

CITY of TOLEDO

D. MICHAEL COLLINS, MAYOR



Department of Finance

January 30, 2015

TO: Council President Hicks-Hudson and Members of City Council
THROUGH: Mayor D. Michael Collins
Robert Reinbolt, Chief of Staff
FROM: George Sarantou, Director, Department of Finance *GS*
Bryan Benner, Commissioner, Debt Management/Administration *BB*
Melanie Campbell, Commissioner, Budget *MC*
SUBJECT: 2015 Proposed Capital Improvement Program

The 2015 Proposed Capital Improvement Program (CIP) is attached for your review.

Current debt obligations as well as the proposed transfer of \$11.0 million to the General Fund have limited the resources available to fund capital projects this year. The City's general debt and lease obligations for 2015 total \$32.5 million. Additionally, the severe reduction of over \$13.0 million in local government funds from the state of Ohio, including the elimination of the estate tax, has necessitated the transfer of millions from the Capital Improvement Fund to the General Fund.

As a result, all new projects must be funded through the issuance of debt. Total project requests in 2015 were over \$44.0 million. The CIP plan proposes issuing \$12.0 million in new debt to fund projects in 2015. An overview of the proposed CIP and an outline of these new projects are included in this packet.

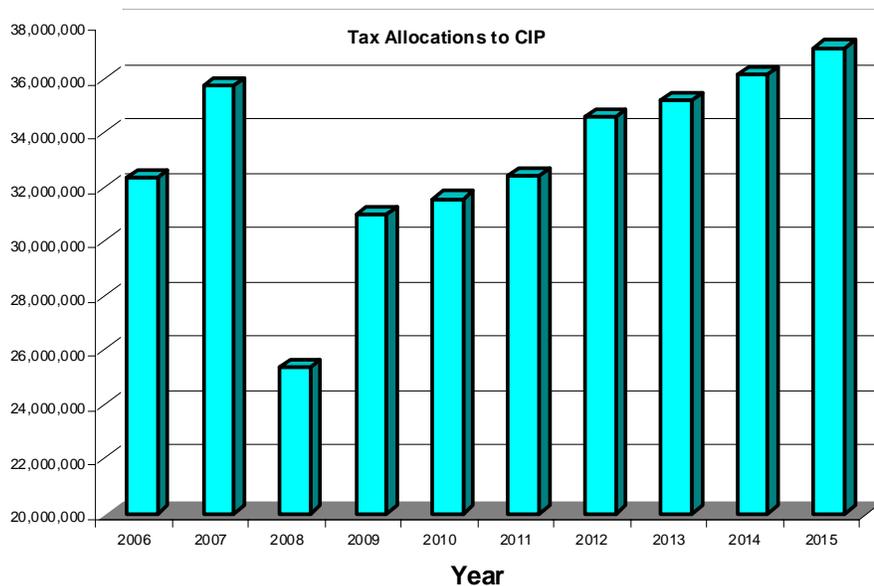
INTRODUCTION

The 2015 Proposed Capital Improvement Plan requests funding for several categories of capital projects. These projects are funded from Income Taxes allocated to the Capital Improvement Fund and General Obligation Debt. Certain projects receive match funding through federal and state programs.

The goals of the Capital Improvement Plan are to provide funding for projects related to the preservation of assets and infrastructure and to maximize matching funds.

SOURCES AND USES

The Sources and Uses of Funds schedule is the key summary document that outlines the major sources of revenue to fund projects and the major components of projects to be funded. The following chart provides information related to historical income tax allocations and projections for 2014 and 2015.



Another important source of funds is bond and note financing. Each year and as part of the planning process the City works with bond counsel to establish the amount of new debt that can be issued while remaining within the City's legal debt limits. Although project requests in 2015 from City divisions totaled over \$44 million, only \$12 million of new projects will be financed this year. This is due to debt availability and potential financing for new development projects. This year's plan proposes funding for street improvements, building improvements and other new projects.

The following schedule estimates the effect of new debt on the City's legal debt capacity and also takes into consideration the principal payments on new debt and future proposed borrowing. As the schedule indicates debt capacity decreases slightly at the end of 2014 and increases each year through 2019.

