CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number_____

Meeting Type: Regular

Meeting Date: 9/13/2012

Action Requested By:
Administration

Agenda Item Type
Resolution

Subject Matter:

Capital Improvement Plan

Exact Wording for the Agenda:

Resolution to approve the City of Huntsville Capital Improvement Plan for Fiscal years 2013 – 2022.

Note: If amendment, please state title and number of the original

Item to be considered for: Introduction Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what Council action will provide, allow
and accomplish and; any other information that might be helpful.

Associated Cost:

Budgeted Item: Not applicable

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head: R Boyd Date: 9/5/12

revised 4/13/2011

RESOLUTION NO. 12 - _____

BE IT RESOLVED by the City Council of the City of Huntsville Alabama that the CITY OF HUNTSVILLE CAPITAL IMPROVEMENT PLAN, 2013 - 2022 attached hereto as Exhibit "A" and made a part hereof by reference, is hereby adopted and approved, and an executed copy of said document shall be permanently kept on file in the Office of the City Clerk Treasurer of the City of Huntsville Alabama.

ADOPTED this the 27th day of September, 2012.

_____
President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 27th day of September, 2012.

_____
Mayor of the City of
Huntsville, Alabama

EXHIBIT A

City of Huntsville
Ten-Year Capital Improvement Plan

Summary

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue		**28,943,711**	**52,595,156**	**113,624,100**	**23,081,900**	**23,224,467**	**91,314,100**	**27,600,800**	**28,148,400**	**56,456,900**	**29,276,600**
Annually-recurring											
Sales tax transfer from General Fund		23,359,000	22,795,200	23,291,100	22,596,900	22,912,800	26,839,100	27,375,800	27,923,400	28,481,900	29,051,600
Lease revenue		485,000	485,000	485,000	485,000	311,667	225,000	225,000	225,000	225,000	225,000
Subtotal		**23,844,000**	**23,280,200**	**23,776,100**	**23,081,900**	**23,224,467**	**27,064,100**	**27,600,800**	**28,148,400**	**28,706,900**	**29,276,600**
Planned debt issues		**0**	**28,564,956**	**89,098,000**	**0**	**0**	**64,250,000**	**0**	**0**	**27,750,000**	**0**
Other											
Prior year funds		4,349,711	0	0	0	0	0	0	0	0	0
Alabama Trust Fund		750,000	750,000	750,000	0	0	0	0	0	0	0
Subtotal		**5,099,711**	**750,000**	**750,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Expenditures		**35,614,970**	**45,701,041**	**75,331,447**	**34,772,399**	**52,307,591**	**74,923,994**	**37,722,019**	**39,362,739**	**36,229,065**	**37,971,334**
Projects		**22,194,711**	**31,800,000**	**55,523,000**	**24,065,000**	**40,735,000**	**61,891,752**	**23,050,000**	**28,040,387**	**25,800,000**	**27,000,000**
Debt service - Capital Fund											
Existing debt service		26,926,260	26,105,322	27,601,279	16,154,504	17,513,696	16,904,554	16,740,538	13,930,871	12,480,218	12,481,120
Proposed new debt service		0	1,301,720	6,178,169	9,752,896	9,752,896	12,330,689	14,908,482	14,908,482	16,021,848	17,135,214
Less paid by 6.5 Mill Taxes		(10,530,038)	(10,553,788)	(11,012,488)	(11,509,938)	(12,000,438)	(12,527,838)	(13,046,738)	(13,591,088)	(14,168,038)	(14,736,500)
Less paid by General Fund		(3,675,963)	(3,652,213)	(3,658,513)	(3,640,063)	(3,643,563)	(3,625,163)	(3,630,263)	(3,625,913)	(3,604,963)	(3,608,500)
Net Debt Service		**12,720,259**	**13,201,041**	**19,108,447**	**10,757,399**	**11,622,591**	**13,082,242**	**14,972,019**	**11,622,352**	**10,729,065**	**11,271,334**
TIF Transfers		**700,000**	**700,000**	**700,000**	**(50,000)**	**(50,000)**	**(50,000)**	**(300,000)**	**(300,000)**	**(300,000)**	**(300,000)**
Net		**(6,671,259)**	**6,894,115**	**38,292,653**	**(11,690,499)**	**(29,083,124)**	**16,390,106**	**(10,121,219)**	**(11,214,339)**	**20,227,835**	**(8,694,734)**
Beginning Balance		7,966,880	1,295,621	8,189,736	46,482,389	34,791,890	5,708,766	22,098,872	11,977,653	763,314	20,991,149
Ending Balance		**1,295,621**	**8,189,736**	**46,482,389**	**34,791,890**	**5,708,766**	**22,098,872**	**11,977,653**	**763,314**	**20,991,149**	**12,296,415**

