

# OVERVIEW

---

## Capital Improvement Program Budget Overview

The Fiscal Years 2020-2024 Capital Improvement Program (CIP) is a multi-year plan for capital expenditures to replace and expand the City's infrastructure, vehicles and equipment. For program purposes, the City defines a capital improvement as a major improvement or acquisition grouping costing over \$50,000. The program is updated annually to reflect the latest priorities, updated cost estimates and available revenue sources.

The purpose of the CIP Plan is to outline the funding for capital projects and capital acquisitions that will be of a long-term benefit to the citizens of Memphis. Because projects in the CIP Plan have long-term benefits, they are financed over a longer period of time. As a result, present and future users pay for the projects.

The Capital Improvement Budget is the annual allocation to the CIP that is set aside to fund major construction projects, acquire property, purchase equipment and fund ongoing capital programs for the City. The CIP Budget is a one-year allocation. Adoption of the CIP budget by the City Council allows for the allocation of funds for the first year of the program, or in the case of carried forward projects, a reallocation of unappropriated funding. The City attempts to budget annual General Obligation (G.O.) Bonds specifically at an average rate of retirement of older bonds. This is currently approximately \$87.0 million. Specific language on how to appropriate and spend construction funds is contained in the CIP resolution.

## Capital Funding Sources

The City's adopted Capital Budget is \$286.3 million in total allocations for Fiscal Year 2020. Listed below are our major sources for Capital Funding.

### Long Term Debt

General Obligation (G.O.) Bonds, are \$87.0 million or 30.4% of the total allocation for the Fiscal Year 2020. The Sewer Fund will also use \$45.0 million of Sewer Revenue Bonds (SRB) for sewer rehabilitation.

### Federal Grants / State Grants

The majority of these federal funds are for Memphis Area Transit Authority (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. State funding will also come into the State Street Aid (SSA) fund. A new revenue source was added to the SSA fund in Fiscal Year 2018, the IMPROVE Act (Improving Manufacturing, Public Roads, & Opportunities for a Vibrant Economy). Revenue from the Act is purposed to help improve roads, and as such, some of the CIP projects that relate to road improvement are partially funded from this resource.

### Capital Asset Disposition

Capital Asset Disposition funds represent the proceeds from the sale of City assets (primarily buildings) that will be repurposed for other building needs. Currently Fire Station relocations are the focus for repurposing capital asset disposition funds.

### Capital Pay-Go

In addition to Sewer Revenue Bonds, the Sewer Fund's current projects are also funded by Capital-Pay-Go. Projects funded by "Capital-Pay-Go" allocations represent internally generated funds.

### Carry Forward Funding

Projects allocated in previous years' Capital Budgets that have been delayed may be carried forward into the next fiscal year, according to the priorities of the administration, for spending in the new plan. Carry forward funds represent \$407.1 million. These funds are the unspent allocations from the prior years

approved CIP plan that could not be allocated within the prior year because the time frame for completion is greater than one year. Unspent allocations are shown as carry forward funding within the respective Divisions. Specific projects where unspent appropriations will carry forward into the Fiscal Year 2020 CIP spending are identified in the respective divisions.

### Capital Improvement Budget Highlights

The City's planned CIP spending aligns with current priorities that are focused on projects that enhance the City's economic development strategy, leverage federal or private funding, projects that maintain existing facilities, and projects mandated by law. The Fiscal Year 2020 CIP Budget for G.O. Bond spending is \$87.0 million. The CIP budget includes \$5.0 million towards the radio system upgrade for Police and other City of Memphis safety divisions. The radio system upgrade is scheduled to be completed in 2021. In the area of Housing and Community Development, \$6.0 million is included for HOPE VI. This project will remove the last public housing project in the City (Foote Homes). There is a continued emphasis on road paving, which is proposed for \$19.5 million in G.O. Bond funding, and an increased funding in information technology to begin replacement of the Treasury System. Major highlights by division are:

**Engineering Division** – Funding is included for replacement of traffic signals, traffic speed humps, and transportation improvements.

