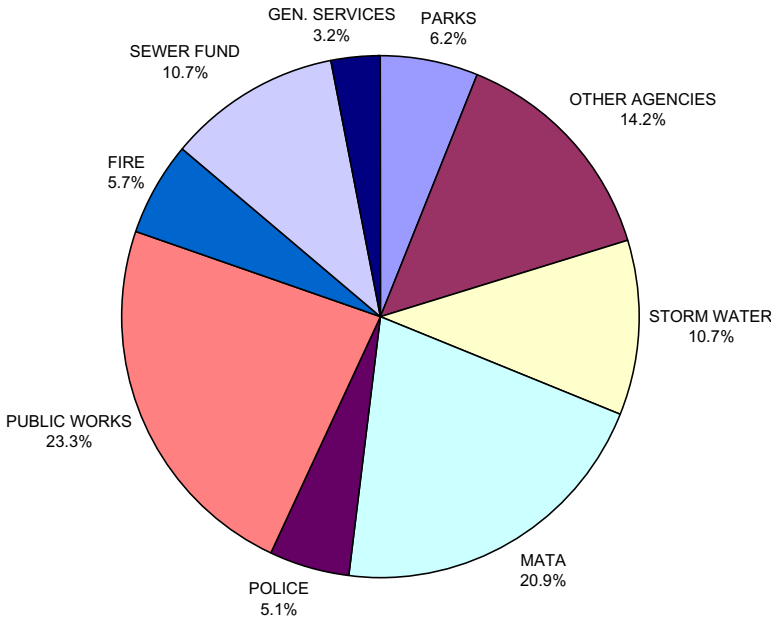
*Includes Reprogrammed Allocations



FY 2008 – 2012 CAPITAL IMPROVEMENT PROGRAM WHERE THE MONEY GOES



FY 2008 BUDGET



FY 2008 - 2012 PROGRAM*

*Includes Reprogrammed Allocations

