

City of Garland

2021 Capital Improvement Program

Preview – Council Work Session

January 11, 2021

Capital Improvement Program

Criteria and Structure

- ❑ **Five-year financial plan for capital assets:** Including public works infrastructure, utility infrastructure, municipal facilities, and large or specialized equipment purchases.
- ❑ **To qualify for the CIP, an item must meet the policy criteria:** (1) It is a capital asset, (2) it has a useful life of at least five years, and (3) it exceeds \$25,000 (in practice, \$50,000 typically used).
- ❑ **The CIP includes the following:** (1) planned projects for five years, (2) expected costs, (3) method of financing, and (4) estimated utility and tax rate impacts.
- ❑ **The Capital Budget is the first year of the CIP:** Appropriates funding for the upcoming year.
- ❑ **CIP projects often span multiple years:** Approving a project in Year 1 may, in effect, create an obligation to issue additional debt in Year 2 to complete the project.
- ❑ **The CIP must be viewed from a multi-year perspective.**

Capital Improvement Program

Component Units

Tax-Supported	Utilities	Internal Services
1997 Bond Program	Electric	Fleet Services
2004 Bond Program	Water, Wastewater	Information Technology
2019 Bond Program	EWS - Delivery	
Large Capital Items – GF	Stormwater Management	
<i>Financed with:</i>	<i>Financed with:</i>	<i>Financed with:</i>
Comm. Paper (CP)/GO Bonds	CP/Revenue Bonds	Certificates of Obligation
Certificates of Obligation	Certificates of Obligation	
<i>Debt Repaid by:</i>	<i>Debt Repaid by:</i>	<i>Debt Repaid by:</i>
Debt Service Tax Rate	Utility Rates	Charges to Other Funds



2021 Proposed CIP

PRIMARY GOAL OF 2021 CIP

Enhance the Economic Viability and Quality of Life for the Garland Community by:

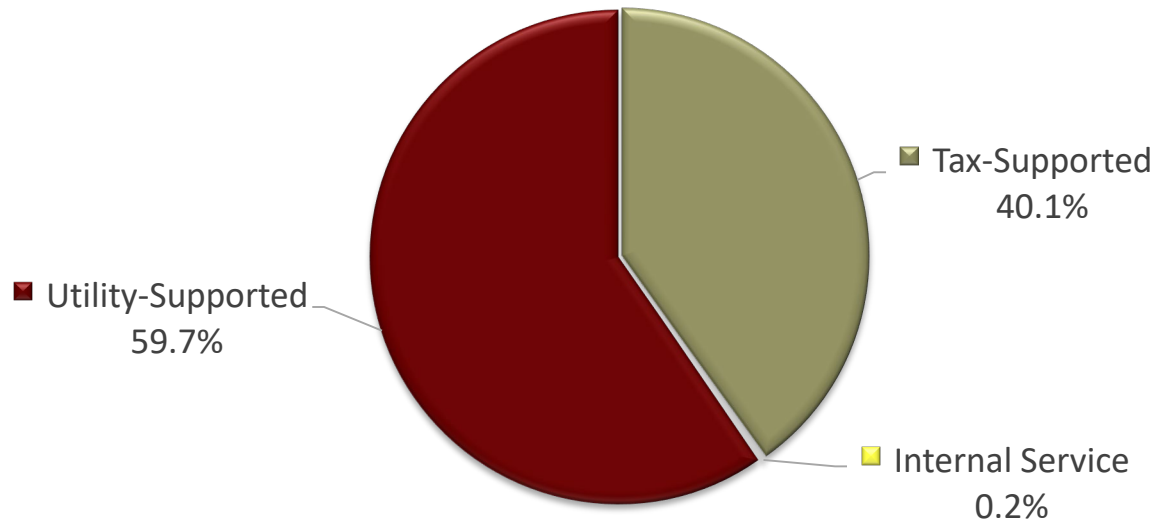
(A) Implementation of the 2019 Bond Program in Seven Years

(B) Expedite the Completion of Remaining 2004 Bond Program Projects

2021 Proposed Capital Program

(In Millions)