**Fire Division** – Funding from G.O. bonds and Capital Disposition funding is proposed for construction and relocation of fire stations.

**General Services Division** – Funding is proposed to provide for major ADA improvements and ongoing new improvements to various City buildings. This budget also reflects \$9.5 million for City-wide vehicle and equipment purchases.

**Housing and Community Development** – Funding included for MHA-Foote Future Hope VI City initiative. These funds will be additionally supported by federal funds.

**Information Systems** – Funding is proposed for the replacement of the current treasury system.

**Library Services** – Funding is proposed to begin construction of the New Frayser Branch Library and to provide furniture, fixtures and equipment and technology for the new Raleigh Springs Library.

**Memphis Area Transit Authority** – This budget is heavily leveraged by Federal and State funding. This year’s budget includes repairs to the infrastructure, the purchase of rail vehicles and funding for the Advanced Public Transportation System.

**Parks and Neighborhoods** – Funding is proposed for environmental and recreational improvements to parks and tennis courts.

**Police Division** – Funding is proposed for renovations to the Police Academy, and for the radio system.

**Public Works Division** – Funding proposed to pave more than 400 lane miles of streets each year including ADA ramp improvements and several road projects. The Storm Water 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 sewer connections and improvements to the treatment plants.



# CITY OF MEMPHIS

## Finance Division

### GENERAL GUIDELINES FOR PROJECT ELIGIBILITY GENERAL OBLIGATION BONDS

This is intended to provide very general guidelines to inform proposers of projects whether the project may be eligible for City of Memphis general obligation bond financing. It is not intended to be a detailed exposition of the law in this complex area, and does not address all aspects of public finance. Accordingly, consultation with the Finance Division is encouraged.

It is important to note that not all activities and improvements are eligible for bond financing, even if they are capital improvements, and no matter how beneficial they may be to the City and its inhabitants. Projects can be financed only if they are authorized by statute, and this is a significant limitation.

In general, general obligation bond financing of an item of cost requires that it be (1) specifically mentioned in TCA 9-21-105(21) as part of the definition of a “public works project”, and (2) owned by the City, and operated or maintained by or on behalf of the City, and part of the public domain. Proposals for financing should describe the item with sufficient detail as to its nature, location, ownership, and operation and use, in order to permit a determination based on these criteria. For convenience, a copy of Section 105(21) follows. If there is any question as to an item’s eligibility, it should be confirmed with the Finance Division.

Private property or improvements to private property, whether owned by a non-profit or other organization, should not be financed with general obligation bonds. Operation of a financed facility by any person or entity other than the City (including operation by others under contract or other arrangement with the City) should be discussed in advance with the Finance Division, even if the facility otherwise meets the criteria for general obligation bond financing, as this may affect the tax treatment of interest on the bonds or have other implications that might require a different method of financing or prevent financing altogether.

There are other State statutes that permit financing of specific facilities under specified circumstances and by various means, which do not include general obligation bonds. The permissible uses of these authorizations is limited in terms of scope and availability, and the Finance Division should be consulted prior to submission of a proposal to utilize them.

It also should be noted that the foregoing relates principally to bond financing as the source of funds for projects. Projects also may be funded as part of the CIP budget utilizing other funds, depending on availability and City Council determinations to allocate them.

