

CAPITAL IMPROVEMENT PLAN (CIP)

**POTENTIAL DEFERRAL OR DELETION
OF CURRENT CAPITAL PROJECTS**

May 5, 2009
Commission Meeting

City Manager's Report

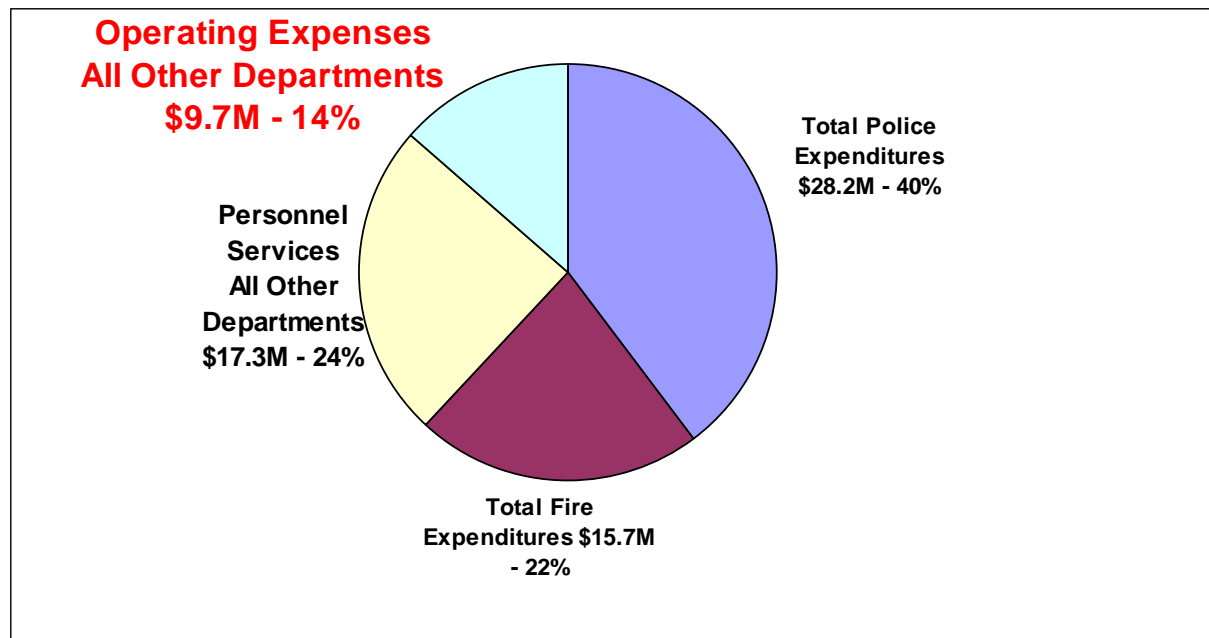


Background – Current Potential General Fund (GF) FY 2010 Deficit

Property Value Percentage Reduction & Other Revenue Down \$5 M	Projected General Fund Budget Deficit at Alternate Expenditure Increases		
	0.0%	2.5%	5.0%
10.0%	\$(11.9) M	\$(13.7) M	\$(16.0) M
Preliminary Assessment Reduction	\$(2.5) M	\$(2.5) M	\$(2.5) M
17.0%	\$(14.4) M	\$(16.2) M	\$(18.5) M

Background – Breakdown of Current FY 2008/10 Budgeted Expenditures

- The total operating expenditures of \$9.7M in all departments other than Public Safety cannot offset the projected deficit alone



\$14.4M Potential Deficit with Assessment Decline of 17% & 0% Expenditure Increase

- Consider a policy-directed option using CIP funds to meet the projected **\$14.4 M** General Fund deficit
 - \$ 5.9 M – Set property taxes at “roll back” rate
 - \$ 0.0 M – Maintain fire assessment at current level (i.e., \$68)
 - \$? M – Transfer CIP funds by deferring minor projects
 - \$? M – Transfer CIP funds by deferring major projects
 - \$ 2.1 M – Use of undesignated fund balance
 - \$ 8.0 M – Total increase in funding sources
 - \$ 6.4 M – Program/Personnel services reductions needed
 - \$14.4 M

