

CITY OF  
AUSTIN



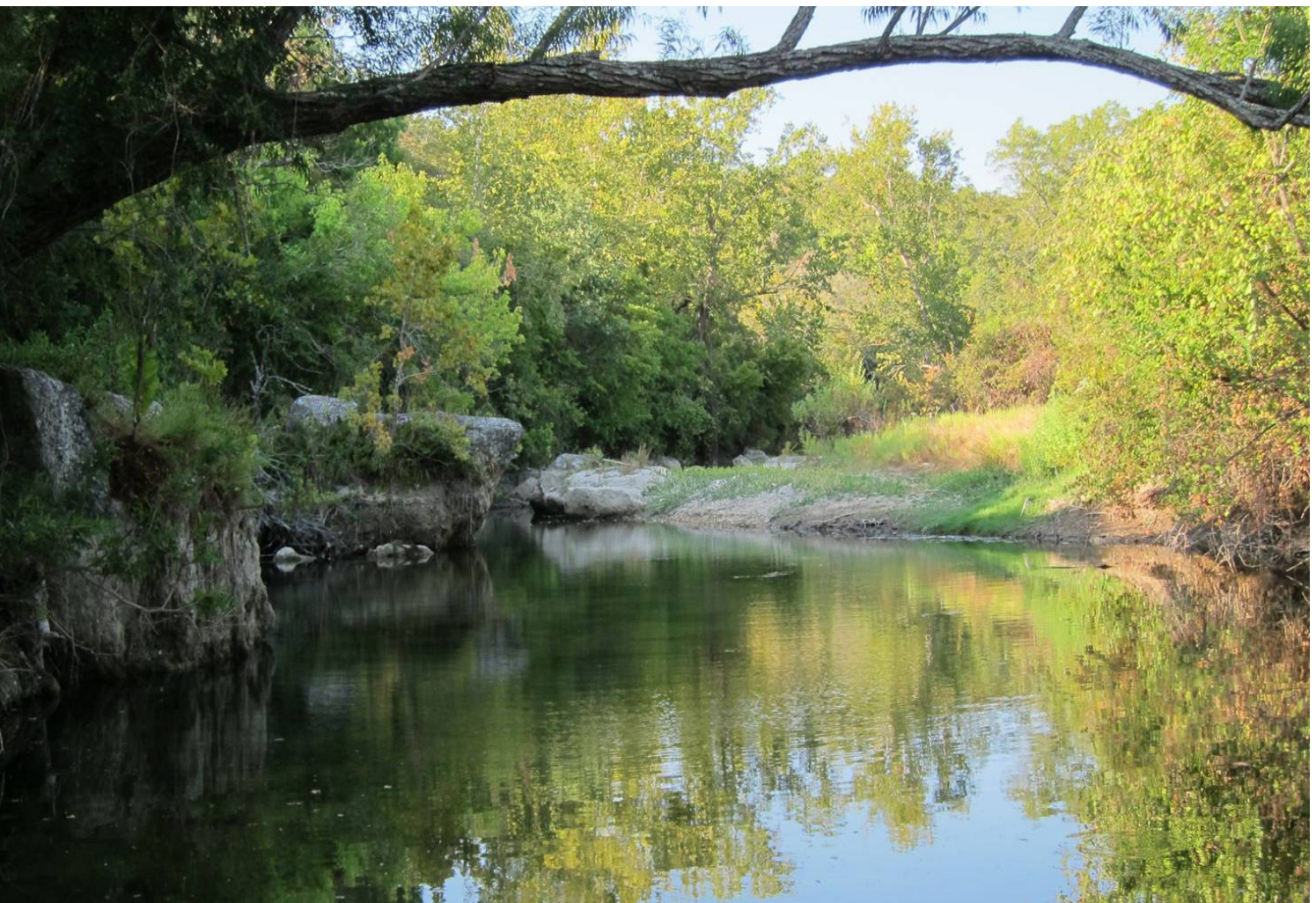
# The Austin Around You

## Capital Improvement Program Overview

This report is produced by  
the Capital Planning Office

## **Our Mission**

The Capital Planning Office was established in 2010 to create a more robust, comprehensive and integrated Capital Improvement Program that supports the City of Austin's goals and priorities.



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## THE AUSTIN AROUND YOU

The Capital Improvement Program (CIP) is all around you. You may not think about it every day, but it's the sidewalk you walk on, the park at which you meet your friends, even the pipes that carry water that comes out of your faucet. These are public assets that are maintained by the City of Austin, and they are part of a larger system of infrastructure that affects each and every person's quality of life.

A capital improvement project is the building block of the Capital Improvement Program. Capital improvement projects may include new construction or renovation of recreation centers and libraries, acquisition of parkland, reconstruction of streets, replacement of water and wastewater lines, the creation of urban trails, restoration of creek banks, and the purchase of new City vehicles and information technology networks.