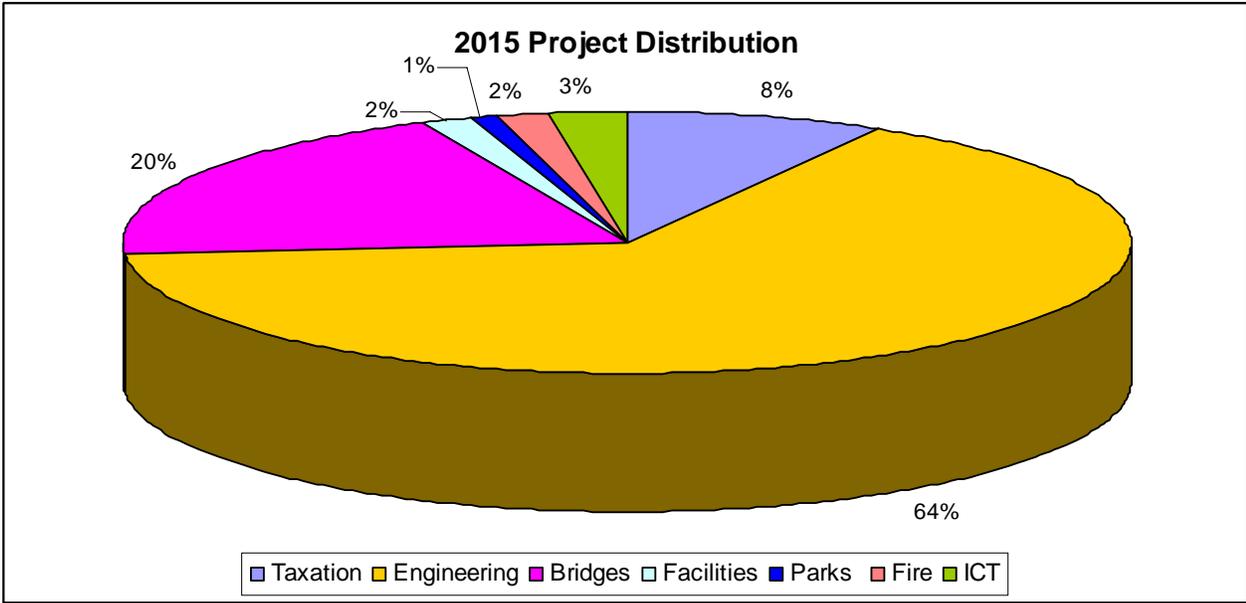
Debt Limit Estimates As of 1-1-15	2014	2015	2016	2017	2018	2019
Beginning debt availability	\$35,515,000	\$32,510,000	\$35,707,822	\$44,497,740	\$56,048,240	\$67,085,204
Less: New Borrowing						
Bond Financing	\$18,350,000	\$12,000,000	\$8,500,000	\$6,400,000	\$6,300,000	\$5,000,000
Note Financing	\$1,600,000	\$0	\$0	\$0	\$0	\$0
Debt Availability after new financing	\$15,565,000	\$20,510,000	\$27,207,822	\$38,097,740	\$49,748,240	\$62,085,204
Plus : Principal payments						
Principal payments Current Debt	\$16,945,000	\$15,197,822	\$16,244,918	\$15,850,500	\$15,146,964	\$10,721,430
Principal payments on new bond issues - 2014 \$18.35MM			\$1,045,000	\$1,075,000	\$1,115,000	\$1,165,000
Principal payments on new bond issues - 2015 \$12.00MM			\$0	\$600,000	\$625,000	\$650,000
Principal payments on new bond issues - 2016 \$8.50MM			\$0	\$425,000	\$450,000	\$475,000
Total principal payments	\$16,945,000	\$15,197,822	\$17,289,918	\$17,950,500	\$17,336,964	\$13,011,430
Adjusted Borrowing Availability	\$32,510,000	\$35,707,822	\$44,497,740	\$56,048,240	\$67,085,204	\$75,096,634

USES OF FUNDS

The following chart shows the 2015 proposed allocation of funds between different categories with street improvements receiving the majority of the funding.

The Uses of Funds schedule is supported by Exhibits A-D which provide detail on costs that are allocated in the plan. "Exhibit A" projects operating budget fixed costs that support various departments. "Exhibit B" provides detail on current lease obligations where the City finances vehicles and other equipment through local banks. "Exhibit C" provides the estimate for the 1% for the Arts contribution. "Exhibit D" outlines new projects that will be funded in 2015 and provides a brief description of each.

Another major component of the Uses of Funds is the transfer to the General Fund. The 2015 CIP plan anticipates a gradual reduction in transfers to the General Fund over the five year period.



Division	Project Name	2015 CIP Appropriation
Taxation	Replacement of Tax Software & System	\$ 1,000,000
Engineering	Matches and Planning - Streets	\$ 7,835,000
SB&H	2015 Bridges Matches & Planning	\$ 2,250,000
SB&H	MLK Bridge	\$ 100,000
Facilities	Various HVAC & Major Mechanical	\$ 200,000
Parks, Rec & Forestry	Cemetery Improvements	\$ 50,000
Parks, Rec & Forestry	Playground Replacement	\$ 50,000
Fire	Fire Station Renovations	\$ 215,000
ICT	Infrastructure Upgrades	\$ 300,000

**Capital Improvement Plan
M. Robson (x1468)**

Approving the Capital Improvement Program, for the years 2015 – 2019; authorizing the appropriation of \$3,486,856 for remaining projects yet to be appropriated; and declaring an emergency.

