

CAPITAL BUDGET ANALYSIS

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I. LEON COUNTY'S CAPITAL IMPROVEMENT PROGRAM

Capital infrastructure is essential to the Leon County community. Streets, bridges, stormwater systems, and public buildings help to shape the local economy, affecting the flow of goods, business location decisions, and prospects for future development. The quality of life for a Leon County resident depends on the reliability of its transportation, the quality of its stormwater, the efficiency of its waste disposal, and the accessibility of cultural and recreational activities and facilities, and many other essential public services. High service quality levels can be achieved through the proper planning and provision of the replacement, maintenance, and enhancement of the County's capital assets.

CAPITAL IMPROVEMENT PROGRAM

Leon County's capital improvement program is a multi-year program that identifies capital projects to be funded during a planning period of five years. The program delineates each proposed capital project to be undertaken, the year in which it will be started or acquired, the amount expected to be expended on the project each year, and the proposed method of financing these expenditures. The capital improvement program serves as a useful resource that aids Leon County government in insuring that decisions on capital projects and funding are made wisely and well planned.

CAPITAL ASSETS

A capital asset is defined as a new or rehabilitated physical asset that is nonrecurring and has a useful life of more than three to five years, and cost in excess of \$10,000.

CAPITAL PROJECT

A capital project is comprised of a project that is undertaken to acquire a capital asset. Examples of capital projects include construction of public buildings, and major street improvements.

CAPITAL IMPROVEMENT BUDGET

The capital improvement budget represents the first year of a capital improvement program. The capital budget is Leon County's annual appropriation of capital spending and is legally adopted by the Board of County Commissioners. This capital budget is adopted in conjunction with Leon County's operating budget and provides legal authority to proceed with specific projects.

** Note: projects and financing sources listed in the capital improvement program for years other than the current proposed budget year (commonly called "out years" or "planned years") are not authorized until the annual budget for those years is legally adopted. The planned years serve only as a guide for future planning and are subject to further review and modification in subsequent years.

II. CAPITAL IMPROVEMENT PROGRAMMING PROCESS

Each year, the Office of Management and Budget facilitates a process to formulate a capital improvement program and capital budget. Officials, administrators, and staff at all levels of Leon County government play key roles in the development of the County's capital improvement program. Events that occur in the County's capital planning process include:

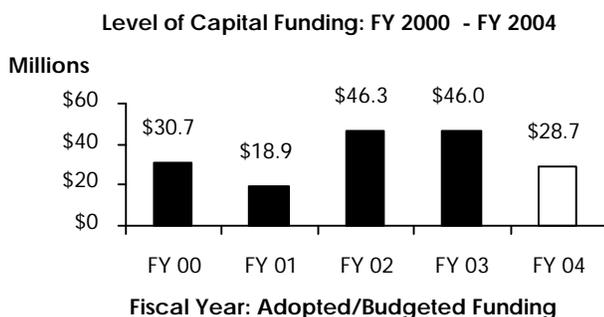
- Assessments Of Capital Needs (Department/Division Staff)
 - Preparation of capital inventory
 - Evaluation of whether to repair or replace facilities and/or equipment
 - Identify future needs
- Identification Of Projects For Capital Program (Department/Division Staff)
 - Review status of previously approved projects
 - Identify and develop information for new projects
 - Examine capital project alternatives
 - Submit capital project requests
- Financial Analysis (County Administration / OMB)
 - Evaluate financial condition
 - Forecast likely financial trends
 - Evaluate funding options
- Evaluate and Plan Capital Projects (County Administration / OMB)

- Review capital project requests
- Prioritize capital projects
- Select projects, schedule, and assign funding sources
- Adopt Capital Improvement Program and Budget (County Administration / OMB / Board of County Commissioners)
 - Prepare capital improvement program document
 - Submit tentative capital program and budget to Board of County Commissioners
 - Hold public hearings
 - Revise and prepare capital program and budget for adoption
- Implement and Monitor Capital Budget

