

Expenditures - Capital Improvements

Capital Improvements Capital improvements are tangible items (land, buildings, equipment, and some computer systems) that have long-term benefits to Nashville and the Metropolitan Government. Unlike most operating budget items, they are not consumed as they are purchased, so they are generally budgeted and paid for on a longer-term or other special basis.

The CIB In Metro, capital improvements are planned and authorized in a process that is independent of the operating budget process. The *Capital Improvements Budget* (CIB) is prepared by the Planning Commission in conjunction with the Department of Finance. As specified in § 6.13 of the Charter, the capital improvements budget must be prepared annually to “include a program of proposed capital expenditures for the ensuing fiscal year and the next five fiscal years thereafter....” The capital improvements program is a tool for implementing long-range policies of the General Plan through timely scheduling of infrastructure and facilities in coordination with general development needs.

The CIB is a planning document and does not authorize any funding for projects selected for inclusion in the six-year program.

The overall process of preparing the budget this year has changed with the addition of a capital projects coordinator in the Department of Finance. Through a thorough study of the capital procedures and best practice methods of various city governments, the coordinator is responsible for the review of the current CIB policies and procedures and to recommend and implement the necessary changes to enhance and improve the current capital program.

Financial Considerations Financial projections determine the constraints for programming the projects according to a schedule which is fiscally and administratively practical. The Division of Accounts annually develops two programs based on financial considerations:

(1) The current debt level program assumes no change in the amount or distribution of tax rates. Projects scheduled in this program are either committed or are considered to have the highest priority in meeting community needs.

(2) The essential needs program assumes additional revenues would be made available to retire general obligation bonds, but total outstanding indebtedness would remain below limitations established by the Government.

Expenditures - Capital Improvements continued

The scale of GO bond funding in the recommended program depends upon resources available under present tax levels, but may reflect additional funding requirements to meet priority needs. In recommending a program whose funding would exceed present tax level resources, the Commission may advise the Mayor of estimated additional tax levy needed for debt service.

Financial Assumptions

Metro's short and medium term capital needs, as identified by the individual departments, far exceed its existing general obligation bonding capacity to raise funds to pay for those needs. The CIB process includes a review and recommendation period where the Finance Director and staff along with the Mayor compile a list of capital spending recommendations that the Mayor then presents to the Council for consideration and approval.

Metro has thirteen different types of funding for capital projects. The table and graph "Capital Improvement Budget & Program – Funding by Year and Type" on the second following page shows the amounts recommended by type and year in the *2001-2002 to 2006-2007 CIB*.

Areas of Emphasis

The CIB this year has five areas of particular emphasis:

- (1) Schools - maintain the commitment to building a strong foundation for education through the expansion and improvement of Nashville's school facilities;
- (2) Neighborhoods –maintain or create parks, green spaces, gateways, and buffer zones;
- (3) Public Safety – identify and support activities that have proven effective in reducing crime and promoting safety;
- (4) Life / Safety – ADA - continue efforts to make all Metro structures safe and in compliance with ADA Guidelines; and,
- (5) Restoration and Maintenance – identify and correct the deferred maintenance and general appearance of Metro buildings and properties.

The following table presents a detailed breakdown of the capital improvements budget by department and fiscal year.

Expenditures - Capital Improvements continued

Capital Improvements Budget by Department

Departments	% of '01-'02		2002-03	2003-04	2004-05	2005-06	2006-07	Total	% of '01-'07 Total
	2001-02	Total							
Board of Education	435,780	30.20%	57,753	29,839	21,257	21,257	21,257	587,142	18.02%
Circuit Court Clerk	250	0.02%						250	0.01%
Codes Administration		0.00%	700	300				1,000	0.03%
District Atty General	150	0.01%	210		60		200	620	0.02%
Election Commission	1,087	0.08%						1,087	0.03%
Finance Department	57,901	4.01%	5,000	3,800	3,800	3,800	3,800	78,101	2.40%
Fire Department GSD	3,640	0.25%	1,750	1,990	1,240			8,620	0.26%
General Services	18,207	1.26%	5,700	6,900	7,575	7,670	7,890	53,942	1.66%
Health Department	660	0.05%						660	0.02%
Historical Commission	170	0.01%	75	50	50	25	25	395	0.01%
Hospital Authority-Gen	1,095	0.08%	225					1,320	0.04%
Information Systems	8,552	0.59%						8,552	0.26%
Justice Info Systems	2,850	0.20%	1,500					4,350	0.13%
Juvenile Court	1,000	0.07%						1,000	0.03%
Metro Arts Comm	500	0.03%	500	300	300	300	300	2,200	0.07%
MDHA	116,622	8.08%	96,900	54,500	27,850	25,950	25,750	347,572	10.66%
MTA	69,034	4.78%						69,034	2.12%
Municipal Auditorium	1,848	0.13%	1,095	700				3,643	0.11%
Nashville Arena	1,415	0.10%	20	20	20	20	20	1,515	0.05%
Nashville Electric Service	72,832	5.05%	66,056	72,136	70,944	73,072	75,265	430,305	13.20%
Parks & Rec Dept	45,225	3.13%	16,476	15,901	5,808	2,808	1,250	87,468	2.68%
Planning Department	1,250	0.09%						1,250	0.04%
Police Department		0.00%	8,800	3,200				12,000	0.37%
Public Defender	315	0.02%						315	0.01%
Public Library Board	25,225	1.75%	3,529	6,219	4,874	6,689	11,591	58,128	1.78%
Public Works GSD	312,755	21.68%	105,251	125,085	92,539	84,305	70,325	790,259	24.25%
Sheriff's Office	79,557	5.51%	64,000					143,557	4.40%
Social Services	3,736	0.26%	740	966	640	140	190	6,412	0.20%
Tennessee State Fair	2,750	0.19%	-					2,750	0.08%
Water & Sewerage Services	95,280	6.60%	53,015	56,533	37,002	28,980	12,250	283,060	8.69%
Fire Department USD	11,561	0.80%	5,355	4,969	350	200	200	22,635	0.69%
Public Works USD	71,558	4.96%	37,750	36,750	35,250	35,250	33,450	250,008	7.67%
Totals	1,442,805		532,400	420,158	309,559	290,466	263,763	3,259,150	