### Capital Improvements vs. Routine Maintenance

The difference between a capital improvement project and routine maintenance is typically the cost of the improvement and its expected lifespan. Capital improvement projects typically cost more than \$50,000, have a four-year or longer lifespan and are funded through the Capital Budget. Routine maintenance projects are typically funded through a department's annual Operating Budget because the City anticipates them as costs associated with maintaining facilities and infrastructure. Read more about the Capital Budget and Operating Budget on page 7.

To provide basic services, the City also has some ongoing capital programs. These programs require a steady stream of funding to continue delivering improvements. For example, the City's Sidewalk Program continually repairs and adds miles of sidewalks throughout Austin.

### Reaching the Community's Vision

The CIP helps improve the quality of life for residents and reach the community's long-term visions and goals. Planning the CIP occurs under the umbrella of long-range visioning and planning for the city, which is encompassed in the Imagine Austin Comprehensive Plan. City Council adopted Imagine Austin in 2012, and the plan provides an overarching policy framework for a range of City decisions, including land use and development review, capital investments and program budgets, during a 30-year horizon.

Imagine Austin is supplemented by departmental or issue-focused master plans, like the Parks Master Plan, and numerous small area plans such as neighborhood and urban design plans. These plans may include implementation strategies like suggested policies and regulations as well as desired City investments. Departments refer to these plans when assessing capital needs and priorities.

In March 2014, the City of Austin also produced the first Long-Range CIP Strategic Plan (LRCSP) to better align the long-range recommendations of the plans discussed with the planning and prioritization of on-the-ground capital improvements.

The CIP, although an important component to providing City services, is just one of the tools the City uses to address community services, needs and priorities. The City also uses operational programs, land-use regulations, policy decisions and other initiatives to meet community priorities.

### The Infrastructure System

The City of Austin's infrastructure is a network that makes our way of life possible. Beneath us are systems of storm drains that keep our homes from flooding when it rains and water lines that carry fresh water to our houses. Above ground are roadways and creeks, the quality of which the City helps preserve, as well as parks that we all can enjoy. These infrastructure networks are operated, maintained and improved as a system through CIP projects without a focus on one geographical area; the interconnectedness of the infrastructure is what provides benefit to our community.

Building upon these underground and street-level networks are City facilities like recreations centers; EMS, fire and police stations; and branch libraries. These facilities have established service areas that are determined through industry standards and best practices as well as departmental goals for providing optimal service with limited resources. For instance, branch libraries are equipped to serve residents in a two-mile radius while a "pocket" or neighborhood park typically has a half-mile service area. Other infrastructure that the City maintains has realm of influence that extends further than even Austin, such as Zilker Park, which is a regional destination park.



## Infrastructure Categories

Listed below are the overarching categories for capital improvement projects. Also included are the departments that typically play a role or have an interest in the development of projects for each category.

Infrastructure Category	City Department
Area Plans	Planning and Development Review Department
	Neighborhood Housing and Community Development Office
	Economic Development Department
Aviation	Aviation Department
Electric	Austin Energy
Facilities	All City departments
	Building Services
	Office of Sustainability
Housing	Neighborhood Housing and Community Development Office
Land Acquisition	All City departments
	Office of Real Estate Services
Mobility Infrastructure	Austin Transportation Department
	Public Works Department
	Parks and Recreation Department
Park Amenities	Parks and Recreation Department
	Public Works Department
Stormwater	Watershed Protection Department
Technology	Communication and Technology Management
Vehicles/Equipment	Fleet Services
	All City departments
Water Infrastructure	Austin Water Utility

## Five Key Drivers for Capital Investment

Departments approach their assessment of capital improvement needs differently, but there are common “drivers” for capital improvements that exist across service areas. The majority of the City’s capital expenditures go toward meeting urgent needs, capital renewal and service demands.

### 1. Urgent Needs

The City often undertakes capital projects to address issues that, if not resolved in the near term, would most likely lead to public health, safety or security threats; impending infrastructure failure; significant degradation of services or compromises to service delivery; and/or non-compliance with a legal judgment, court order, regulatory mandate, or state or federal law. Urgent needs are typically the highest priority to address through capital improvements, and the City will seek near-term funding options for this purpose.

### 2. Capital Renewal

Capital renewal refers to capital improvement projects that rehabilitate or replace the City’s existing facilities and infrastructure networks. Addressing these capital needs is a priority because upkeep of facilities and infrastructure is directly related to extending an asset’s useful life.

### 3. Service Demands

Austin’s population is growing rapidly, and the City must create new facilities as well as expand infrastructure networks to provide public services, such as fire and EMS stations, in newly developed or densified areas. As with any municipality, needs always outweigh available resources. The City strives to balance investments to maintain services while also adding infrastructure capacity.