Funding Sources of the General CIP

- **Bonds**
 - Debt service paid with Public Service Taxes
- **Public Service Taxes (After debt service)**
 - After paying debt service
 - After meeting General Fund needs
- **Transfer from the General Fund**
- **Parks & Recreation Impact Fees**
- **Grants**
- **Local Option Gas Tax**
- **Interest Income**

Consider Deferring Eliminating CIP Projects & Transferring \$ to General Fund

Funding Sources:	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Beginning Fund Balance	\$ 26.3 M	\$ 9.9 M	\$ 6.2 M
Revenues & Other Sources	<u>\$ 7.5 M</u>	<u>\$ 9.8 M</u>	<u>\$ 21.3 M</u>
Total Estimated Funding	\$ 33.8 M	\$ 19.7 M	\$ 27.5 M
Less Project Expenditures	<u>\$ (23.9 M)</u>	<u>\$ (13.6 M)</u>	<u>\$ (23.2 M)</u>
Ending Fund Balance	<u>\$ 9.9 M</u>	<u>\$ 6.1 M</u>	<u>\$ 4.3 M</u>

Goal of Deferring, Eliminating or Changing Scope of Projects

- Uncommitted and unrestricted CIP funds may be transferred to the General Fund to support the FY 2009/10 operating budget
- Serve as a one-time funding source to help balance the FY 2009/10 operating budget
- However, these funds will not be available in the CIP in subsequent year budgets unless
 - Rebudgeted
 - Added funding sources are identified

CIP Projects Not Underway in 3 Areas Potential Deferrals / Reductions

1. **\$1,648,000 – General Projects**
2. **\$1,150,000 – Parks & Recreation Projects**
3. **\$ 310,000 – Transportation Projects**
\$3,108,000 – Total to defer or eliminate

Includes projects 3 fiscal years -

- **Approved in**
 - **FY 2007/08 CIP - \$ 993,000**
 - **FY 2008/09 CIP - \$1,400,000**
- **Planned for**
 - **FY 2009/10 CIP - \$ 715,000**
\$3,108,000

Less Program/Personnel Service Reductions by Deferring or Eliminating Capital Projects

- **\$6.4 M** – Program/Personnel services reductions needed to balance the budget
- **\$3.1 M** – Recommended CIP reductions to consider
- **\$3.3 M** – Revised Program/Personnel service reductions needed to balance the budget

General Projects to Defer or Eliminate? (Provide Policy Direction)

- \$ 110,000 – BBTV upgrades
- \$ 143,000 – Middle school landscaping
- \$ 200,000 – Municipal building energy (2 yrs)
- \$ 625,000 – Old high school demolition
- \$ 250,000 – Fire alarm upgrade
- \$ 320,000 – City Hall kalwall
- \$1,648,000

Parks & Recreation Projects to Defer or Eliminate? (Provide Policy Direction)

- \$ 400,000 – Green/Bikeway-land purchase
- \$ 400,000 – Green/Bikeway-Palmetto Greens
Phase II (Grant received freeing
up General Fund money)
- \$ 50,000 – Hester Center landscaping
- \$ 300,000 – Oceanfront automated parking
- \$1,150,000

Transportation Projects to Defer or Eliminate? (Provide Policy Direction)

- \$ 140,000 – Way finding signage
- \$ 45,000 – Ocean Ave streetscape
- \$ 125,000 – Sidewalks-Gateway/FEC tracks
- \$ 310,000

CIP Projects Not Underway in 3 Areas Potential Deferrals / Reductions

1. **\$1,648,000 – General Projects**
 2. **\$1,150,000 – Parks & Recreation Projects**
 3. **\$ 310,000 – Transportation Projects**
- \$3,108,000 – Total to defer or eliminate**

\$14.4M Potential Deficit with Assessment Decline of 17% & 0% Expenditure Increase

- Consider a policy-directed option using CIP funds to meet the projected **\$14.4 M** deficit
 - \$ 5.9 M – Set property taxes at “roll back” rate
 - \$ 0.0 M – Maintain fire assessment at current level (i.e., \$68)
 - **\$ 3.1 M – Transfer CIP funds by deferring minor projects**
 - **\$? M – Transfer CIP funds by deferring major projects**
 - \$ 2.1 M – Use of undesignated fund balance
 - \$11.1 M – Total increase in funding sources
 - **\$ 3.3 M – Program/Personnel services reductions needed**
 - **\$14.4 M**

Other Major Projects to Discuss **(Provide Policy Direction)**

- **Police Headquarters (\$28 M)**
- **Congress Ave Boundless Park (\$2.9 M)**
- **Meadows/Nautica Sound Park (\$660 K)**
- **Ocean 95 South Access Route (\$1.5 M)**

Police Headquarters (\$28 M) (Provide Policy Direction)

- Appears in FY 2009 & 2010 CIP (Pg 5)
- 100% bond financed in CIP (Pg 2)
- Impact on the General Fund
 - Deferral will not return money to the General Fund
 - Continuing will increase General Fund deficit by incurring annual debt service from \$1.4 M to \$2.8M depending on bond issue timing and debt structure

Congress Ave Boundless Park (\$2.9 M) (Provide Policy Direction)

- Appears in FY 2008 CIP (Pg 6)
- Impact on the General Fund
 - Deferring will permit transfer \$2.4 M to General Fund, but would lose \$485,611 grants awarded
 - Continuing will
 - Increase maintenance costs at a time when we are attempting to reduce costs
 - Allow a \$701,175 transfer to the General Fund due to
 - \$485,611 grants awarded to replace General Fund dollars
 - \$215,564 undesignated funds due to costs under budget

Meadows/Nautica Sound Park (\$660 K) (Provide Policy Direction)

- Appears in FY 2008 CIP (Pg 7)
- Funded 100% with Parks & Recreation Facilities Fund
- Impact on the General Fund
 - Deferral will have no ability to transfer funds
 - Continuing will incur \$40,000 expenditure annually at a time when we are attempting to reduce costs

Ocean 95 South Access Route (\$1.5 M) (Provide Policy Direction)

- Appears in FY 2008 CIP (Pg 9)
- Funded 100% with General Fund monies
- Impact on the General Fund
 - Deletion or deferral will enable a \$1.5 M transfer back to the General Fund.

Potential Impact on FY 2009/10 General Fund Budget of Deferring Major Projects

- **\$ 0.0 M – Police Headquarters (Debt service on \$28 M will increase, not decrease, the budget deficit)**
- **\$ 2.4 M – Congress Ave Boundless Park if deferred or \$0.7 M if continued**
- **\$ 0.0 M – Meadows/Nautica Sound Park**
- **\$ 1.5 M – Ocean 95 South Access Route**
- **\$ 3.9 M – Total from major projects**

\$14.4M Potential Deficit with Assessment Decline of 17% & 0% Expenditure Increase

- Consider a policy-directed option using CIP funds to meet the projected **\$14.4 M** deficit
 - \$ 5.9 M – Set property taxes at “roll back” rate
 - \$ 0.0 M – Maintain fire assessment at current level (i.e., residence at \$68)
 - **\$ 3.1 M – Transfer CIP funds to General Fund resulting from deferred projects**
 - **\$ 3.9 M – Transfer CIP funds to GF from other projects**
 - \$ 1.5 M – Transfer (use) of undesignated fund balance
 - \$14.4 M – Total increase in funding sources
 - **\$ 0.0 M – No Program/Personnel services reductions needed to balance the budget (vs. \$6.4 M or \$3.3 M)**