

**Plano**

*City of Excellence*

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# **Capital Maintenance Fund**

**July 25, 2018**

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# Capital Maintenance Fund History

- Established in 1985 with \$1.0 million transfer from General Fund to pay for infrastructure maintenance and replacement projects on a pay-as-you-go basis
- Renamed Capital Maintenance Fund in Fall 2017 (formerly Capital Reserve Fund)

- Current Goal is for Capital Maintenance Fund revenues to equal 75% of the annual depreciation expense (not replacement cost) of Plano's governmental assets
  - Streets
  - Parks
  - Municipal Facilities

**Considered a Government Finance Officers' Association  
"Best Practice"**



# Capital Maintenance Fund

## Historical Analysis

- \$925 million in infrastructure in FY 00
- \$2.5 billion in infrastructure in FY 18
- Methodology uses a 20 year life cycle for buildings and 45 year life cycle for improvements other than buildings
- Since 2000, depreciation value increased an average of 5.4% annually

## Use of Resources

- Major renovations, restorations or repairs with an expected useful life of 10 years



# Capital Maintenance Fund

- Funded primarily by annual transfers from Operating Funds for rehab and repair projects
- General Fund = 90% of transfers from Operating Funds in 2018-19

## Streets

- Arterial & Residential Street Concrete Repair
- Sidewalk Repairs & Replacement
- Pavement Maintenance
- Screening Wall Reconstruction
- Alley Repairs

## Parks

- Athletic Field Renovations
- Playground Equipment Replacement
- Irrigation & Landscape Renovations
- Trail Repairs

## Facilities

- Roof Repairs & Replacements
- HVAC Replacement
- Flooring Replacement
- Facility Renovations
- Painting

## Utility & Others

- Pump Station Maintenance & Rehab
- Americans with Disabilities Act (ADA) Compliance Projects

