



Request for City Council Committee Action From the Finance Department

Date: February 7, 2011
To: Ways and Means/Budget Committee
Referral to: None

**Subject: 2012 – 2016 Capital Process & Capital Long-Range Improvement
Committee (CLIC) Information**

Recommendations

1. Receive and file the attached 2011 CLIC Schedule with a capital budget submission deadline of noon on April 1st, 2011.
2. Receive and file tax supported resource direction to CLIC, city departments, independent boards & commissions as indicated in the letter below.

Previous Directives

None

Prepared/Submitted by Michael Abeln, Director, Capital & Debt Management, 673-3496

Approved by: Patrick Born, City Finance Officer _____

Steven Bosacker, City Coordinator _____

Presenters in Committee: Michael Abeln, Director, Capital & Debt Management

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Capital Budget schedule and funding direction
- Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information Attached

The attached 2011 CLIC Schedule for the 2012 - 2016 Capital budget process has been developed and agreed to by the current Chair and Vice Chair of the Capital Long-Range Improvement Committee (CLIC).

CLIC staff support for the two primary task forces will be provided by Jeff Metzen of the Finance Department and Merland Otto of the Planning Division of the Community Planning and Economic Development department. The main body of CLIC and the overall capital process will be administered by Michael Abeln, Director, Capital and Debt Management/Executive Secretary of CLIC from the Finance Department.

2011 CLIC SCHEDULE HIGHLIGHTS:

CLIC will convene their first meeting on March 29th. Capital budget requests will be due at noon on Friday April 1st. A joint public hearing between CLIC and the Planning Commission will be held on Thursday May 26th at 5:05 p.m. The main body of CLIC will finalize their capital recommendations on June 28th. The CLIC Report will be completed on or before July 13th. The Executive Committee of CLIC will present their recommendations to the Mayor on July 15th and to the Ways & Means/Budget Committee on July 18th.

CLIC 2011 CAPITAL GUIDELINES:

The 2011 CLIC Guidelines are being reviewed for potential revisions in conjunction with the new City Goals and priorities and will be brought to the Ways and Means/Budget Committee on the February 22nd cycle.

2012 - 2016 CAPITAL PROCESS:

As a general rule, projects in the adopted five-year plan should remain within the years funding has been approved to the greatest extent possible. Net debt bond funded projects previously submitted but not in the currently adopted five-year capital improvement program should be resubmitted as a 2016 project. If a submitting agency needs to move funding within years of the program, they should ensure that pro forma implications, net debt bonds and other funding sources will still be available within the revised timeframe.

Municipal Building Commission

The Municipal Building Commission (MBC) is requested to submit capital proposals for 2012-2015 with City tax supported resources comparable to what is in the currently adopted five-year capital program. For 2016, MBC is requested to submit net debt bond proposals totaling no more than 130% of their 2015 approved funding or \$1,040,000.

Park and Recreation Board

The Park and Recreation Board is requested to submit capital proposals for the 2012 - 2015 period with net debt bonds approximating \$2,000,000/year. For 2016, Park Board is requested to submit net debt bond proposals totaling no more than 130% of their 2015 approved funding or \$2,600,000. The Park Board proposals should provide location specific details about projects.

Public Works Department

The Public Works department is requested to submit capital proposals for the 2012 – 2015 period with net debt bond resources comparable to what is currently in the adopted five-year capital program. For 2016, Public Works is requested to submit net debt bond proposals totaling no more than 130% of their 2015 approved funding or \$17,800,000.

Municipal State Aid (MSA) Funding:

Public Works is directed to align the 2012-2016 MSA program requests with the anticipated MSA funding level.

BIS Department

The BIS department is requested to submit capital proposals for 2012 – 2016 with City net debt bond resources totaling no more than \$1,500,000 per year. This amount is higher than currently approved amounts but will provide flexibility for more options to be considered for technology innovation. If BIS customer departments have included costs for capital technology improvements in their business plans, BIS may submit proposals for these items in cooperation with the departments but must include details of the funding arrangement. All capital requests submitted by the BIS Department regardless of funding source should be agreed to and be prioritized by year by city department heads.

Miscellaneous City Departments

Projects submitted under the miscellaneous project grouping should be consistent with resource levels adopted in the current plan for 2012 – 2015. For 2016, proposals should be limited to no more than \$4,000,000 in total. City departments are requested to update their project information for proposals in the 2012 – 2015 adopted capital program. Any new facility related proposals or major space renovation projects must be submitted in 2016 and must be coordinated through the Property Services Division which now reports to the Finance Department.

CAPITAL LONG-RANGE IMPROVEMENT COMMITTEE (CLIC):

The City Council requests that CLIC:

- 1) Rate all capital proposals submitted for years 2012 – 2016.
- 2) Plan for 2012 – 2016 Net Debt Bond resources as detailed below:

For Net Debt Bond Supported General Infrastructure Improvements As approved by City Council for 2012 - 2015 and proposed for 2016

Recommended Net Debt Bond Resources	2012	2013	2014	2015	2016	Totals
						(In thousands)
2011 Adopted Net Debt Bond Authorizations	18,310	18,675	19,050	20,000	20,400	96,435
2010 Resource Adjustment*	-1,000	-1,000	-1,000	0	0	-3,000
2012 - 2016 Resource Assumptions for CLIC	17,310	17,675	18,050	20,000	20,400	93,435

Notes:

The 2010 Resource Adjustment was put in place to cushion potential negative outcomes that could result from the State budget deficit and how it may impact the City of Minneapolis. This was a 5.4% reduction in resources for the 2011 - 2014 capital program. This adjustment is being kept in place. The 2016 allocation represents a 2% increase in the net debt bond program over 2015.

This resource summary represents the City's commitment for General Infrastructure assets including public buildings, roads, bridges, bike trails, sidewalks, street lights, traffic signals, parks & technology.