Town of Cary

Capital Budgeting

What We'll Talk About Today

1. You, Me and the Town of Cary
2. We're Budget People – There Has to be a Process!
3. Keeping it Real – Building an Attainable CIB/P
4. If You Budget It, They Will Manage It
   (and having the right tools certainly helps!)
5. Questions?

Where Are You From?

- Authority
- School System
- Municipality
- County
- Other

How Long Have You Been Capital Budgeting?

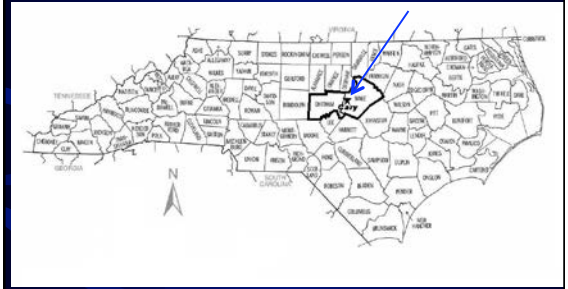
- Less than 1 year
- 2-3 years
- 4-8 years
- 9-15 years
- More than 15 years

What is Your CIP Timeframe?

1. Don't have a CIP, just budget for upcoming year
2. 3 years
3. 5 years
4. 10 years
5. Longer than 10 years

Which timeframe do you think is best?

What Comes to Mind When You Hear "Town of Cary"?



What Comes to Mind When You Hear "Town of Cary"?

1) Containment Area for Relocated Yankees

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What Comes to Mind When You Hear "Town of Cary"?

1) Containment Area for Relocated Yankees
2) Beige colors and lack of signs
3) Fast Growing
4) Flush with cash
5) Town? That's a City!

What Comes to My Mind?

The many infrastructure needs faced by a community that in the past 15 years alone has grown from a population of 88,000 to 150,000

What Comes to My Mind?

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TOWN of CARY

What Comes to My Mind?

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What Comes to My Mind?

Cary is beginning the transition from a community in rapid development to one moving toward build–out.

Capital planning must emphasize infrastructure maintenance.

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The Town of Cary's Capital Budgeting Process

The Town of Cary annually prepares an eleven year Capital Improvements Budget/Plan (CIB/P).

The FY 2016 budget process will mark Cary's 15th year of utilizing an eleven year CIB/P.

- The first year (budget year) is formally adopted by Town Council in June along with the Annual Operating Budget
- The ten "out" years of the plan are true planning years and are not formally adopted

The Town of Cary's Capital Budgeting Process

- **Plan for the future, implement the present**
- **Appropriate for upcoming year only**
  - » Constant evaluation of priorities vs. funding
  - » Adaptation of plan for new opportunities
- **Plan for the next ten years**
  - » Allows for short and long term financial planning
  - » Communication tool with public and Council
  - » Reduces number of surprise projects
  - » Allows course to be changed if necessary

The Town of Cary's 2015 CIB

CAPITAL IMPROVEMENTS BUDGET (CIB)

UTILITY CIB

Water	$10,661,000
Sewer	$15,014,700
Subtotal	$25,675,700

GENERAL CIB

Transportation	$12,558,000
Fire	$2,200,000
Parks, Recreation and Cultural Resources	$5,874,500
General Government	$4,333,616
Downtown	$850,000
Subtotal	$25,816,116

TOTAL CAPITAL IMPROVEMENTS BUDGET	**$51,491,816**

The Basics

Defining "Capital Project"

An asset with a value exceeding $25,000 and a useful life of greater than three years.

Categorizing a Capital Project

General
- Transportation
- Fire
- Parks Recreation and Cultural Resources (PRCR)
- General Government
- Downtown

Utility
- Water
- Sewer

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General Capital Reserve

- Transportation
- Fire
- Parks, Recreation & Cultural Resources
- General Government
- Downtown

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Utility Capital Reserve

- Water
- Sewer

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Funding Sources

- Cash from Annual Operating Funds
- Cash from Operating Fund Balances
- State Funding (Powell Bill for Streets)
- Development Fees
- Payments-in-Lieu
- Vehicle License Fees
- Grants
- Debt (General Obligation Bonds, etc.)