### 4. Planning Priorities

City departments are guided in part by planning priorities when evaluating capital need. This means that they identify and may prioritize a project that directly or indirectly implements the Imagine Austin Comprehensive Plan and small area plans (such as neighborhood and area master plans) or regional planning efforts. Priorities and recommendations stemming from the City’s planning initiatives are considered and addressed as part of department-level CIP planning and coordination as well as through the development of the City’s Long-Range CIP Strategic Plan, Five-Year CIP Plan and Capital Budget processes.

### 5. Policy Priorities

City Council may approve policy actions or formally adopt City master plans that provide additional guidance and direction on capital investment priorities. Council also formally calls for a bond election and formulates the bond propositions that fund CIP investment. Often, Council priorities reflect community feedback.

## The Capital Improvement Program Cycle

The capital planning and decision-making process – or the process by which capital improvement projects go from concept to reality – is generally depicted in the diagram below. While certain points in the process occur at particular times during the year, including development of the Long-Range CIP Strategic Plan, the Five-Year CIP Plan and the Capital Budget, other parts of the process, like identifying capital needs, funding sources and project implementation, occur year-round.

### Capital Needs Identification

Departments lead the effort in identifying capital needs by taking into account key drivers for capital investment, such as urgent needs, infrastructure condition, and policy and planning priorities as well as requests from City Boards and Commissions and public input.

### Long Range CIP Strategic Plan

Produced by the Capital Planning Office, the Long-Range CIP Strategic Plan (LRCSP) is a bridge between the recommendations of long-range plans, such as Imagine Austin Comprehensive Plan and small area plans, and capital projects. The LRCSP identifies the City's priority unfunded CIP needs over the next 10 years to:

- Replace/rehabilitate existing infrastructure and keep pace with service demands
- Make strategic investments aligned with the recommendations of Imagine Austin, its supporting area plans and departmental master plans as well as related City priorities.

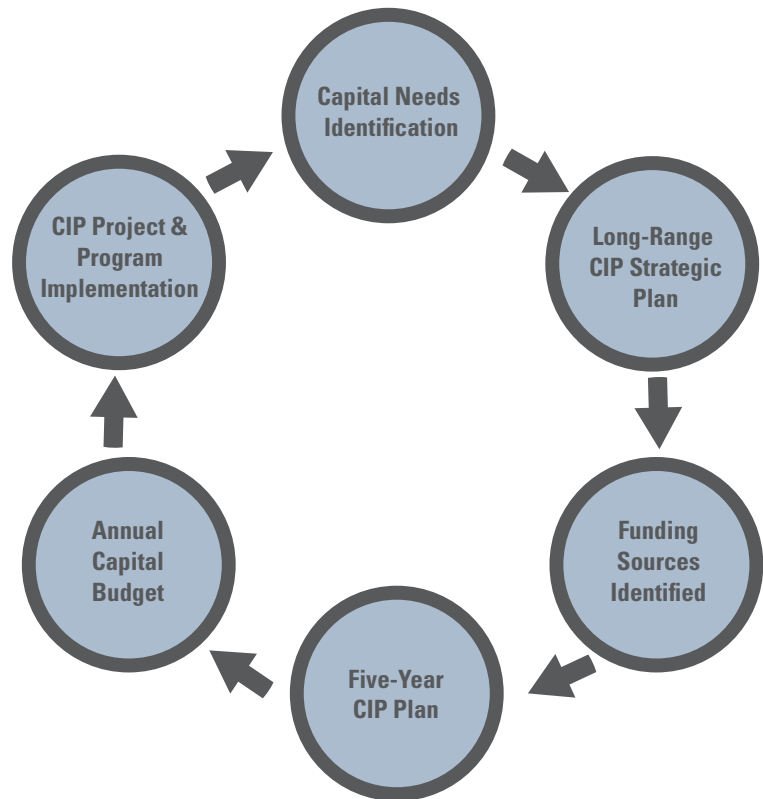
The Planning Commission reviews and approves the LRCSP each year, around spring, as part of its requirements under City Charter. City Council receives the plan with the Planning Commission's recommendation also in the spring. Read the LRCSP at [www.austintexas.gov/strategicplan](http://www.austintexas.gov/strategicplan).

### Funding Sources Identified

Once departments identify capital needs, they typically review available resources, such as ongoing capital improvement programs that have an existing funding source, or seek other opportunities like grants, partnerships or possible future bond proposals. Departments submit projects to the Budget Office to be included in Five-Year CIP Plan after they have identified funding for potential capital projects.

### Five-year CIP Plan

The Five-Year CIP Plan process kicks off in January each year. The Five-Year CIP Plan describes the City's projected major capital improvements over the next five years based on reasonably anticipated revenues. The Five-Year CIP Plan, produced by the Budget Office ([www.austintexas.gov/finance](http://www.austintexas.gov/finance)), functions as a financial planning and budgeting tool that guides the annual development of the Capital Budget.



