



## Agenda Item Details

Meeting	May 19, 2021 - City Commission Workshop
Category	3. Discussion
Subject	3.01 Second Quarter Update, ARP Update, FY22-FY26 Capital Improvement Plan Overview, Robert Wigen, Resource Management
Access	Public
Type	Action, Discussion
Recommended Action	Option 1 - Accept the second quarter update, approve budget amendments as presented and provide feedback on the recommended ARP Program Funding Summary and the capital budget review.
Goals	<ul style="list-style-type: none"> <li>Public Trust</li> <li>Public Safety</li> <li>Public Infrastructure</li> <li>Quality of Life</li> <li>Economic Development</li> <li>Impact on Poverty</li> <li>Organizational Effectiveness</li> </ul>

## Public Content

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## Statement of Issue

This second quarter update of the FY21 budget is presented as part of the continuing monitoring and communicating of financial results during the fiscal year. This update presents the financial results for the 14 funds that make up the City's FY21 operating budget. While the 14 operating funds are performing as expected, two funds are being closely monitored to ensure they balance at year-end. As part of the FY21 quarterly update, amendments to the FY21 budget for several funds for operating and capital adjustments are presented for approval as well.

The American Rescue Plan, signed into law on March 11, 2021, provides federal assistance for a broad range of initiatives for a total of \$1.9 trillion. Of the approximately \$350 billion for fiscal relief, 57% is allocated to the states and 35% to local governments. The City of Tallahassee's funding from ARP is \$46.2 million. An update on the initiatives identified for these funds for the City, as well as initial estimates and next steps are presented for review and feedback.

In preparation for approval of the FY22-26 Capital Improvement Plan (CIP) in September, this item also presents an update and overview of the capital planning process, assumptions and next steps for Commission feedback. The Commission is asked to affirm the capital planning assumptions, approach presented in the agenda item, and provide feedback.

## Recommended Action

Option 1 - Accept the second quarter update, approve budget amendments as presented and provide feedback on the recommended ARP Program Funding Summary and the capital budget review.

## Supplemental Material/Issue Analysis

### History/Facts & Issues

#### FY21 Second Quarter Update

This second quarter update of the FY21 budget is presented as part of the continuing monitoring and communicating of financial results during the fiscal year. This update presents the financial results for the 14 funds that make up the City's FY21 operating budget. While the 14 operating funds are performing as expected, two funds are being closely monitored to ensure they balance at year-end. As part of the FY21 quarterly update, amendments to the FY21 budget for several funds for operating and capital adjustments are presented for approval as well.

Staff continuously monitors expenditures and revenues for each operating fund to ensure that each is balanced by fiscal year-end. The following table visually displays key financial metrics that are the most critical elements for the 14 operating funds, and quarterly provides instant feedback on the viability of the funds. Based on that feedback, further review may be warranted, and over time, additional factors may come into play and require further analysis. The color coding indicates the following:

**Green:** The fund as of the current quarterly update is within budget.

**Yellow:** The fund's key drivers are being monitored. There is a budgetary issue that is causing some concern.

**Red:** The status of the fund requires action to return it to a balanced state.

The factors identified in the table below demonstrate the financial viability of the 14 operating funds after the second quarter of FY21. Based on a review of key metrics, second quarter collection of revenue, and expenditures for staffing and contracts, the 14 operating funds are estimated to be within budget for FY21. However, two funds (Building Inspection and Fire) have been coded to indicate that the funds' key drivers are being monitored related to a budgetary issue that is may cause some concern at year-end. Further information on the funds with "yellow" status is provided below. Additional detail for all funds is provided in Attachment A.

City of Tallahassee  
Fund Status-2nd Quarter FY2021

Fund	Key Drivers	Rating	FY21 Budget
General Fund	Revenue, participation/ calls for service, capital plan, staffing		\$161,794,319
	<b>Description</b> The General Fund accounts for cash inflows and outflows not associated with specific funds. Revenues include property taxes, state revenue sharing and 1/2 cent sales tax, utility transfers, and more; expenditures include the Police Department, Parks, Recreation and Neighborhood Affairs, Community Housing and Human Services, Public Infrastructure, and more.	<b>Actions to take</b> Monitor revenue collections, economic indicators and operational impacts of transition to current and post-pandemic needs.	
Building Inspections	Permit Activity		\$4,255,943
	<b>Description</b> The Building Inspection Fund provides plan review, building permitting, and inspection services to ensure that construction activity meets the requirements of the State of Florida building code.	<b>Actions to take</b> Monitor commercial permitting as a potential means to recover revenues and limit end-of-year operating reserve transfer.	
Fire Services	Fire service fee revenue, calls for service, population density		\$47,387,645
	<b>Description</b> The Fire Services Fund's mission is prevention and protective services towards lives, property, and the environment from hazardous conditions.	<b>Actions to take</b> Careful monitoring to end the year with no net reduction in fund balance.	
Electric	KwH sales, off system sales, weather		\$286,763,053
	<b>Description</b> The Electric Fund provides clean and reliable electric service to residential and commercial customers.	<b>Actions to take</b> Monitor sales, overall consumption, and weather and timing of large capital projects, bond rating metrics like DCOH, Liquidity, and DSC w/in parameters	
Gas	Natural gas sales, weather		\$30,411,114
	<b>Description</b> The Gas Fund provides natural gas to residential and commercial customers.	<b>Actions to take</b> Monitor sales, overall consumption and Heating Degree days	
Water	Water sales, weather		\$41,468,808
	<b>Description</b> The Water Fund brings safe and quality drinking water to its customers.	<b>Actions to take</b> Rate and sales levels are maintained, bond rating metrics like DCOH, Liquidity, and DSC w/in parameters	
Sewer	Capital plan, master plan, sales		\$75,742,565
	<b>Description</b> The Sewer Fund collects, treats, and disposes of wastewater and commercially pumped sewage.	<b>Actions to take</b> Rate and sales levels are maintained, bond rating metrics like DCOH, Liquidity, and DSC w/in parameters	
Aviation	Enplanements, Deplanements, Aircraft Operations		\$12,589,250
	<b>Description</b> The Aviation Fund supports the Aviation Department's six divisions along with the Airport Police and Fire divisions.	<b>Actions to take</b> Monitor ongoing pandemic impacts and apply CARES Act funding	
StarMetro	Ridership, staffing, farebox recovery ratio, grants, GF transfer		\$17,552,096
	<b>Description</b> The StarMetro Fund supports Tallahassee's transit system and Fleet & Garage unit.	<b>Actions to take</b> Monitor overtime, ridership per route and grant opportunities	
Solid Waste	User fees, waste and recycling contracts		\$30,088,972
	<b>Description</b> The Solid Waste Fund provides garbage and recycling services to residential and commercial customers.	<b>Actions to take</b> Monitor tipping fees and monthly rate collections	
Stormwater	Capital master plan, development		\$19,079,490
	<b>Description</b> The Stormwater Fund plans and constructs infrastructure, maintains stormwater drainage facilities and ponds, and provides street sweeping throughout the City.	<b>Actions to take</b> Monitor number of ERU's for revenue and capital needs	
Golf Course	Rounds of golf, memberships		\$994,131
	<b>Description</b> The Golf Course Fund accounts for assets, operation and maintenance of Hilmann Golf Course.	<b>Actions to take</b> Rounds are of concern, planning membership campaign in response	
Cemetery	Plot sales, investment income		\$383,320
	<b>Description</b> The Cemetery Fund provides for operations and maintenance of City cemeteries.	<b>Actions to take</b> Amend budget for plot sales revenue, evaluate new cemetery options	
Donations	External Donations		\$87,120
	<b>Description</b> The Donations Fund accounts for donations to the City.	<b>Actions to take</b> None	

**FY21 Capital Amendments and Policy Updates**

- Policy 218 – Capital Projects Management Policy Update

As a component of Resource Management’s review of the current financial policy and procedures, staff is recommending policy changes to better align Capital Management Policy 218 with previous changes made to Procurement Policy 242 related to purchasing authority.

On March 9, 2011, the City Commission permanently adopted staff recommendations for various changes to growth management and procurement policies from the pilot “Local Economic Emergency Fast Tracking Program for Public Sectors,” which was created to stimulate the economy by creating jobs and designed to minimize the time between design and “turning dirt” on public sector projects. As a result, this included permanent changes to the procurement policy for purchasing authority to allow the City Manager to award/approve all purchases, contracts and change orders for capital projects as approved by the City Commission in the capital budget. Changes to the capital project management policy are intended to accurately align City policy with current and existing best practices within the procurement policy and procedures manual.

A full strike-through copy of Policy 218 is included in Attachment C.

- EPA - Revolving Loan Fund Grant

An amendment for a supplemental appropriation of \$616,697.71 from the EPA Revolving Loan Fund's undesignated fund balance (128) to permit Environmental Services to utilize the grant program income in accordance with the grant's Terms and Conditions. The funding will provide continued operation of a Revolving Loan Fund for brownfields cleanup and/or other brownfields activities to include: cleanup loans and subgrants; phase 1 and phase 2 site assessments and cleanup planning; and programmatic costs to oversee the work being performed.

- Golf – An amendment for a supplemental appropriation of \$470,000 from undesignated fund 322 to project 21173 (Golf Facility Improvements) for the Jake Gaither bathroom and clubhouse renovations.
- Parks and Recreation - Trousdell Renovations – An amendment to appropriate capital fund (300) undesignated funds in the amount of \$500,000 for needed renovations of the Trousdell Aquatics Center, specifically the locker rooms and adjacent areas as needed.
- Electric – Supplemental appropriation of \$1.2 million for project 21049/401 - Distribution Construction to support the following activities:
  - Replacement of old Talquin Electric distribution lines now targeted for completion by the end of FY21, including Bannerman Rd. (\$200,000), and Proctor Rd (\$650,000).
  - Due to an unanticipated FDOT road widening project, distribution lines will be relocated at Richview Rd. (\$200,000) and Tram Rd. (\$150,000).
- Electric – Supplemental appropriation of \$2 million for project 21218/401 – Transmission & Distribution RR&I. This funding is required to continue the accelerated enhanced tree trimming reliability project.
- Gas – Supplemental appropriation of \$500,000 for project 21032/431 – Gas Operations Master to support the following activities:
  - Revival of service expansion projects planned for FY20 that became dormant due to the COVID-19 pandemic (\$250,000).
  - Unanticipated demand for tap installations and upgrades associated with residential improvements made to accommodate working from home (\$130,000).
  - To expense Gas warehouse inventory being transferred to Utility Supply Center (\$120,000).
- Housing and Community Resilience – Authorization to reprogram \$283,438 in available State Housing Initiatives Partnership Funding

The Department of Housing & Community Resilience (HCR) is requesting approval to reprogram leftover State Housing Initiatives Partnership Program (SHIP) income and Hurricane Housing Recovery Program (HHRP) for affordable housing rehabilitation. In reconciling SHIP funding and program income, there are residual funds remaining from various projects that are closed. In addition, the current year's SHIP income and HHRP funds, although designated for repair and rehabilitation programs in the Annual Action Plan, are still currently unallocated to projects because of housing staff's prioritization of Coronavirus Relief Funds. With no regular SHIP funding anticipated for this current program year, housing staff have worked to close old projects to release funds for reprogramming. Funds have already been allocated for housing counseling, new construction, down payment assistance, and accessibility rehabilitation. Funds from the prior year Emergency Home Repair Program remain with clients approved to encumber the funds. Staff proposes to reprogram these funds be used for the demolition and reconstruction of two homes which were approved for rehabilitation, but which were subsequently determined to be beyond repair.

### ***FY21 Line Item Budget***

A complete line item budget for FY21 has been included (Attachment D) as requested. When viewed, the .pdf has bookmarks that help users jump to areas of interest.

### **American Rescue Plan**

The American Rescue Plan (ARP) Act was signed into law on March 11, 2021. The \$1.9 trillion package directs aid to individuals and state, local and tribal governments to speed up the United States' recovery from the economic and public health impacts of the

COVID-19 pandemic. Florida will receive approximately \$17.6 billion from the recovery plan in total. As an eligible municipality, the City of Tallahassee is estimated to receive \$46.2 million from ARP. On Monday, May 10, the U.S. Department of the Treasury provide detailed guidance on the implementation and rules for ARP distribution. Funding estimates, categories and technical guidance are still being reviewed, however, prior planning on the part of the City Commission provides a way forward to make use of these resources.

The City's Strategic Plan identifies key goals and objectives for service levels and results. With the clarity provided by our Plan, and the continual communication with, and feedback from, the community and the Commission, the recommendations presented for use of ARP funds are designed to meet Tallahassee's most critical needs and priorities. Further, programs funded are designed to maximize the impact of these funds to recover from the impacts of the pandemic, and become stronger and more resilient as an organization and a community working together.

#### Support of Public Health Response – COVID-19 Costs - \$1.6 million

In the course of responding to the pandemic, the City incurred direct costs for providing a variety of COVID-19 specific services related to testing, vaccination, and community outreach, as well as enhanced services, including to make changes to City facilities and spaces to continue to provide our core services to the public safely. While some of these costs have been reimbursed through Leon CARES and FEMA, the City currently has unreimbursed eligible costs of \$583,629.

The City also made temporary changes to public facilities to ensure the safety of employees and the public, with plexiglass barriers, spacing changes and other measures for safety. The critical needs met at our community centers and other public facilities, have provided important lessons on how these facilities can be improved to accommodate their intended uses, as well as provide community support during a pandemic or other public emergency. It is recommended that \$1 million in facilities improvements for this purpose be included in the City's plan for ARP, for a total recommendation for ARP funding to support the public health response of \$1.6 million.