Tax-Supported Projects	\$171.3	40.1%
Internal Service Projects	1.0	0.2%
Utility-Supported Projects	254.8	59.7%
Total 2021 CIP	\$427.1	100.0%



**Increase of \$85.1 Million (24.9%) from
Total 2020 Adopted CIP (\$342.0 Million)**

Capital Improvement Program

Factors Impacting Funding Capacity – Tax-Supported Program

- (1) **Tax Base** – As property values grow, each cent on the Debt Service Tax Rate generates more funding. If values decline, less funding is available.
- (2) **Existing Debt Service** – As previously issued debt is paid off, it creates capacity for new debt to be funded without an increase in the tax rate.
- (3) **Interest Rates** – Declines in interest rates reduce the cost to borrow and create refinancing opportunities on existing debt. This increases capacity for more projects.
- (4) **Tax Rates** – Increases are needed when growth in the tax base and declines in existing Debt Service do not create enough capacity to fund new programs.

The 6.5-cent increase in the Debt Service Rate provides the needed funding to implement the 2019 Bond Program.

Capital Improvement Program

Key Assumptions and Factors for 2021

- ❑ **Tax Base Assumptions** – Five-year plan is based on an average increase of 3.5% a year.
- ❑ **Interest Rate Assumptions** – Rates gradually increasing by 25 basis points per year.
 - Examples: 20-year debt – 2.20% in 2021 to 3.45% in 2026
 - 10-year debt – 1.58% in 2021 to 2.83% in 2026
- ❑ **2019 Bond Program** – Scheduled to be 93.3% complete in 5 years.

Tax-Supported Program Areas

	<u>Program Areas</u>	<u>Budget</u>	<u>Percent</u>
(1)	Street/Transportation	\$ 49,416,000	28.8%
(2)	Park	39,603,000	23.1%
(3)	Public Safety	27,020,000	15.8%
(4)	Facilities and Equipment	24,523,000	14.3%
(5)	Drainage	13,607,000	7.9%
(6)	Economic Development	10,093,000	5.9%
(7)	Landfill/Transfer Station	4,737,000	2.8%
(8)	Library	2,319,000	1.4%
	Total Tax-Supported	\$171,318,000	100.0%

Note:

2020 Adopted CIP Tax-Supported – \$130.6 Million.

2004 and 2019 Bond Programs

Bond Program Completion Projections

<u>Bond Program</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2004 Bond Program	81.8%	94.0%	98.1%	98.9%	99.6%
2019 Bond Program	23.6%	50.9%	74.0%	84.9%	93.3%

Key Bond Program Milestones

- (1) Only the Street/Transportation Program is anticipated to have funds remaining after 2024 from the 2004 Bond Program.
- (2) The 2019 Park, Library, and Drainage Programs are anticipated to be over 90% complete by the end of 2024.
- (3) The Animal Shelter and Adoption Facility is anticipated to be complete by the end of 2021.
- (4) The Municipal Facilities projects are anticipated to be complete in 2022.

Street/Transportation Program

Bond Program Completion Projections

<u>Bond Program</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2004 Bond Program	79.3%	95.5%	96.9%	97.7%	99.2%
2019 Bond Program	14.8%	41.4%	68.4%	76.3%	90.9%

Top Five Funded Projects (Programs) for 2021

- (1) Shiloh Road - I.H. 635 to Kingsley
- (2) Naaman School Road - Brand to S.H. 78
- (3) Bottleneck Improvements Program
- (4) Bobtown Road - Rowlett to Waterhouse
- (5) Holford Road Segment A – PGBT to City Limits

Park Program

Bond Program Completion Projections

<u>Bond Program</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2004 Bond Program	70.8%	83.5%	96.0%	100%	
2019 Bond Program	27.0%	58.5%	83.3%	95.8%	98.3%

Top Five Funded Projects (Programs) for 2021

- (1) Rick Oden Park Improvements
- (2) Playground Replacement Program
- (3) Audubon Recreation Center Expansion
- (4) Sports Field/Park Renovation Program
- (5) Park System Parking and Park Roads Program

Public Safety Program

Bond Program Completion Projections

<u>Bond Program</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2004 Bond Program	100%				
2019 Bond Program	43.2%	59.5%	78.8%	88.6%	100%