EXHIBIT A

City of Huntsville
Ten-Year Capital Improvement Plan

Capital Plan Revenue

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SALES TAX TRANSFER FROM GENERAL FUND	Annual	**23,359,000**	**22,795,200**	**23,291,100**	**22,596,900**	**22,912,800**	**26,839,100**	**27,375,800**	**27,923,400**	**28,481,900**	**29,051,600**
18.0% of total sales tax in the General Fund is transferred to the Capital Fund each year.											
Rate of growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sales tax transfer		24,309,000	24,795,200	25,291,100	25,796,900	26,312,800	26,839,100	27,375,800	27,923,400	28,481,900	29,051,600
Adjustments retained by General Fund		(950,000)	(2,000,000)	(2,000,000)	(3,200,000)	(3,400,000)	0	0	0	0	0
BIG SPRINGS PARTNERS, INC. LEASE	Annual	**260,000**	**260,000**	**260,000**	**260,000**	**86,667**	**0**	**0**	**0**	**0**	**0**
The City purchased the Holiday Inn Select Hotel land in 2006. Big Springs Partners, Inc. is leasing the property for 10 years, which pays interest on the related debt.											
EMBASSY SUITES PARKING GARAGE LEASE	Annual	**225,000**	**225,000**	**225,000**	**225,000**	**225,000**	**225,000**	**225,000**	**225,000**	**225,000**	**225,000**
The City began receiving an annual payment for 25 years on 10/1/06. This payment is used to pay for the portion of the VBC-Summitt garage expansion not paid with other funds.											
ALABAMA TRUST FUND DISTRIBUTION	ALA Trust	**750,000**	**750,000**	**750,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
The City generally receives a payment each year from the State, which varies in amount. The 2013 to 2015 revenue up to 750,000 is earmarked for the Councill Court Parking Garage project.											
PRIOR YEAR FUNDS		**4,349,711**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
This represents the amount of uncommitted funds estimated to be in the Capital Fund at the beginning of the budget year.											

EXHIBIT A

City of Huntsville
Ten-Year Capital Improvement Plan

Project Details
(projects may appear in duplicate due to different funding sources)

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Street Construction		**6,800,000**	**18,000,000**	**26,723,000**	**9,300,000**	**8,000,000**	**32,500,000**	**8,000,000**	**10,000,000**	**11,500,000**	**11,000,000**
Balch Road Ph II	Debt	400,000		3,950,000							
Beadle Lane	Debt			600,000							
Beadle Lane	Debt					3,000,000					
Browns Ferry Road	Debt								10,000,000	1,000,000	
Capshaw Road Ph I	Debt	500,000		6,000,000	2,100,000						
Capshaw Road Ph II	Debt										10,000,000
Cecil Ashburn Drive	Debt						5,000,000				
Cecil Ashburn Drive	Debt									10,000,000	
Downtown Gateway Road	Debt	2,000,000	4,750,000	800,000							
Green Mountain Road	Debt						2,000,000				
Greenbriar Road Ph 2	Debt	1,250,000	7,400,000								
Greenbriar Road Ph 3	Debt			3,000,000	7,200,000		1,000,000				
Greenbriar Road Ph 3	2011A Debt	500,000									
Greenbriar Road Ph 4	Debt						10,000,000				
Holladay Drive	Debt	710,000									
McDonald Boulevard	Debt						1,500,000				
Northern Bypass	Debt	600,000									
Old Big Cove Road	Debt						2,000,000				
Old Highway 20 Ph 1	Debt	440,000	3,000,000								
Old Highway 20 Ph 2	Debt									500,000	1,000,000
Old Monrovia Road	Debt					5,000,000					
Slaughter Road	Debt						3,000,000				
Swancott Road	Debt			5,250,000			6,000,000				
Terry Drake Road	Debt						2,000,000				
Wall Triana Highway Ph I	Debt			3,623,000							
Whitesburg Drive	Debt	400,000	1,050,000					8,000,000			
Zierdt Road Ph II	Debt		1,800,000	3,500,000							
Other Street Projects		**3,445,000**	**2,850,000**	**4,450,000**	**4,250,000**	**4,550,000**	**5,350,000**	**5,650,000**	**5,650,000**	**5,900,000**	**5,900,000**
STP 20% Match	Debt	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Repair & Reconst 2-Ln	Debt	895,000		1,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Street Resurfacing	Annual	3,200,000	3,200,000	3,500,000	3,500,000	3,500,000	3,750,000	3,750,000	3,750,000	4,000,000	4,000,000
Street Resurfacing, reduction	Annual	(1,800,000)	(1,500,000)	(1,200,000)	(900,000)	(600,000)	(300,000)				
Street Maintenance	Annual	500,000	500,000	500,000	500,000	500,000	750,000	750,000	750,000	750,000	750,000
Traffic Improvements		**975,000**	**975,000**	**925,000**	**925,000**	**950,000**	**850,000**	**850,000**	**850,000**	**850,000**	**850,000**
Annual Traffic Improvement Program	Annual	675,000	675,000	675,000	675,000	700,000	600,000	600,000	600,000	600,000	600,000
Traffic Calming	Annual	100,000	100,000								
Controllers & LED Upgrades	Annual	200,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000