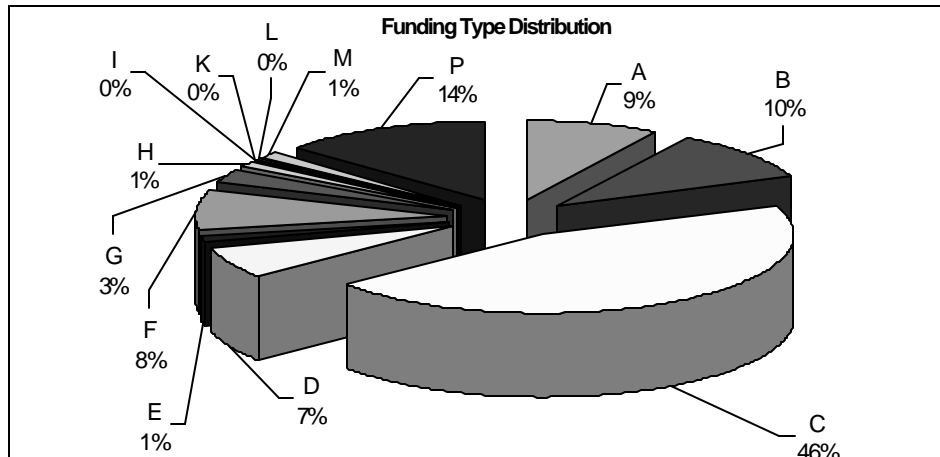
Amounts in thousands. Detail may not add to totals due to rounding. Source: 2001-2002 to 2006-2007 CIB/P

The proposed funding for these requests is summarized on the following table and pie chart.

Expenditures - Capital Improvements continued

Capital Improvement Budget - Funding by Year and Type

FUND DESCRIPTION	TYPE	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	TOTAL
Miscellaneous	A	\$83,377,500	\$75,800,000	\$45,600,000	\$25,500,000	\$25,500,000	\$25,300,000	\$281,077,500
Approved General Obligation Bonds	B	331,436,940	5,868,570	1,320,000				338,625,510
Proposed General Obligation Bonds	C	586,760,330	290,126,540	195,155,700	142,931,000	140,231,260	116,207,000	1,471,411,830
Approved Revenue	D	36,416,000	33,028,000	36,068,000	35,472,000	36,536,000	37,632,000	215,152,000
Proposed Revenue	E	47,000,000						47,000,000
Federal Funds	F	162,177,260	24,454,000	36,934,000	19,758,000	9,558,000	21,200,000	274,081,260
State Funds	G	43,931,450	17,434,170	17,634,170	12,009,170	10,084,170	384,170	101,477,300
Enterprise	H	5,300,000	5,300,000	6,400,000	7,100,000	7,200,000	7,400,000	38,700,000
Approved Community Development	I	4,092,000						4,092,000
Proposed Community Development	K	1,200,000	2,100,000					3,300,000
Approved 4%	L	15,276,130						15,276,130
Proposed 4%	M	9,839,600	7,670,000	5,245,000	5,465,000	5,041,000	5,432,000	38,692,600
Operating	P	115,996,000	70,618,000	75,801,000	61,324,000	56,316,000	50,208,000	430,263,000
Totals by Year		\$1,442,803,210	\$532,399,280	\$420,157,870	\$309,559,170	\$290,466,430	\$263,763,170	\$3,259,149,130



Capital Appropriation

The CIB is strictly a planning document; it does not appropriate funds. Appropriations are made for specific projects by:

- Bond and note authorizations (described in section K for Funds 25104, 20115 & 28315), approved by the Council, including approved general obligation (B) and proposed general obligation (C) notes and bonds.
- Four Percent Reserve Fund (fund 30303 in section K) appropriations by the Council quarterly throughout the year, including approved 4% (L) and proposed 4% (M) funding.
- Grant operating budgets, included in the operating budget or added grant contingency transfer or Council resolution denotes this denoted as Federal (F), and State (G) approved (I) and proposed community development (K).