Top Five Funded Projects (Programs) for 2021

- (1) Police Evidence and Property Facility
- (2) Ambulance Replacement
- (3) Relocate Fire Station No. 1
- (4) Replace Fire Apparatus
- (5) Emergency Response Safety Equipment

Drainage Program

Bond Program Completion Projections

<u>Bond Program</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2004 Bond Program	77.6%	87.4%	100%		
2019 Bond Program	15.0%	49.6%	81.8%	95.8%	97.4%

Top Five Funded Projects (Programs) for 2021

- (1) Bridge and Drainage Infrastructure Remediation
- (2) Local Flooding Program
- (3) Drainage Participation Program
- (4) Saturn Springs Estates Drainage Improvements
- (5) Garvon West Industrial Park Drainage Improvements

Other Programs (Includes Animal Shelter, Library, Economic Development, and Municipal Facilities)

Bond Program Completion Projections

<u>Bond Program</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2004 Bond Program	68.7%	91.6%	100%		
2019 Bond Program	22.5%	47.4%	60.0%	72.0%	81.6%

Top Five Funded Projects (Programs) for 2021

- (1) Garland Animal Shelter & Adoption Facility
- (2) Roof Replacement Program
- (3) Transportation Maintenance and Operations Facility
- (4) Neighborhood Vitality Program
- (5) Economic Development & Redevelopment Program

Note:

- (1) \$39.0 million of 2019 Bond Program funding for the Economic Development & Redevelopment and Land Acquisition & Parcel Assemblage Programs will be spent as development and redevelopment projects are identified. The completion projection above assumes annual expenditure of these funds.

Tax-Supported Debt Issuance Required

Tax-Supported	Debt Issuance
General Obligation – Commercial Paper	
Street/Transportation	\$25,063,000
Park	26,471,000
Public Safety	17,027,000
Other (Drainage, Library, Econ. Dev., and Municipal Facilities)	20,592,000
<i>Total General Obligation – Commercial Paper</i>	\$89,153,000
Certificates of Obligation	
Landfill/Transfer Station	\$ 9,862,000
Facilities and Equipment	6,799,000
Public Safety	1,717,000
Drainage	928,000
Park	438,000
Street/Transportation	288,000
<i>Total Certificates of Obligation</i>	\$20,032,000
Tax-Supported Debt Issuance Required	\$109,185,000

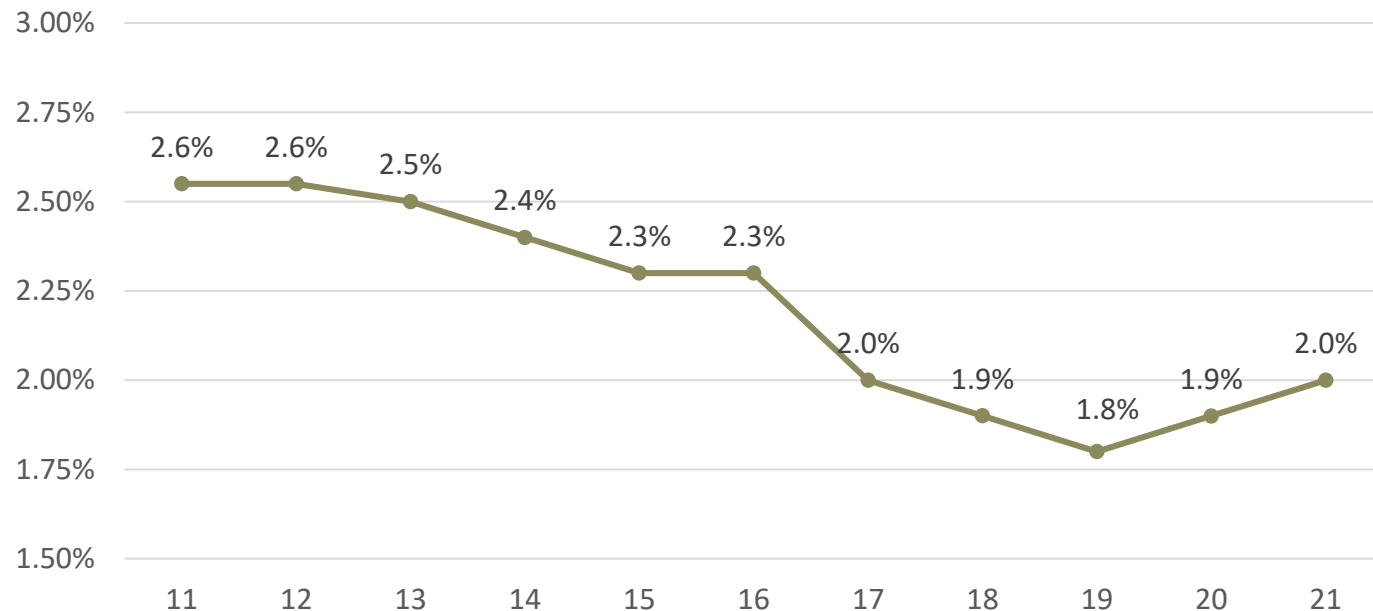
Note:

Includes \$6,735,000 in CO debt issuance required for equipment and land purchase approved for Landfill in 2020.

Tax-Supported Debt

As Percentage of Tax Base

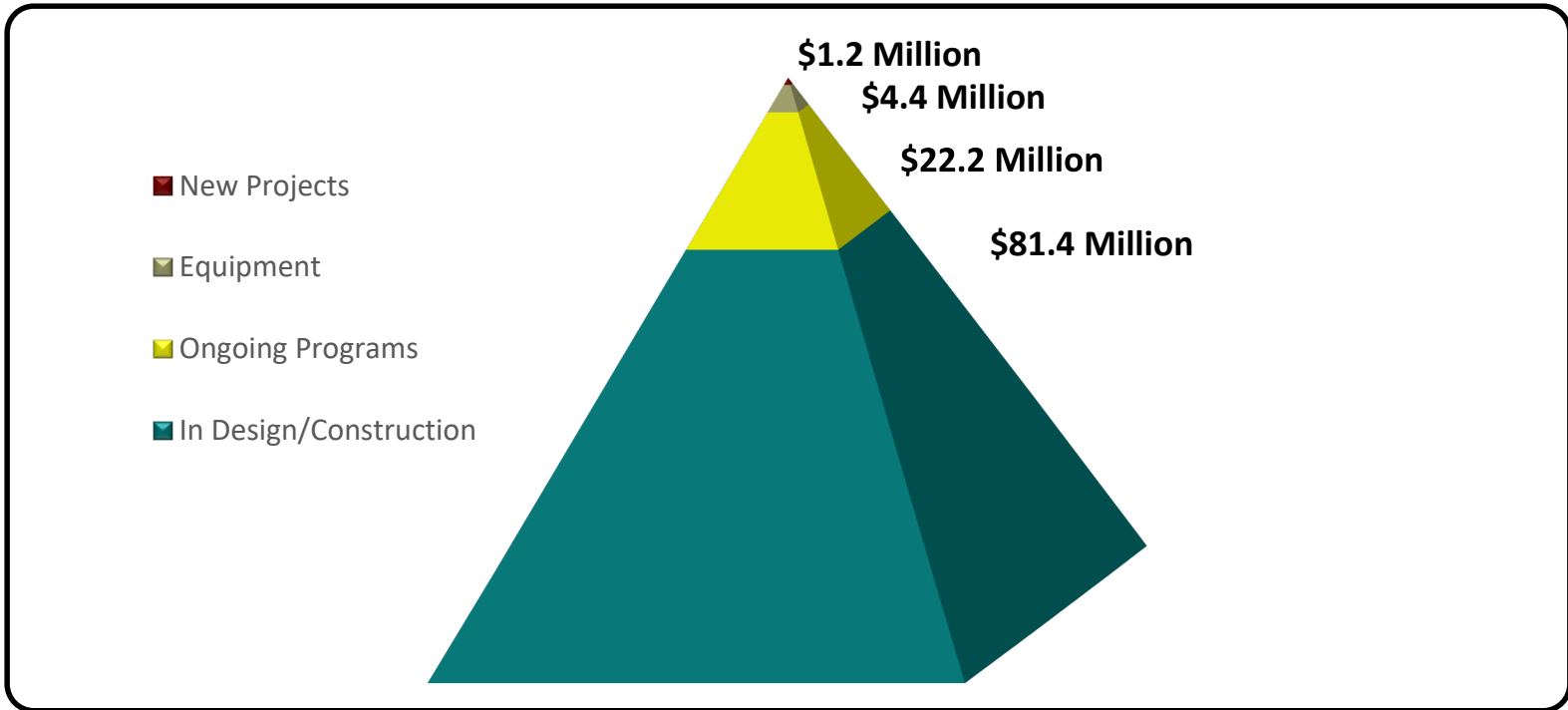
**Tax-Supported Debt
As Percentage of Tax Base**