**Tennessee Code Annotated**  
**Section 9-21-105(21)**

(21) (A) “Public works project” includes any one (1) or any combination of the following: abattoirs, acquisitions of land for the purpose of providing or preserving open land, airports, alleys, ambulances, auditoriums, bridges, city and town halls, local government stables or garages, community houses, corrective, detention and penal facilities, including, but not limited to, jails, workhouses and reformatories, courthouses, culverts, curbs, dispensaries, drainage systems, including storm water sewers and drains, electric plants and systems, expositions, facilities for the handicapped, including physically and mentally handicapped, facilities for the indigent, fairgrounds and fairground facilities, fire department equipment and buildings, fire alarm systems, flood control, garbage collection and disposal systems, gas and natural gas systems and storage facilities, heat plants and systems, harbor and riverfront improvements, health centers and clinics, including medical and mental health centers and clinics, highways, major roads, highway and street equipment, hospitals, hotels and supporting or incidental facilities built by local governments which are built adjacent to and as a supporting facility of civic or convention centers located in municipalities which have created a central business improvement district under the Central Business Improvement District Act of 1971, compiled in title 7, chapter 84, improvements made pursuant to a plan of improvement for a central business improvement district created pursuant to the Central Business Improvement District Act of 1971, law enforcement and emergency services equipment, levees, libraries, markets, memorials, museums, nursing homes, parks, parking facilities, parkways, playgrounds, plazas, port facilities, docks and dock facilities, including any terminal storage and transportation facilities incident thereto, public art, public buildings, preserves, railroads, including the extension of railroads, and railway belt-lines and switches, reclamation of land, recreation centers and facilities, reservoirs, rights-of-way, river and navigation improvements, roads, sanitariums, schools, transportation equipment for schools, sewers, sewage and waste water systems, including, but not limited to, collection, drainage, treatment and disposal systems, ship canals, sidewalks, stadiums, streets, swimming pools, thermal transfer generating plants and/or distribution systems, tunnels, viaducts, voting machines, water treatment distribution and storage systems, wharves and zoos;

(B) “Public works project” also includes:

(i) “Business park,” which includes lands and rights, easements and franchises relating thereto, and may include roads and streets, water, sewer, electric and other utilities, landscaping and related elements as required for the orderly development and use of corporate or professional office space by one (1) or more commercial, financial or service business, and such appurtenant land for necessary incidental use. “Business park” does not include a retail operation except for an incidental retail use. A “business park” shall contain not less than five (5) acres of land. The building finance committee in the industrial development division of the department of economic and community development is authorized and empowered to determine whether a local government shall have the right to engage in any or all of the rights and privileges accompanying such a public works project. Before a local government may undertake the financing of such a public works project, it shall apply to the committee for a certificate of public purpose and necessity. The committee shall issue such a certificate once it is affirmatively determined that:

(a) There are adequate property values and suitable financial conditions so that the total bonded indebtedness of the local government, solely for this authorized purpose and those other purposes authorized by title 7, chapter 55 and title 13, chapter 16, shall not exceed ten percent (10%) of the total assessed valuation of all the property in the local government ascertained by the last completed assessment at the time of the issuance of such bonds; and

(b) The project is well conceived, has a reasonable prospect of success, will provide economic development and employment, will tend to encourage businesses to locate there and will not become a burden upon the taxpayers of the local government;

(ii) “Industrial park,” which includes lands, rights, easements and franchises relating thereto, and may include adequate roads and streets, water and sewer facilities, utilities and docks and terminals. Any of the foregoing improvements which are to be located within the geographic boundaries of the industrial park may only be financed after compliance with title 13, chapter 16, part 2;

(iii) “Urban renewal project” which means the same as such projects which are defined in §§ 1320209 – 1320215. Any local government is hereby authorized to contribute money, property, and municipal services to any public agency engaged in the development of urban renewal projects in that local government;

(iv) “Urban transit facility” which includes any or all real and personal property needed to provide public passenger transportation by means of street railway, electric railway, incline railroad, trolley coach, bus, motor coach, or any combination thereof, including terminal, maintenance and storage facility, whether owned and operated by a local government or owned by a local government and leased to private operators, all of which are hereby found and determined to be in the public interest and a proper public purpose;

(v) Facilities for the storage and maintenance of any of the items of equipment which constitute public works projects; and

(vi) Facilities or capital expenditures paid or incurred with respect to property located in a “recovery zone,” as defined in § 1400U-1(b) of the Internal Revenue Code of 1986, codified in 26 U.S.C. § 1400U-1(b), that are made for a “qualified economic development purpose,” as defined in § 1400U-2(c) of the Internal Revenue Code of 1986, codified in 26 U.S.C. § 1400U2(c);

