

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.

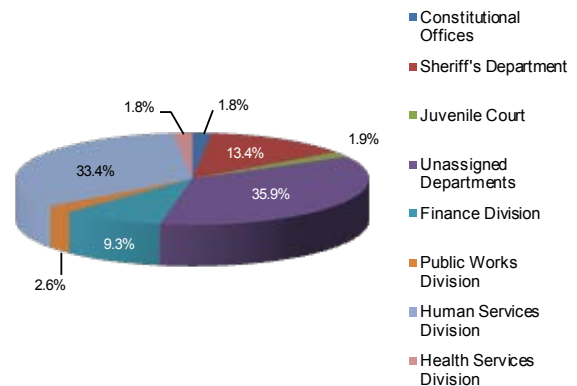
The CIP Process

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 2012 General Fund Capital Outlay Appropriations:

Constitutional Offices	\$ 59,000
Sheriff's Department	\$ 451,814
Juvenile Court	\$ 62,537
Unassigned Departments	\$ 1,210,502
Finance Division	\$ 313,245
Public Works Division	\$ 87,150
Human Services Division	\$ 1,125,652
Health Services Division	\$ 60,000
	\$ 3,369,900



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 2009	Actual 2010	Projected 2011	Available 2012	Inc/(Dec)
General Fund	3,280,922	4,897,122	3,842,287	3,369,900	(472,387)
Intergovernmental	59,801,482	2,090,071	19,839,075	-	(19,839,075)
Charges for Current Services	254,469	251,813	237,139	-	(237,139)
Investment Earnings	398,542	162,438	140,966	108,974	(31,992)
Miscellaneous	360,174	1,114,164	3,965,376	-	(3,965,376)
Proceeds from Sale of Land	129,698	1,036,053	79,906	-	(79,906)
Issuance of GO Bonds	32,164,132	8,627,675	-	27,000,000	27,000,000
Commercial Paper	19,655,490	27,090,224	14,536,024	5,300,000	(9,236,024)
Use of Fund Balance	2,426,924	4,140,925	13,724,179	9,146,621	(4,577,558)
	<u>118,471,833</u>	<u>49,410,485</u>	<u>56,364,952</u>	<u>44,925,495</u>	<u>(11,439,457)</u>

The budgeted expenditures below are presented by activity.

Exhibit III

Expenditures	Actual 2009	Actual 2010	Projected 2011	Available 2012	Inc/(Dec)
Administration	6,702,607	406,286	3,494	-	(3,494)
Emergency Medical Services	607,092	950,465	514,909	430,000	(84,909)
Engineering	45,593	609,732	1,353,015	2,650	(1,350,365)
Enterprise South	61,890,558	14,230,919	12,591,632	2,306,313	(10,285,319)
Equipment	1,152,112	1,064,266	1,296,052	991,184	(304,868)
Highway 58 Fire Station	246,241	-	-	-	-
Furniture & Fixtures	181,603	16,800	18,445	2,500	(15,945)
Highway	180,182	105,946	450,553	47,000	(403,553)
Industrial Parks	1,196,949	3,346,059	13,526,458	-	(13,526,458)
Land Improvements	578,598	934,909	1,592,019	1,647,620	55,601
Maintenance	109,505	45,000	548,667	-	(548,667)
Records Storage Expansion	258,312	1,996,368	1,540,458	-	(1,540,458)
Recreation	469,298	780,369	599,054	900,914	301,860
Renovations	2,069,904	1,406,540	3,852,008	562,630	(3,289,378)
Riverpark	6,039	56,237	392,195	-	(392,195)
Schools	40,495,222	21,897,496	6,330,913	32,358,338	26,027,425
Sheriff Equipment	549,312	932,780	700,849	451,814	(249,035)
Silverdale	1,411,122	-	-	130,000	130,000
Social Services	129,090	50,000	48,923	50,000	1,077
Volkswagen	-	-	10,751,925	4,785,780	(5,966,145)
Volunteer Services	192,494	580,313	253,383	258,752	5,369
	<u>118,471,833</u>	<u>49,410,485</u>	<u>56,364,952</u>	<u>44,925,495</u>	<u>(11,439,457)</u>

Current Capital Improvements Projects

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 2011 and FY 2012, 2) General Obligation bonds, 3) Commercial Paper (issued or available for short-term borrowing), or 4) Federal, State and Local grants. 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 2011, estimated expenditures for the projects during 2011 and capital funds available for the completion of the project. Any increases to total available funding for FY 2012 are a result of the FY 2012 General Fund Capital Outlay or the reallocation of current bond funds available for capital improvements. The available funding for FY 2012 projects for Hamilton County and the Department of Education is \$45 million.

County Commission

Funding Sources: Bond Funds/General Fund

The general fund appropriates discretionary funding for County Commissioners. Funds are primarily used for land improvements. The available bond funds were allocated for land improvements for the Department of Education.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	600,128	600,128	-
Gen Fund	1,848,860	991,891	900,000

Future impact on the General Fund: N/A

Emergency Medical Services

Funding Sources: Bond Funds/General Fund

Bond Funds were used for retainage on the storage utility building for hazardous materials. The general fund appropriation provides for three new ambulances and one remount, two replacement supervisor vehicles, stretchers and back boards, and protective clothing replacement.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	34,473	34,473	-
Gen Fund	542,370	480,436	430,000

Future impact on the General Fund: Through the conservative replacement of vehicles, within this department, maintenance cost has remained at a minimal in spite of the other rising costs of operations.

Engineering

Funding Sources: Grants/General Fund

Bond funding is for road work on Apison Pike, Daugherty Ferry, and Daisy Dallas Road. Scheduled for completion by FY 2013. General Fund appropriation is allocated to upgrade four computers and purchase computer software.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Grants	1,347,916	1,347,916	-
Gen Fund	5,200	5,099	2,650

Future impact on the General Fund: N/A

Enterprise South

Funding Sources: Bond Funds/Grants

The Enterprise South projects include infrastructure development for the Volkswagen AG plant as well as site and infrastructure development for Amazon.com, Inc. The construction of a new training center to prepare employees for employment at major industrial park companies was completed in FY 2011. Major railroad improvements, environmental remediation and various other infrastructure developments are scheduled for completion by FY 2013.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	3,364,429	3,364,429	2,306,313
Grants	9,227,203	9,227,203	-

Future impact on the General Fund: N/A

Equipment

Fund Sources: Bond Funds/General Fund

Bond funds have approved for a complete software update for the Assessor of Property's office. The General Fund allocations include the replacement vehicles, emergency services fire equipment, computer software and licenses, miscellaneous computer upgrades and replacements, replacement of garbage compactor, purchase of exercise equipment, and office furniture.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	471,437	471,437	-
Gen Fund	840,203	824,615	991,184

Future impact on the General Fund: N/A

Highway

Funding Sources: Bond Funds/General Fund

Bond funds are used specifically for highway equipment with a life of more than fifteen years. The General Fund appropriation includes the replacement of two pickup trucks and two computer upgrades.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	329,840	329,840	-
Gen Fund	250,463	120,713	47,000

Future impact on the General Fund: N/A

Industrial Development Projects

Fund Source: Bond Funds/Grants/ Commercial Paper
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.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	730,166	730,166	-
Grants	8,955,265	8,955,265	-
C.P.	3,841,027	3,841,027	-

Future impact on the General Fund: N/A

Maintenance

Funding Sources: Bond Funds/General Fund

Bond funds were used for HVACs, new roofs and Chillers that have a projected life of more than fifteen years. The appropriation includes the replacement of wall tex and two clinics, minor renovation of a break room, and installation of smoke detectors.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	406,167	406,167	-
Gen Fund	521,000	142,500	-

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. The General Fund provides for capital funding for Fortwood Center, repairs to aquarium plaza arches, renovations on unit plumbing project, and the purchase of flash valves in cell toilets.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	26,410	3,494	747,620
Gen Fund	68,400	67,368	52,500

Future impact on the General Fund: N/A

Record Storage Expansion

Funding Sources: Commercial Paper

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

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
C.P.	1,540,458	1,540,458	-

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

Recreation Projects

Funding Sources: Bond Funds/Grants/General Fund
 Bond funds will help with improvements on playgrounds, neighborhoods, and recreational facilities.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	290,363	290,363	900,914
Grants	308,691	308,691	-
Gen Fund	25,000	-	-

Future impact on the General Fund: N/A

Renovations

Funding Sources: Bond Funds/Commercial Paper/General Funds

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.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	1,006,217	1,006,217	456,630
C.P.	2,823,626	2,823,626	-
Gen Fund	375,000	22,165	106,000

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 Sources: Bond Funds/General Fund

Bond Funds have been allocated for the construction of the Riverwalk/fishing pier. General Fund appropriation was used to purchase two mowers, replace existing caulking on facilities, and the replacement of the Rowing Center boardwalk.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	158,927	158,927	-
Gen Fund	259,450	233,268	-

Future impact on the General Fund: N/A

Sheriff

Funding Sources: General Fund

The Sheriff's Department will replace 27 vehicles, law enforcement equipment, computers, software, and 10 mobile radios.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Gen Fund	962,580	700,849	451,814

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.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Gen Fund	261,722	253,383	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: Bond Funds/Commercial Paper

The appropriation for schools is for the purchase of land, construction of the new Red Bank Middle.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	-	-	27,058,338
C.P.	6,330,913	6,330,913	5,300,000

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

Volkswagen

Funding Source: Bond Funds

Bond funds provided in this category are taxable bonds and used directly for Volkswagen plant infrastructure, railroad loading yards, roads, helipad, and a welcome center.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Bond Funds	15,552,834	10,751,925	4,785,780

Future impact on the General Fund: N/A

Silverdale

Funding Source: General Fund

The appropriation will be used to address the steel cell rust issue and abatement.

Funding Source	Total Available FY2011	Estimated Obligations FY2011	Total Available FY2012
Gen Fund	-	-	130,000

Future impact on the General Fund: N/A