Expenditures - Capital Improvements continued

- Revenue bond authorizations or operations for enterprise-type activities, approved in the budget or by Council resolution; including approved revenue (D), proposed revenue (E) and enterprise (H).
- Other sources, including miscellaneous funds (A) which, individually, do not comprise major funding categories, and from operating budget funds (P).

Operating Budget Effects Approved capital expenditures affect the budget in three ways.

First, Four Percent Reserve Fund expenditures are supported by 4% of locally-generated revenues to the GSD General Fund.

Second, debt service -- the repayment of principal and interest owed on general obligation debt through debt services funds -- is an operating budget expenditure. The debt service budget is discussed in Section I of this book.

Third, potential improvements may commit Metro to operating costs which will be reflected in future years' departmental operating budgets. These costs are considered in the process of considering and approving prospective capital improvements.

Details, program descriptions, and estimated operating budget impacts of each prospective capital improvement project on the operating budget is noted in the Planning Commission's CIB/P.

Furthermore, if projects now underway or recently approved will have an operating budget impact, that impact is discussed in more detail here as well as in the "Capital Expenditures" paragraph of each department's narrative in this book.

To summarize, the CIB proposes more capital projects than the government can afford from all funding sources. As individual projects are funded by bond or note authorizations, four percent fund resolutions, or other means -- most of which are not included in the operating budget -- they are constructed, go into operation, and possibly affect the operating budget.

Expenditures - Capital Improvements continued

Highlights

The Council approved a \$292,000,000 bond package in February 2001 that funded the recommended capital projects presented in the fall of 2000. Specific projects and the amount of debt to be issued are detailed in Resolution No. R01-502. The list of proposed projects included, but was not limited to, the following:

- Deferred maintenance for schools;
- ADA Compliance and Renovations for Metro office buildings;
- Completion of the Dickerson Road Fire Station, and replacement of outdated fire and emergency equipment;
- Planning and development of N. Nashville Police Precinct;
- Fire alarm and sprinkler system installation for the Municipal Auditorium to bring it within code compliance;
- Bike Path Pilot Project for Nashville area;
- Sidewalks, streets, bridges and intersection improvements.

The projects described on the following pages have been funded through the above mentioned bond packages. Projects were underway or close to completion during FY2001; operating costs that are funded in the FY 2001 budget year are noted. Not every project is described below. Other projects, especially public works infrastructure improvements and School projects are listed by department.

Expenditures - Capital Improvements continued

BOARD OF EDUCATION

Mission Statement

To ensure that all students are empowered with the knowledge, the skills, and the values and attitudes to become: lifelong learners, successful, productive workers; and caring, global citizens who practice and extend democratic principles.

Capital Projects

In FY 2001, the Metropolitan Board of Education submitted 84 capital project requests totaling \$394,254,000. For FY 2002, the MBOE has submitted 81 capital project requests totaling \$583,682,000. Operating costs associated with these expenditures will be funded in the FY 2002 and future operating budgets.

Projects funded through Mayor's 2000 Capital Spending Plan

- * **Classroom Technology** **\$15,000,000**
Personal computers combining with 21st century classroom technology
- * **Deferred Maintenance** **\$25,000,000**
Projects to replace deteriorated building components, comply with fire, health and safety standards, and address ADA issues

Capital Highlights:

- * Completion of MGT audit on public school system.
 - Initiate Strategic planning, goals and objectives.
 - Increase neighborhood involvement.
 - Establish technology levels.
 - Review and update safety procedures.
 - Establish spare bus policy and implement bus replacement policy.
- * 35 new schools planned county-wide.
- * 14 classroom expansion projects.



Affected Council Districts

Expenditures - Capital Improvements continued

FINANCE DEPARTMENT

Mission Statement

To administer the financial affairs of the Metropolitan Government in accordance with applicable provisions of the Charter, applicable ordinances, and principles and practices of sound municipal fiscal administration.

Capital Projects

In FY 2001, the Finance Department submitted 1 capital project request totaling \$16,200,000. For FY 2002, the Finance Department has submitted 4 capital project requests totaling \$78,101,000.

