



Capital Improvement Program (CIP)

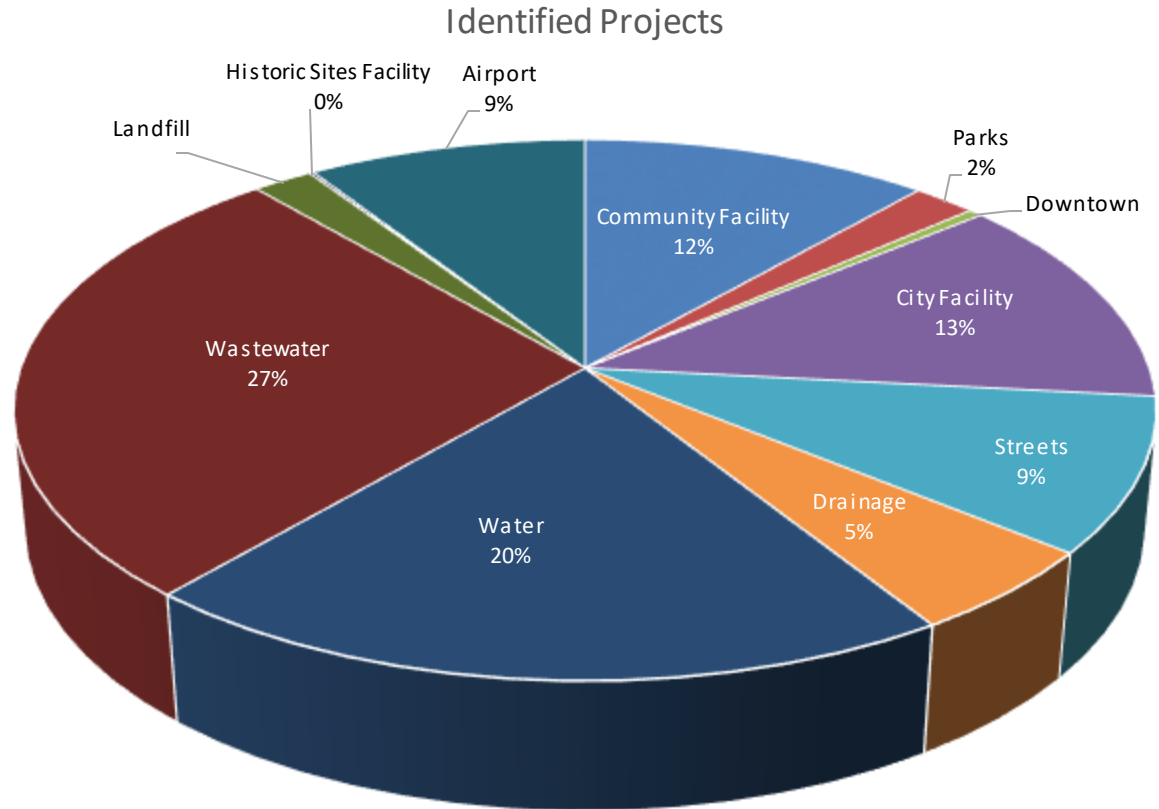
**City Council
August 24, 2022**

Background

- November 2021 – City Council presented with four workshops to discuss CIP in detail.
 - November 8: Fire Department and Airport
 - November 9: Utilities - Water & Wastewater
 - November 29: Public Works (Streets, Drainage, Solid Waste)
 - November 30: Parks, Animal Control, and other
- Approximately \$175,000,000 was shown in future capital needs.
- December 7, 2021 – Staff provided City Council a summary CIP materials.
 - It was explained that a majority of GF debt was being paid off in September 2022.
 - City Council gave direction for staff to create priorities and return with an achievable/manageable plan.

