

# CAPITAL BUDGET ANALYSIS

---

- I. CAPITAL IMPROVEMENT PROGRAM
- II. CAPITAL PROGRAMMING PROCESS
- III. FY 2004/2005 ANALYSIS

## I. LEON COUNTY'S CAPITAL IMPROVEMENT PROGRAM

Capital infrastructure is essential to the Leon County community. Streets, bridges, stormwater systems, and public buildings help to shape the local economy, affecting the flow of goods, business location decisions, and prospects for future development. The quality of life for a Leon County resident depends on the reliability of its transportation, the quality of its stormwater, the efficiency of its waste disposal, and the accessibility of cultural and recreational activities and facilities, and many other essential public services. High service quality levels can be achieved through the proper planning and provision of the replacement, maintenance, and enhancement of the County's capital assets.

### Capital Improvement Program

Leon County's capital improvement program is a multi-year program that identifies capital projects to be funded during a planning period of five years. The program delineates each proposed capital project to be undertaken, the year in which it will be started or acquired, the amount expected to be expended on the project each year, and the proposed method of financing these expenditures. The capital improvement program serves as a useful resource that aids Leon County government in insuring that decisions on capital projects and funding are made wisely and well planned.

### Capital Assets

A capital asset is defined as a new or rehabilitated physical asset that is nonrecurring and has a useful life of more than three to five years, and cost in excess of \$10,000.

### Capital Project

A capital project is comprised of a project that is undertaken to acquire a capital asset. Examples of capital projects include construction of public buildings, and major street improvements.

### Capital Improvement Budget

The capital improvement budget represents the first year of a capital improvement program. The capital budget is Leon County's annual appropriation of capital spending and is legally adopted by the Board of County Commissioners. This capital budget is adopted in conjunction with Leon County's operating budget and provides legal authority to proceed with specific projects.

\*\* Note: projects and financing sources listed in the capital improvement program for years other than the current proposed budget year (commonly called "out years" or "planned years") are not authorized until the annual budget for those years is legally adopted. The planned years serve only as a guide for future planning and are subject to further review and modification in subsequent years.

## II. CAPITAL IMPROVEMENT PROGRAMMING PROCESS

Each year, the Office of Management and Budget facilitates a process to formulate a capital improvement program and capital budget. Officials, administrators, and staff at all levels of Leon County government play key roles in the development of the County's capital improvement program. Events that occur in the County's capital planning process include:

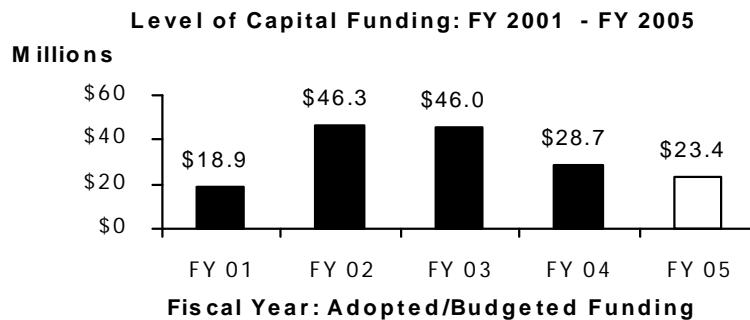
- Assessments Of Capital Needs (Department/Division Staff)
  - Preparation of capital inventory
  - Evaluation of whether to repair or replace facilities and/or equipment
  - Identify future needs
- Identification Of Projects For Capital Program (Department/Division Staff)
  - Review status of previously approved projects
  - Identify and develop information for new projects
  - Examine capital project alternatives
  - Submit capital project requests
- Financial Analysis (County Administration / OMB)

- Evaluate financial condition
- Forecast likely financial trends
- Evaluate funding options
- Evaluate and Plan Capital Projects (County Administration / OMB)
  - Review capital project requests
  - Prioritize capital projects
  - Select projects, schedule, and assign funding sources
- Adopt Capital Improvement Program and Budget (County Administration / OMB / Board of County Commissioners)
  - Prepare capital improvement program document
  - Submit tentative capital program and budget to Board of County Commissioners
  - Hold public hearings
  - Revise and prepare capital program and budget for adoption
- Implement and Monitor Capital Budget

### III. FY 2004/2005 ANALYSIS

The FY 2004/2005 portion of the capital improvement program represents \$23,404,928 in budgeted projects. This reflects a significant decrease of budgeted expenditures when compared to the FY 2003/2004 adopted capital improvement program of \$28,678,491. Figure 4.1 displays the levels of capital funding from FY 2001 through the current budget year. The large increase reflected in the FY 2002 and FY 2003 capital budget is mainly attributed to the utilization of existing fund balances in the Local Option Sales Tax fund (Fund 308) and certain bond funds. The decrease in capital spending planned for FY 2005 can be attributed to the fact that major transportation projects have been fully funded as of FY 2003, and other major capital projects were appropriated during FY 2003 and will appear in the FY 2004 Adjusted Capital Budget.