(vii) Facilities or expenditures paid or incurred for “qualified conservation purposes,” as defined in § 54D(f) of the Internal Revenue Code of 1986, codified in 26 U.S.C. § 54D(f), in connection with the issuance of “qualified energy conservation bonds,” as defined in § 54D of the Internal Revenue Code of 1986, codified in 26 U.S.C. § 54D; and

(viii) All property real and personal, appurtenant thereto or connected with any public works project, work or undertaking and the existing public works project, work or undertaking, if any, to which such public works project, work or undertaking is an extension, addition, betterment or improvement;

(C) This enumeration does not exclude any other project for the benefit of the people at large of any local government where any state or federal agency will match the funds of the local government with grants-in-aid or gratuities to subsidize or assist the development of a public works project;

(D) Notwithstanding subdivision (21)(B)(i), a certificate of public purpose and necessity shall not be required for a public works project of a local government with a population of not less than three hundred thousand (300,000), according to the 2000 federal census or any subsequent federal census. The total pledge of full faith and credit of any such local government related to the project shall not exceed ten percent (10%) of the total assessed valuation of all property in the local government, ascertained by the last completed assessment at the time of issuance of the obligations. In any resolution pledging the full faith and credit and unlimited taxing power of any such local government to secure any obligations related to a public works project, the governing body of the local government shall state that the project being considered is well conceived, has a reasonable prospect for success, will provide proper economic development and employment, and will not likely become a burden on the taxpayers of the local government;