EXHIBIT A

City of Huntsville
Ten-Year Capital Improvement Plan

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bridges		**250,000**	**250,000**	**4,250,000**	**250,000**	**250,000**	**6,250,000**	**250,000**	**250,000**	**250,000**	**250,000**
Annual Bridge Program	Annual	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Franklin, Madison Gallatin Bridge Replacement	Debt			4,000,000							
Hobbs Island Bridge Replacement	Debt						6,000,000				
Drainage		**5,950,000**	**3,350,000**	**9,350,000**	**3,600,000**	**3,600,000**	**8,600,000**	**3,800,000**	**3,800,000**	**3,800,000**	**3,800,000**
Drainage Prioritized Projects	Annual	1,500,000	1,500,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Drainage Maintenance	Annual	250,000	250,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Annual Improvements Program	Annual	1,400,000	1,400,000	1,800,000	1,400,000	1,400,000	1,400,000	1,600,000	1,600,000	1,600,000	1,600,000
Watershed Study/Improvements	Annual	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Big Spring Park Lagoon Improvements	2011A Debt	2,000,000									
Broglan Branch	Debt			4,850,000							
Huntsville Spring Branch	Annual										
Pinhook Creek Improvements	2011A Debt	600,000					5,000,000				
Sidewalks		**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**
Sidewalk Projects-Engineering	Annual	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Sidewalk Projects-PWS	Annual	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Economic Development		**2,100,000**	**1,800,000**	**1,800,000**	**1,650,000**	**2,000,000**	**500,000**	**2,000,000**	**2,000,000**	**500,000**	**500,000**
General Projects	Annual	1,210,000	910,000	910,000	910,000	1,500,000		1,500,000	1,500,000		
Sewell Property Option	Annual	300,000	300,000	300,000	150,000						
Downtown Redevelopment											
Belk Hudson Lofts Agreement	Annual	90,000	90,000	90,000	90,000						
Councill Court Parking Garage (funds transfer)	ALA Trust	750,000	750,000	750,000							
Councill Court Parking Garage (funds transfer)	Annual	(750,000)	(750,000)	(750,000)							
Streetscape Improvements	Annual	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Recreation		**2,034,711**	**2,035,000**	**7,385,000**	**3,450,000**	**18,845,000**	**4,701,752**	**1,860,000**	**4,850,387**	**2,360,000**	**2,360,000**
Recreation Prioritized Projects	Annual	225,000	225,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Recreation Facilities Maintenance	Annual	125,000	125,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Goldsmith-Schiffman Sanctuary	Annual	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Hays Preserve	Annual	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Playground Equipment	Annual	100,000	100,000	100,000	125,000	125,000	75,000	75,000	75,000	75,000	75,000
Greenways/Bike Paths	Annual	500,000	200,000	300,000	450,000	600,000	941,752	600,000	1,090,387	1,100,000	1,100,000
Greenways/Bike Paths	2011A Debt	499,711	300,000	300,000	150,000						
Open Space Acquisition	Debt	500,000	500,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Capshaw Recreation Center	Debt				1,540,000	4,935,000					
Martin Road Sports Complex	Debt		500,000	5,000,000							
McDonnell School Gymnasium	Annual								2,500,000		
Natatorium - New	Debt			500,000		12,000,000	2,500,000				