III. FY 2003/2004 ANALYSIS

The FY 2003/2004 portion of the capital improvement program represents \$28,678,491 in budgeted projects. This reflects a significant decrease of budgeted expenditures when compared to the FY 2002/2003 adopted capital improvement program of \$45,974,100. Figure 4.1 displays the levels of capital funding from FY 2000 through the current budget year. The large increase reflected in the FY 2002 capital budget is mainly attributed to the utilization of existing fund balances in the Local Option Sales Tax fund (Fund 308) and certain bond funds. The decrease in capital spending planned for FY 2004 can be attributed to the fact that major transportation projects have been fully funded as of FY 2003, and other major capital projects were appropriated during FY 2003 and will appear in the FY 2004 Adjusted Capital Budget.

FIGURE 4.1



CAPITAL IMPACT ON OPERATING BUDGET

Infrastructure improvements often directly impact the on-going operating budget of a County. The costs of operating and maintaining new infrastructure are always considered in the operating budget. As shown on the individual projects sheets the actual impact varies significantly from project to project.

When developing a new facility such as a park or library there is often additional staff and operating expenses required to operate this new asset. However, there are also operating expenses associated with the on-going maintenance of new roads and stormwater management facilities. These expenses are usually calculated based on additional lane miles, drainage ditch miles, acres of ponds or other generally accepted standards.

Various individual project sheets, contained in this document, include operating impacts. However, a consistent level of information is not included for all projects. It is the intent of the County to continue to improve upon this effort and provide a more complete and thorough analysis in future documents.

MANAGEMENT OF CAPITAL PROJECTS

Typically, those departments responsible for managing the majority of capital improvement projects adopted and implemented by Leon County include: Public Works, and Management Services. Within the Public Works Department, the Operations, Solid Waste, Parks and Recreation, Engineering Services, and Mosquito Control and Stormwater Divisions all are responsible for managing a variety of capital projects. In the Management Services Department, the Management Information Systems and Facilities Management Divisions assume responsibility for managing capital projects.

Table 4.1 displays the distribution of FY 2003/2004 capital improvement projects amongst the departments responsible for project management. Reflective of the continued use of existing fund balance from the Local Option Sales Tax (Fund 308), the Engineering Services Division of the Public Works Department will be responsible for managing the most capital projects at a total estimated cost of \$12,448,354 in FY 2003/2004.

TABLE 4.1

LEVEL OF CAPITAL FUNDING: FY 2004
BY MANAGING DEPARTMENT

MANAGING DEPARTMENT/DIVISION	PROJECTS	FY 2004 BUDGET
Management Services: Facilities	9	2,038,000
Management Services: MIS	18	2,175,144
Public Works: Eng. Services / Transportation	19	12,448,354
Public Works: Operations	6	3,484,650
Public Works: Park & Rec.	10	2,468,000
Public Works: Solid Waste	2	525,000
Public Works: Mosquito Control Stormwater Ops., & Eng. Services / Stormwater	4	4,805,343
Other: (Administration)	3	734,000
	71	\$28,678,491

Table 4.2 displays a summary of the projected expenditures on capital improvement projects, by managing department, for the entire FY 2003/2004 through FY 2007/2008 capital improvement program. As with FY 2003/2004, the Engineering Services Division of the Department of Public Works will continue to remain very active in the continued maintenance and enhancement of the County's transportation infrastructure system.

TABLE 4.2

LEVEL OF CAPITAL FUNDING: FY 2004 – FY 2008
BY MANAGING DEPARTMENT
(In 000's)

MANAGING DEPARTMENT	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Management Services: Facilities	2,038	804	230	235	105
Management Services: MIS	2,175	1,425	1,425	1,375	1,375
Public Works: Engineering Services	12,448	3,424	11,428	16,631	21,555
Public Works: Operations	3,485	2,875	2,696	2,813	3,071
Public Works: Park & Rec.	2,468	2,243	718	68	43
Public Works: Solid Waste	525	0	0	0	0
Public Works: Mosquito Control and Stormwater	4,805	3,017	1,436	928	1,223
Other: Administration	734	0	0	0	0
	\$28,678	\$13,788	\$17,933	\$22,050	\$27,372

FUNDING SOURCES OF CAPITAL PROJECTS

Leon County's capital improvement program is supported annually through the use of revenues from sources that include: capital improvement bonds, local option sales tax funds, gas tax funds, enterprise funds, and general revenue funds.