Laying the Foundation

- **The Budget Office develops funding targets that provide a realistic revenue picture for the next five years.**

Projections should:

- be calculated for each revenue type.
- include operating fund transfer capacity (general and utility) for each year.
- include available debt if this is an option.
- be denoted as either a dedicated or non-dedicated funding sources.

•Funding Targets are developed in accordance with the Town's funding principles:

- Utilize as little debt as possible to minimize additional debt service obligations
- Maximize the use of existing capital reserve fund balances
- Minimize reliance on FY 2015 capital revenues
- Limit transfers from the operating funds

Turning Estimates Into Funding Targets

General Capital
As of 10.13.201

	FY 2019	FY 2020
Non-Dedicated		
General Fund Transfi	600,000	15,200,000
Unrestricted	508,474	513,559
Utility Franchise Fee	587,236	581,364
Utility Fund Transfer	192,903	220,686
SUB-TOTAL - NON D	*888,613*	*16,515,609*

Non-D… …e that are av… …ject

Turning Estimates Into Funding Targets

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Dedicated Transportation Sources					
Awarded Grants	0	0	0	0	0
Developer Reimbursement	0	0	0	0	0
Other	0	0	0	0	0
PIL - Sidewalks	0	0	0	0	0
PIL - Bike Lanes	0	0	0	0	0
PIL Street Lights	42,394	0	0	0	0
PIL Streets	452,996	952,996	200,000	200,000	200,000
Powell Bill	4,698,041	5,416,475	5,778,384	5,787,385	5,816,278
Transporation Development Fees	1,568,843	2,052,266	951,480	940,795	950,202
Vehicle License Fees	1,467,301	9,305,628	1,490,613	1,520,425	1,550,834
SUB-TOTAL - DEDICATED TRANSP.	*8,997,875*	*21,307,304*	*8,400,487*	*8,438,509*	*8,517,309*
Dedicated PRCR Funding Sources					
Awarded Grants	0	0	0	0	0
Developer Reimbursement	0	0	0	0	0
Interlocal Funds	1,500,000	1,700,000	2,600,000	2,600,000	0
Other	0	0	0	0	0
Parks Contributions	21,509	0	0	0	0
PIL - Parks and Greenways	1,828,389	0	0	0	0
RIL - West	166,628	221,000	221,000	221,000	221,000
RIL - Central	169,211	221,000	221,000	221,000	221,000
RIL - South	625,612	858,000	858,000	858,000	858,000
RIL - Maynard Loop	0	0	0	0	0
SUB-TOTAL - DEDICATED PRCR	*4,936,349*	*3,000,000*	*3,900,000*	*3,900,000*	*1,300,000*

Dedicated funding sources are those that are only for use on specific types of projects.

Turning Estimates Into Funding Targets

FUNDING TARGETS - TOTAL AVAILABLE

As of 10.13.2014

	TRANSPORTATION	FIRE	PRCR	GENERAL GOV'T	DOWNTOWN
FY 2016					
Non-Dedicated	10,488,142	10,488,142	10,488,142	10,597,696	10,488,142
Dedicated	8,997,875	0	4,058,149	0	0
Total	*19,486,017*	*10,488,142*	*14,546,291*	*10,597,696*	*10,488,142*
FY 2017					
Non-Dedicated	13,536,604	13,536,604	13,536,604	13,674,021	13,536,604
Dedicated	11,307,364	0	3,000,000	0	0
Total	*24,844,048*	*13,536,604*	*16,536,604*	*13,674,021*	*13,536,604*
FY 2018					
Non-Dedicated	11,996,608	11,996,608	11,996,608	12,181,728	11,996,608
Dedicated	6,420,657	0	1,900,000	0	0
Total	*18,417,265*	*11,996,608*	*13,896,608*	*12,181,728*	*11,996,608*
FY 2019					
Non-Dedicated	14,695,710	14,695,710	14,695,710	14,888,613	14,695,710
Dedicated	6,458,526	0	3,300,000	0	0
Total	*21,154,236*	*14,695,710*	*17,995,710*	*14,888,613*	*14,695,710*
FY 2020					
Non-Dedicated	16,294,923	16,294,923	16,294,923	16,515,609	16,294,923
Dedicated	6,517,309	0	1,300,000	0	0
Total	*22,812,232*	*16,294,923*	*17,594,923*	*16,515,609*	*16,294,923*

Planning With Purpose

- Project Managers are asked to think of the 11 year budget and plan period in two segments:

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  - Near term project requests should fit within each year's funding target.