Identified Capital Projects - 2021

Community Facilities	\$ 20,114,000
Parks	\$ 3,690,000
Downtown	\$ 785,000
City Facility	\$ 22,220,000
Streets	\$ 16,200,000
Drainage	\$ 9,000,000
Water	\$ 35,597,000
Wastewater	\$ 48,095,000
Landfill	\$ 3,500,000
Historic Sites Facility	\$ 235,000
Airport	\$ 16,075,000
Total	\$ 175,511,000



April 6, 2022

- CIP Workshop with City Council to achieve the following:
 - To define priority tiers of 1, 2, and 3
 - To refine cost estimates as needed
 - To present the capital projects in priority order
 - To present funding options to accomplish projects
 - To obtain consensus and direction on proceeding

Priority Tiers Defined

- Tier 1 Immediate Need
 - » Within 1-2 years
 - » Failure may occur
 - » Possible regulatory or safety issue
- Tier 2 Expected Need
 - » Within 5 years
 - » Not a current safety issue
- Tier 3 Not a Necessity
 - » an efficiency
 - » an economical solution
 - » an enhancement to quality of life

Prioritized Projects - 2022

ALL FUNDS	Tier 1		Tier 2		Tier 3	
Community Facility	\$	8,674,000	\$	11,164,000	\$	870,000
Parks	\$	2,085,000	\$	1,465,000	\$	400,000
Downtown	\$	350,000	\$	435,000	\$	-
City Facility	\$	-	\$	9,050,000	\$	13,170,000
Streets	\$	12,450,000	\$	-	\$	1,000,000
Drainage	\$	9,000,000	\$	-	\$	-
Water	\$	25,522,000	\$	7,575,000	\$	1,300,000
Wastewater	\$	38,175,000	\$	1,150,000	\$	3,745,000
Landfill	\$	3,500,000	\$	-	\$	-
Streets	\$	3,750,000	\$	-	\$	-
Historic Sites Facility	\$	235,000	\$	-	\$	-
Airport	\$	1,500,000	\$	14,575,000	\$	-
Subtotal by Tier	\$	105,241,000	\$	45,414,000	\$	20,485,000
TOTAL COST	\$	171,140,000				

Funding Sources

- Cash Reserves
- User Fees
- Debt
 - Property Tax Supported
 - Revenue Supported
- Grants
 - State
 - Federal
 - Private
- Federal Stimulus
 - ARPA
 - Infrastructure Bill

Hotel Tax Fund

- Total Cost - \$235,000
 - Tier 1 – Zion Hill Parking/Exhibits \$235,000
 - Tier 2 - unfunded \$ 0
 - Tier 3 - unfunded \$ 0
 - Funding Sources: Hotel Tax Revenues and Donations
 - Council Direction on April 6: Proceed
-

Sanitation Fund

- Total Cost - \$3,500,000
 - Tier 1 – New Cell & Permit Amendment \$3,500,000
 - Tier 2 – unfunded \$ 0
 - Tier 3 - unfunded \$ 0
- Funding Sources: Fully Funded with Cash Reserves
- Council Direction on April 6: Proceed

Airport Construction Fund

- Total Cost - \$16,075,000
 - Tier 1 – Runway/Taxiway (grant) \$ 1,350,000
 - Tier 1 – Runway/Taxiway (City match) \$ 150,000
 - Tier 2 – unfunded (Development) \$14,575,000
 - Tier 3 - unfunded \$ 0
- Funding Sources
 - TXDOT Aviation Grant – Fully Funded (90/10 split)
 - City Match (\$150,000) would be from General Fund
 - Grants/Private investment/Possible debt
 - Council Direction on April 6: Proceed

Capital Projects Fund

(Street Maintenance Program)

- Total Cost - \$5,000,000
 - Tier 1 – Street Maintenance Program* \$3,750,000
 - Tier 1 – General Fund Cash Contribution \$1,250,000
 - Tier 2 - unfunded \$ 0
 - Tier 3 - unfunded \$ 0
- Funding Sources
 - Fully Funded with Street Maintenance User Fees*
 - \$250,000 annual General Fund contribution (set by ordinance)
 - Council Direction on April 6: Proceed as annual program

*\$750,000 annually for all fiscal years

Utility Fund

- Total Cost - \$77,467,000
 - Tier 1 \$27,572,000*
 - Tier 1 future Rev Bond \$ 9,550,000**
 - Tier 1 unfunded \$26,575,000***
 - Tier 2 unfunded \$ 8,725,000
 - Tier 3 unfunded \$ 5,045,000

*Total over five fiscal years

** Unfunded Tier 1 in proposed future revenue bond for Major Water Line Repairs and SWPS Transmission Line Replacement

***Unfunded Tier 1 is \$26M for Lanana and Banita Creek Sewer Trunk Lines. Approximately \$5M is cash funded for surveying, design, and right-of-way. Design process should be complete in FY 2024.