*As of June 8, 2015*

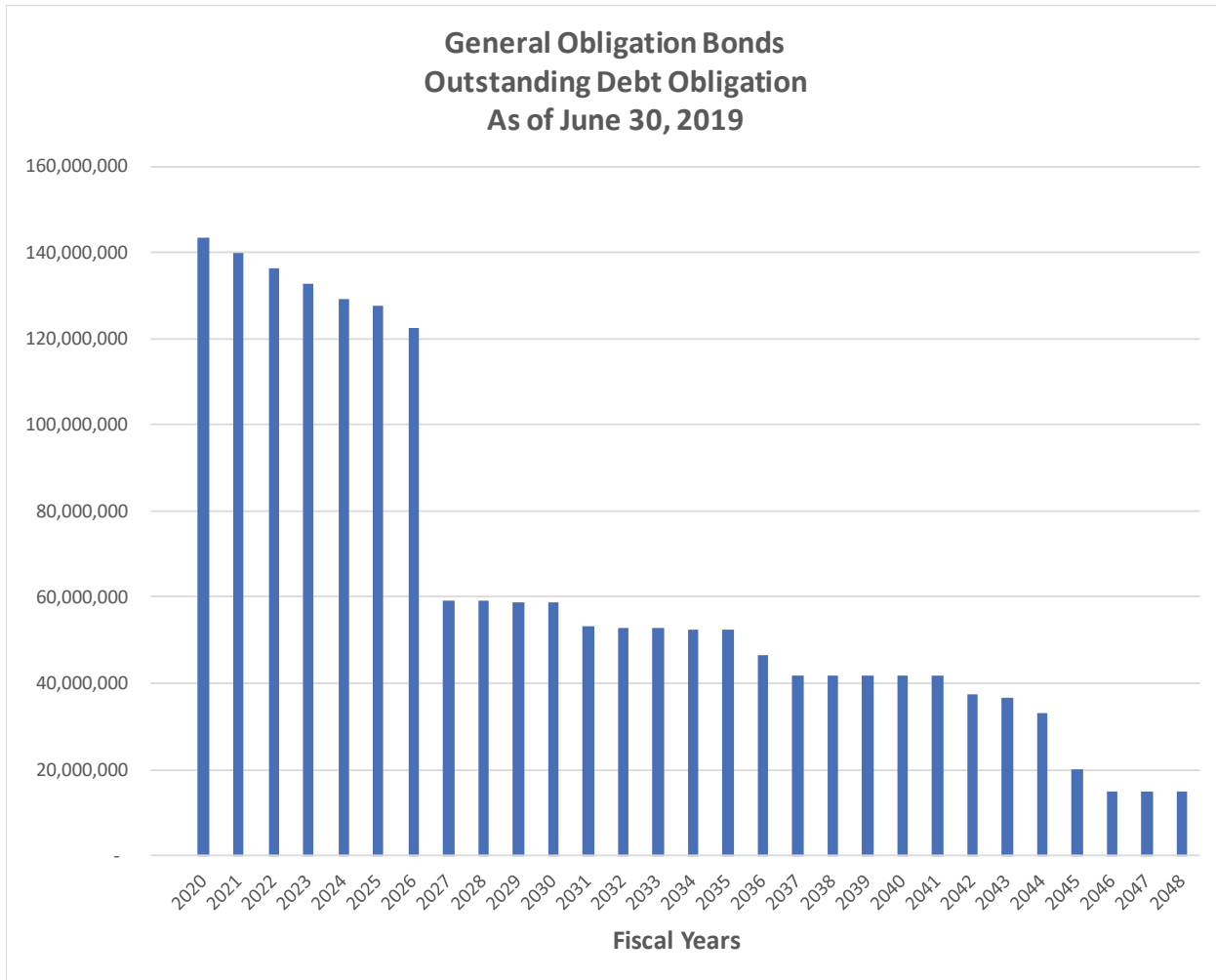
### Debt Payment Schedule

**City of Memphis**  
**General Obligation Bonds Debt Service Schedule**  
**As of June 30, 2019**

| Period<br>Ending | Principal        | Interest       | Debt Service     | Percentage<br>Retired |
|------------------|------------------|----------------|------------------|-----------------------|
| 2020             | 87,210,000       | 56,043,336     | 143,253,336      |                       |
| 2021             | 87,120,000       | 52,637,565     | 139,757,565      |                       |
| 2022             | 87,860,000       | 48,393,024     | 136,253,024      |                       |
| 2023             | 88,845,000       | 43,787,927     | 132,632,927      |                       |
| 2024             | 89,500,000       | 39,633,658     | 129,133,658      | 35%                   |
| 2025             | 91,105,000       | 36,483,400     | 127,588,400      |                       |
| 2026             | 89,900,000       | 32,605,258     | 122,505,258      |                       |
| 2027             | 30,955,000       | 28,320,881     | 59,275,881       |                       |
| 2028             | 32,325,000       | 26,784,160     | 59,109,160       |                       |
| 2029             | 33,725,000       | 25,178,707     | 58,903,707       | 57%                   |
| 2030             | 35,215,000       | 23,496,491     | 58,711,491       |                       |
| 2031             | 31,290,000       | 21,810,685     | 53,100,685       |                       |
| 2032             | 32,585,000       | 20,409,185     | 52,994,185       |                       |
| 2033             | 33,970,000       | 18,910,510     | 52,880,510       |                       |
| 2034             | 35,055,000       | 17,386,043     | 52,441,043       | 70%                   |
| 2035             | 36,515,000       | 15,782,324     | 52,297,324       |                       |
| 2036             | 32,115,000       | 14,325,695     | 46,440,695       |                       |
| 2037             | 28,690,000       | 12,980,064     | 41,670,064       |                       |
| 2038             | 29,860,000       | 11,812,976     | 41,672,976       |                       |
| 2039             | 31,075,000       | 10,590,010     | 41,665,010       | 83%                   |
| 2040             | 32,350,000       | 9,305,019      | 41,655,019       |                       |
| 2041             | 33,715,000       | 7,952,081      | 41,667,081       |                       |
| 2042             | 30,940,000       | 6,492,313      | 37,432,313       |                       |
| 2043             | 31,520,000       | 5,122,138      | 36,642,138       |                       |
| 2044             | 29,460,000       | 3,723,313      | 33,183,313       |                       |
| 2045             | 17,660,000       | 2,400,250      | 20,060,250       | 97%                   |
| 2046             | 13,165,000       | 1,643,800      | 14,808,800       |                       |
| 2047             | 13,690,000       | 1,117,200      | 14,807,200       |                       |
| 2048             | 14,240,000       | 569,600        | 14,809,600       | 100%                  |
|                  | \$ 1,261,655,000 | \$ 595,697,611 | \$ 1,857,352,611 |                       |



Debt Retirement Timeline



**Note:** Excludes debt service on Commercial Paper Notes.

Includes debt service on approximately \$175 million in self-supporting G.O. Bonds, which were issued to fund improvement to the Convention Center.

