

# CAPITAL IMPROVEMENT BUDGET OVERVIEW

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## Introduction

The Capital Improvement Program (CIP) is a five-year planning tool for urban growth and development. It outlines the schedule of public improvements and the associated costs. For program purposes the City defines a capital improvement as a major improvement or acquisition costing over \$50,000 that will last 10 years or more. The CIP lists each proposed capital project to be undertaken, the year in which it will be started, the amount to be expended in each year, and the proposed method of financing. Over the life of the program, the plan will be reviewed and revised on an annual basis.

The CIP consists of projects that provide long-term improvements to the City and its infrastructure. An initial project is usually comprised of one of the following items: land, building, and/or equipment. These items can generally be defined as eligible on the following basis:

LAND acquisition and/or development expenditures are eligible as capital costs regardless of whether they are purchased in connection with future economic development.

BUILDING renovations, additions to existing structures or new construction costs are capital expenditures. Inclusive in these costs may be feasibility studies and architectural/engineering designs.

EQUIPMENT or machinery purchases that are essential to the initial operation of a project are included within that scope of the project's costs. The replacement of equipment that is essential to the operation of a facility can be considered a capital project provided that it meets the capital spending criteria.

## Purpose

The Capital Improvement Program allows the projection of future needs and enables the City to develop a financial blueprint to accommodate the growth of its infrastructure and equipment needs. From this long-term planning process evolves a capital project priority system that coordinates public needs and resources with the availability of funding.

The thorough preparation required in formulating the Capital Improvement Program allows the City to forecast the impact of each project on the City's Annual Operating Budget. For example, the construction of a project may be financed through the CIP; however, the staffing and operations may be funded through the operating budget. Therefore, timing of facility construction and its subsequent operation enables the City to anticipate future expenditures and revenues.

The publication of the Capital Improvement Program supplies information to various groups interested in the future development of Memphis. The CIP outlines the City's intent for Federal and State agencies that provide grant dollars for specified projects. Private investors can preview the attractiveness of the City and its assets as related to investments in municipal securities. Developers are made aware of new projects and may plan accordingly. Finally, individual taxpayers, neighborhood groups and other civic organizations are familiarized with the City's plan for future development and the effects such changes will make in their lives.

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## Capital Improvement Funding Sources

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 carry forward projects a reallocation of unappropriated funding. 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 City attempts to budget annual G. O. Bonds specifically at an average of \$70.0 million per year. Specific language on how to appropriate and spend construction funds is contained in the CIP resolution.

The City's adopted Capital Budget, including all revenue sources, is \$158.9 million in total allocations for FY 2018. Listed below are our major sources for Capital Funding.

### Long Term Debt

General Obligation Bonds, excluding G.O. for Storm Water which will be paid by the fund, are \$77.8 million or 48.96% of the total revenue for the FY 2018.

### Federal Grants / State Grants

Federal grants represent \$21.9 million or 13.78% of the revenue in the FY 2018 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.

### Capital-Pay-Go/CWSRF

The Sewer Fund current projects are funded by Capital-Pay-Go or Clean Water State Revolving Fund (CWSRF) loans. Projects funded by "Capital-Pay-Go" allocations represent internally generated funds. Sewer project funding is not represented in sewer bonds for the second year in a row. CWSRF loan is a line of credit which is available for the Planning, Design, and Construction Phases of wastewater facilities.

### Carry Forward Funding

Projects allocated in previous years' Capital Budgets, that have been delayed, may be carry forward, according to the priorities of the administration for spending in the new plan. Carry Forward funds represent \$444.1 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 timeframe for completion is greater than one year. Unspent allocations are shown as carry forward requests within the respective Divisions. Specific projects where unspent appropriations will carry forward into the FY 2018 CIP spending are identified in the appendix section of this document.

## 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 FY2018 CIP Budget for General Obligation Bond (G.O.) spending is \$77.8 million. This budget include G. O. funding for the Memphis Area Transit Authority (MATA), \$6.9 million. In the division of Housing and Community Development the MHA Foote-Future Hope VI project is included for \$6.0 million. 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 \$18.5 million in GO Bond funding, and an increased funding for technology needs, \$4.3 million.