Planning With Purpose

- **Project Managers are asked to think of the 11 year budget and plan period in two segments:**

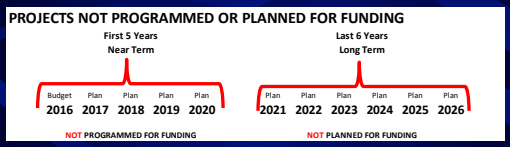
  - Near term project requests should fit within each year's funding target.
  - Long term project requests don't have funding targets, but should be projects where it is imperative that the work is completed within that time frame

Planning With Purpose

- **What to do with everything else?**

There most certainly will be needs that project managers are aware of that don't fit within the parameters of the Programmed/ Planned request structure.

These fall to a separate project list:



Details, Details, Details!

- **Each individual project request should:**
  - provide specific details regarding the project, what is driving the need for it, and what would happen if the project did not occur.
  - incorporate inflationary cost increases within the plan years.
  - specifically detail staffing, operating and maintenance budget impacts.
  - indicate any cost savings that may be experienced once project is implemented.

The Calendar

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The Calendar

- Feedback meetings on prior year (AUG)

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- Feedback meetings on prior year (AUG)
- Change process and update database (SEP)
- Create and publicize schedule (SEP)
  - » Roughly same every year
  - » Focus on information needed and when

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The Calendar

- Feedback meetings on prior year (AUG)
- Change process and update database (SEP)
- Create and publicize schedule (SEP)
  - » Roughly same every year
  - » Focus on information needed and when
- Update capital budget manual (OCT)
- Hold capital budget "refresher" courses (NOV)
- Project status updates (DEC)
  - » For existing projects (closure, givebacks, scope changes, etc.)

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The Calendar

- Open database for input (DEC)
- Revenue projections & funding targets (DEC)

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- Prepare Recommended Document (MAR)

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The Calendar

- Open database for input (DEC)
- Revenue projections & funding targets (DEC)
- Project submittals due in database (JAN)
- Internal capital discussion meetings (FEB)
- Prepare Recommended Document (MAR)
- Preview budget and plan with Council (APR)
  - » Focus on both current year and next ten years
  - » General Capital and Utility discussed (rate impacts)
- Revenue review for any updates (APR)

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The Calendar

- Capital worksessions with Council (MAY)
  - » Focus on budget year and implications of the outyears
- Update recommended budget (MAY)
  - » Modification of capital projects included
  - » Changing timing of capital projects
  - » Updates of revenue projections

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The Calendar

- Capital worksessions with Council (MAY)
  - » Focus on budget year and implications of the outyears
- Update recommended budget (MAY)
  - » Modification of capital projects included
  - » Changing timing of capital projects
  - » Updates of revenue projections
- Map and budget set-up processes (JUN)
  - » Create map for each project in the budget year
  - » Prepare docs for accounting system setup 7/1
- Council adoption (JUN)

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Cary's Capital Budgeting Process – Development Tools

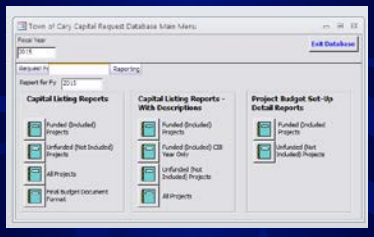
Capital project and CIB/P development is accomplished by utilizing a combination of an Access database, Excel spreadsheets and Word documents.