## The Impact of Debt Service Cost and Operating Cost for FY2020

The cost of capital assets manifests in the general fund (operational costs) or the debt fund (principal and interest costs). The General Fund budget is established by an ordinance and the Capital Improvement Program (CIP) budget is established by a resolution.

The financial impact of CIP projects is the annual cost of debt service. Debt service projects impact operational cost because of the issuance of General Obligation (G.O.) Bonds which are repaid by the tax rate charged to citizens. The property tax rate finances both the general fund and the debt fund. In theory, if debt increases, larger portions of property tax revenue are assigned to debt for the payment of G.O. bonds, which reduces resources for operating costs. The City has a G.O. Bond target to essentially maintain the property tax rate apportionment between the general fund and the debt fund within a specific range. This target is established considering debt that will also be retired within the fiscal year.

The summary below lists projects above \$3.0 million in the CIP program for FY2020 along with their related G.O. funding amounts, and the associated impact on debt service and the operating budget. The cost of debt is generally considered to be \$80,000 per million. The debt service payments will average 20-30 years depending on the project. Projects not detailed are either under \$3.0m, considered as replacement investments for fully used existing capital assets, or for maintenance and/or improvements. The cost to maintain these assets are in the current funding base. Therefore, these projects are budget neutral. A full listing of all FY2020 CIP projects follows this summary.

### Division: General Services

---

**Project Name: CoMEM Phase II**  
**Project Number: GS01032**

This project provides funds to complete the design phase for the Municipal Complex Phase II (former Walter Simmons property).

|                                 |                |
|---------------------------------|----------------|
| <b>G.O. Bond Funding:</b>       | <b>\$10.0m</b> |
| <b>Debt Service Impact:</b>     | <b>\$800k</b>  |
| <b>Operating Budget Impact:</b> | <b>None</b>    |

### Division: Housing and Community Development

---

**Project Name: MHA-Foote Future Hope VI**  
**Project Number: CD01030**

South City CNI (Foote Homes Project) is part of the South City Urban Renewal Plan. Funding will provide new rental housing to a mixed income population. The physical plans will be implemented in multiple phases on the old Foote Homes site and in the surrounding neighborhood on acquired land. The transformation will include demolition of existing dwellings, improved park and open space, community facilities, library, neighborhood retail and comprehensive supportive services and programs.

|                                 |               |
|---------------------------------|---------------|
| <b>G.O. Funding:</b>            | <b>\$6.0m</b> |
| <b>Debt Service Impact:</b>     | <b>\$480k</b> |
| <b>Operating Budget Impact:</b> | <b>None</b>   |

### Division: Library Services

---

**Project Name: New Frayser Library**  
**Project Number: LI01030**

This project will replace the current 6,400 sq. ft. library with a 25,000 sq. ft. branch. The new branch will offer expanded service, including a larger collection of materials, community meeting/study facilities, increased public computer capacity, and expanded regular and handicapped parking.

|                                 |               |
|---------------------------------|---------------|
| <b>G.O. Funding:</b>            | <b>\$3.9m</b> |
| <b>Debt Service Impact:</b>     | <b>\$312k</b> |
| <b>Operating Budget Impact:</b> | <b>None</b>   |

**Division:** Police Services

---

**Project Name:** Radio System Upgrade  
**Project Number:** PD04025

This project will fund the replacement of the City of Memphis radio system, which will be compatible with P25 technology. Cost responsibility is split 51% vs. 49% for the City and County, respectively. The figures below apply to the City only.

**G.O. Funding:** \$5.0m  
**Debt Service Impact:** \$400k  
**Operating Budget Impact:** None

**Division:** Fire Services

---

**Project Name:** New Fire Stations #1 & #5  
**Project Number:** FS02029 & FS02031

These projects will relocate Fire Stations number 1 and 5. Both are estimated to be completed by June 30, 2021.