SUMMARY & BACKGROUND:

The Capital Improvement Program (CIP) Budget for the years 2015 – 2019 is being presented to City Council. This Ordinance approves the 2015 – 2019 CIP Plan and appropriates the funding for the various 2015 projects. Further Council action will be required for expenditure authority. NOW, THEREFORE,

Be it ordained by the Council of the City of Toledo:

SECTION 1. That the Capital Improvement Program for 2015 – 2019 is approved, and the appropriate steps to properly control the appropriation of funds for the plan through the Financial Accounting Information System are approved.

SECTION 2. That all transfers, closeouts, and accounting adjustments necessary to properly record the transactions anticipated by this Ordinance are authorized.

SECTION 3. That the sum of \$3,486,856 is authorized to be appropriated for remaining projects yet to be appropriated per the attached Exhibit A1.

SECTION 4. That this Ordinance is declared to be an emergency measure and shall be in force and effect from and after its passage. The reason for the emergency lies in the fact that same is necessary for the immediate preservation of the public peace, health, safety, and property, and for the further reason that this Ordinance must be immediately effective in order for projects to be completed at the earliest date.

Vote on emergency clause: yeas _____, nays _____.

Passed: _____, as an emergency measure: yeas _____, nays _____.

Attest: _____
Clerk of Council

President of Council

Approved: _____

Mayor

I hereby certify that the above is a true and correct copy of an Ordinance passed by Council.

Attest: _____
Clerk of Council

Capital Improvement Program

Estimated Sources of Funds 2015-2019

	2015	2016	2017	2018	2019	Total
Income Taxes	\$ 37,125,756	\$ 37,126,000	\$ 37,126,000	\$ 37,126,000	\$ 37,126,000	\$ 185,629,756
Other Transfers	1,529,398	624,961	624,899	629,587	593,436	4,002,281
Non-Tax Revenue (excluding Westfield TIF)	2,629,294	2,629,294	2,629,294	2,629,294	2,629,294	13,146,470
Investment Earnings	417,000	220,000	200,000	180,000	160,000	1,177,000
Proceeds from Bond Issues	12,000,000	8,500,000	6,500,000	4,500,000	3,000,000	34,500,000
Bond Premium	861,000	595,000	455,000	315,000	210,000	2,436,000
Proceeds from Refunded Notes	5,875,000	5,500,000	5,150,000	4,800,000	4,450,000	25,775,000
TOTAL SOURCES	<u>60437448.25</u>	<u>\$ 55,195,255</u>	<u>52685193</u>	<u>50179880.5</u>	<u>\$ 48,168,730</u>	<u>\$ 266,666,507</u>

Estimated Uses of Funds 2015-2019

	2015	2016	2017	2018	2019	Total
GO Debt Service	\$ 29,291,919	\$ 29,315,663	\$ 28,371,919	\$ 24,534,000	\$ 24,534,000	\$ 136,047,501
Operating Budget Costs (Exhibit A)	4,149,346	4,190,839	4,232,748	4,275,075	4,317,826	21,165,835
Matches and Planning						
Bridges	2,250,000	2,500,000	800,000	1,080,000	1,750,000	8,380,000
Major Street Paving	7,835,000	8,600,000	9,679,000	9,500,000	8,500,000	44,114,000
Lease Payment Commitments (Exhibit B)	3,279,653	1,237,175	1,237,175	940,065	-	6,694,068
1% for the Arts Commitment (Exhibit C)	201,456	178,796	178,133	196,459	186,347	941,191
Transfer to General Fund*	11,000,000	8,000,000	6,500,000	6,000,000	5,000,000	36,500,000
New Projects (Exhibit D)	1,915,000	1,172,000	1,685,500	3,653,900	3,880,000	12,306,400
TOTAL USES	<u>\$ 59,922,374</u>	<u>\$ 55,194,473</u>	<u>\$ 52,684,475</u>	<u>\$ 50,179,499</u>	<u>\$ 48,168,173</u>	<u>\$ 266,148,994</u>
Balance	\$ 515,074	\$ 782	\$ 718	\$ 381	\$ 557	

* 3/4% tax available through 2016

Exhibit A1
 Capital Improvement Program
 Schedule of Ordinances Passed and Amounts Yet To be Appropriated

Operating Budget Appropriations

Debt Service	\$ 29,291,919
Operating Budget Costs	\$ 4,149,346
Transfer To General Fund	\$ 11,000,000
Lease Payments	\$ 3,279,653
Total Operating Budget Appropriations	\$ 47,720,918