### Annual Capital Budget

City Council typically approves the Capital Budget in September of each year as part of the overall fiscal-year budget process. The Capital Budget funds major improvements to and expansion of City facilities and infrastructure based on the first year of capital needs identified in the Five-Year CIP Plan. While the Operating Budget primarily funds the operations of each department's activities, such as personnel costs, the Capital Budget primarily funds the cost of acquiring or construction of a City asset. The annual Capital Budget provides the necessary additional appropriations to continue existing projects or begin new projects.

### CIP Project and Program Implementation

The City is continually planning or constructing capital improvement projects for the benefit of Austin citizens. Capital improvement projects are varied, so some may require years of planning and construction while others may be completed in a shorter timeframe. It is important that the City have projects in various phases – preliminary, design, bid, construction and post-construction – to avoid the "seesaw pattern," in which there is a spike in the construction of projects followed by a lull in activity to ensure that City services supported by ongoing capital improvement programs are maintained.

## Realities of the Capital Improvement Program

- 1. Needs always outweigh available funding:** As with most municipalities, the City's need for capital improvements exceeds available resources. An example is the development of the 2012 Bond Program, when a citizen task force and City Council had to narrow a \$1.5 billion list of identified capital improvement needs to a \$385 million bond package, which would not raise taxes. Many of the projects included in the list addressed the rehabilitation of existing city facilities and infrastructure networks, leaving fewer funds for new initiatives.
- 2. Voter-approved bond programs overlap because of the CIP implementation cycle:** The City typically proposes a comprehensive bond package to voters approximately every six years. Voter-approved bond programs typically overlap because capital improvement projects may take several years, from planning to design and construction, to complete. As a result, spending may resemble a bell curve, with the largest amount of authorized funding being spent a few years after voters approve the bonds and then tapering toward the end of the bond program. If a bond election is held after all of the previous bonds are spent, the result could be a lull in delivery of capital improvement projects. This explains why City Council may consider the need for a new voter-approved bond program when the City has remaining funds from previous bond programs.
- 3. The City strives to balance investments between capital renewal, new capacity and strategic priorities:** Some existing City-owned infrastructure and facilities are in substantial need of routine maintenance, repair, rehabilitation or replacement. Addressing these needs is a priority; however, the City must balance the need to maintain existing facilities while also making the investments necessary to support community and economic development as well as create additional infrastructure capacity to meet growth demands.
- 4. The CIP is a multi-year endeavor, typically funded through long-term debt:** Capital improvement projects are varied, so some may require years of planning and construction while others may be completed in a shorter timeframe. Due to the longer useful life of capital improvements, such as infrastructure and city facilities, these investments are often funded through the issuance of long-term debt, which includes voter-approved bond programs. A portion of the City's tax rate is used specifically to "service," or pay toward, the City's long-term CIP debt obligations for investments like roads, bridges, parks and city facilities. The current "debt-service tax rate" portion of the total City tax rate is 11.18 cents per \$100 of taxable assessed property valuation. The total City tax rate is 48.09 cents per \$100 of taxable assessed property valuation.
- 5. The City's Operating Budget and Capital Budget are interrelated:** Although separate pieces of the overall Annual Budget, the City's Operating Budget and Capital Budget affect one another. The Operating Budget funds personnel costs and annual facility operating costs while the Capital Budget funds major improvements to City facilities and infrastructure. Moreover, the Operating Budget is annual, while the Capital Budget appropriates funding for projects over multiple years. The investments the City makes through the Capital Budget may affect the expected useful life of an asset, thereby impacting the need for future investments. Additionally, capital investments in new facilities and infrastructure may have an impact on the Operating Budget in the form of additional staff as well as utility and maintenance costs, which may be required for operation.
- 6. Partnerships with private as well as other public entities allow the City to leverage limited resources for better project outcomes:** The City sometimes partners with external agencies to allow the skill sets and assets of both parties to be shared for the delivery of public services as well as realize a larger return on investment for certain types of facilities and





infrastructure. For example, the City typically leverages voter-approved bond funding for affordable housing with private investment and federal funding opportunities. This model

enabled the City to leverage an additional \$196 million from \$55 million in 2006 Bond Program funds, according to a study conducted by HousingWorks Austin. An example of a public sector partnership is the I-35 Capital Corridor Improvement Project, which is a joint initiative between the City, the Texas Department of Transportation and other transportation agencies to identify strategies to improve I-35 throughout the metropolitan area.

7. **Coordination with internal and external stakeholders is key to a successful CIP:** Stakeholder participation by the public as well as other government agencies is an important input into CIP planning and identification of capital needs. While this coordination can take time, it is crucial to identifying partnering or leveraging opportunities as well as delivering the most benefit to the community.