Figure 4.1



#### Capital Impact on Operating Budget

Infrastructure improvements often directly impact the on-going operating budget of a County. The costs of operating and maintaining new infrastructure are always considered in the operating budget. As shown on the individual projects sheets the actual impact varies significantly from project to project.

When developing a new facility such as a park or library there is often additional staff and operating expenses required to operate this new asset. However, there are also operating expenses associated with the on-going maintenance of new roads and stormwater management facilities. These expenses are usually calculated based on additional lane miles, drainage ditch miles, acres of ponds or other generally accepted standards.

Various individual project sheets, contained in this document, include operating impacts. However, a consistent level of information is not included for all projects. It is the intent of the County to continue to improve upon this effort and provide a more complete and thorough analysis in future documents.

#### Management Of Capital Projects

Typically, those departments responsible for managing the majority of capital improvement projects adopted and implemented by Leon County include: Public Works, and Management Services. Within the Public Works Department, the Operations, Fleet Management, Solid Waste, Parks and Recreation, Engineering Services, and Mosquito Control and Stormwater Divisions all are responsible for managing a variety of capital projects. In the Management Services Department, the Management Information Systems and Facilities Management Divisions assume responsibility for managing capital projects.

Table 4.1 displays the distribution of FY 2004/2005 capital improvement projects amongst the departments responsible for project management. Reflective of the continued use of existing fund balance from the Local Option Sales Tax (Fund 308), the Engineering Services Division of the Public Works Department will be responsible for managing the most capital projects at a total estimated cost of \$4,698,872 in FY 2004/2005.

**Table 4.1**

**LEVEL OF CAPITAL FUNDING: FY 2005  
BY MANAGING DEPARTMENT**

MANAGING DEPARTMENT/DIVISION	PROJECTS	FY 2005 BUDGET
Management Services: Facilities	12	4,148,106
Management Services: MIS	18	2,088,770
Public Works: Eng. Services / Transportation	10	4,698,872
Public Works: Operations	3	1,865,207
Public Works: Park & Rec.	7	2,433,500
Public Works: Solid Waste	2	789,500
Public Works: Mosquito Control Stormwater Ops., & Eng. Services / Stormwater	5	4,741,801
Public Works: Fleet Management	4	1,521,704
Other: (Administration)	4	1,117,468
	<b>65</b>	<b>\$23,404,928</b>

**Table 4.2**

**LEVEL OF CAPITAL FUNDING: FY 2005– FY 2009  
BY MANAGING DEPARTMENT**

MANAGING DEPARTMENT	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Management Services: Facilities	4,148,106	106,480	3,917,087	4,389,235	2,688,699
Management Services: MIS	2,088,770	1,286,500	1,261,500	1,261,500	1,261,500
Public Works: Engineering Services	4,698,872	11,427,566	16,631,444	8,496,298	19,029,758
Public Works: Operations	1,865,207	1,088,567	1,132,495	1,266,620	11,000
Public Works: Park & Rec.	2,433,500	705,000	80,000	30,000	505,000
Public Works: Solid Waste	789,500	1,000,000	861,152	779,710	742,900
Public Works: Mosquito Control and Stormwater	4,741,872	6,823,445	1,928,260	2,281,185	1,119,945
Public Works: Fleet Management	1,521,704	2,255,677	1,898,252	2,701,355	2,440,666
General Administrative / Other	1,117,468	453,000	50,000	50,000	50,000
	<b>\$23,404,928</b>	<b>\$25,146,235</b>	<b>\$27,760,190</b>	<b>\$21,225,903</b>	<b>\$27,429,468</b>

Table 4.2 displays a summary of the projected expenditures on capital improvement projects, by managing department, for the entire FY 2004/2005 through FY 2007/2008 capital improvement program. As with FY 2004/2005, the Engineering Services Division of the Department of Public Works will continue to remain very active in the continued maintenance and enhancement of the County's transportation infrastructure system.

