
2011 Capital Improvement Budget Process

The Fiscal Years 2011-2015 **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, over \$50,000, that will last 10 years or a major improvement or acquisition over \$50,000. Capital Acquisitions between \$5,000 and \$50,000 have a useful life of 5 years.

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 acquisition, 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 \$197,729,013 in total allocations for FY 2011. General Obligation Bonds are \$119,654,751 or 60.51% of the total revenue for the FY 2011.

Federal Grants/State Grants

Federal and State grants represent \$46,275,963 or 23.4% of the revenue in the FY 2011 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 \$19,244,000 or 9.7% of the revenue in the FY 2011 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.

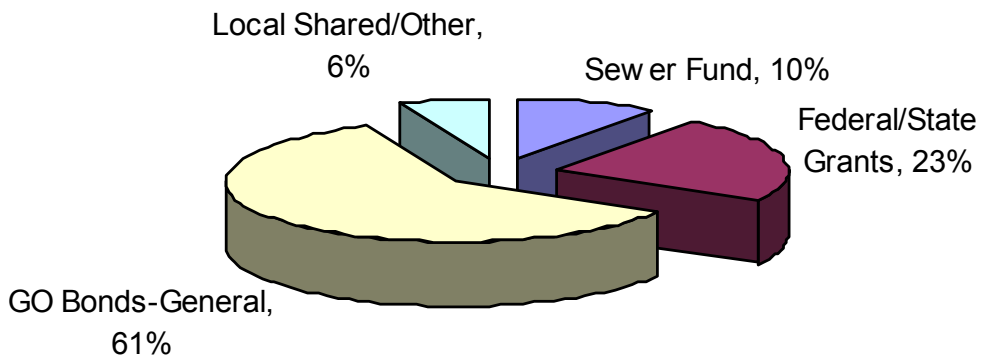
Capital Improvement Budget Highlights

-
- **The Fire Division's** capital budget includes funds for continuous upgrade of its various fire station locations, and new construction dollars for previous annexation areas.
- **The Police Division's** budget includes funds for precinct renovations and a Skycop System.
- **The Park's Division's** budget includes funding for Wolf River greenway improvements and rehabilitations to Douglas Pool and the Mallory-Neely and Magevney House.
- **The Public Works' Division's** budget includes funds to pave more than 400 lane miles of streets each year. ADA ramp improvements, several road projects, including Elvis Presley Blvd. also highlight the FY 2011 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 equipment funding for the animal shelter.
- **The General Services Division's** budget includes major ADA improvements, funding for minor improvements to various City buildings and miscellaneous equipment replacement. This budget also reflects a new strategy to concentrate City-wide vehicle purchasing to achieve economic scale. Vehicle acquisitions include 150 marked police cars, 3 fire engines and various heavy duty service equipment.

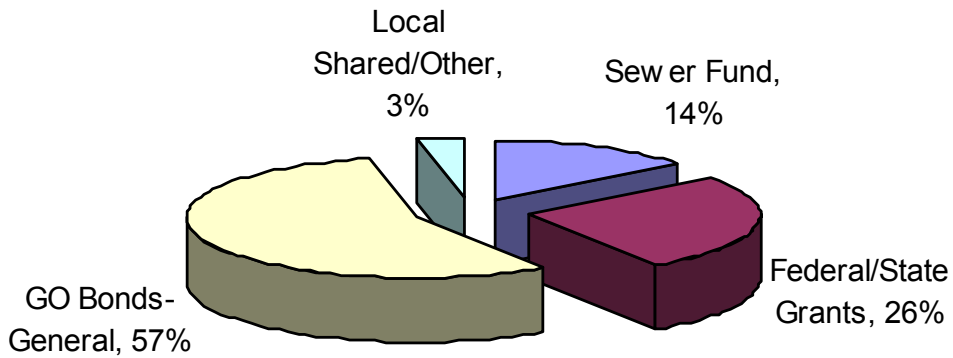
-
- - **Housing and Community Development's** budget includes continued funding for the Hope VI and the redevelopment of Dixie Homes. Development and construction of the Fairgrounds is represented in the Fairgrounds Public Greenspace Project.
 - **The Engineering Division's** budget includes funding for replacement of traffic signals, and intelligent transportation improvements.
 - **Information System's** budget includes projects to upgrade the City's information technology infrastructure, and upgrade the telephone system. An Enterprise Management System also highlights this budget
 - **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 Cobblestone improvements, the funds for this project are 100% leveraged.



**FY 2011 – 2015
CAPITAL IMPROVEMENT PROGRAM
WHERE THE MONEY COMES FROM**



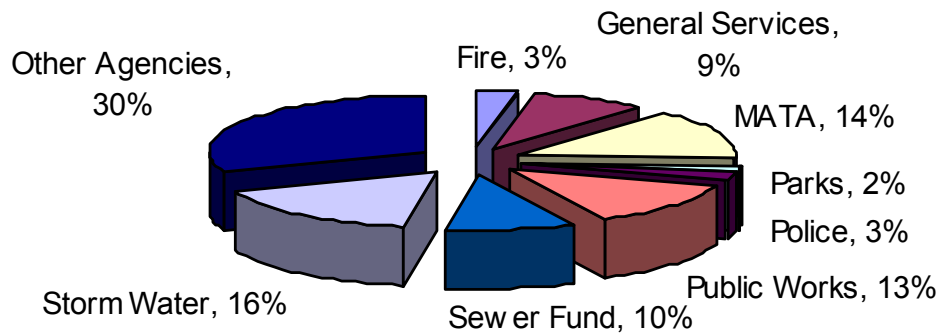
FY 2011 Budget



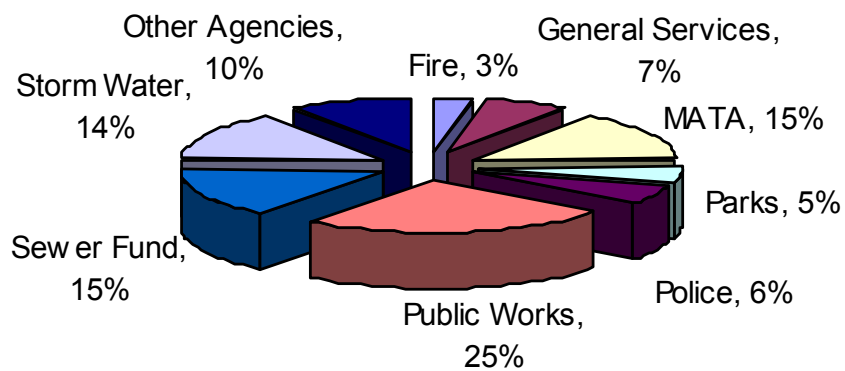
FY 2011-2015 Programs

Includes Reprogrammed Allocations

FY 2011 – 2015 CAPITAL IMPROVEMENT PROGRAM WHERE THE MONEY GOES



FY 2011 Budget



FY 2011-2015 Programs

Includes Reprogrammed Allocations