## Roles in the Capital Improvement Program

Each of the entities identified in the chart below help shape the CIP and affects the program's outcomes.

Department	Role
City Council	Provides CIP policy guidance and direction to staff in the form of adopted resolutions and plans, with input from the public and stakeholders as well as City staff. Calls for bond election and approves bond proposition language as well as funding amounts to be considered by voters. Approves the annual Capital Budget.
Public	Provides input on CIP priorities as well as vision and goals for the city. Input provided through multiple avenues such as City planning initiatives, capital project outreach, Council meetings, and Boards and Commission meetings.
Planning Commission	Among the Planning Commission's duties is a City Charter requirement to recommend capital improvements necessary or desirable to implement Imagine Austin. The Planning Commission fulfills its requirement by annually reviewing and approving the Long-Range CIP Strategic Plan in the spring.
Bond Oversight Committee	Seven-member citizen board appointed by City Council to ensure efficiency, equity, timeliness and accountability in the implementation of the 2013, 2012, 2010 and 2006 bond programs. The committee also reviews the annual bond appropriation and sale schedule.
CIP Departments	Refers to any department with a stake in CIP and includes all departments listed in this chart. Departments evaluate and identify capital needs that support their services and prioritize projects based on key drivers for capital investment.
Capital Planning Office	Coordinates and guides long-term CIP strategic planning as well as provides portfolio level management and oversight of CIP implementation to ensure alignment with community expectations and City priorities. Produces the Long-Range CIP Strategic Plan, which is reviewed and approved by the Planning Commission.
Budget Office	Leads the development of the Five-Year CIP Plan, the Capital Budget as well as the annual bond appropriation and sale schedule. Provides financial planning and management related to delivery of the capital improvement program.
Public Works Department	Primary capital project delivery entity, providing project management services for the majority of the City's CIP projects.
Planning and Development Review Department	Develops area plans in coordination with the community that often address land use, transportation and urban design issues, and may include numerous implementation strategies, such as suggested policies and regulations as well as desired City investments.
Contract Management Department	Administers the procurement of professional and construction services for capital projects as well as executes and manages contracts essential for the delivery of capital improvement projects.

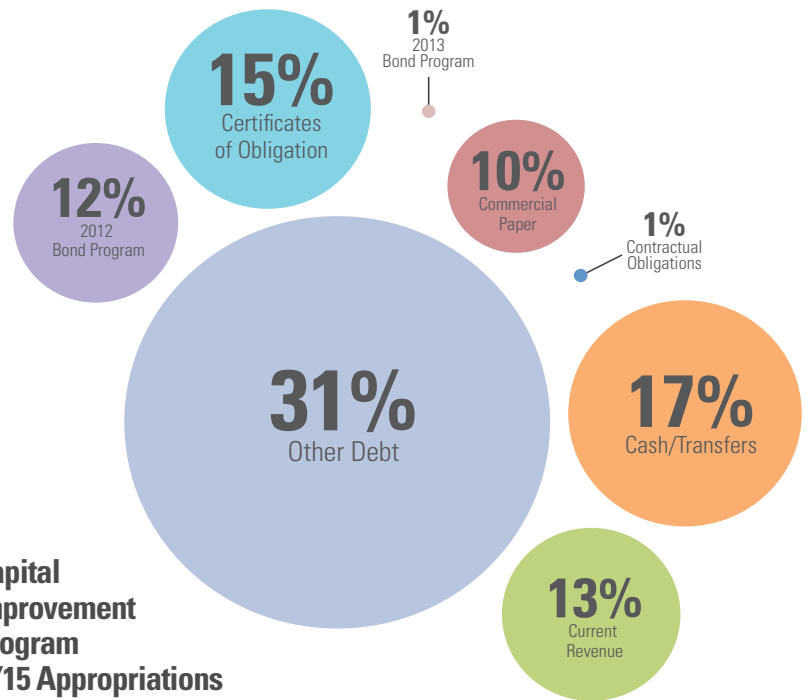


## Statistical Profile of the CIP

The Capital Improvement Program is supported through multiple funding sources. The sources for the fiscal year 2015 CIP appropriations is shown in the graphic to the right.

The types of funding used for a project vary based on the type of project and whether the City department or agency overseeing the project is part of the General Government or Enterprise Government. General Government departments, such as the Parks and Recreation Department, public safety departments and Austin Transportation Department, typically fund their capital projects and programs through voter-approved bonds, other debt and cash/transfers.

Enterprise Government departments, such as Austin Energy and Austin Water, generate revenue from the sale of services (ie: utility rates and user fees) and use this revenue as well as other types of debt to fund capital improvement projects.