**G.O. Funding:** \$5.0m  
**Debt Service Impact:** \$400k  
**Operating Budget Impact:** None

**Division:** Fire Services

---

**Project Name:** Personal Protective Equipment  
**Project Number:** FS04012

This project provides funds to replace turnout ensembles that have become unusable. This project will complete the replacement of all self-contained breathing apparatus (SCBA) and is governed by the National Fire Protection Association. This is an ongoing project each fiscal year.

**G.O. Funding:** \$3.6m  
**Debt Service Impact:** \$288k  
**Operating Budget Impact:** None

**Division:** Public Works

---

**Project Name:** Asphalt/Paving  
**Project Number:** PW20100

This project funds the asphalt paving activities performed by the City through contracted services.

**G.O. Funding:** \$19.5m  
**Debt Service Impact:** \$1.6m  
**Operating Budget Impact:** None

### Public Works Division – Sewer Fund

The Sewer Fund’s current projects are funded by Capital-Pay-Go (CPG) or Clean Water State Revolving Fund (CWSRF) loans, and Sewer Revenue Bonds (SRB). The CPGs fund current projects through the use of fund balance. CWSRF is a line of credit that is available for the planning, design, and construction phases of wastewater facilities. The funds may be used for all three phases in any combination. Eligible projects include new construction or the upgrading/expansion of existing facilities and may encompass wastewater treatment plants, pump stations, force mains, collector sewers, interceptors, elimination of

combined sewer overflows, and/or nonpoint source pollution remedies.

The City currently has two active CWSRF loans. The first loan is for \$22 million and is associated with two projects. One project is an outfall modification at the M.C. Stiles Wastewater Treatment Facility (SW01001) and the other project is a lagoon expansion at the T.E. Maxson Wastewater Treatment Facility (SW02011). The second loan is for \$100 million and is associated with the sewer rehabilitation of the City of Memphis’ collection system (SW05001). The term of each loan is 20 years. SRB’s will be used for sewer rehabilitation and assessment.

## Budget Development Process

The Budget Office uses financial data provided by city divisions to facilitate the review and approval of the Operating and Capital Improvement Budgets. The Budget Office is responsible for ensuring the operation of all divisions within financial guidelines established by Administrative Policy and City Council legislation. The Budget Office is also responsible for forecasting all general revenue for the City.

The Capital Improvement Program (CIP) is a five-year plan for capital allocations, which is reviewed annually for priority adherence and project variances. This plan examines each City project and specifies the source of financing for projected expenditures. The process begins in November when a cross divisional CIP Committee is assembled. The committee evaluates the City's needs and meets with divisions (starting in January) to review their requests. Requested projects are analyzed by the Finance Division and external bond counsel, and finally compiled and reviewed with the Mayor. In April, the Mayor presents the plan to Council along with the operating budget. The Council conducts hearings and adopts a CIP Resolution. The Council adoption of the CIP Resolution authorizes the spending of a portion of engineering, architecture, land acquisition and development costs, and rolling stock through administrative appropriations. Funds for construction costs, equipment, and acquisition contracts are subject to additional authorization by the Council. Prior and current CIP allocations will remain in the plan until the Division in charge of the project or Council determines that the project is completed or to be unfunded.

The Budget Office monitors the CIP Budget through the use of tracking reports, which are reviewed during budget submission and are monitored at various intervals during the year. The CIP Budget may be amended during the fiscal year when divisions submit resolutions to Council for approval.

The Capital Budget and Capital Improvement Program are prepared annually to forecast anticipated capital expenditures planned for each of the next five fiscal years. The total project costs and the funding sources (local, state, federal and private) are estimated. The Capital Improvement Program is prepared after a rigorous review and evaluation of all proposed projects by the Capital Review Committee. Building Design and Construction reviews the scope of all requests involving construction or major renovations to City owned structures. Debt Management studies the fiscal feasibility of the projects submitted for future funding needs. The single year Capital Improvement Plan allocates capital expenditures made in the current budget year. The Capital Budget must be in full conformity with the Capital Improvement Program applicable to the fiscal year which it covers.