Notes:

- (1) Council Policy restricts debt to no more than 5% of tax base.
- (2) Projected Outstanding Debt at the end of FY 2020-21 is \$348.4 million.
- (3) Projected Tax Base is 17.1 billion and assumes a 3.3% increase for FY 2021-22.

Composition of Tax-Supported Debt



<u>Tax-Supported Debt Issuance</u>	<u>Amount</u>	<u>Percent</u>
New Projects	\$1.2 million	1.1%
Equipment	4.4 million	4.0%
Ongoing Programs	22.2 million	20.3%
Projects in Design or Construction	81.4 million	74.6%
Total	\$109.2 million	100.0%

Note:

An additional \$29.0 million in Tax-Supported CP issuance is anticipated in 2021 from amounts approved in prior year CIPs.

Utility and Internal Service Program Areas

	<u>Program Areas</u>	<u>Budget</u>	<u>Percent</u>
(1)	Electric Utility	\$140,573,000	55.0%
(2)	Wastewater Utility	65,719,000	25.7%
(3)	Water Utility	44,926,000	17.5%
(4)	Environmental Waste Services	3,564,000	1.4%
(5)	Information Technology	973,000	0.4%
	Total Utility and Internal Service	\$255,755,000	100.0%

Notes:

- (1) 2020 Adopted CIP for Utility and Internal Service – \$211.4 million.
- (2) The Electric Utility is proposed to increase by \$42.0 million from the 2020 Adopted CIP.

Utility-Supported and Internal Service Debt Issuance Required

Utility-Supported and Internal Service	Debt Issuance
Revenue Bonds – Commercial Paper	
Electric Utility	\$94,520,000
Wastewater Utility	11,820,000
Water Utility	11,380,000
<i>Total Utility-Supported Revenue Bonds – Commercial Paper</i>	<i>\$117,720,000</i>
Certificates of Obligation	
Environmental Waste Services	\$ 3,334,000
Information Technology	300,000
<i>Total Certificates of Obligation</i>	<i>\$ 3,634,000</i>
Total Revenue-Supported Debt Required	\$121,354,000

Utility Rate Projected Impacts

	2021-22 Projected Rate Impacted	Projected Increase
(1)	Water – Residential Rate	None
(2)	Wastewater – Residential Rate	None
(3)	Trash Collection – Residential Rate (Total Projected Trash Collection – Residential Rate Increase – 9.7% or \$2.00 per month)	No 2021 CIP Impact
(4)	Electric Utility – Rates	None
(5)	Stormwater Management – Residential Rates	None

2021 CIP Review Calendar

Jan. 12 th	Tuesday, 7:00 p.m. Council Meeting	City Manager Presentation of 2021 Proposed CIP
Jan. 19 th	Tuesday, 6:00 p.m. Special Work Session	Tax-Supported Presentations Council Discussion
Jan. 26 th	Tuesday, 6:00 p.m. Special Work Session	Revenue-Supported Presentations Council Discussion
Feb. 1 st	Monday, 6:00 p.m. Regular Work Session	Council Discussion
Feb. 2 nd	Tuesday, 7:00 p.m. Council Meeting	Public Hearing
Feb. 15 th	Monday, 6:00 p.m. Regular Work Session	Council Deliberations
Feb. 16 th	Tuesday, 7:00 p.m. Council Meeting	Public Hearing 2021 CIP Adoption