Projects funded through Mayor's 2000 Capital Spending Plan

*** Courthouse Renovation \$18,710,700**

Construction, retrofitting, equipping, expanding and refurbishing safety systems and compliance issues

*** ADA Compliance \$ 5,000,000**

An omnibus project to fund construction and facility improvements necessary to fully comply with the access requirements set forth by Americans with Disabilities Act of 1990 (ADA)

Capital Highlights:

- * ADA Funding for construction and renovation of Metro Facilities to fully comply with 1990 requirement.
- * Courthouse renovation – retrofitting, equipping, expanding, safety systems, and refurbishing.
- * Emergency Communications Center E-911 - construction and furnishing of new center



Affected Council Districts

Expenditures - Capital Improvements continued

FIRE DEPARTMENT

Mission Statement

To provide a class 6 to 9 level of fire protection services and a strong first responder emergency medical service to all residents of the General Services District (GSD) outside the Urban Services District (USD).

Capital Projects

In FY 2001, the Fire Department GSD submitted 7 capital project requests totaling \$7,990,000. For FY 2002, the Fire Department GSD has submitted 9 capital project requests totaling \$8,620,000.

Projects funded through Mayor's 2000 Capital Spending Plan

- * **Dickerson Road Fire Station** **\$ 200,000**

Completion / enhancements to the new fire station 39. Operating costs are fully funded in the FY 2002 budget.

- * **Fire and Emergency Equipment** **\$ 4,400,000**

Replacement of equipment that is 12-20 years old per schedule. One command unit, eight pumper/tankers, and one hazardous material unit

Capital Highlights:

- * Computerization of fire halls – connectivity.
- * Emergency equipment replacements.
- * 3 New stations being planned / constructed.
- * Renovations / improvements to existing stations.



Affected Council Districts

Expenditures - Capital Improvements continued

GENERAL SERVICES

Mission Statement

To provide internal support services to the other departments of Metro Nashville Government in accordance with ordinances.

Capital Projects

In FY 2001, General Services submitted 32 capital project requests totaling \$86,857,000. For FY 2002, General Services has submitted 13 capital project requests totaling \$53,942,000.

Projects funded through Mayor's 2000 Capital Spending Plan

- * **North Nashville Police Precinct** **\$ 330,000**
Full planning for the initial acquisition of property, construction estimates, furnishing and equipment

- * **Storm Sirens** **\$ 588,300**
Planning, equipment and installation of Early Storm Warning Sirens

Capital Highlights:

- * Computer Hardware/Software – upgrade & replace
- * Courthouse renovation of 8th Circuit Court.
- * Construction of Hermitage/Old Hickory Police Precinct.
- * Renovation/repair of General Services buildings.
- * Radios – 800 MHz project



Affected Council Districts

Expenditures - Capital Improvements continued

MUNICIPAL AUDITORIUM

Mission Statement

The Nashville Municipal Auditorium is a public-service oriented entertainment facility that seeks to attract a broad spectrum of events for the Nashville community and the Middle Tennessee area.

Capital Projects

In FY 2001, the Municipal Auditorium submitted 8 capital project requests totaling \$2,678,000. For FY 2002, the Municipal Auditorium has submitted 8 capital project requests totaling \$3,643,000.

Projects funded through Mayor's 2000 Capital Spending Plan

* **Fire Alarm / Sprinkler System** **\$ 1,000,000**

Equipment and installation of fire alarm and sprinkler system to bring the Auditorium into compliance

2002 Capital Highlights:

- * Replacement and repair of major equipment items: spotlights, emergency lights, marquees and scoreboards, doors and locks.
- * Auditorium renovations, repairs and upgrades.



Affected Council Districts

Expenditures - Capital Improvements continued

PUBLIC WORKS

Mission Statement

To provide for the engineering, maintenance, construction, and repair of streets, roads, bridges, guardrails, storm sewers, sidewalks, traffic signs and signals, operate parking facilities, and manage a Stormwater Quality Program in accordance with the Metro Charter and Ordinances.

Capital Projects

In FY 2001, Public Works – GSD submitted 171 capital project requests totaling \$624,011,000. For 2002, Public Works – GSD has submitted 167 capital project requests totaling \$775,805,000.

Projects funded through Mayor’s 2000 Capital Spending Plan

- | | |
|--|---------------------|
| * Bike Paths | \$ 30,000 |
| Pilot project for the Bike Path Study | |
| * Sidewalks | \$ 1,000,000 |
| Repair, installation and construction of sidewalks throughout the Metro area | |
| * Bridges – Repair / Replacement | \$ 1,500,000 |
| Drainage issues and repair / replacement of various Metro bridges | |

Capital Highlights:

- * Storm drainage – Construct, repair, renovation of various storm drainage projects.
- * Public Works facilities – repair and renovation.
- * Various street, intersection and sidewalk projects.
- * Bridge repair projects
- * Gateway Boulevard – various downtown projects.



Affected Council Districts