Additional authorizations (appropriations) for each capital project in the Capital Budget must precede the expenditures of construction funds.

### Changes to the CIP Budget - Transferring Allocations / Appropriations

Once the CIP has been adopted by the City Council, the data is loaded into the City's Accounting System. During the life of the project, it may be necessary to provide additional allocations or transfer funds to aid in the completion of the project.

Initially, the CIP project is checked for funds verification. After it is determined that the funds are avail-

able, two methods are used to transfer or establish allocation and/or appropriations.

- 1 The Capital Improvement Budget Request for Administrative Transfer or Appropriation Form (Black Line) is used to:
  - A Record the initial appropriation of the planning lines (architecture & engineering, land development, land acquisition) upon the adoption of the CIP by the City Council.
  - B Transfer allocations and appropriations within planning lines or within construction

lines (contract construction, latent conditions, and other costs).

- C Transfer allocations from “cover-line” project planning lines to the new project planning lines and the appropriation of the lines.

2 The Capital Improvement Budget Request for Council Transfer and Appropriation Form (Red Line) is used to:

- A Appropriate all construction lines.
- B Transfer allocations and appropriations between projects.
- C Increase/decrease allocations or appropriations of a project.

***Changes to the CIP budget must be done through Budget Resolutions.***

### Budget Resolution Review Process

#### RESOLUTIONS

A resolution is a document asking the City Council to amend the Appropriation Budget Ordinance or Capital Improvement Budget. A resolution is written in two sections: the “WHEREAS” section and the “RESOLVED” section. The WHEREAS section explains why the change is necessary, what the money will be spent for, and why funds are available and where the funds will come from. The RESOLVED section includes the statements that actually change the Budget Ordinance.

A resolution details the action requested by Council and should answer one or more of the following questions:

- What is the purpose of the change?
- Why is the change necessary?
- What will the funds be used for?
- Why are funds available?

A resolution shall be written in clause format. Each clause in the preamble shall begin with the word “WHEREAS”, include a brief statement answering one or more of the above questions, and continue with “AND,” an adopting clause. “NOW THEREFORE BE IT RESOLVED”, shall summarize all information as requested regarding changes to the City Resolution.

The adopting clause may be followed by several additional clauses.

After finalizing a Resolution, a Council Agenda Check-Off sheet must be prepared which summarizes the Resolution and includes all organizational data, account numbers, and dollar amounts.

### Council Agenda Check-off Sheet

The Council Agenda Check-Off Sheet must accompany all documentation that goes before Council. The originating division/service center must complete the form and have it signed by the appropriate service center manager and division director.

### Routing and Handling of Transfers

- 1 Administrative Transfers and Appropriations:  
Division Directors  
Budget Office  
Comptroller’s Office

- 2 Council Transfers and Appropriations

The budget resolution package (Council Agenda Check-Off Sheet, original resolution, red line forms-including appropriate signatures from the division director) should be forwarded to the Budget Office one week before the Council Committee meets. The documents will then be forwarded as follows:

- 1 Chief Financial Officer
- 2 Chief Legal Officer
- 3 Chief Operating Officer (COO)
- 4 Mayor’s Office – Resolutions appropriating or transferring CIP funds must be received by the Mayor’s Office by noon on Thursday for Council Committee action on the following Tuesday.
- 5 Council Committee reviews monetary transfers and makes recommendations to the full Council.
- 6 The Mayor’s Office forwards the resolution to Council Records after the Council Committee recommendation(s) are made. The resolutions are then placed on the Council Agenda for consideration by the full Council on the following Tuesday.

Council’s approval of the resolution gives legal authority to amend the fiscal year’s budget.

Resolutions may be returned to the originating division/bureau for corrections at any time during the process.

The need for accuracy in the completion of all appropriate forms and recognition of time constraints is crucial in processing transfers. The Budget Office may be contacted for further assistance and/or information.

## CAPITAL PREPARATION PROCESS