Capital Request Database – Critical to collect written requests with all of the information needed clearly identified

- An in-house developed Access database is used to build the CIB/P.
- Project Managers create capital budget and plan project requests.
- Project Managers indicate whether each project request is meant to be considered for the final CIB/P or if the request serves more as an acknowledgement of future need **(Programmed/Planned vs Not)**
- The Budget Office updates the database as funding decisions are made in order to produce what becomes the Manager's Recommended CIB/P

Capital Request Database

Capital Request Database



Capital Request Database

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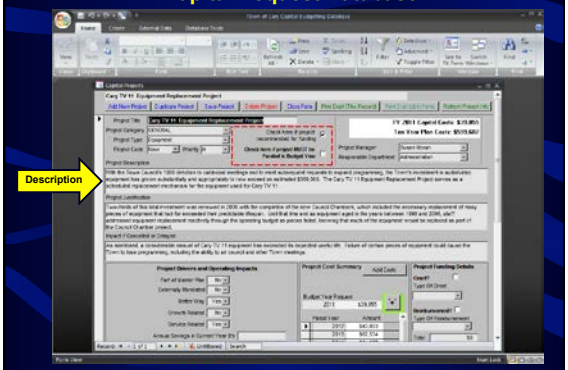
Capital Request Database



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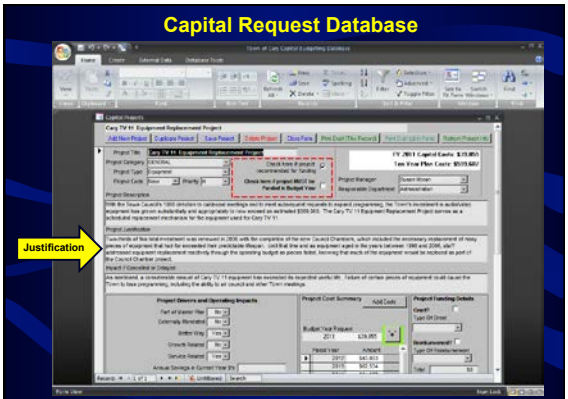
Capital Request Database



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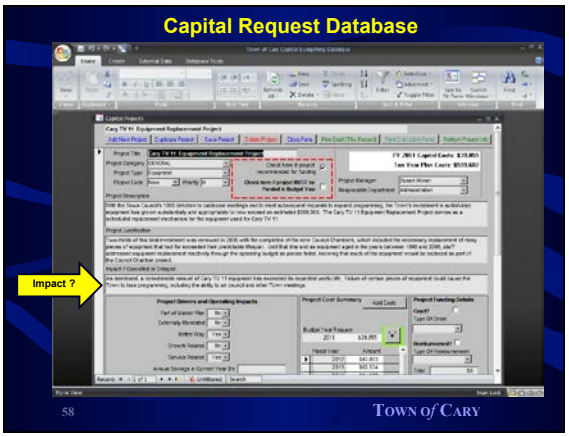
Capital Request Database



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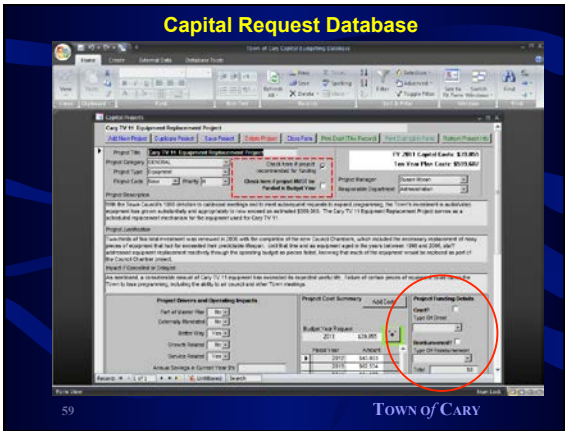

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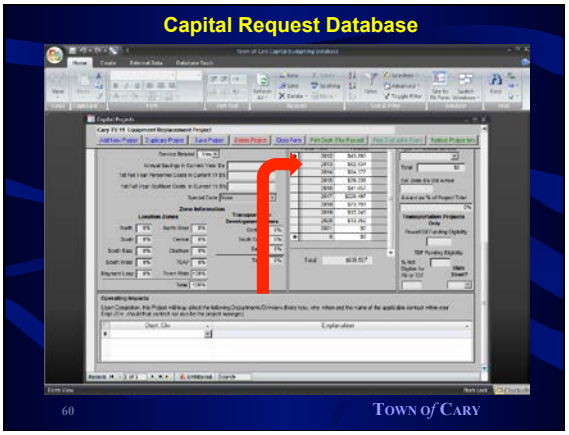