Prior 2015 CIP Appropriations

Major Street Paving Matched and Planning	\$ 7,835,000
Bridges Matches and Planning	\$ 879,600
Total Prior 2015 CIP Appropriations	\$ 8,714,600

Appropriations for New Projects (per attached schedule D)	\$ 1,915,000
1% For the Arts	\$ 201,456
Remaining Bridge Matches and Planning	\$ 1,370,400
Total Amounts Yet to be Appropriated for CIP Ordinance	\$ 3,486,856

Total 2015 Proposed Capital Improvement Program	\$ 59,922,374
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Capital Improvement Program Exhibit A - 2015-2019

Operating Budget

<u>Fixed Costs</u>	2015	2016	2017	2018	2019	Total
Transportation	\$607,877	\$613,956	\$620,095	\$626,296	\$632,559	\$3,100,784
SB&H	\$257,681	\$260,258	\$262,860	\$265,489	\$268,144	\$1,314,432
Engineering	\$2,674,403	\$2,701,147	\$2,728,159	\$2,755,440	\$2,782,994	\$13,642,143
Plan Comm	\$79,343	\$80,136	\$80,938	\$81,747	\$82,565	\$404,729
Finance ERP	\$86,682	\$87,549	\$88,424	\$89,309	\$90,202	\$442,165
Debt Management	\$150,433	\$151,937	\$153,457	\$154,991	\$156,541	\$767,359
Affirmative Action	\$23,658	\$23,895	\$24,134	\$24,375	\$24,619	\$120,680
Mayor's Office	\$20,989	\$21,199	\$21,411	\$21,625	\$21,841	\$107,065
Facilities	\$248,280	\$250,763	\$253,270	\$255,803	\$258,361	\$1,266,478
	<u>\$4,149,346</u>	<u>\$4,190,839</u>	<u>\$4,232,748</u>	<u>\$4,275,075</u>	<u>\$4,317,826</u>	<u>\$21,165,835</u>

Capital Improvement Program Exhibit B - 2015- 2019

<u>Lease Payments:</u>	2015	2016	2017	2018	2019	Total
Police Vehicles	\$1,370,180	\$0	\$0	\$0	\$0	\$1,370,180
Transport Units (2010)	\$258,992	\$0	\$0	\$0	\$0	\$258,992
Compactor/ Dozer	\$413,306	\$0	\$0	\$0	\$0	\$413,306
Fire Transport Unit	\$297,111	\$297,111	\$297,111	\$0	\$0	\$891,332
Rescue Squad	\$196,308	\$196,308	\$196,308	\$196,308	\$0	\$785,231
Fire Engines & Bucket Truck	\$743,757	\$743,757	\$743,757	\$743,757	\$0	\$2,975,027
	<u>\$3,279,653</u>	<u>\$1,237,175</u>	<u>\$1,237,175</u>	<u>\$940,065</u>	<u>\$0</u>	<u>\$6,694,069</u>

Capital Improvement Program Exhibit C - 2015 - 2019

<u>Other Fixed Costs:</u>	2015	2016	2017	2018	2019	Total
1% For The Arts	\$ 201,456	\$ 178,796	\$ 178,133	\$ 196,459	\$ 186,347	\$941,191
	<u>\$201,456</u>	<u>\$178,796</u>	<u>\$178,133</u>	<u>\$196,459</u>	<u>\$186,347</u>	<u>\$941,191</u>

Capital Improvement Program Exhibit D - 2015 New Projects

Division	Project Name	2015 CIP Appropriation	Project Description
Taxation	Replacement of Tax Collection System	\$ 1,000,000	Replacement of the current UTAX tax collection system to prepare for changes needed for House Bill 5. Changes include: converting data, upgrading two Taxation servers located in ICT and purchase of two scanners for inputting checks into the new system.
SB&H	MLK Bridge	\$ 100,000	Upgrades to the control system for the MLK bridge.
Facilities	Various HVAC & Major Mechanical	\$ 200,000	Repair and/or replacement of HVAC and mechanical systems throughout City buildings.
Parks, Recreation & Forestry	Cemetery Improvements	\$ 50,000	Continued expansion of Forest Cemetery and improvements to existing facilities including plot organization, road paving, foundation replacement and comfort station restoration.
Parks, Recreation & Forestry	Playground Replacement	\$ 50,000	Replacement of playground equipment throughout the city.
Fire	Fire Station Renovations	\$ 215,000	Renovations and replacement of equipment for Fire Department buildings including, but not limited to: roofs, kitchen remodeling, overhead doors.
ICT	Infrastructure Upgrades	\$ 300,000	Hardware, software and services required for upgrading telecommunication, servers, storage and other related hardware devices and software on the City's network.
Total Requests		\$ 1,915,000	