

## **Purpose of the Capital Improvements Program**

This section provides detailed information on the County's Capital Improvements Program (CIP). Included in this section is the description and available funding for existing capital projects that have been financed through previous bond issues, capital outlay notes, commercial paper, grants and/or the General Fund.

An effective CIP is an important tool to promote advanced planning for future needs and the means to meet them. As a planning tool, the CIP helps to ensure that land acquisitions and construction projects are coordinated and well timed to avoid unnecessary or costly duplications. Also, since the CIP is reviewed and updated on an annual basis, long-range needs can be adjusted to reflect changing circumstances or priorities.

Capital improvement projects are defined as infrastructure or equipment purchases or construction that results in a capitalized asset with a useful life (depreciable life) of 15 years or more. Minor capital outlays with a useful life of less than 15 years will be included with the Capital Outlay Operating Budget and are adopted as part of the annual budget process.

As a financial plan, the CIP represents land acquisition and facility planning in an environment of fiscal constraint in several ways. First, projects under consideration are evaluated annually against one another to assure that only priority projects receive funding. Second, essential improvements are planned in a manner commensurate with the County's ability to pay for them. As growth continues, the CIP will help the County avoid costly crisis expenditures of dollars that could dramatically increase the tax rate. Finally, the CIP attempts to take into account not only the construction costs of completing a capital project, but also the impact on the County's operating budget in subsequent years.

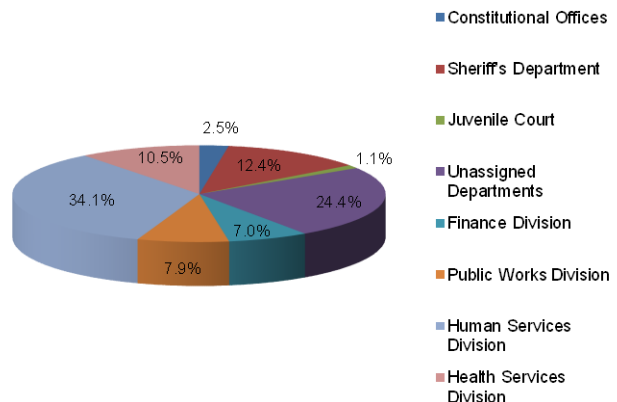
## **The CIP Process**

Each year the County updates its long-range CIP plan. As part of the CIP process, the County departments and the Department of Education are asked to review and prioritize their capital needs. They submit CIP requests, including project justifications and cost estimates, to the Finance Division to be reviewed for cost effectiveness, affordability and demonstrated need. The approved capital outlay budget funded by the General Fund is adopted as part of the Operating Budget for the coming year. The capital improvements funded by General Obligation Bonds or Notes are formally adopted by the County Commission when the Bond Resolution is approved. The CIP is funded each year from a variety of sources including debt proceeds, County appropriations and Federal and State aid are set forth below. Since departmental needs often change over time, the CIP is considered preliminary and subject to change by the County Commission for a given fiscal year, therefore any future capital improvement requests, not formally adopted by the Board of Commissioners, are not presented in this CIP budget document. A graph of capital outlay funded by the general fund is presented on the follow page as Exhibit 1. Schedules of revenues by source and expenditures by activity are also presented in this section as Exhibit 2 and Exhibit 3, respectively.

### **Exhibit I**

#### **FY 2011 General Fund Capital Outlay Appropriations:**

|                          |                     |
|--------------------------|---------------------|
| Constitutional Offices   | \$ 112,400          |
| Sheriff's Department     | \$ 547,760          |
| Juvenile Court           | \$ 48,875           |
| Unassigned Departments   | \$ 1,077,735        |
| Finance Division         | \$ 308,500          |
| Public Works Division    | \$ 349,950          |
| Human Services Division  | \$ 1,507,641        |
| Health Services Division | \$ 464,650          |
|                          | <u>\$ 4,417,511</u> |



The following exhibit includes revenue sources allocated to the capital improvements program for four fiscal years. Capital Improvement requests are appropriated when funding is available.

## Exhibit II

| Revenue Source               | Actual<br>2008    | Actual<br>2009     | Projected<br>2010 | Available<br>2011 | Inc/(Dec)           |
|------------------------------|-------------------|--------------------|-------------------|-------------------|---------------------|
| General Fund                 | 3,043,626         | 3,280,922          | 4,724,906         | 4,417,511         | (307,395)           |
| Intergovernmental            | 7,099,099         | 59,801,482         | 1,690,636         | -                 | (1,690,636)         |
| Charges for Current Services | 270,429           | 254,469            | 251,813           | -                 | (251,813)           |
| Investment Earnings          | 2,100,254         | 398,542            | 162,438           | -                 | (162,438)           |
| Miscellaneous                | 238,039           | 360,174            | 909,691           | -                 | (909,691)           |
| Proceeds from Sale of Land   | 284,250           | 129,698            | 1,435,488         | -                 | (1,435,488)         |
| Issuance of GO Bonds         | 101,493,337       | 32,190,409         | 8,646,062         | -                 | (8,646,062)         |
| Commercial Paper             | -                 | 21,398,873         | 27,090,224        | 46,745,714        | 19,655,490          |
| Use of Fund Balance          | (18,707,251)      | 658,264            | 6,482,868         | (15,198,085)      | (21,680,953)        |
|                              | <u>95,821,783</u> | <u>118,472,833</u> | <u>51,394,126</u> | <u>35,965,140</u> | <u>(15,428,986)</u> |

The budgeted expenditures below are presented by activity.

## Exhibit III

| Expenditures                          | Actual<br>2008    | Actual<br>2009     | Projected<br>2010 | Available<br>2011 | Inc/(Dec)           |
|---------------------------------------|-------------------|--------------------|-------------------|-------------------|---------------------|
| Administration                        | 2,036,546         | 6,702,607          | 413,521           | 898               | (412,623)           |
| Emergency Medical Services            | 496,953           | 607,092            | 949,880           | 535,000           | (414,880)           |
| Engineering                           | 125,571           | 45,593             | 87,101            | 741,937           | 654,836             |
| Enterprise South                      | 2,259,263         | 61,890,558         | 14,301,419        | 18,186,734        | 3,885,315           |
| Equipment                             | 1,631,937         | 1,153,112          | 1,330,337         | 1,016,010         | (314,327)           |
| Furniture & Fixtures                  | 69,790            | 181,603            | 16,800            | 18,400            | 1,600               |
| Highway                               | -                 | 180,182            | 40,574            | 175,500           | 134,926             |
| Highway 58 Fire Station               | 36,106            | 246,241            | -                 | -                 | -                   |
| Incubator - Business Development Ctr. | -                 | -                  | -                 | 2,772,958         | 2,772,958           |
| Industrial Parks                      | 240,348           | 1,196,949          | 3,407,059         | -                 | (3,407,059)         |
| Land Improvements                     | 354,300           | 578,598            | 934,909           | 995,939           | 61,030              |
| Maintenance                           | 43,324            | 109,505            | -                 | 155,500           | 155,500             |
| Records Storage Expansion             | 352,588           | 258,312            | 1,996,368         | -                 | (1,996,368)         |
| Recreation                            | 421,472           | 469,298            | 800,772           | 6,503             | (794,269)           |
| Renovations                           | 3,170,108         | 2,069,904          | 1,414,157         | 2,584,840         | 1,170,683           |
| Riverpark                             | 16,213            | 6,039              | 76,237            | 782,502           | 706,265             |
| Schools                               | 80,904,133        | 40,495,222         | 24,052,968        | 818,144           | (23,234,824)        |
| Sheriff                               | 742,747           | 549,312            | 944,681           | 547,760           | (396,921)           |
| Silverdale CCA Expansion              | 2,558,215         | 1,411,122          | -                 | -                 | -                   |
| Social Services                       | 94,200            | 129,090            | 50,000            | 50,000            | -                   |
| Volunteer Services                    | 267,969           | 192,494            | 577,343           | 258,752           | (318,591)           |
| Unallocated                           | -                 | -                  | -                 | 6,317,763         | -                   |
|                                       | <u>95,821,783</u> | <u>118,472,833</u> | <u>51,394,126</u> | <u>35,965,140</u> | <u>(21,746,749)</u> |

## Current Capital Improvements Projects

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Listed below are the uncompleted projects that have been adopted in the General Fund or have been approved by bond resolutions. The programs are funded either by 1) General Fund appropriations for Capital Outlay from the operating budgets FY 2010 and FY 2011, 2) General Obligation bonds, or 3) Commercial Paper (issued or available for short-term borrowing). Those projects funded by the General Fund, sale of land or special fees are allocated when funds are available and special needs have been established. Each project description reflects capital funds available for FY 2010, estimated expenditures for the projects during 2010 and capital funds available for the completion of the project. Any increases to total available funding for FY 2011 are a result of the FY 2011 General Fund Capital Outlay or the reallocation of current bond funds available for capital improvements. The available funding for FY 2011 projects for Hamilton County and the Department of Education is \$36 million.

### Administration Costs

Funding Sources: Bond Funds/Commercial Paper  
The Administration Cost of Bond Issuances and maintenance costs are presented in this section.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 407,166                       | 406,268                             | 898                           |

Future impact on the General Fund: N/A

### County Commission

Funding Source: Bond Funds/General Fund  
The general fund appropriates discretionary funding for County Commissioners. Funds are primarily used for land improvements and miscellaneous equipment.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 60,000                        | 60,000                              | -                             |
| Gen Fund              | 1,870,848                     | 874,909                             | 995,939                       |

Future impact on the General Fund: N/A

### Emergency Medical Services

Funding Source: Bond Funds/General Fund  
Bond Funds allocated provided for a storage building for the hazardous material vehicles. General Fund appropriation provides for two new ambulances and remounts, two replacement supervisor vehicles, ten digital 800 MHTZ radios, and miscellaneous training equipment.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 23,667                        | 23,667                              | -                             |
| Gen Fund              | 1,461,213                     | 926,213                             | 535,000                       |

Future impact on the General Fund: Through the conservative replacement of vehicles, within this department, maintenance cost has remained constant for the last four fiscal years in spite the other rising costs of operations.

### Engineering

Funding Sources: Bond Funds/General Fund  
Bond funding is for road work on Apison Pike, Daugherty Ferry, and Daisy Dallas Road. General Fund appropriation is allocated to replace four computers. Scheduled for completion by FY 2013.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 823,838                       | 87,101                              | 736,737                       |
| Gen Fund              | 5,200                         | -                                   | 5,200                         |

Future impact on the General Fund: N/A

### Enterprise South

Funding Sources: Bond Funds – Commercial Paper / General Fund

The Enterprise South projects include infrastructure development for the Volkswagen AG plant, construction of a new training center to prepare employees for employment at major industrial park companies, railroad improvements, environmental remediation and various other infrastructure developments. The General Fund appropriation provides fund for the purchase of a ranger vehicle. Scheduled for completion by FY 2013.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 32,392,653                    | 14,230,919                          | 18,161,734                    |

Future impact on the General Fund: N/A

### Equipment

Fund Sources: General Fund

The General Fund allocations include the replacement vehicles, highway truck replacements, emergency services fire equipment, computer software and licenses and miscellaneous computer upgrades and replacements.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 204,514                       | 204,514                             | -                             |
| Gen Fund              | 2,141,833                     | 1,125,823                           | 1,016,010                     |

Future impact on the General Fund: N/A

### Highway

Funding Source: General Fund

The General Fund appropriation includes the purchase of a salt brine processing system with applicator tanks, one tandem axle dump truck and one pickup truck.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 40,574                        | 40,574                              | -                             |
| Gen Fund              | 175,500                       | -                                   | 175,500                       |

Future impact on the General Fund: N/A

### Incubator

Fund Source: Bond Funds

The bond funds provide for the relocation on the Business Development Center. Scheduled for completion by July 2011.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 2,772,958                     | -                                   | 2,772,958                     |

Future impact on the General Fund: N/A

### Industrial Development Projects

Fund Source: Bond Funds

The Industrial Development Projects include funding for the purpose of developing land to encourage commercial, industrial and manufacturing enterprises to locate within the boundaries of Hamilton County.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Bonds                 | 3,346,059                     | 3,346,059                           | -                             |
| Gen Fund              | 61,000                        | 61,000                              | -                             |

Future impact on the General Fund: N/A

### Maintenance

Funding Source: General Fund

The appropriation includes the purchase of a replacement chiller and cooling tower and the replacement of four vehicles.

| <b>Funding Source</b> | <b>Total Available FY2010</b> | <b>Estimated Obligations FY2010</b> | <b>Total Available FY2011</b> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Gen Fund              | 155,500                       | -                                   | 155,500                       |

Future impact on the General Fund: N/A

### Miscellaneous Projects

Funding Source: Bond Funds/General Fund

Bond funds provide for miscellaneous renovations to county properties and capital funding for Fortwood Center.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Bonds                 | 6,317,763                         | -                                       | 6,317,763                         |
| Gen Fund              | 142,453                           | 74,053                                  | 68,400                            |

Future impact on the General Fund: N/A

### Record Storage Expansion

Funding Sources: Bond Funds

The appropriation provided funding for the 35,000 square foot expansion of the Dayton Boulevard Microfilm location with furniture and fixtures.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Bonds                 | 1,996,368                         | 1,996,368                               | -                                 |

Future impact on the General Fund: Estimated annual cost for additional utilities is \$72,897.

### Recreation Projects

Funding Sources: Bond Funds

Bond funds will help with improvements on playgrounds, neighborhoods, and recreational facilities.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Bonds                 | 787,275                           | 780,772                                 | 6,503                             |
| Gen Fund              | 115,500                           | 90,500                                  | 25,000                            |

Future impact on the General Fund: N/A

### Renovations

Funding Sources: Bond Funds/General Fund

Bond funds projects include renovating the County Courthouse located in downtown Chattanooga. The funding also provides for updated communication technology facilities in the court rooms along with renovation of the existing structure and furnishings. The General Fund appropriation includes refurbishing of 3<sup>rd</sup> Street Building, purchase of an HVAC unit at Sequoyah, replacement of a boiler at 3<sup>rd</sup> Street building, and the replacement of a truck's lift gate. Scheduled for completion by May 2011.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Bonds                 | 3,593,613                         | 1,383,773                               | 2,209,840                         |
| Gen Fund              | 405,384                           | 30,384                                  | 375,000                           |

Future impact on the General Fund: Renovations are expected to have an impact on utility costs, however, savings is difficult to calculate due to fluctuating utility costs in general.

### Riverpark

Funding Source: Bond Funds - Commercial Paper / General Fund

Bond Funds have been allocated for the construction of the Riverwalk/fishing pier. General Fund appropriation is for the Riverpark Trail Extension (matching grant), one ranger vehicle, purchase of computer software, and the replacement of existing caulking on facilities.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Bonds                 | 579,289                           | 56,237                                  | 523,052                           |
| Gen Fund              | 279,450                           | 20,000                                  | 259,450                           |

Future impact on the General Fund: N/A

## Sheriff

### Funding Sources: General Fund

Funds have been allocated for renovation of jail cells and other common areas in the jail facilities. The Sheriff's Department is planning to replace vehicles, law enforcement equipment, office and computer equipment, laptops, and upgrade servers and software license.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Gen Fund              | 1,492,441                         | 944,681                                 | 547,760                           |

Future impact on the General Fund: The annual cost of the additional vehicles would be the responsibility of the Sheriff's Fund and any increase in the General Fund appropriation is allocated based on available funding for all pay as you go capital funding in the General Fund.

## Volunteer Services

### Funding Source: General Fund

Hamilton County provides partial funding to fire and rescue agencies for fuel, utilities, tires and equipment.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| Gen Fund              | 836,095                           | 577,343                                 | 258,752                           |

Future impact on the General Fund: Annual appropriation estimated to remain constant at \$258,752

## Hamilton County Department of Education – School Construction

### Funding Source: Commercial Paper

The appropriations for schools is for the purchase of land, construction and capital maintenance and repairs for the Hamilton County Schools.

| <b>Funding Source</b> | <b>Total Available<br/>FY2010</b> | <b>Estimated Obligations<br/>FY2010</b> | <b>Total Available<br/>FY2011</b> |
|-----------------------|-----------------------------------|---|-----------------------------------|
| C.P.                  | 24,871,112                        | 24,052,968                              | 818,144                           |

Future impact on the General Fund: None, the annual cost of operating schools is the responsibility of the Department of Education.