Table 4.3 displays that \$12,394,646 in restricted revenue from the Local Option Sales Tax Fund serves as the primary source of funding for the County's FY 2003/2004 capital improvement program. This figure represents nearly 43% of all the funding sources for the FY 2002/2003 capital budget. Other major sources of funding for the FY 2003/2004 capital improvement program include the Extended Sales Tax Fund (Fund 309), and General Revenue (Fund 305), which provide 25% and 17%, respectively, of the total funding for budgeted capital projects.

TABLE 4.3

CAPITAL EXPENDITURES IN FY 2004 AND FY 2005 THRU FY 2008 CIP
: BY FUNDING SOURCE

FUNDING SOURCE	FY 2004 BUDGET	%	FY05-FY08 BUDGET	%
General (305)	4,898,000	17.08%	10,915,613	13.46%
Gas Tax (306)	1,597,947	5.57%	3,633,163	4.44%
Sales Tax (308)	12,394,646	43.22%	53,754,714	66.27%
Ext. Sales Tax (309)	7,201,898	25.11%	12,839,553	15.83%
1999 Bond (318)	511,000	1.78%	0	0%
Countywide Impact (341)	1,550,000	5.40%	0	0%
Landfill (401)	525,000	1.83%	0	0%
	\$28,678,491	100%	\$81,143,043	100%

Table 4.3 also summarizes the projected funding of capital improvement projects budgeted and planned for FY 2004/2005 through FY 2007/2008. As with FY 2003/2004, the Local Option Sales Tax Fund (Fund 308) will continue to remain the primary source of funding for the County's capital improvement program.

CAPITAL IMPACT ON LEON COUNTY SERVICES

All projects included in Leon County’s capital improvement program have been designed to replace, maintain, or enhance the County’s infrastructure as it relates to items that facilitate the provision, maintenance, and operation of essential County services. Based on the influence of the State of Florida, Uniform Accounting System and the County’s own organizational structure, capital improvement projects are categorized within the service types of culture and recreation, general government, solid waste, stormwater, and transportation.

Figure 4.2 illustrates that transportation related capital projects will receive the most funding with \$15,158,932 in budgeted expenditures for, the County’s FY 2003/2004 capital improvement budget. This figure represents 53% of all expenditures within the FY 2003/2004 capital budget. Other expenditures for the FY 2003/2004 capital improvement budget include \$3,155,953, 4,393,000, and \$525,000 for general government, culture and recreation, and solid waste related projects respectively.

Figure 4.3 displays a summary of the projected expenditures on capital improvement projects budgeted and planned for FY 2004/2005 through FY 2007/2008. In accordance with the trend in capital project spending for FY 2003/2004, transportation related capital projects will continue to receive the most funding.

FIGURE 4.2

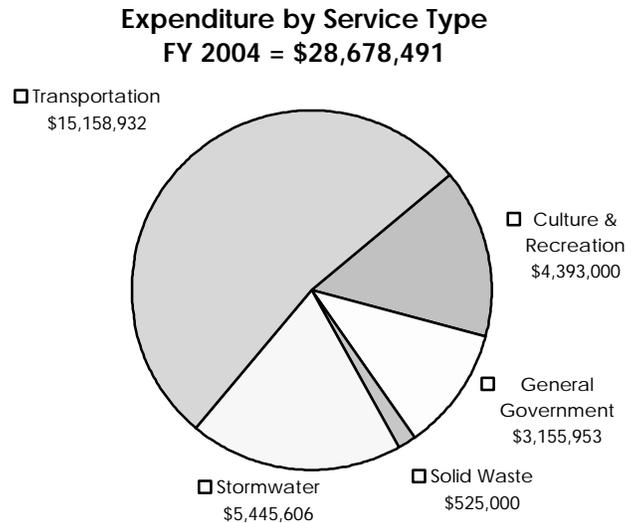


FIGURE 4.3