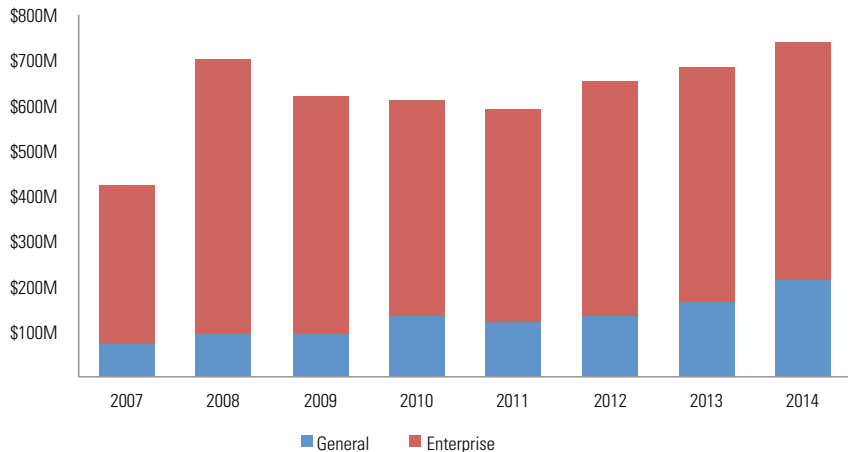


### Capital Improvement Program FY15 Appropriations

The graphic above represents FY 15 CIP funding appropriations. New appropriations and what the City plans to spend in the fiscal year are different. Full appropriations, or funding, for capital projects are required for the City to contract professional service providers even though the funds may be expended during the course of multiple fiscal years as a project moves from design to construction.

## CIP Expenditures

The City on average completes \$628 million in capital projects each year. Of that, \$130 million is for General Government departments and \$498 million is for Enterprise Government departments. As you can see in the chart to the right, CIP expenditures change from year-to-year but have grown steadily (by nearly 8% on average) during the past four fiscal years. Additionally, the Enterprise Government CIP makes up about 80% of the entire CIP.



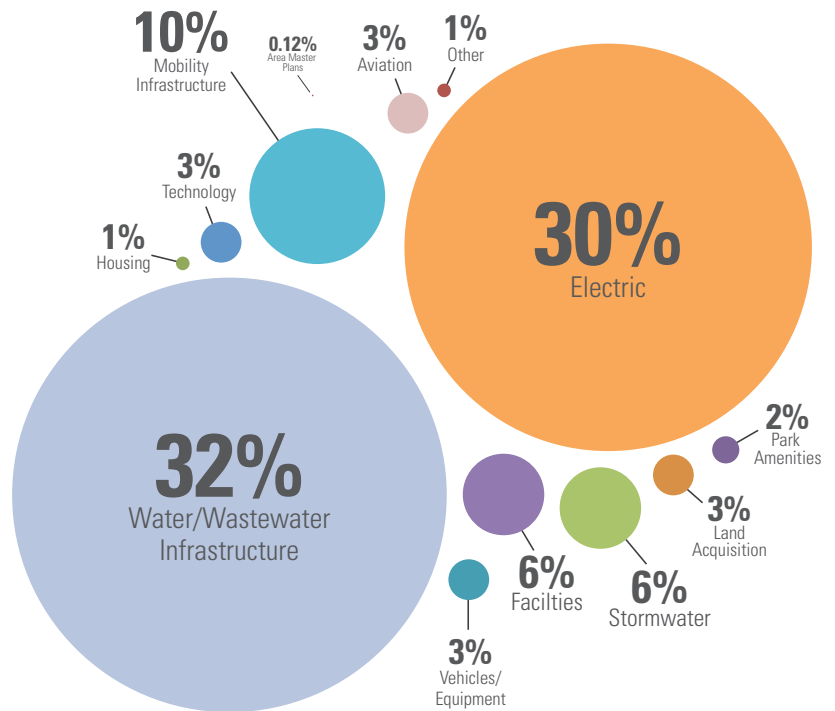
## What is the Capital Budget?

The City's Annual Budget has two primary components: the Operating Budget and the Capital Budget. The Capital Budget funds major improvements to City facilities and infrastructure. It is supported through multiple funding sources including different types of bonds (debt paid for by user fees and taxes), user fees, grants and cash as well as other smaller sources of financing also paid for by user fees and taxes.

The Operating Budget includes personnel costs and annual facility operating costs. It is funded primarily through local property and sales taxes; revenue transfers between departments; licenses such as building and development fees; franchise fees for a company's use of the City's rights-of-way; charges for services; fines and other smaller sources of revenue such as interest on investments.