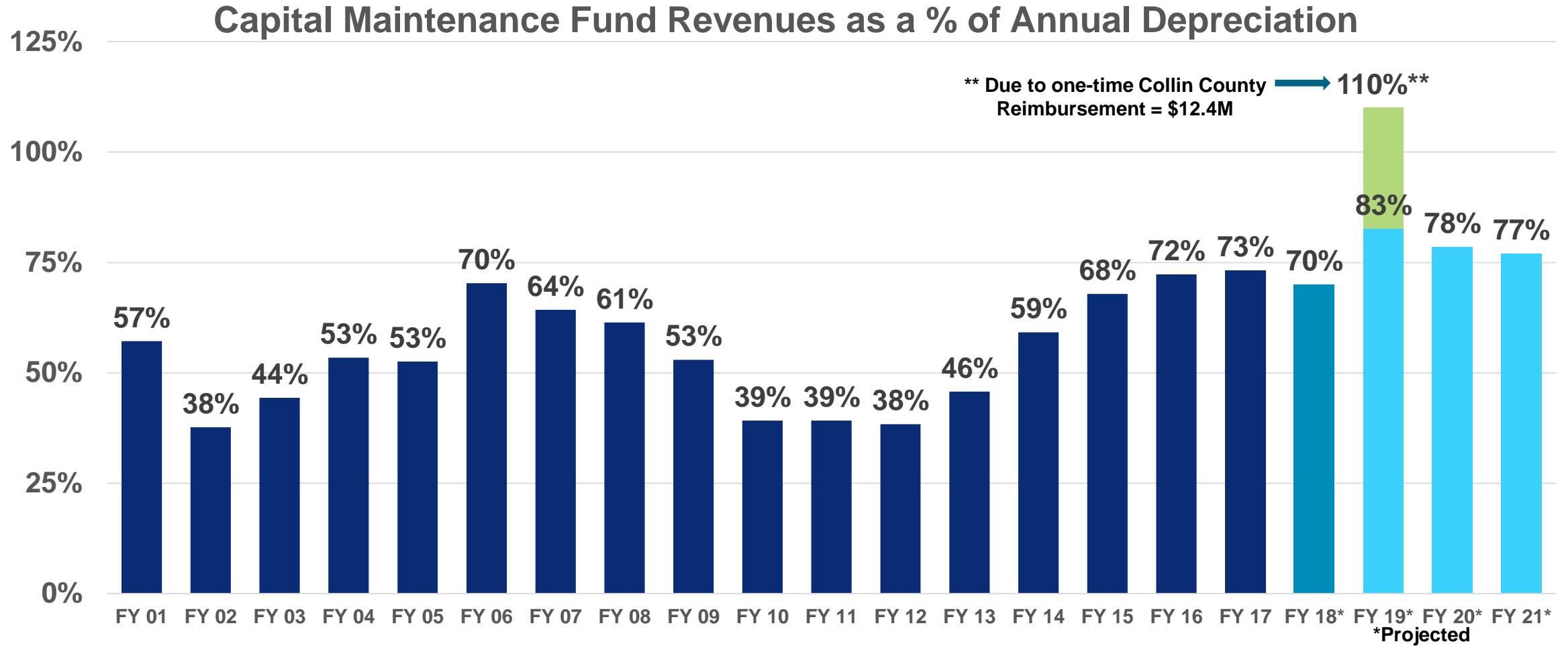


# Capital Maintenance Fund: 2018-19 Proposed CIP

	ACTUAL	BUDGET	RE-EST	PROPOSED	PROJECTED			
	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Estimated Beginning Fund Balance</b>	<b>\$50,266,434</b>	<b>\$31,102,998</b>	<b>\$46,003,756</b>	<b>\$25,777,594</b>	<b>\$18,346,134</b>	<b>(\$6,824,166)</b>	<b>(\$31,466,066)</b>	<b>(\$55,613,966)</b>
<b>Revenues</b>								
General Fund Transfer In	\$24,550,000	\$25,869,000	\$25,869,000	\$32,869,000	\$33,869,000	\$34,869,000	\$35,869,000	\$36,869,000
Water & Sewer Transfer In	1,500,000	1,500,000	2,000,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000
Municipal Drainage Transfer In	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Convention & Tourism Transfer In	1,520,000	1,440,000	1,440,000	1,250,000	850,000	900,000	500,000	500,000
Collin County Participation	0	1,500,000	291,929	12,452,047	0	0	0	0
Rollback Taxes	1,083,768	750,000	750,000	750,000	500,000	500,000	500,000	500,000
Insurance/Damage Receipts	2,524,669	1,498,000	0	0	0	0	0	0
Interest (4901)	283,048	300,000	300,000	200,000	142,300	(52,900)	(243,900)	(431,100)
Miscellaneous Revenue	49,874	0	45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Resources</b>	<b>\$82,277,793</b>	<b>\$64,459,998</b>	<b>\$77,199,685</b>	<b>\$75,843,641</b>	<b>\$55,752,434</b>	<b>\$31,436,934</b>	<b>\$7,204,034</b>	<b>(\$16,131,066)</b>
<b>Expenditures</b>								
Street Capital Maintenance Projects	\$22,388,528	\$30,195,000	\$27,914,000	\$34,041,000	\$40,820,000	\$43,530,000	\$46,670,000	\$49,320,000
Park Capital Maintenance Projects	8,224,344	10,232,500	8,226,661	14,881,996	13,694,100	11,985,000	10,160,000	11,025,000
Facility Capital Maintenance Projects	5,358,031	7,023,750	14,263,256	7,908,511	6,196,500	6,872,000	5,472,000	6,072,000
Other Capital Maintenance Projects	170,317	1,156,000	1,018,174	666,000	1,866,000	516,000	516,000	516,000
Audit Adjustment	132,817	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$36,274,037</b>	<b>\$48,607,250</b>	<b>\$51,422,091</b>	<b>\$57,497,507</b>	<b>\$62,576,600</b>	<b>\$62,903,000</b>	<b>\$62,818,000</b>	<b>\$66,933,000</b>
<b>Ending Fund Balance</b>	<b>\$46,003,756</b>	<b>\$15,852,748</b>	<b>\$25,777,594</b>	<b>\$18,346,134</b>	<b>(\$6,824,166)</b>	<b>(\$31,466,066)</b>	<b>(\$55,613,966)</b>	<b>(\$83,064,066)</b>