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## FY2018 CAPITAL IMPROVEMENT BUDGET SUMMARY

Division	Project Number	Project Name	Total FY2018 Amount
<b>CITY ENGINEERING</b>	EN18100	Traffic Signals	\$700,000
	EN01067	HISP	\$150,000
	EN01055	Transportation Alternatives (TAP)	\$300,000
	EN18200	Urban Art	\$350,000
	EN18300	Traffic Calming Devices	\$300,000
		<b>Total Engineering FY 2018 CIP</b>	<b>\$1,800,000</b>
<b>EXECUTIVE</b>	GA18100	Coverline	\$250,000
		<b>Total Executive FY 2018 CIP</b>	<b>\$250,000</b>
<b>FIRE SERVICES</b>	FS02027	EMA Sirens	\$148,200
	FS18100	Fire Station Repair Cover Line	\$1,500,000
	FS04001	Personal Protective Equipment	\$1,169,548
		<b>Total Fire FY 2018 CIP</b>	<b>\$2,817,748</b>
<b>GENERAL SERVICES</b>	GS18100	Major Mod (Property Maint)	\$5,000,000
	GS18200	Major Mod (City Hall)	\$2,150,000
	GS0218A-H	City Wide Fleet Acquisitions	\$9,992,935
	GS01010	ADA Facility Compliance	\$1,000,000
	GS01042	SCS Improvement Sherwood MS	\$1,441,667
	GS01043	SCS Improvement Hamilton HS	\$820,987
		<b>Total General Services FY 2018 CIP</b>	<b>\$20,405,589</b>



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Division	Project Number	Project Name	Total FY2018 Amount
<b>HOUSING AND COMMUNITY DEVELOPMENT</b>	CD01030	South City CNI (Foote Homes)	\$6,000,000
	<b>Total HCD FY 2018 CIP</b>		<b>\$6,000,000</b>
<b>INFORMATION SYSTEMS</b>	IS01080	Oracle Finance Upgrade	\$2,110,000
	IS01075	Human Resources Mgmt Sys Cloud	\$1,500,000
	IS01076	Network Hardware Upgrade	\$395,000
	IS01078	Community Center Network Upgrade	\$316,667
	<b>Total Information Systems FY 2018 CIP</b>		<b>\$4,321,667</b>
<b>MATA</b>	GA03024	Rail Facility Improvements	\$485,000
	GA03005	Bus Facility Improvements	\$452,000
	GA03023	Operations/Maint Facility	\$1,000,000
	GA03007	Fixed Route Bus	\$900,000
	GA03026	Rail Vehicles	\$1,050,000
	GA03022	Advanced Public Trans System	\$3,040,000
<b>Total MATA FY 2018 CIP</b>		<b>\$6,927,000</b>	
<b>PARKS SERVICES</b>	PK09002	Zoo Major Maintenance	\$250,000
	PK03004	Tennis Major Maintenance	\$1,000,000
	PK18100	Parks Cover Line	\$2,000,000
	PK07012	Greenway Improvements	\$1,500,000



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Division	Project Number	Project Name	Total FY2018 Amount
		<b>Total Parks FY 2018 CIP</b>	<b>\$4,750,000</b>
<b>POLICE SERVICES</b>	PD02014	Precinct Renovations	\$500,000
	PD02012	CSI Office Renovation	\$350,000
	PD02013	Police Academy Renovations	\$151,000
	PD02015	911 Center Upgrade	\$1,500,000
	PD04022	In-Car Video / GPS	\$1,552,500
		<b>Total Police FY 2018 CIP</b>	<b>\$4,053,500</b>
<b>PUBLIC WORKS</b>	PW18500	Sidewalk Replace Various Cover Line	\$500,000
	PW18300	STP Repaving Cover Line	\$300,000
	PW18600	Bridge Repair Var Loc Cover Line	\$1,000,000
	PW18100	Asphalt /Paving Cover Line	\$18,500,000
	PW18400	STP Bike/Ped Cover Line	\$350,000
	PW18200	ADA Curb Ramp Cover Line	\$2,500,000
	PW01278	Poplar-Yates to I-240 (STP)	\$100,000
	PW01277	Poplar-Front to Bellevue (STP)	\$160,000
	PW01280	Union Ave-Pauline to Flicker (STP)	\$600,000
	PW01279	Southeastern Industrial Road Imp	\$1,000,000
	PW04117	Demolition Old Melrose	\$500,000
	PW04116	"I AM A MAN" 50th Commemoration	\$1,000,000
			<b>Total Public Works FY 2018 CIP</b>
<b>TOTAL FY2018</b>			<b>\$77,835,504</b>