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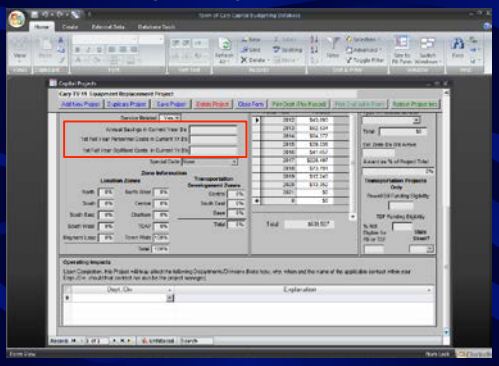

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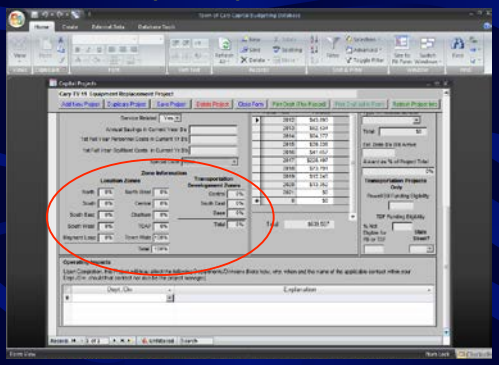
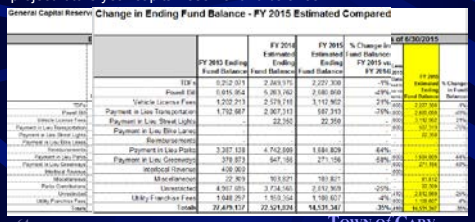


Other Development Tools

Capital Programming Schedules

Excel spreadsheets developed and maintained by the Budget Office that:

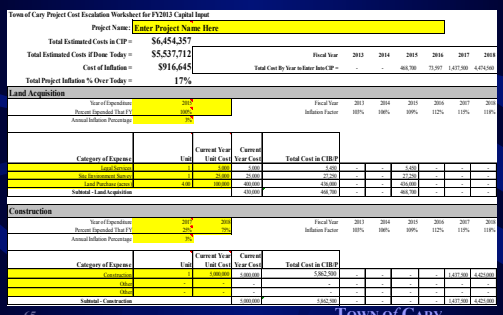
- record actual capital reserve fund revenues
- quantify all adopted and mid-year capital appropriations from the capital reserve funds
- project capital reserve revenues
- record actual capital reserve fund balance
- project future year capital reserve fund balance


General Capital Reserv Change in Ending Fund Balance - FY 2015 Estimated Compared

	FY 2013 Ending Fund Balance	FY 2014 Estimated Ending Fund Balance	FY 2015 Estimated Ending Fund Balance	% Change in Fund Balance FY 2015 vs. FY 2014	FY 2015 Estimated Ending Fund Balance	% Change in Fund Balance
					1 of 6/30/2015	
TIF	2,212,315	2,349,175	2,237,308	-5%		
Fund 04	5,015,954	5,263,162	2,680,868	-49%		
Vehicle License Fees	1,202,213	2,579,718	1,112,903	24%		
Payment in Lieu Transportation	1,762,987	2,307,315	587,315	-75%		
Payment in Lieu Street Lights		22,352	22,358	-		
Payment in Lieu Bike Lanes						
Reimbursements						
Payment in Lieu Parks	3,267,133	4,742,999	1,684,829	-64%		
Payment in Lieu Greenways	379,873	647,156	271,156	-58%		
Historical Revenue	420,000					
Miscellaneous	27,909	303,871	193,821			
Parks Contributions	4,967,051	3,734,160	2,612,309	-25%		
Unrestricted	1,048,257	1,193,354	1,180,607	-1%		
Utility Franchise Fees	37,479,137	22,329,024	18,539,347	-17%		
Totals						

Cost Escalation Aids

Excel spreadsheets developed by the Budget Office designed to estimate cost escalation factors from today out into the respective year of the CIP for both capital costs and operating impacts


Town of Cary Project Cost Escalation Worksheet for FY2013 Capital Input

Project Name: Enter Project Name Here

Total Estimated Costs in CIP = $6,454,357

Total Estimated Costs if Done Today = $5,537,712

Cost of Inflation = $916,645

Total Project Inflation % Over Today = 17%

Fiscal Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018

Total Cost By Year to Enter Into CIP = - - 468,700 73,597 1,437,500 4,474,560

Land Acquisition

Year of Expenditure: 2015

Percent Expended That FY: 100%

Annual Inflation Percentage: 3%

Fiscal Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018

Inflation Factor | 103% | 106% | 109% | 112% | 115% | 118%

Category of Expense	Unit	Current Year Unit Cost	Current Year Cost	Total Cost in CIB/P						
Legal Services	1	5,000	5,000	5,450	-	-	5,450	-	-	-
Site Improvement Acres	1	25,000	25,000	27,250	-	-	27,250	-	-	-
Land Purchase (acres)	4.00	100,000	400,000	436,000	-	-	436,000	-	-	-
Subtotal - Land Acquisition			430,000	468,700	-	-	468,700	-	-	-

Construction

Year of Expenditure: 2017 2018

Percent Expended That FY: 25% 75%

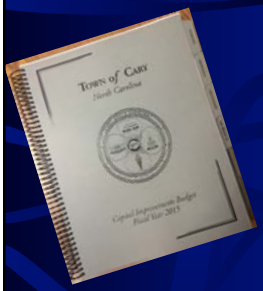
Annual Inflation Percentage: 3%

Fiscal Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018

Inflation Factor | 103% | 106% | 109% | 112% | 115% | 118%

Category of Expense	Unit	Current Year Unit Cost	Current Year Cost	Total Cost in CIB/P						
Construction	1	5,000,000	5,000,000	5,562,500	-	-	-	-	1,437,500	4,425,000
Other	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Subtotal - Construction			5,000,000	5,562,500	-	-	-	-	1,437,500	4,425,000

The Final Product

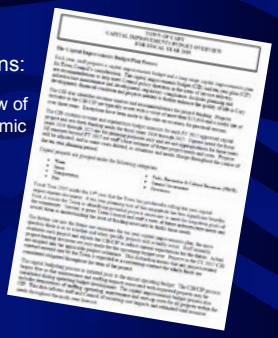


The Town of Cary presents its CIB/P in a capital specific document. Elements of this publication are also included in the Town's Annual Operating Budget document.

The Final Product

The CIB/P document contains:

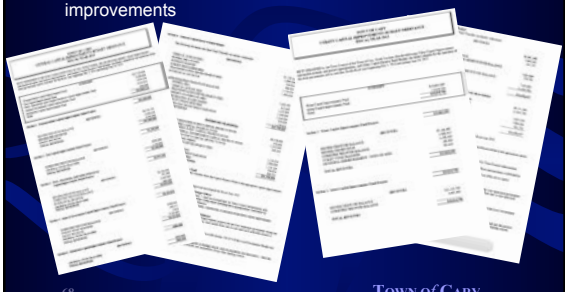
- A comprehensive overview of the CIB/P process, economic and other influences, revenue forecasts and appropriations



The Final Product

The CIB/P document contains:

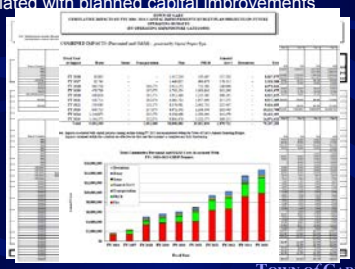
- Annual Budget ordinances for general and utility capital improvements



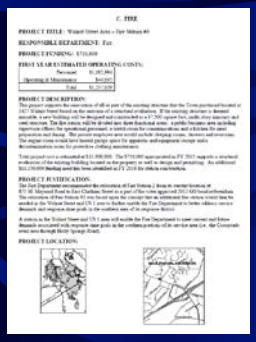
The Final Product

The CIB/P document contains:

- Summary reporting on capital-related revenues, expenditures, appropriations to date and operating budget impacts associated with planned capital improvements



The Final Product



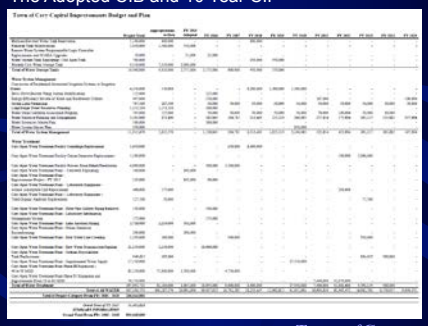
The CIB/P document contains:

- Detailed information on projects receiving funding in the budget year

The Final Product

The CIB/P document contains:

- The Adopted CIB and 10 Year CIP



Project Management Tools

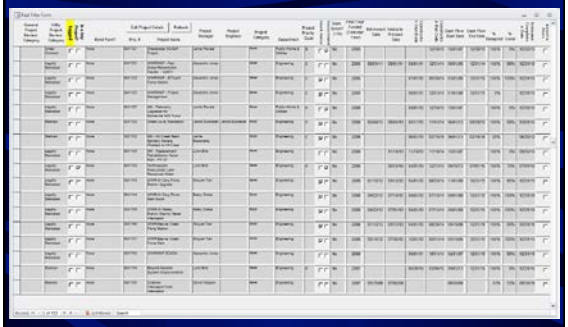
Once a project is approved (either through the annual budgeting process or as a mid-year appropriation), project managers provide periodic updates on their projects via the Capital Status Database.

Capital Status Database

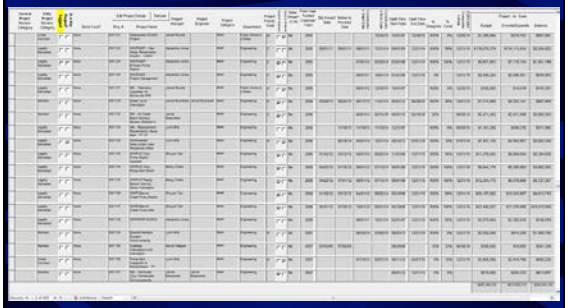
- An in-house developed Access database is used to provide status updates on the Town's 426 active (general and utility) capital projects.
- Bi-Monthly meetings are held by the Budget Office on those projects identified as "Key" (67 of the 426)
- Information/reporting in this database serves as primary, centralized reference point for Town Manager, Budget Office, Public Information Office and departmental staff regarding project activity

Capital Status Database

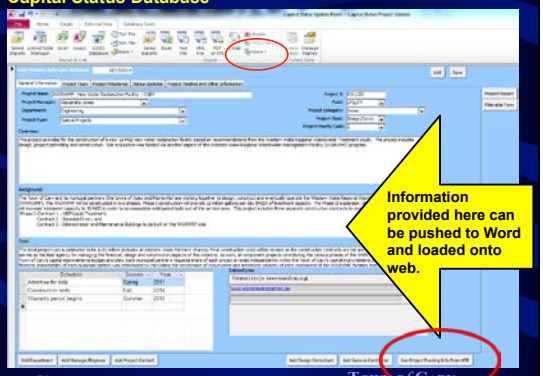
Capital Status Database – Fast Filter



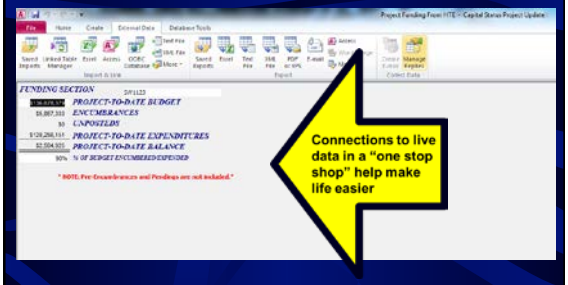
Capital Status Database – Capital Status Filterable Form



