

INTEROFFICE MEMORANDUM

June 04, 2012

MEMO TO: J. Russell Allen
City Manager

FROM: Stephen C Bentley, Capital Improvement Program Manager

SUBJECT: Budget Note 1 – Capital Improvement Program (CIP) Summary

Overview of the Capital Improvement Program

The city's capital improvement program analyzes major facility and equipment needs, establishes priorities, estimates fiscal resources, and schedules the development of funded projects. For the purpose of the five-year Capital Improvement Program (CIP), capital projects are generally defined as fixed assets with a useful life greater than ten years and with a cost of greater than \$25,000. The CIP is one element in the city's long-term planning process, serving as a bridge between the city's Comprehensive Plan and short-term planning for infrastructure and operations.

The Capital Improvement Program (CIP) for the City of Raleigh, spanning fiscal years 2012-13 through 2016-17, is categorized into eight (8) areas:

1. General Public Improvements
2. Public Utilities
3. Stormwater Utility
4. Transportation
5. Parks and Recreation
6. Housing
7. Conventions Center and Performing Arts Facilities
8. Information Technology

The format of the FY13 CIP document has changed from prior years. This new CIP document format represents two major categories of projects. The first category is "**Funded**" projects. This includes projects "recommended" for funding by the City Manager. These projects are funded by both existing cash and debt resources or are "proposed" to be funded by new resources including additional debt financing. Projects that are currently recommended to be funded by additional debt financing are marked with an asterisk (*) and bolded in the tables of the CIP document. These projects are also shown in the Budget Note #4 on the "General Debt Model". Upon adoption of the Council Resolution for the capital improvement program, only the FY13 projects in the "**Funded**" category are approved.

The second major category is "**Unfunded**" projects. These projects have been reviewed by the departments and the City Manager during the CIP budget development process. With limited resources available and a thorough prioritization process completed it is recommended these projects remain unfunded. Annually projects will be reviewed and prioritized. These projects could be added to future capital improvement programs. Projects included in the "**Unfunded**" category will not be a part of the Council Resolution for adopting the capital improvement program.

FY13 Capital Improvement Program Highlights

The CIP budget for fiscal year 2013 totals \$167,768,481. The focus of FY13 CIP is on taking an incremental approach to addressing our deferred capital project needs while balancing them against our continued demands for growth related capital projects. Below is an overview of the major projects in eight areas:

General Public Improvements: The primary focus of the FY13 general public improvements program, (\$10,997,000) is on addressing capital maintenance and replacement of general government and public safety facilities. Specifically recommended is the replacement of two fire stations (#12 on Poole Road and #14 on Lake Boone Trail) and acquiring land for the future replacement of Fire Station #3 (South East Street) and a new Fire Station #30 (location to be determined). The fire station and land acquisition projects are recommended to be incrementally funded over the next three fiscal years by new debt financing. The impacts on the general debt model are demonstrated in Budget Note #4.

Public Utilities: The \$101,000,000 Public Utilities capital improvement program continues its integrated investments in our water and sewer system. Over 65% of the FY13 programs are investments into upgrades, improvements and maintenance of our wastewater system.

Stormwater: The FY13 Stormwater capital improvement program continues the City's commitment to address water quality and stormwater drainage. The FY13 program total \$4,915,000 in projects, with \$2,265,000 dedicated to system repairs.

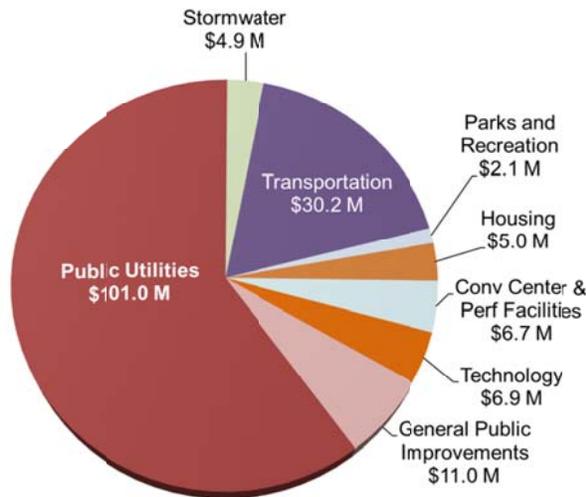
Transportation: The city continues its investments in transportation infrastructure in FY13 by implementing the 2011 Transportation Bond Referendum projects. The FY13 Transportation CIP totals \$30,246,520, of which \$21,970,000 is funded by 2011 bond proceeds.

Parks and Recreation: The Parks and Recreation CIP for FY13 totals \$2,070,000. The primary focus areas in FY13 are deferred capital maintenance and planning projects. The proposed five-year plan shows anticipated needs of a bond referendum in FY14 for capital maintenance and development projects.

Housing: The FY13 Housing capital improvement program has a broad array of proposed investments. FY13 focuses on the Joint Venture Rental program, First Time Home Ownership and the 2011 Tornado Assistance program. The FY13 Housing CIP totals \$5,000,000.

Convention Center and Performing Arts Facilities: The FY13 CIP recommends the implementation of two major capital maintenance studies completed for the Raleigh Convention Center and the Progress Energy Center for the Performing Arts. Funding for the implementation of the Raleigh Convention Center capital improvements, contingent upon City Council and Wake County Board of Commissioners approval, will come from interlocal tax funds (hotel and restaurant tax proceeds). Substantial capital maintenance improvements are needed at the Performing Arts Center. This CIP recommends new debt-financing over the next three fiscal years to address these needs. Also included in this program are capital projects for both the Walnut Creek Amphitheater and Raleigh Amphitheater. The FY13 capital improvement program for this area totals \$6,672,761. If the City Council and Wake County Board of Commissioners approve funding for the Convention Center, \$3,853,850 will be added to the capital program in FY13. The impacts on the general debt model are demonstrated in Budget Note #4.

Technology: The FY13 Technology CIP totals \$6,867,200. Major technology initiatives being funded in FY13 include new Land and Content Management Systems as well as our continued investment into the SONET program that will forward our development of fiber infrastructure connecting city facilities.



Funded Projects by Capital Area

Capital Area	FY 2013
General Public Improvements	\$ 10,997,000
Public Utilities	\$ 101,000,000
Stormwater	\$ 4,915,000
Transportation	\$ 30,246,520
Parks and Recreation	\$ 2,070,000
Housing	\$ 5,000,000
Conv Center & Perf Facilities	\$ 6,672,761
Technology	\$ 6,867,200
Total Expenditures	\$ 167,768,481

Additional Capital Improvement Program Initiatives

Two additional major initiatives are currently underway that will impact our capital improvement program over the next several years. The first is our continued commitment to implementing our remote operations facilities. The City Council has approved the budgets for the remote operations facilities in prior capital improvement plans but, to this point, has deferred final approval of the debt-financing plan for a majority of the projects. The first phase of the northeast remote operations facilities has been funded and is currently under design and expected to be bid in the summer of 2012. The next priority is the downtown remote operations center. This facility is currently in the preliminary design phase and currently no funding exists for construction. This facility is going to be located at the corner of Raleigh Blvd. and Westinghouse Blvd.

The second initiative is the proposed Critical Public Safety Facility. Recently the Council approved the design services for the proposed Critical Public Safety Center. This continues to be a priority for the city as we have surpassed our capacity in our current Raleigh Municipal Building location for Emergency Communications Center (ECC) and Emergency Operations Center (EOC). The proposed location for the facility is Raleigh Blvd. across the street from the Downtown Remote Operations Center.

The impacts of both of these proposed projects on the general debt model are demonstrated in Budget Note #4.