Utility Fund – Tier 1 projects funded

- **Water Total Cost: \$15,972,000***
 - Water Line Additions/Replacements-ARPA \$ 2,000,000
 - Water Line Additions/Replacements* \$ 6,750,000
 - Water Line Developer Reimbursements* \$ 1,250,000
 - Water Well Rehab* \$ 1,200,000
 - Auto Metering System Replacements \$ 4,772,000
- Funding Sources
 - Cash Reserves
 - Future User Fees
 - Federal Stimulus: ARPA
 - Council Direction on April 6: Proceed

* Includes annual allocations for five years

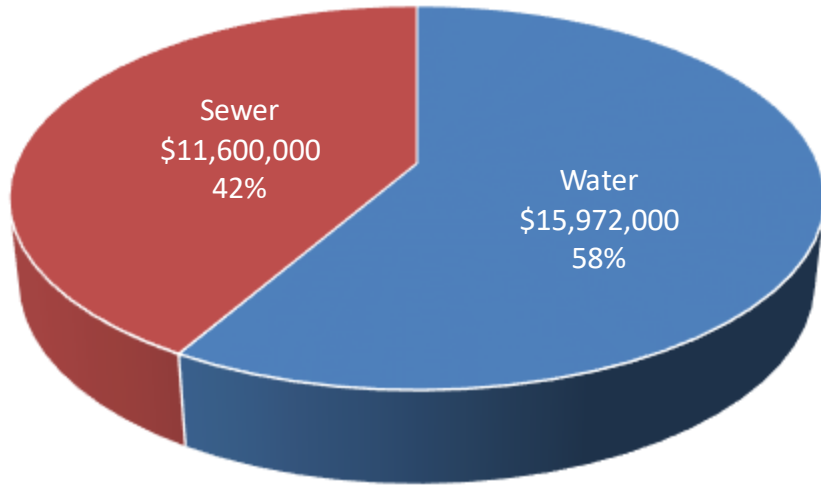
Utility Fund – Tier 1 projects funded

- **Sewer Total Cost: \$11,600,000***
 - Sewer Line Additions & Replacements-ARPA \$ 5,800,000
 - Sewer Line Additions & Replacements* \$ 3,200,000
 - Sewer Line Developer Reimbursements* \$ 1,250,000
 - Belt Press Building \$ 1,350,000
- Funding Sources
 - Cash Reserves
 - Future User Fees
 - Federal Stimulus: ARPA
 - Council Direction on April 6: Proceed

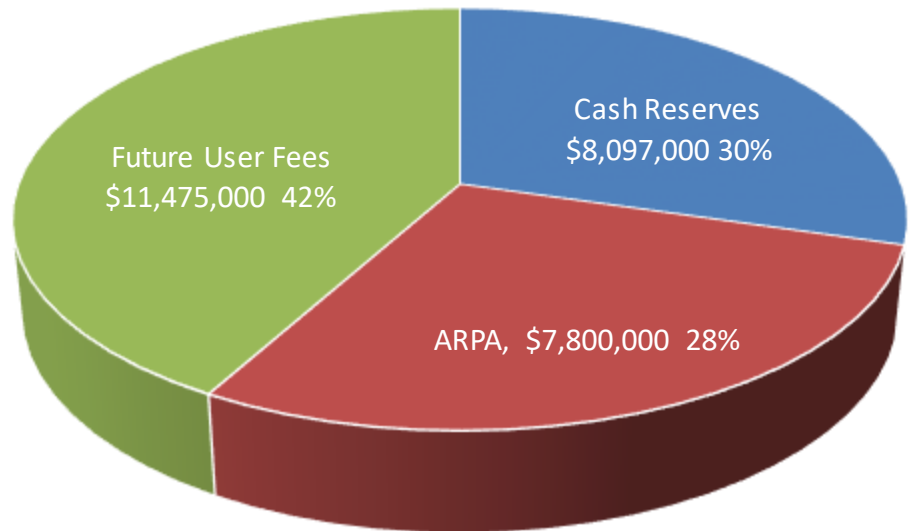
*Includes annual allocations for five years

Prioritized Utility Projects -Funded

Water & Sewer Projects



Funding Sources



General Fund

- Total Cost - \$70,113,000
 - Tier 1 - \$17,359,000*
 - Tier 2 - \$ 5,000,000
 - Tier 1 – unfunded \$ 4,000,000
 - Tier 2 - unfunded \$28,314,000
 - Tier 3 - unfunded \$15,440,000
- Funding Sources
 - Cash Reserves
 - Debt: propose CO to replace expiring debt
 - Debt: Future Bond Program
 - User Fees for ongoing drainage maintenance/repairs
 - Grants

*Includes annual street allocation \$250,000 for five years

General Fund

- Proposed Cash Funded - \$1,629,000*
 - SW & NW Fire Station Land Acquisition** \$ 650,000
 - Festival Park Electrical Service \$ 350,000
 - Lake Nac West Park Accessible Walkway \$ 165,000
 - SW, NW & Station 4 Renovations \$ 594,000
 - Annual Street Rehab (mandatory per ordinance) \$ 250,000
 - Airport Grant Match \$ 150,000
 - Pioneer Park Pedestrian Bridge \$ 120,000
- Funding Sources
 - Cash Reserves
 - Council Direction on April 6: Proceed

*Fiscal Year 2022-23 only

** Moved to 2023-24

General Fund

- Proposed 2022 CO Bond Issue - \$19,880,000
 - Replaces expiring debt, no property tax debt rate increase (current rate \$0.08229/\$100)*
 - Central Fire Station \$ 8,080,000
 - Parks Restrooms \$ 1,320,000
 - Parks Playgrounds \$ 480,000
 - Critical Storm Sewer Reconstruction \$ 4,000,000
 - Annual Storm Sewer Repairs \$ 1,000,000
 - City-Wide Street Rebuild \$ 5,000,000
- Funding Source
 - Certificates of Obligation
 - Council Direction on April 6: Proceed
 - City Council took action (3-2) to initiate CO legal proceedings on July 19.

*2022-23 Proposed Debt Rate - \$0.07708/\$100

Prioritized Projects Funded in Proposed FY 2022-23 budget

<u>Projects Split by Fund:</u>	
General Fund	\$ 21,359,000
Utility Fund	\$ 15,897,000
Sanitation Fund	\$ 3,500,000
Street Maintenance Fund	\$ 750,000
Hotel Tax Fund	\$ 235,000
Airport Construction Fund	\$ 1,500,000
Total	\$ 43,241,000

<u>Revenue Sources Split:</u>	
Cash Reserves	\$ 13,226,000
ARPA	\$ 7,800,000
Grants	\$ 1,350,000
Future User Fees	\$ 985,000
2022 CO Bonds	\$ 19,880,000
Total	\$ 43,241,000

In Summary

- \$171,000,000 identified in costs due to decades of deferred infrastructure maintenance was presented.
- Projects prioritized and funding options presented to City Council on April 6 and direction given to proceed.
 - High priority projects for FY 2022-23 solves \$43M of the \$171M of deferred maintenance (25%).
 - Many projects are funded through cash, stimulus, grants, and user fees.
 - To address unfunded top tier projects does require debt.
 - CO issuance is an option with debt expiring in September 2022.
 - To invest in infrastructure and not raise taxes (replaces expiring debt).
- Current timeline is important due to the setting of the tax rate. How does City Council want to proceed with the identified projects for the Certificates of Obligation?