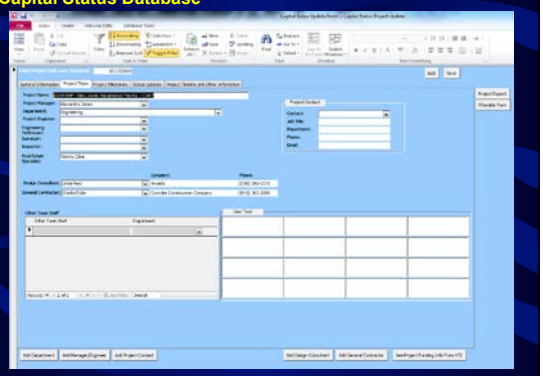
Capital Status Database



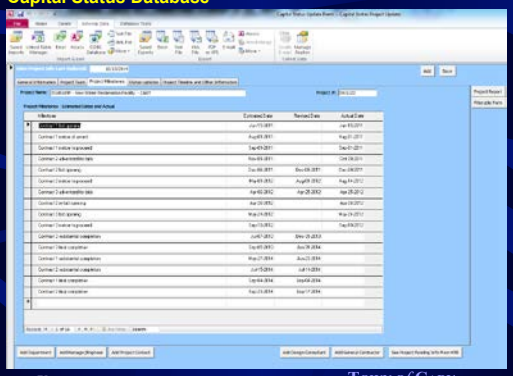
Capital Status Database



Capital Status Database



Capital Status Database

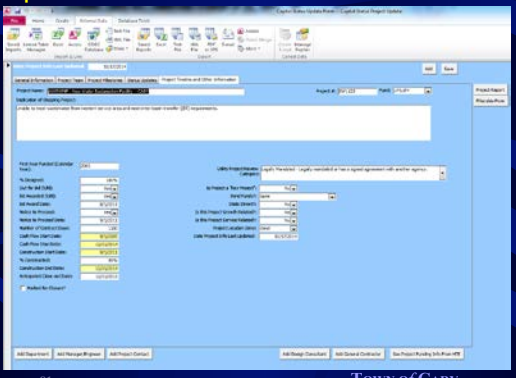


79 TOWN of CARY

Capital Status Database

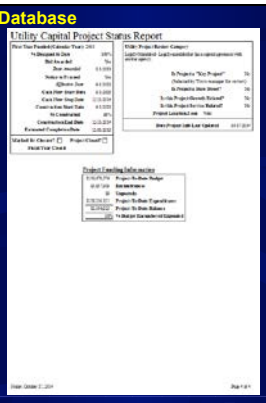
80 TOWN of CARY

Capital Status Database

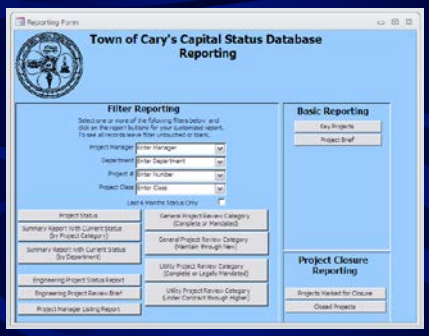


81 TOWN of CARY

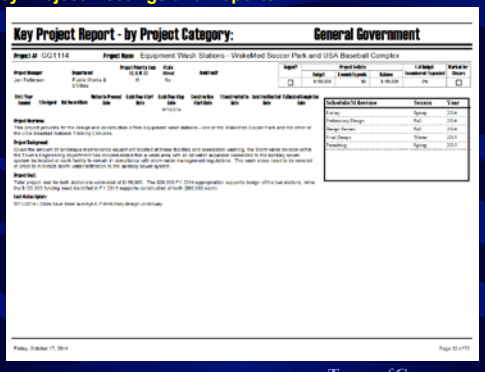
Capital Status Database



Capital Status Database



Key Project Meetings and Reports



Keys to Success
(the things we've learned along the way!)

- Clear and firm schedule communicated early
- Foster communication among groups
- Ensure staff and project managers understand the funding environment
- Funding targets
  - » Understanding implications of what can't be done within target
  - » Understanding what may be necessary to secure more funding
  - » Establishing criteria for what must be done and when
- Operating costs are critical to the equation

Questions?

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