## Spending by Infrastructure Category

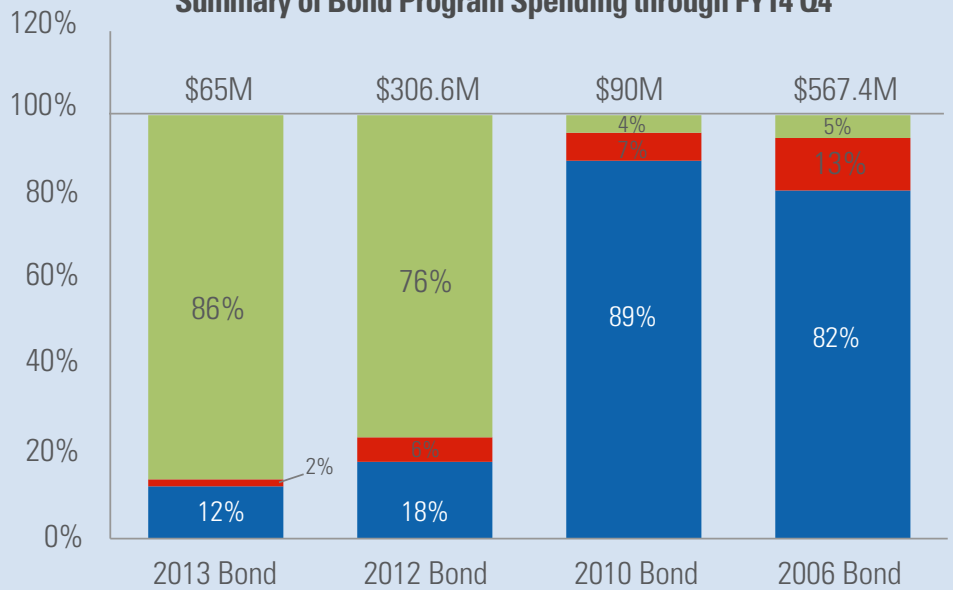
Listed to the right are the overarching categories for capital improvement projects and what percent of the City's average capital expenditures (FY 2007-14) go to that infrastructure category.



## Voter-Approved Bond Programs

The City has four active voter-approved bond programs that are working toward substantial completion, or having 90% or more of voter-approved funds expended. Below are the different programs, what the programs fund and how much is allocated to each proposition. Small amounts of funding remain from previous bond programs that have reached substantial completion, such as the 1998 and 2000 programs. The Capital Planning Office provides program-level management and oversight of our voter-approved bond programs.

Summary of Bond Program Spending through FY14 Q4



Bond Programs	Voter Approved	Obligated*	% Obligated	Expended	% Expended
2013 Bond Program	\$65,000,000	\$ 9,2224,682	14%	\$8,062,955	12%
2012 Bond Program	\$306,648,000	\$73,381,632	24%	\$55,488,635	18%
2010 Mobility Bond Program	\$90,000,000	\$86,566,769	96%	\$80,406,683	89%
2006 Bond Program	\$567,400,000	\$537,885,409	95%	\$466,783,548	82%
<b>TOTAL</b>	<b>\$1,029,048,000</b>	<b>\$707,058,492</b>	<b>69%</b>	<b>\$610,741,822</b>	<b>59%</b>

\* Obligated funds are the sum of the funds encumbered and expended.

## Capital Planning Office Services

The Capital Planning Office (CPO) was established in 2010 to create a more robust, comprehensive and integrated CIP that supports the City's goals and priorities.

**CIP Planning** – CPO aids in the development of the collective Capital Improvement Program from an organizational perspective. CPO works with CIP Departments to assemble identified capital projects needed in the next 10 years or more in an effort to align recommendations of long-range plans, such as Imagine Austin Comprehensive Plan, as well as small area plans with the CIP. These capital needs are included in the Long-Range CIP Strategic Plan, which is used in the development of the Five-Year CIP Plan and Capital Budget. CPO also guides strategic planning efforts to identify potential projects that could leverage multiple department and agency resources or provide additional public benefit.

**CIP Coordination** – CPO provides inter-departmental coordination services to achieve more strategic and effective capital improvement outcomes. Additionally, CPO coordinates with other government agencies on long-range CIP planning initiatives to determine where opportunities for improved alignment of investments exist.

**Monitoring and Oversight** – CPO provides management and oversight of the City's voter-approved bond programs. CPO is also the liaison to the Council-appointed Bond Oversight Committee, which oversees the City's voter-approved bond programs. An important component of CPO's monitoring role is to provide information on status and progress of the City's voter-approved bond programs and overall CIP not only to the Bond Oversight Committee but also to City Council and the public.

**Communication and Reporting** – CPO supports the City's open government goals by providing information, reports and updates about the Capital Improvement Program. CPO also provides public education on how the CIP works through documents such as the Long-Range CIP Strategic Plan and online Frequently Asked Questions. Other communication activity to enhance transparency and awareness about the CIP includes the Capital Planning Office News eNewsletter, press releases, participation in various community meetings and maintaining two websites containing information about the CIP: [www.austintexas.gov/cip](http://www.austintexas.gov/cip) and [www.austintexas.gov/CIVIC](http://www.austintexas.gov/CIVIC).