Funding Sources of Capital Projects

Leon County's capital improvement program is supported annually through the use of revenues from sources that include: capital improvement bonds, local option sales tax funds, gas tax funds, enterprise funds, and general revenue funds.

Table 4.3 displays that \$7,169,458 in general revenue from the Capital Improvement Fund serves as the primary source of funding for the County's FY 2004/2005 capital improvement program. This figure represents 31% of all the funding sources for the FY 2004/2005 capital budget. Other major sources of funding for the FY 2004/2005 capital improvement program include the Local Option Extended Sales Tax Fund (Fund 309), and Local Option Sale Tax Fund (Fund 308), which provide 28% and 27%, respectively, of the total funding for budgeted capital projects.

**Table 4.3**

**Capital Expenditures in FY 2004 and FY 2005 Thru FY 2009  
CIP: by Funding Source**

FUNDING SOURCE	FY 2005 BUDGET	%	FY06-FY09 BUDGET	%
EMS (135)	289,764	1%	2,003,315	2%
General (305)	\$7,169,458	31%	\$25,450,486	25%
Gas Tax (306)	1,671,458	7%	3,706,985	4%
Sales Tax (308)	6,337,335	27%	51,895,665	51%
Ext. Sales Tax (309)	6,441,801	28%	15,151,583	15%
1999 Bond (318)	569,000	2%	0	0%
1998 A Bond (325)	136,620	1%	0	0%
Solid Waste (401)	789,500	3%	3,353,762	3%
	<b>\$23,404,928</b>	<b>100%</b>	<b>\$101,561,796</b>	<b>100%</b>

Table 4.3 also summarizes the projected funding of capital improvement projects budgeted and planned for FY 2004/2005 through FY 2008/2009. Different than in FY 2004/2005, existing fund balances and Department of Transportation reimbursements in the Local Option Sales Tax Fund (Fund 308) will become the primary source of funding for the County's capital improvement program.

**Capital Impact on Leon County Services**

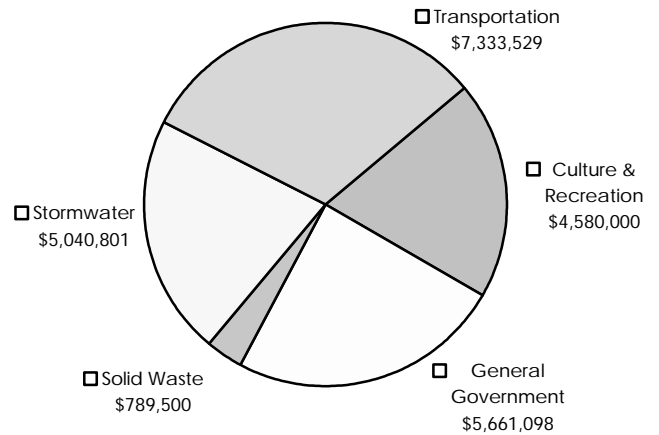
All projects included in Leon County's capital improvement program have been designed to replace, maintain, or enhance the County's infrastructure as it relates to items that facilitate the provision, maintenance, and operation of essential County services. Based on the influence of the State of Florida, Uniform Accounting System and the County's own organizational structure, capital improvement projects are categorized within the service types of culture and recreation, general government, solid waste, stormwater, and transportation.

Figure 4.2 illustrates that transportation related capital projects will receive the most funding with \$7,333,529 in budgeted expenditures for, the County's FY 2004/2005 capital improvement budget. This figure represents 31% of all expenditures within the FY 2004/2005 capital budget. Other expenditures for the FY 2004/2005 capital improvement budget include \$5,661,098 for General Government, \$5,040,801 for Stormwater, \$4,580,000 for Culture & Recreation, and \$789,500 for solid waste related projects respectively.

Figure 4.3 displays a summary of the projected expenditures on capital improvement projects budgeted and planned for FY 2004/2005 through FY 2007/2008. In continuing with the trend in capital project spending for FY 2004/2005, transportation related capital projects will continue to receive the most funding.

**Figure 4.2**

**Expenditure by Service Type  
FY 2005 = \$23,404,928**



**Figure 4.3**

**Expenditure by Service Type  
FY 2006 - FY 2009 = \$101,561,796**