#### Replacement of Lost Public Sector Revenue - \$28.2 million

*“The COVID-19 public health crisis and resulting economic crisis have put state, local, and Tribal governments under unprecedented strain.” The American Rescue Plan “is providing needed relief to state, local, and Tribal governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery.”* – U.S. Department of Treasury, May 10, 2021.

Based on revenue loss estimation methodology provided in the ARP guidance, the City's losses in general revenues (excluding utilities) totals \$28.2 million. This includes lost revenues in the General Fund, capital funding from state and gas taxes and other service charges and fees that declined during the pandemic. As allowed under ARP, it also includes projected future losses over FY21-FY23 as recovering revenues will remain below what would have been collected if the pandemic had not happened. The loss of these resources, if not recovered, would make a significant negative impact on the City's ability to fund operating and capital needs over time.

#### Address Negative Economic Impacts - \$16.4 million

Over the next several years, ARP provides the opportunity for the City to address negative economic impacts from the pandemic on the homeless, those who need affordable housing, our human services organizations, and other housing and human services needs that multiplied as the economic impacts of the pandemic touched every part of the community.

##### Homelessness

Serving those who are homeless in Tallahassee requires the work of many hands, even more so during the pandemic and post-pandemic. To provide an immediate, one-time funding boost to homeless services in outreach, diversion and prevention, \$2.8 million is recommended as part of addressing negative economic impacts in the community, by providing funding for the City's four homeless shelters. This is part of a joint effort by the City and County with the County adding \$3.5 million, for a combined investment in homeless services of \$6.3 million.

##### Affordable Housing

Even before the COVID-19 pandemic, millions of Americans lacked stable, affordable housing. Now, the crisis has highlighted the social and economic costs of this crucial gap in the safety net. In order to leverage the critical housing services provided by the City through existing Housing and Urban Development (HUD) grants to meet the post-pandemic need, over the next four years, funding from the ARP Act is recommended to allow the City to further address the strategic priority “facilitate and support the construction of affordable housing units” in two key areas.

Building new or preserving current housing stock is expensive and the pandemic has nearly tripled construction material costs. This requires creative strategies that address needs and makes the most efficient use of the funding available for the maximum impact. A total of \$2.7 million in funding is recommended, over the next four years, from ARP will allow the City to work with private developers to incentivize adaptive reuse projects to convert vacant or underutilized multifamily properties into affordable rental projects.

To create more opportunities for families to achieve the dream of home ownership, as well as encourage families to move “back home” to their neighborhoods, it is recommended that \$3.7 million in ARP funding be used to increase available funding for down payment assistance programs. Many households are unable to accumulate savings that could help them weather temporary income losses like so many have seen during the pandemic. Incentives such as mortgage assistance, down payment assistance for inclusionary housing homebuyers, and foreclosure counseling can keep these vulnerable families safely housed and prevent homelessness. ARP funding will leverage regular HUD funding (CDBG and HOME) and potential state funding (SHIP) to achieve strategic objectives to increase affordable housing stock and support homeownership to stabilize neighborhoods.

### Neighborhood Resilience

The Housing and Community Resilience Department has seen a dramatic increase in the need for services as a direct result of how COVID-19 has impacted the community. These services range from emergency rent and utility assistance to mental health referrals, landlord services, homeless outreach, shelter operations, and homeless prevention. As these needs have increased, staff is focused on how to best meet the demand in alignment with the City’s 2024 Strategic Plan, the Tallahassee Community Resilience Plan, and the 2020-2024 HUD 5-Year Consolidated Plan. These plans identify proactive strategies that involve a significant level of community investment, partnership, and capacity building.

A significant effort in fostering neighborhood-scale revitalization occurs through the partnership and coordination between the Housing and Community Resilience Department and the City’s Neighborhood Affairs Division. While Neighborhood Affairs works with respective communities to develop Neighborhood First Plans, the Housing and Community Resilience Department plays an active role in program and project development that is key to bringing the neighborhood revitalization efforts identified in these plans forward. Efforts range from addressing vacant parcels and graffiti to creating Resilience Hubs that provide social services and emergency preparedness training to expanding urban farming to help address food insecurity while fostering entrepreneurship. Projects like these not only help meet specific goals and strategies in the 2024 Strategic Plan and the Community Resilience Plan, they also help address key issues identified by neighborhoods in their Neighborhood First Plans. As the effects of COVID-19 continue to impact the City, and especially our most vulnerable neighborhoods, the need for these programs is likely to grow. Neighborhood resilience investments will leverage federal and CRA funding to ensure neighborhoods can thrive following the pandemic and economic crisis.

To address Neighborhood Resilience, including the implementation of Neighborhood First Plans, targeted efforts to support hardest-hit communities through addressing blight and promoting public health and safety, incentivize neighborhood fresh food markets and urban farm entrepreneurship for food security, \$3.2 million is recommended to be allocated from ARP funds. These funds will provide resilience investments and leverage federal, state, and CRA funding to ensure neighborhoods can weather the impacts of the pandemic and be better positioned for future crises.

### Community Human Services Partnership (CHSP)

The City’s CHSP partners have responded throughout the pandemic by adjusting their service model to meet the critical needs of the community. To provide additional resources to those programs, over the next four years, it is recommended that \$1.5 million from the City’s ARP allocation be provided, with Leon County providing an additional \$1.8 million from their ARP allocation, for a total of \$3.3 million in additional funding for these essential human services programs.

Other key allocations from ARP funding include funding to combat food insecurity, provide legal services to low-income residents facing evictions, foreclosures and unemployment appeals, funding targeted to overcome vaccine hesitancy, support small business and entrepreneurs and providing funding the 2-1-1- Big Bend for mental health triage services. For these and the specific programs highlighted above, the ARP allocation to support economic recovery is recommended at \$16.4 million. Included in this is \$6.8 million for programs that will be co-funded by Leon County with another \$8.4 million.

It is important to know that are uses that are prohibited for ARP funds. The two primary prohibitions are using the funds to "directly or indirectly" offset an enacted tax reduction, and cannot be used to deposit funds into any pension fund.

Attachment B - Recommended ARP Program Funding Summary provides a list of identified needs grouped by ARP categories which reflect the goals and objectives of the Strategic Plan.

#### ARP Next Steps

The City must apply to the U.S. Treasury to receive the allocated funding. Once certified, the funds allocated to the City will be disbursed in two equal tranches, roughly 12 months apart. The first 50% of funds will follow the final enactment by Congress and the President, and certification by the U.S. Treasury, approximately 60 to 90 days from March 11, 2021. The remaining 50% will be remitted no sooner than one year after the first allocation, which could occur around May or June of 2022.

Once the City's application for ARP funds is certified, the U.S. Treasury will have up to 60 days to provide payment. The legislation gives local governments until December 31, 2024 to use all the funds received.

#### ***ARP Funding through HUD Grants***

2021 Housing staff are drafting the next HUD Annual Action Plan, building on the goals identified in the City's 5-Year Consolidated Plan. The housing-specific goals include Neighborhood Revitalization, New Construction, Rehabilitation, Purchase Assistance, and Housing Counseling.

Gaps that currently exist include assistance for lower-income homeowners. These households are unable to accumulate savings that could help them weather temporary income losses like so many have seen during the pandemic. Incentives such as mortgage assistance, down payment assistance, purchase assistance for inclusionary housing homebuyers, and foreclosure counseling can keep these families safely housed and not add to the numbers of those experiencing homelessness. ARP funding will leverage regular HUD funding (CDBG and HOME) and potential state funding (SHIP) to achieve strategic objectives to increase affordable housing stock.

On April 8, 2021, the Department of Housing and Urban Development (HUD) announced the allocation of \$5 billion through the HOME Investment Partnerships Program. As a HUD entitlement community, the City is estimated to receive \$3.4 million in HOME-ARP funding to help create affordable housing and related housing security services for vulnerable individuals. The City typically adopts its Annual Action Plan that appropriates all HUD funding in July as part of the regular fiscal year budget process. HUD anticipates issuing guidance on ARP funds in the Fall and therefore expects municipalities to plan for amendments to their Annual Action Plan as needed.

HUD is expected to make a second allocation of funding for emergency housing vouchers in the coming weeks, however at this time it is unclear whether the second round will include a direct allocation to the City.

#### **Other ARP Relief**

While the City plans to maximize the impact of ARP funding received directly by the City, and indirectly through ARP funding received through other agencies, other relief is now available through ARP to individuals with one-time economic impact payments, extended unemployment benefits and expansion of the Child Tax Credit. Further, ARP is providing help to small businesses including small business tax credit programs for employee retention and paid leave, emergency capital investment for low- and moderate-income community financial institutions, and the Paycheck Protection Program is providing small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. These programs are designed to retain and generate jobs lost due to pandemic impacts and will enhance the City's already robust response to community needs and economic impacts.

## **FY22-26 Capital Improvement Plan (CIP) Update**

Each year the Five-Year Capital Plan is updated to include the new fifth year for recurring and new projects, and to update the funding and timing of existing projects based on appropriate planning for cash needs and logistics. This year the plan will also be reviewed through the lens of the City's Strategic Plan 2024 to provide additional guidance for public infrastructure in conjunction with the master plans for utility capital investments.

To provide further insight into the FY22-FY26 capital plan, this agenda presents:

- An overview of the ongoing investments the City is making in public infrastructure and utilities to provide perspective on the progress and scope of the improvements underway.
- Updates on upcoming projects of significant, community-wide benefit, such as the Tallahassee Police Headquarters and the new Senior Center.
- An overview of the funding sources and financing planning which will support the plan and enable these exciting projects to move forward.

This review will also highlight the linkage between the City's 2024 Strategic Plan and the CIP.

### **Highlighted Projects Underway**

The City's capital improvement program continues to be robust and priority- driven, with projects that move the City forward as a premier southern city, the Capital City of our State, and, as the City's mission states, "the national leader in the delivery of public services."

To support this vision, capital projects continue to be a need for significant cutting and patching of streets for several years after the resurfacing investment. The cost of this utility work is significant. On average, every \$1 million invested in pavement maintenance requires an additional investment in utility infrastructure of approximately \$900,000.

#### **Pavement Management and Street Resurfacing**

In the past, street maintenance was performed on a "worst first" basis. Funding for resurfacing was primarily allocated to those streets in the worst condition. While this approach is very effective for addressing issues on a limited number of streets, it is not an effective strategy for maintaining the overall roadway network. By reallocating a portion of the resurfacing dollars from the worst conditioned roadways to preservation techniques on roadways in better condition, the natural degradation of the roadway network can be slowed and managed with consistent planning and expenditures.

The next comprehensive evaluation of the City's roadway network to determine its Pavement Condition Index (PCI) will be completed in FY2021. The information collected will continue to provide valuable data for target treatments that will help the City accomplish Objective 4(D)(1) to enhance City-Maintained Roads with a target of 70% as rated "Good", "Very-Good", or "Excellent" by 2024.

Ongoing progress on roadways includes approximately 55 lane-miles of street resurfacing projects that are expected to be completed in 2021. Notable projects completed to date include the All Saints neighborhood, Shamrock North, Brevard Street, Georgia Street and Rankin Avenue. Additionally, projects expected to be completed by the end of the year include Betton Road between Thomasville and Centerville roads, Osceola Street, Physicians Drive, North Settlers Boulevard and Gamble Street.

#### **Road Improvements Underway**

- Railroad Avenue - The project will reconstruct Railroad Avenue from FAMU Way to Gaines Street. The project will consist of access management with a median addition, pedestrian improvements including extra wide sidewalks, mid-block crossings, utility improvements and undergrounding of the remaining overhead electric facilities. Design is 60% complete and construction is expected to commence in Spring 2022.

#### **Pedestrian and Street Safety (PASS) Projects**



- Zillah Street PASS - The project will reconstruct Zillah Street from Tram Road to Paul Russell Road resulting in the closing of the roadside ditches and installation of curbing, a sidewalk on the west side of the roadway and a trail on the east side of the roadway. Design is 60% complete and construction is expected to commence in late 2021.
- Richview Road PASS - The project will reconstruct Richview Road from Spring Forest Road to Apalachee Parkway resulting in the closing of the roadside ditches and installation of bike lanes and sidewalks. Design is complete and construction is expected to commence in May 2021.

### New Sidewalks Program

Directly related to objective 4(D) of the Strategic Plan, “enhance the City’s network of roads, bike lanes and sidewalks,” the need for new sidewalks far exceeds available funding. To ensure that resources are allocated effectively and efficiently, a Sidewalk Prioritization method was created. Generally, the method breaks sidewalk needs into two tiers. Projects with no existing sidewalks are Tier 1 and projects with existing sidewalks on one side of the street are Tier 2. Within these tiers, projects are ranked based on a point system per specific criteria, such as Safety, Safe Routes to School, New Access on Arterials and Collectors, Latent Demand (demand estimated based on density of development), Connectivity and Existing Demand at pedestrian attractors.

Sidewalks and their estimated costs, are ranked in a comprehensive list. The updated list as of March 2020 included 210 projects in Tier 1 with an estimated cost of \$94 million, and 79 projects in Tier 2 with an estimated cost of \$50 million, for a total of \$144 million. This planning document informs the long-term planning of sidewalk projects, providing guidance to the five-year plan and aligning projects with the strategic plan. Examples of sidewalks projects completed as part of this program includes Putnam, Polk and Glenview Drive, and recurring funding for priority projects is provided for sidewalks each year. Projects are funded on a cash needs basis from the master plan as part of the overall capital program administered by Underground Utilities and Public Infrastructure. In FY22, fewer sidewalk projects are funded in the plan due to the significant difference in the length, cost, and complexity of sidewalk projects, however, as projects are executed, opportunities to work on additional projects will be reviewed.

Below are several highlighted sidewalk projects that are underway:

- Blountstown Street - Currently under construction, this project was primarily funded by a Transportation Alternatives Grant Staff applied for through the Florida Department of Transportation. Construction is estimated to be complete in Fall 2021.
- Walden Road - Currently under construction, this project was primarily funded by a Transportation Alternatives Grant Staff applied for through the Florida Department of Transportation. Construction is estimated to be complete in Fall 2021.
- Saxon Street - This project will complete the sidewalk along the east side of the roadway, install landscape along the corridor from Campbell Street to Floral Street, and will also install lighting along the corridor. Design plans are currently 90% complete, with the project currently scheduled to begin construction in the summer of this year.
- FAMU Way phase 3 - Construction is substantially complete with only minor components remaining. This project extends FAMU Way from Gamble Street to Lake Bradford Road and includes a paved trail, sidewalks, bike lanes and on-street parking.

### Sidewalk Maintenance

UUPI is responsible for nearly 500 miles of sidewalks within the city limits. These sidewalks are subject to deterioration from vehicular loading, tree roots, and other age and environmental impacts. Historically, repairs were generally made based on citizen calls or were associated with other improvements scheduled in the area (resurfacing projects, utility projects, etc.).

Adopting a new approach in 2017, UUPI staff began a comprehensive assessment of trip hazards throughout our sidewalk network. By utilizing a motorized UTV (Utility Task Vehicle) staff can efficiently inspect and evaluate sidewalk conditions while also collecting information on the condition of other city assets such as manholes, utility valve and meter boxes and signs. This initial assessment identified over 34,000 trip hazards on City-maintained sidewalks with an expected maintenance cycle of three year to complete. In 2021 the City has continued its second maintenance cycle with repairs to over 47,000 trip hazards to date, and crews continue to address approximately 1,000 per month. The effects of Hurricanes Hermine and Michael have contributed to new damages to City sidewalks which will be resolved through ongoing maintenance efforts.

### Parks and Recreation - Southeast Park

Located at the corner of Tram Road and Four Oaks Boulevard, Southeast Park will include multipurpose sports fields, a picnic pavilion, a small playground, and courts for basketball, sand volleyball and pickleball. The construction of Southeast Park is well underway. To date, the majority of the grading is complete and curbing has been installed. Installation of electric, water service and irrigation has begun. The paved areas (parking lots, pickleball and basketball courts) are ready for asphalt, which should be installed in the next six to eight weeks. Playground equipment, volleyball courts, and topsoil and sod for the athletic fields are expected to be installed in the next six to eight weeks as well. Sidewalks are expected to be complete by mid-June. The park is expected to open to the public in July.

#### Police - Public Safety Technology

The City has committed to ongoing technology investments into public safety operations, the result of which have led to opportunities to work with other local and state law enforcement partners in a coordinated and complementary way. Examples of shared investment opportunities include an updated Record Management System and implementation of data sharing of automated crime analysis software with the Leon County Sheriff's Office (LCSO). Most recently, TPD has also partnered with Florida State University and LCSO to launch a Real Time Crime Center, which will capitalize on available technology to enhance law enforcement operations and research. These investments represent key technology assets that provide important information to multiple agencies and aid in the prevention of crime county-wide. It is anticipated that the City will enter into a cost sharing agreement for funding of the Real Time Crime Center.

Significant investment has also been made to ensure that TPD's officers and investigators have access to modern technology, tools and equipment. For the first time in TPD's history, all sworn personnel have been issued laptops, tasers, and advanced lifesaving body armor. Additionally, all sworn officers have been provided a body-worn camera system. In the short period of time the system has been in place, TPD has improved its transparency with the community and has been able to quickly review and address internal affairs complaints where video of incidents was captured. In FY21, TPD has continued to leverage technology and equipment funded from the current capital program, including implementation of a video analytics system, records management software, and enhanced data security measures through digital authentication.

Another example of public safety technology investment is the upcoming launch of a new mobile app that allows citizens to record interactions with law enforcement. Citizens will be able to activate a smartphone camera via voice command and stream video interactions with law enforcement with up to three personal contacts as well as a Tallahassee Police Department video portal where video is documented. While similar applications exist on the market today, the Tallahassee Police Department will be the first agency in the nation to implement a more comprehensive solution, including hands-free functionality, streaming recording with multiple contacts, and streaming to a portal for subsequent review.

#### StarMetro - New Electric Buses

In February 2019 the City Commission adopted Resolution No. 19-R-04, which initiated the development of a Clean Energy Plan. This established the City's overall commitment to move towards 100% renewable energy community-wide. Section 2(iii) of the Resolution states the City will begin "shifting StarMetro fixed-route buses to 100% electric no later than 2035."

StarMetro will leverage grant opportunities through the Federal Transit Authority (FTA) and Florida Department of Transportation (FDOT) to fund new electric bus purchases and necessary charging equipment. The Capital Improvement Plan will support these efforts primarily in cases where local match funding (typically between a 10 and 20 percent share) is required for a grant.

#### *Housing and Community Resilience* - Neighborhood First Plan

The City's Neighborhood First planning process provides for broad-based community participation involving neighborhood residents and community stakeholders. It is a strategic planning initiative that is offered to neighborhoods participating in the Neighborhood Public Safety Initiative to address their top priorities. Projects include façade and street improvements, park enhancements, development of Community Redevelopment Agency/City-owned lots, historic preservation, and more, consistent with neighborhood priorities and outlined in each neighborhood's plan. The FY22-FY26 capital improvement plan update includes \$2 million a year to support neighborhood plans in the City.

#### **New Major Construction Projects – Update**

Tallahassee Police Headquarters

On January 29, 2020, after a two-year public outreach effort, the City Commission selected the former Northwood Mall Centre as the location for the new Tallahassee Police Department Headquarters complex. An Architect and Construction Manager at Risk (CMAR) were competitively procured. Spatial needs updates have been completed, and conceptual design and master planning efforts are underway. Demolition of the existing structure is scheduled to begin in May 2021 and will take approximately 8 to 10 months, depending on tenant occupancy. Upon completion of the conceptual building design, a Guaranteed Maximum Price for construction of the new facility will be provided by the CMAR.

This project is programmed in the five-year capital plan to be funded with Future Capital Bonds and will require long-term debt financing that will be repaid through debt service payments from the general fund over multiple years. An estimated timeline which meets Objective 5(F)1 of the City's Strategic Plan to complete construction and begin operations at the new location by 2024 is shown below. Some of the Project Phases may overlap and run concurrently.

Phase I (18-24 months; Complete)

- Community Outreach and Nominations of Potential Sites
- Commission Approval of Site Evaluation Criteria
- Site Analysis and Selection
- Competitive Selection of Architect and Contractor

Phase II (8-10 months; In Progress)

- Environmental Assessment and Hazardous Materials Abatement
- Demolition of former Northwood Mall Complex
- Community Meetings
- Draft Conceptual Designs
- MWSBE and Disadvantaged Workers Recruitment

Phase III (12-14 months)

- Community Outreach
- Civil Site Work
- Complete Construction Design and Pre-Construction Services
- Complete Master Planning

Phase IV (18-24 months)

- Construction
- TPD Coordination and Move-In

Northeast Senior Center

In June 2019, an architectural firm was selected to design the new facility on six acres donated by Premier Construction located on Welaunee Boulevard in the Canopy development. The Program Phase was completed in May 2020, and a final site plan is nearing completion. This new facility will model a complete Senior Center with a broad array of program offerings and services. Program spaces include a medium-sized conference center, Lifelong Learning, Wellness Center, Fitness equipment, Art Studio, welcoming lobby and pre-event space, cards and game room, and a gymnasium large enough to accommodate six pickleball courts, two basketball courts, multiple table tennis tables, and two volleyball courts. In November 2020, a Construction Management company was selected via bid process. Construction is tentatively projected to begin in late 2021.

Currently, a total of \$17 million is planned to be funded from the 2020 Sales Tax extension for the construction of this new facility. Paid from annual revenues, a pledge on Sales Tax would provide the additional debt capacity to move forward with this highly anticipated addition to the Parks and Recreation system. The partnership the City has with the Tallahassee Senior Center Foundation has been a successful model at the existing Senior Center, and staff is working closely with the Foundation to ensure the same success for this new facility.

Roadway Improvements

The construction of the FAMU Way Phase III is complete and planning for the construction of Phase IV is underway. Phase IV will extend improvements of FAMU Way to Monroe Street and realize the vision for this multifaceted project that has improved traffic flows, sparked redevelopment in the area and provided an appropriate gateway area to FAMU. While the typical section will be slightly different than the current typical section, namely the Phase IV section is not currently planned to have a median due to the significant right of way constraints, the completion of Phase IV will complete a more than decade long multimillion dollar project on the City's southside.

The capital plan includes the continued investment in new roadway improvements and pedestrian amenities through use of various funding sources from Gas Tax, Sales Tax, and future bond proceeds. These new improvements include:

- Railroad Avenue - This project will reconstruct Railroad Avenue from FAMU Way to Gaines Street. The project will consist of access management with a median addition, pedestrian improvements including extra wide sidewalks, mid-block crossings, utility improvements and undergrounding of the remaining electric facilities that are overhead. Design is 60% complete and construction is expected to commence in Spring 2022.
- Zillah Street Pedestrian and Street Safety Improvements - This project will reconstruct Zillah Street from Tram Road to Paul Russell Road resulting in the closing of the roadside ditches and installation of curbing a sidewalk on the west side of the roadway and a trail on the east side of the roadway. Design is 60% complete and construction is expected to commence in late 2021.
- Maclay Commerce Drive/Maclay Boulevard - This project will reconstruct Maclay Boulevard from Maclay Commerce Drive to Mosswood Chase and Maclay Commerce Boulevard from Martin Hurst (and a small portion of Martin Hurst) to Joshua Court/Financial Plaza. The project will consist of access management with a median addition along both roadways, potentially new roundabouts will be installed at the intersections of Martin Hurst and Maclay Boulevard with Maclay Commerce Drive, pedestrian improvements including sidewalks and multi-use trail facilities, mid-block crossings, utility improvements, and stormwater improvements.

#### Lake Bradford Road Fire Station

On January 20, 2020, the City Commission directed staff to initiate design and master planning services for the new Fire Station 17 and Community Resilience Center at the former Lake Bradford Road Wastewater Treatment Facility. This new facility will enhance response times for fire and other emergency services on the City's southside and aligns with the City's Strategic Plan, including but not limited to Objective 5D-1 which seeks to increase the percentage of the City covered by Advanced Life Support (ALS) fire stations.

Facilities for other public services and amenities, such as a TEMPO Resource Center, Community-Oriented Policing Squad (COPPS), Community Outreach and Neighborhood Services, Sustainability, Resilience and Code Enforcement, as well as public gathering space, are also planned as part of the overall development of the Lake Bradford Road site. Including these amenities around a new fire facility would complement the neighborhood improvement and placemaking efforts of citizen groups in the Bond, Callen, Providence, and other neighborhoods.

On March 24, 2021, the City Commission approved the Evaluation Committee's recommendation to award RFQ-028-21-CC for architectural services to the highest ranked firm, Architects Design Group. The contract is currently in negotiation and once executed, the spatial needs assessments with the affected City Departments will begin. Following completion of the spatial needs-assessment, master planning, and conceptual design, a construction contractor will be competitively selected for demolition and construction related services.

This project is programmed in the five-year capital plan to be funded with Future Capital Bonds and will require long-term debt financing that will be repaid through debt service payments from the Fire Services and General funds over multiple years.

#### Kleman Plaza Garage

Over the past several years, Facilities Management staff has observed evidence of water intrusion within the Kleman Plaza Garage structure. This evidence included, but was not limited to, seepage through and down walls, roofs and ceilings, standing water, recurring leaks, stains, settlement, spalling, cracking, mineral deposits and concrete masonry unit failure. Staff has, to the best of their ability, attempted to correct these issues through temporary solutions such as water diversion, gutters, and waterproofing, however the cumulative impact of these issues requires planning for a major rehabilitation of the structure.

In 2019, staff commissioned a detailed study of the garage structure by Hoy Stark Hagan to assess and address the issues more thoroughly. Hoy Stark Hagan is a local architectural firm with experience in large commercial parking garage repair, including the adjacent and ongoing work at the Florida Capitol complex garage.

Among other concerns, on the Plaza level, the Hoy Stark Hagan Architectural Assessment revealed paver settlement, underdrain depression, tree root infiltration, failure of the waterproofing membrane and lack of adequate drainage. Additional problems identified throughout the structure included wall cracking, failure of subterranean waterproofing, mildew, settling, and water entry into sensitive areas such as electrical and mechanical rooms.

The Final Assessment Report was received in September 2020. The Opinion of Probable Cost estimates the repair costs to be approximately \$25 million, and with an estimated time to complete the required repairs of three to four years.

An RFQ for architectural design services is being finalized and will be released around May 2021. The RFQ Evaluation Committee has already been approved. Once the architectural design services are awarded and complete, a construction contractor will be competitively selected to perform the repair work. As with the other large capital projects planned in the next several years, debt financing will be the funding source for this project.

## Utilities Master Planning

### Electric and Gas

Electric and Gas continue their long-term programs of system expansion, system modernization and upgrades. During FY20 and FY21, E&G completed several major projects including:

- Began the development of the Clean Energy Plan.
- Began the site review and selection process for the pilot EV charging stations.
- Completion of the Replacement Generation project that resulted in the addition of 118 MW of clean and efficient reciprocating engine/generators at the Hopkins station and at the BP12 substation. This project came in slightly less than \$6 million under the budgeted amount and provides for enhanced reliability and fuel efficiency to support electric system operations. A total of 132 MW of older less-efficient generating units were retired because of this project.
- Continuation of the enhanced tree trimming program. This program expands the distribution line tree trimming from 4 to 6 feet to 8 to 12 feet to increase reliability to the City's electric customers.
- Continuation of buildout of new service facilities to electric and gas customers.
- Major preventative maintenance inspections on Purdom Unit 8 and Hopkins Unit 2, the City's two largest generating units. These are once every six- to eight-year inspections.
- Completion of the E&G Logistics Facility to provide for mutual aid events during major storm restoration efforts.
- Talquin Rebuilds: The City has purchased some older Talquin facilities within the City's electric service territory. These facilities are being upgraded and refurbished to meet the city's electric design standard to enhance reliability and access.
- Underground refurbishment: Older underground electric distribution facilities are being refurbished. This is to ensure continued reliable service to the City's electric customers.

For FY22, E&G expects to continue the same focus on new customer expansion, system modernization and upgrades. There are no major new projects identified in the E&G plans for FY22. Work will continue on enhanced tree trimming, Talquin facility rebuilds, Underground refurbishment, and support for customer expansion. Construction of the EV pilot stations are expected to commence in late 2021 or early 2022.

### Underground Utilities

The Underground Utilities capital program is developed through long-range master planning to provide the necessary infrastructure for reliable clean drinking water, exceed regulatory requirements for the treatment of water and wastewater, and to protect the environment from stormwater run-off pollutants entering the aquifer.

The Water and Sewer Master Plans are updated every five years per the Leon County/City of Tallahassee Water and Sewer Agreement. The updates are currently being completed and will be presented to the City Commission in FY21. The updates include a review of the existing water and sewer system infrastructure, an update to their respective models, review of system capacities,

and projected flows through a 20-year planning horizon. The Water and Sewer Master Plan CIP serves as a planning tool and is not intended to be used as a mandate to construct projects. The City will monitor growth within the community and may need to adjust the CIP schedule and timing as growth occurs, and as dictated by economic feasibility and available funding.

The Wastewater Treatment Master Plan is also being completed this year and will serve as a roadmap for the next 20 years. Individual projects will be identified in the Wastewater Treatment Master Plan to ensure continued operation of the wastewater treatment facilities, as well as improvements to capacity and efficiency of these systems. It will analyze upcoming regulation changes, existing flows and loads, analysis of the biological treatment, solids handling, nutrient removal, energy resource management, asset management, future staffing needs and to ensure facility capacity for future growth.

Using these master plans as the overall guidance for capital programs and planning for the ongoing capital maintenance of existing utility infrastructure, the five-year CIP incorporates timely replacement of infrastructure assets such as water mains, elevated storage tanks, sewer pump stations, and drainage facilities, and anticipates growth due to redevelopment and expansion in the county franchise area, major main extensions, new water supply wells, and increased capacity as needed. Proactive planning also incorporates utility planning into the street resurfacing program to prevent unnecessary repairs on newly paved roads.

UUPI is in the process of developing the Tallahassee Master Plan – Surface Water (TMaPS). The master plan will help guide the City's efforts in improving surface water quality. The voter approved 2020 Penny Sales Tax is projected to provide the City with \$42.5 million over a period of 20 years (2020-2039) for water quality and stormwater improvements. The Tallahassee Master Plan – Surface Water (TMaPS) will provide guidance in the use of the City's share of the water quality sales tax. The surface water master plan will evaluate available water quality data and information for specific waterbodies within the major drainage basins of Lake Munson, Lake Lafayette, and Lake Jackson, along with Wakulla Spring and Lake Talquin. The master plan will identify areas of additional necessary study and provide a review of the City's existing regulatory structure related to surface water quality. In addition, a list of recommended projects to improve surface water quality will be developed for implementation. It is anticipated that the master plan will be complete in 2023.

#### Aviation

Aviation's capital development is guided by their master plan, created with the objective of optimizing operational efficiency, effectiveness, capability, and safety at Tallahassee International Airport while enhancing economic and social value to meet needs over the next 20 years, integrating the City's vision of sustainability in business, the environment, and the community. The airport will continue to seek grant funding from entities such as the Federal Aviation Administration (FAA) and Florida Department of Transportation (FDOT) and outlining projects in the Master Plan helps secure these grants to apply to capital development.

The plan highlights the path forward to capitalize on opportunities for TLH to grow as a broader facility for air travel, business development, and trade. The master plan emphasizes goals in line with the City's sustainability plan (GreenPrint), five-year strategic plan, and the environmentally- and financially-conscious strategies from the FAA and FDOT.

The following capital projects are essential in the near-term to the goals of TLH:

- Rental Car QTA Service Facility - This project will provide for the construction, construction administration and resident project representative services required to develop a rental car quick turnaround facility. This project will also include the associated rental car wash and fueling facilities necessary to accommodate current and future demand. Project is in design, which is anticipated to be complete in Q2 2021. Project construction is anticipated to begin in Q1 2022 and be completed in 2023.
- Taxiway Bravo Rehabilitation - Project includes the design, engineering, permitting, construction, construction administration and resident project representative services for the purposes of rehabilitation of pavement and lighting for Taxiways Bravo and Charlie and also realigning any associated connectors that do not meet current safety standards. Project is currently in the planning stages with design anticipated to begin in 2022.
- International Passenger Processing Facility - This project is to provide design, engineering, permitting, construction, construction administration and resident project representative services for development of a Terminal Expansion that incorporates a U.S. Customs and Border Protection (CBP)–Approved International Passenger Processing Facility / Federal Inspection Station (FIS) in accordance with CBPs Airport Technical Design Standards (ATDS). Project is in design which is

anticipated to be complete in Q2 2021. Project construction is anticipated to begin in Q1 2022 and be completed in 2024. Project is contingent upon funding availability.

## **Capital Funding and Financing**

These major projects and ongoing capital investments in public infrastructure will impact the City's economic development, quality of life and public safety for decades into the future. They will enrich the community and impact all citizens. An integral part of accomplishing this ambitious capital program is the financial planning that ensures resources are available for cash needs at the right time and with the right mix of funding.

General government capital projects are typically funded through four main sources that include the transfer from general fund to the General Government Capital Project Account (GGCPA or Capital Fund 300), bond proceeds, and special revenue funding from Gas and Sales Tax. These capital revenue sources fund the governmental portion of the five-year Capital Improvement Plan (CIP). Each of these sources differs by what restrictions may be placed on their use, the availability of the funds over time and, for bond issuance, the capacity of the fund to take on debt and the availability of ongoing income to pay debt service.

## ***Bonds and Debt***

Debt financing is an important component in the mix of funding sources used for capital investment, as it serves to spread the cost of capital assets over the period that they will provide services, and therefore spreads the cost to all the citizens who benefit from the project for its useful life. Debt is also key to meeting cash flow needs that vary significantly between planning and engineering to construction phase. The key is to balance the use of cash and debt to maximize the City's capacity to fund needed infrastructure and assets, while working within a prudent financial plan that preserves bond ratings and appropriate reserves.

Briefly summarized, the purpose of the general government's long-term debt financing plan is to:

- Review the current five-year plan for capital expenditures to identify cash flow needs.
- Project available cash by estimated related revenue sources.
- Analyze the balance of cash to debt financing needs.
- Identify bond eligible projects for future Capital Bonds.
- Evaluate the available capacity for additional indebtedness and increased debt service payments.

## ***Timing of Financing and Project Cash Needs***

Timing is also a critical component of capital financing as we balance expected cash needs of the project in its development and planning with the need to have substantial debt proceeds available as the project ramps up to the construction phase. Tax-free bonds also have restrictions related to the authorization and reimbursement of expenses for the project.

## ***Debt Capacity***

The City's capacity to take on new debt must be considered as part of the financing plan as well. Capacity considers the income received to fund debt service and the amount of debt service already incurred. As bonds and loans are paid off, additional capacity is available without a significant increase in revenue. Additional income may be required if debt service increases in total, as creditors will look to certain ratios of income to debt as part of their financing decision. Retaining appropriate reserves is an additional factor for debt capacity.

The general government's capacity for future bonds is contingent on (1) the borrowing capacity supported by estimated pledged revenues and (2) the capacity of cash flows from governmental revenue sources to support debt service payments.

Currently, the general fund has combined short-term and long-term debt service of \$9.7 million annually through FY22, decreasing in the out years as obligations reach their maturity. As obligations mature, the lowered debt service in future years will result in the ability of the general fund to take on additional debt service as part of an overall financing plan.

## ***Refunding Opportunities***

The 2012 and 2014 Capital Bond series will be callable on October 1, 2022 with a balance of \$37 million in outstanding principal. If refunded for a longer term, additional funds could be borrowed at a lower payment, which would produce an opportunity for

increased capacity in capital financing. As a result, this refunding could help replenish the General Government Capital Projects Account (GGCPA) transfer lost from the introduction of new debt service.

### *Pledge and Repayment*

The commitment to annual debt service payments is met from operating or special revenue funds. In the case of the Fire Station at Lake Bradford, the debt would be an obligation, or pledge, of the Fire Services Fund. As an enterprise fund, the Fire Services fund generates revenues which will repay planned debt service.

For general government debt, creditors consider the income from the Local Government Half-Cent Sales Tax, the Guaranteed Entitlement Revenues (a portion of State Revenue Sharing), the Local Communications Services Tax, and Public Service Taxes. These income streams are the “collateral” for the debt; however, the annual debt service payments can be made from this or other operating or special revenue funds if the projects funded fit the requirements of the funding source.

As we consider the best mix of financing and funding sources for the capital program, the capacity of each fund to repay their share of the annual debt service must be adequate while still providing cash funding for capital items that are not bondable. Other funds that can be considered to fund cash or financing options are discussed below.

### **Sales Tax**

January 1, 2020 marked the beginning of the 2020 Sales Tax Extension. Based on initial projections over 20 years, the City’s 10% share is estimated at \$76 million. Proceeds from the prior 2005 extension have been used for prior and current projects as the Gaines Street redevelopment, FAMU Way, the Weems Road Extension, Southeast Park, roadway repaving and improvements, sidewalks, pedestrian and street safety and other improvements throughout the City. In total, the Sales Tax will provide funding over the next 20 years for large priority projects such as the New Senior Center and FAMU Way Phase IV, along with gap funding as needed for roads, streets and sidewalks, as well as other projects developed to achieve Strategic Plan goals for facilities and infrastructure.

### **Gas Tax**

The Gas Tax fund is a special revenue designated for supplementing public transit operations, street construction and resurfacing, and other capital improvements. Although the five-year capital plan currently uses the available capital funding for a portion of the Street Resurfacing Program, this project has not been classified as bond eligible because it is maintenance-related for City streets. Historically, portions of major roadway improvement projects (e.g. FAMU Way) have been supplemented using Gas Tax revenues for capital expenditures and debt service. Bond eligible projects funded from Gas Tax would result in the use of the recurring revenue for debt service.

### **Transfers from General Fund**

In addition to funding \$9.7 million in debt service payments annually, the General Fund has provided a cash transfer for capital projects to its General Government Capital Projects Account (GGCPA). The availability of cash funding is important because not all capital expenditures are eligible for borrowing, and because cash set aside for capital provides a better mix of funding, provides funding that is not restricted to certain uses and is part of a well-rounded capital financing plan. The target for annual funding for capital from the General Fund is \$4.3 million. In FY21 \$3.3 million was transferred from the General Fund and available undesignated capital funds from completed projects provided additional funding to meet cash funding needs. For FY22, the target for cash funding from the General Fund is again \$4.3 million.

May	19	Budget Workshop - Q2 Update, ARP Update, CIP Overview
June	1	TRIM Preliminary Total Valuation amounts for COT, DIA, CRAs
July	1	Certified Property Appraiser's Ad Valorem Value DR-420 received
July	7	Budget Workshop - FY22 Operating & CIP Budget Proposed, Approve Tentative Millage Rate, Q3 Update
September	8	FY22 Budget Adoption 1st Hearing
September	22	FY22 Budget Adoption Final Hearing

### **Next Steps**



Over the next several months, capital financing and project funding will be reviewed and balanced with available funds based on priority and timing. The updated FY22-FY26 CIP will be presented at the Commission Workshop on July 7 with the FY22 Operating Budget. Below is a schedule of next steps for financial and budget updates.

By approval of this agenda item, the Commission is asked to accept the approach and assumptions presented here, as well as provide feedback as needed.

### Options

Option 1 – Accept second quarter update, approve amendments as presented and provide feedback related to the recommended ARP Program Funding Summary and CIP update.

Option 2 - Provide alternate direction.

### Attachments:

Attachment A – Quarterly Update by Fund

Attachment B – Recommended ARP Program Funding Summary

Attachment C – Policy 218 Update – Capital Projects Management

Attachment D – Line Item Budget

Attachment E - Presentation

[Attachment A - Second Quarter Update.pdf \(546 KB\)](#)

[Attachment B - Recommended ARP Program Funding Summary.pdf \(59 KB\)](#)

[Attachment C - Policy 218 - Capital Project Management.pdf \(441 KB\)](#)

[Attachment D - Line Item Budget.pdf \(17,683 KB\)](#)

[Attachment E - Presentation.pdf \(3,350 KB\)](#)