### Key Terms

**Allocated:** The amount of funds designated by the City of Austin Budget Office to be spent per reporting category or proposition. Allocated funds are tied to bond sales, which must be performed in \$5,000 increments.

**Appropriated:** City Council authorizes the appropriation of funds, which gives staff the legal authority to expend the funds for a specific purpose. City Council may approve multiple installments of funding throughout the project's phases.

**Available:** The amount of funds allocated minus the amount encumbered and expended.

**Encumbered:** Commitments made to unperformed contracts for goods or services.

**Expenditure:** Funds that have been paid for goods or services.

**Obligated:** The sum of funds encumbered and expended.





## Reporting and Information Resources

**CIVIC** - CIVIC (Capital Improvements Visualization, Information and Communication) is an online portal that the City launched in November 2013. The site features an interactive map where the public can get information about a variety of projects affecting such things as roads, water systems or parks.

CIVIC includes the location, where applicable, and information about projects funded by the 2012, 2010, 2006 and earlier bond programs. In later phases, the site's functionality will be expanded to include additional data and project locations for voter-approved and other CIP projects. CIVIC can be accessed at

**[www.austintexas.gov/CIVIC](http://www.austintexas.gov/CIVIC).**

**Bond Programs Report** - The Bond Programs Report is a quarterly report that provides project updates and spending details on the City's voter-approved bond programs. The report is produced by the Capital Planning Office with assistance from participating City departments. Reports are posted on the CPO website.

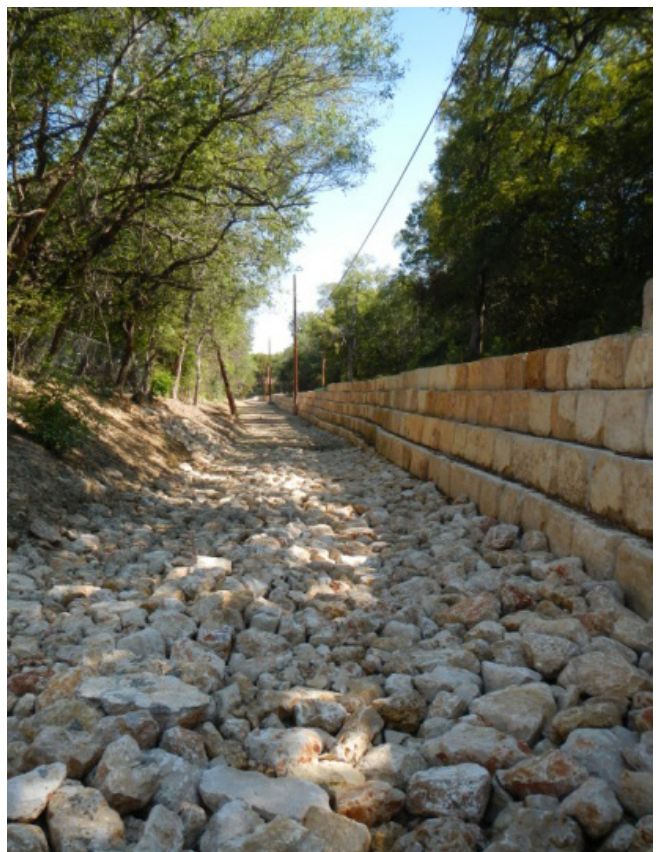
**Bond Proposition information** – The Capital Planning Office, as part of its role leading the development of bond propositions, provides informational materials to the public on the purpose of bond proposals and the bond development process.

**Capital Planning Office website – [www.austintexas.gov/CIP](http://www.austintexas.gov/CIP)**, is a portal to the CIP, providing information on voter-approved bond programs, CPO services, links to reports, answers to frequently asked questions and recent news related to the City's CIP. It also provides educational materials on the Capital Improvement Program to support the public's understanding the CIP is and how it works.

**CIP Annual Report** – The CIP Annual Report is distributed annually and includes statistical information about the CIP, data on voter-approved bond program spending as well as highlights from the prior fiscal year.

**Capital Planning Office News eNewsletter** – The CPO eNewsletter is distributed monthly and includes articles about highlighted capital projects as well as announcements about open houses, ground-breaking or ribbon cutting ceremonies and other events related to the capital improvement program. New Council members and their staff members have been added to the subscriber list.

**Long-Range CIP Strategic Plan** – Updated annually, the LRCSP is a bridge between the recommendations of long-range plans, such as Imagine Austin Comprehensive Plan and small area plans, and capital projects. **[www.austintexas.gov/strategicplan](http://www.austintexas.gov/strategicplan).**





## Contact the Capital Planning Office

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