EXHIBIT A

City of Huntsville
Ten-Year Capital Improvement Plan

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Community Projects		**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**2,800,000**	**300,000**	**300,000**	**300,000**	**300,000**
Comm. Dev. HOME Program	Annual	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Library Book Purchases	Annual	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Neighborhood Revitalization	Annual						1,500,000				
West Huntsville Elemetary School Purchase	Annual						1,000,000				
Public Safety		**40,000**	**1,940,000**	**40,000**	**40,000**	**1,940,000**	**40,000**	**40,000**	**40,000**	**40,000**	**1,740,000**
Emergency Warning Sirens	Annual	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Fire Station (Chase Area)	Annual										1,700,000
Fire Station (Highway 72/Limestone County)	Annual					1,900,000					
Fire Station (Move Airport Road to Drake Ave)	Annual		1,900,000								
Other Projects		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt refinancings transfer	Debt		6,460,000	6,500,000							
Debt refinancings transfer	Annual		(6,460,000)	(6,500,000)							
Grand Total All Projects		**22,194,711**	**31,800,000**	**55,523,000**	**24,065,000**	**40,735,000**	**61,891,752**	**23,050,000**	**28,040,387**	**25,800,000**	**27,000,000**

EXHIBIT A

City of Huntsville
Ten-Year Capital Improvement Plan

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proposed Debt Service											
Debt service on debt proposed to be issued according to the Project Details											
Proposed Debt Issue Total		**0**	**28,564,956**	**89,098,000**	**0**	**0**	**64,250,000**	**0**	**0**	**27,750,000**	**0**
Debt Service											
2014 issue #1			414,841	829,683	829,683	829,683	829,683	829,683	829,683	829,683	829,683
2014 issue #2			886,879	1,773,759	1,773,759	1,773,759	1,773,759	1,773,759	1,773,759	1,773,759	1,773,759
2015 issue				3,574,727	7,149,454	7,149,454	7,149,454	7,149,454	7,149,454	7,149,454	7,149,454
2018 issue							2,577,793	5,155,586	5,155,586	5,155,586	5,155,586
2021 issue										1,113,366	2,226,732
2024 issue											
Proposed Debt Service Total		**0**	**1,301,720**	**6,178,169**	**9,752,896**	**9,752,896**	**12,330,689**	**14,908,482**	**14,908,482**	**16,021,848**	**17,135,214**

City of Huntsville
Ten-Year Capital Improvement Plan

TIF Transfers

The City has borrowed money for TIF 2, TIF 3A and TIF 4 projects, and structured the repayment to minimize the interest cost to the City. When the debt was issued, tax collections from the TIFs were expected to be below the desired debt service initially, so plans were to use Capital Improvement Fund (CIF) money to pay the difference, as necessary. Taxes will eventually exceed debt requirements and the CIF will be reimbursed from the TIF revenues, which will occur at different times for each TIF.

Also, and more importantly, each TIF has unique risks that its tax collections will not meet City projections. Because of these two factors, a reserve is made in the budget each year. The City's risks will be better understood or eliminated as tax collections are received each year, so as this occurs, the annual reserve will be reduced and used for other budget needs. Comments about each TIF in this regard are shown below.

	Funding	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TIF 2 - HUNTSVILLE HIGH SCHOOL DEBT		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000

TIF 2 (HHS) revenue is growing at a modest amount given the mostly-developed nature of the district, so there is low risk of unforeseen circumstances, which the City can respond to well in advance, without making significant Capital Plan adjustments. The reserve amount is generally the amount of the advances made since the advance amount is not available for other needs.

TIF 3A		0	0	0	0	0	0	0	0	0	0

TIF 3A tax collections currently cover debt service, but there is considerable risk associated with significant tax assumptions after 2012, although some may be mitigated with development in the large district that was not projected when the TIF was established. Nonetheless, it is necessary to to build a reserve until the tax assumptions in 2012 and beyond can be proven.

TIF 4		500,000	500,000	500,000	(250,000)	(250,000)	(250,000)	(500,000)	(500,000)	(500,000)	(500,000)

TIF 4 has growing tax collections, and the taxes are estimated to exceed debt service in 2016. There is moderate risk of projection error since some significant tax assumptions were made. The annual reserve covers debt service advances and projection risk.