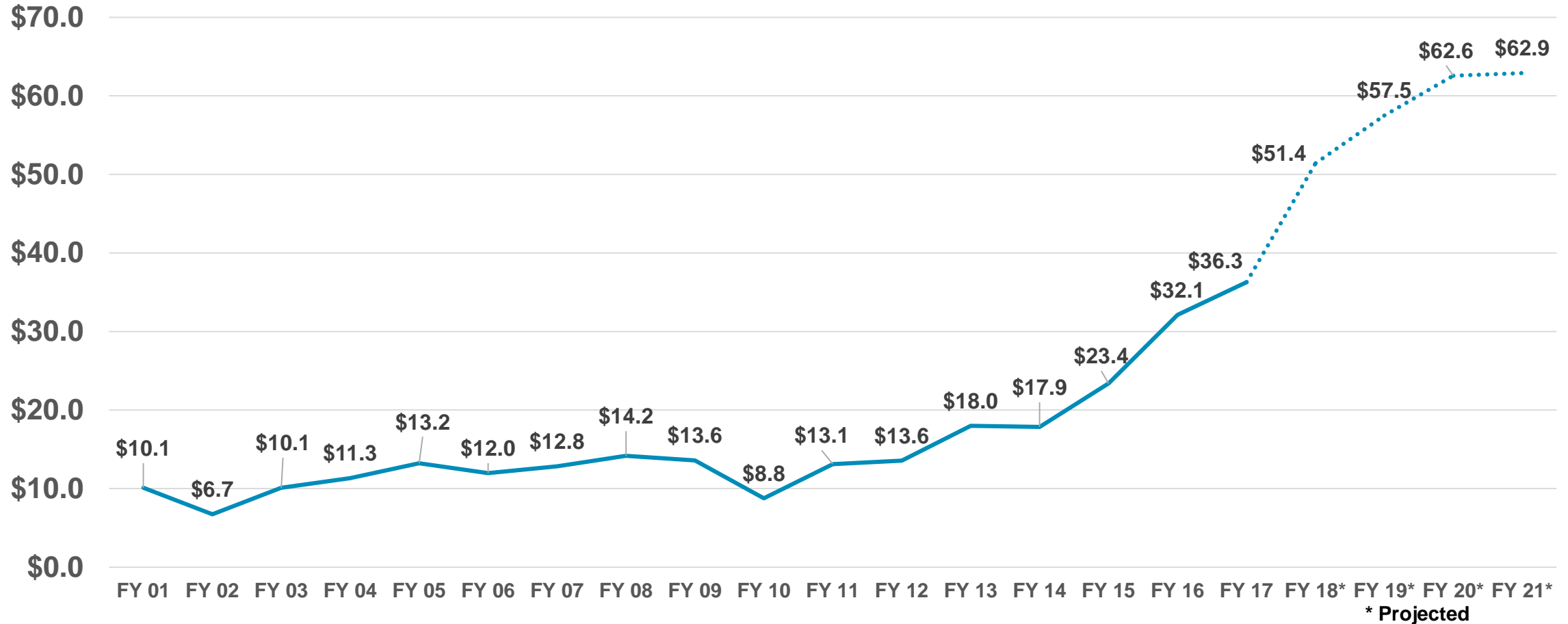


# Capital Maintenance Funding Levels



# Capital Maintenance Expenditure Levels

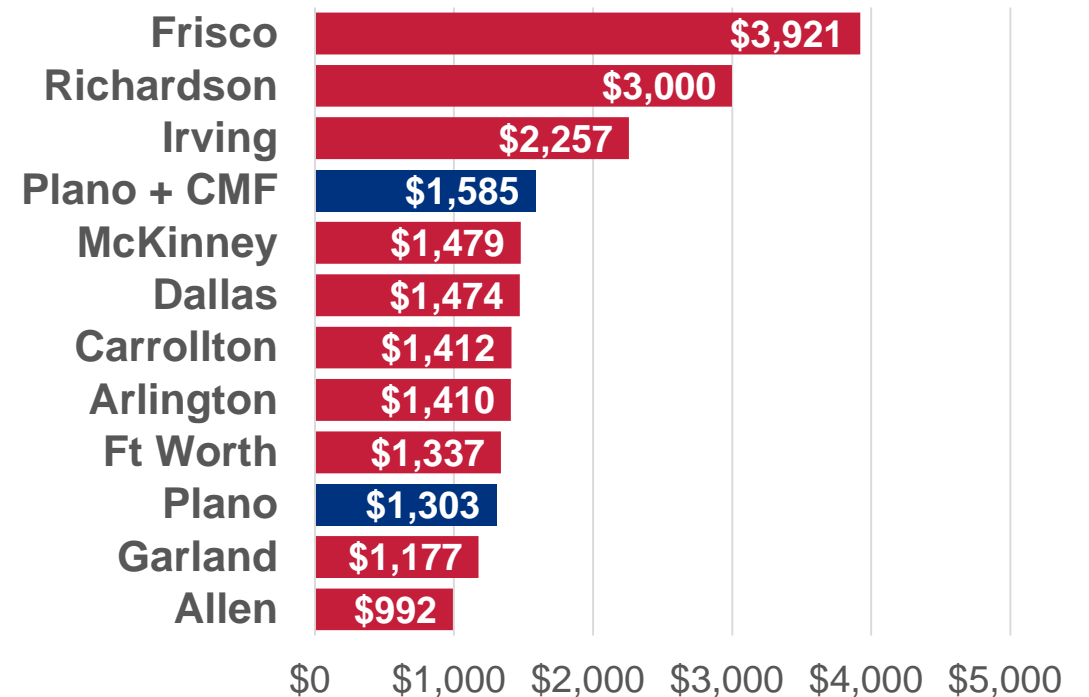
## Capital Maintenance Fund Annual Expenditures in \$ Millions



# Pay-Go versus Debt

- If Plano used Short Term Debt (7 Years @ 3% Interest) in-lieu of the General Fund Transfer to CMF starting in 2013...
  - 2018-19 Debt Payments would be \$21.1 Million Higher
  - \$8.8 Million in additional interest payments over five years of debt service (FY 14 to FY 18)
  - Per Capita Outstanding debt at the end of FY 2017 would have been \$1,585 or 22% higher than actual levels

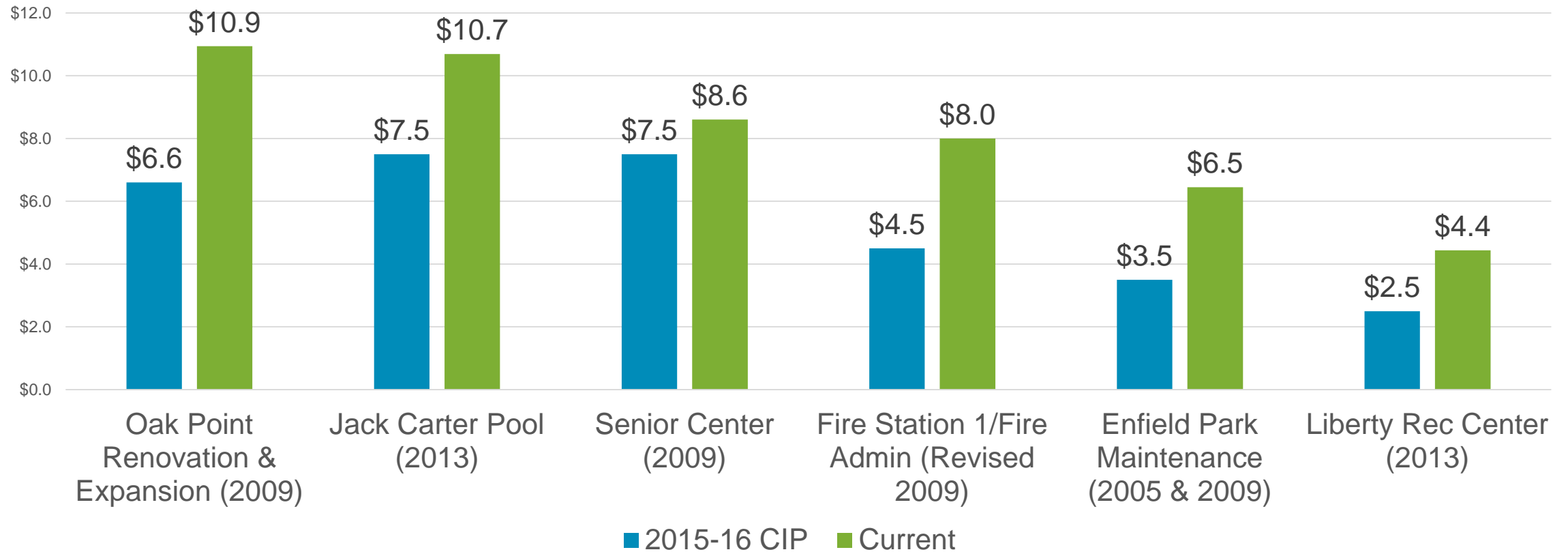
Outstanding Tax Supported Debt per Capita as of September 2017





# Challenging Construction Environment

## Rising Project Costs



# Working Idea: 2019 Bond Referendum

- Capital Maintenance Fund projections in Proposed 2018-19 CIP show \$31.5 million deficit by 2020-21 due to increased labor costs, increased material costs and increased age of infrastructure & facilities
- Review of Capital Maintenance Fund projects shows a number of projects have 20 year+ life expectancy
- Rising construction costs, current borrowing costs & staff experience leads to conclusion that delayed projects will ultimately prove more costly than borrowing to address current needs
- Idea: Hold small scale 'catch-up' bond referendum to continue maintenance of Plano streets, parks and city facilities totaling \$41,140,000



# