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MEMORANDUM

To: Mayor and City Council

From: Linda Nabers, Finance Director
Richard Platto, Assistant Finance Director

Date: August 24, 2020

Subject: Presentation of FY2021 Capital Improvement Plan (CIP) Process

ITEM DESCRIPTION

The purpose of this presentation is to provide City Council with a background about how the FY2021 Capital Improvement Plan (CIP) is being developed, and an overview of the process being utilized.

The CIP is a document that is approved by Mayor & Council along with the Operating Budget to outline a 5-year plan for upgrading, maintaining and replacing the City's capital assets.

The CIP encompasses three main capital project funds: SPLOST Fund, Hotel/Motel Tax Fund, and General Capital Projects Fund. The SPLOST Fund is funded by the 1% Special Purpose Local Option Sales Tax, the Hotel/Motel Fund utilizes hotel/motel excise tax collected from hotels and motels providing lodging accommodations within the City, and the General Capital Projects Fund is funded by transfers-in from the General Fund.

For FY2021, the development of the CIP will be part of the Mayor's recommendation to Council. Its development starts with the identified needs of Public Works, Parks, Police, Facilities, and Information Technology and is coordinated by Finance like all budgetary issues.



FY2021 Capital Improvement
Plan (CIP)
August 24, 2020



What is a Capital Asset?

- Capital Assets include property, plant, equipment, and infrastructure assets (for example, roads, sidewalks, machinery and equipment, etc.)
- Capital Assets are defined as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of 1 year.
- The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful life is not capitalized.

What is a Capital Improvement Plan (CIP)?

- The Capital Improvement Plan (CIP) is a document that outlines a 5-year plan for upgrading, maintaining, and replacing the City's capital assets.
- Purpose of this presentation is to outline the current status of the preparation of the Dunwoody CIP
- The City of Dunwoody has 3 funding sources for the CIP:
 - Special Purpose Local Option Sales Tax (SPLOST) Fund
 - Hotel/Motel Fund
 - General Capital Projects Fund

What is a Capital Improvement Plan (CIP)? (cont.)

- Funding allocated to a capital project and unspent in any fiscal year will be retained within the project and carried forward into the subsequent fiscal year.
- Funding for a capital project can only be reallocated by an amendment to the budget, which must be approved by Council.
- Example:

Project	FYXX Budget	FYXX Actual	Remaining Budget Carried Forward
Project A	\$1.0M	\$0.6M	\$0.4M

SPLOST

- SPLOST is a one-cent sales tax that provides funding exclusively for capital projects and other long-lasting improvements.
- It was adopted by voters in a referendum in November 2017, and collections will run from April 2018 to March 2024.
- Categories for Dunwoody:
 - Transportation Improvement projects, including, but not limited to:
 - Infrastructure Preservation
 - Pedestrian and Bicycle Path Improvements
 - Congestion Relief
 - Safety and Operational Improvements
 - Public Safety Facilities and Related Capital Equipment
 - Repairs of Capital Outlay Projects

SPLOST (cont.)

Category	FY2018 Actual	FY2019 Actual	FY2020 Current Budget	FY2020 Proposed Budget *	FY2021 to FY2024 **
Revenue	\$5,109,797	\$7,036,943	\$6,800,000	\$5,100,000	\$17,120,000
Expenditures:					
Transportation Improvements	\$3,020,838	\$3,653,424	\$6,105,681	\$4,455,681	\$15,431,155
Public Safety	\$131,986	\$412,684	\$494,319	\$494,319	\$1,038,845
Facilities	\$0	\$25,647	\$100,000	\$50,000	\$325,000
Parks	\$0	\$109,592	\$100,000	\$100,000	\$325,000
Total	\$3,152,824	\$4,201,347	\$6,800,000	\$5,100,000	\$17,120,000

Notes:

* Represents FY2020 Proposed Budget as presented at April 27, 2020 Council meeting. Budget Amendment will be presented to Council.

** Current one-cent sales tax expires in March 2024. CIP will be updated as next SPLOST referendum approaches.

Hotel/Motel

- Excise tax levied against all taxable room rentals within a given month. They are collected by the lodge operator from customers and remitted to the City.
- Calculated as 8% of the Net Taxable Rent (Gross Room Rent less Exempt Rent)
- Currently, 43.75% of amount collected is sent to Discover Dunwoody, 37.50% is transferred to the General Fund for Special Events and Marketing, and remaining 18.75% is available for capital projects.
- Funds are used on programs and initiatives that promote tourism, conventions, and trade shows, including special events and promotions. Proceeds can also be used to fund tourism product development, which is typically capital projects designed to enhance tourist attractions.

Hotel/Motel (cont.)

Project	FY18 Act	FY19 Act	FY2020 Current Budget	FY2020 Proposed Budget *	FY2021 to FY2024 **
Expenditures:					
Ash Dun Multi-Use Path P1	\$0	\$36,110	\$500,000	\$600,000	\$0
Ash Dun Multi-Use Path P2	\$0	\$69,928	\$289,375	\$250,000	\$0
PCE Demo	\$0	\$0	\$0	\$36,000	\$0
PCE Design	\$0	\$0	\$0	\$102,000	\$0
PCMS Lighting	\$0	\$0	\$0	\$170,500	\$0
Undesignated	\$0	\$0	\$0	\$138,500	\$1,000,000
Total	\$0	\$106,039	\$789,375	\$1,297,000	\$1,000,000

Notes:

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** Currently forecasting \$250,000 per year available for Capital Projects within the Hotel/Motel Fund.

General Capital Projects Fund

- Majority of funding for these projects come from transfers from the General Fund.
- Projects are very flexible, as almost any capital project could potentially be funded within this fund.

- Prior Year History:

Department	FY18 Act	FY19 Act
Expenditures:		
Information Technology	\$0	\$112,531
Facilities	\$1,293,097	\$564,970
Police	\$78,560	\$0
Public Works	\$2,567,812	\$3,556,354
Parks	\$4,902,532	\$5,627,329
Total	\$8,842,001	\$9,861,184

General Capital Projects Fund (cont.)

Project	FY18 Act	FY19 Act	FY2020 Current Budget	FY2020 Proposed Budget *	FY2021 to FY2024 **
Expenditures:					
PCMS Lighting	\$0	\$0	\$125,000	\$0	\$0
PCMS Field House	\$0	\$0	\$0	\$112,000	\$0
Waterford Renovations	\$0	\$0	\$0	\$125,000	\$0
IT – Various Equipment	\$0	\$0	\$200,000	\$200,000	\$0
Undesignated	\$0	\$0	\$0	\$38,000	\$0
Total	\$0	\$0	\$325,000	\$475,000	\$0

Notes:

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** See following slide for discussion of FY2021 to FY2024 unfunded projects.

General Capital Projects Fund (cont.)

- General Capital Projects Fund:
 - Information Technology capital needs are generally \$100,000 per year.
- Unfunded Capital Projects:
 - Parks & Recreation has identified approx. \$16.5M in potential capital projects from FY2021 to FY2025. Projects could be funded with Hotel/Motel budget, General Fund budget, or other financing sources.

Questions on Capital?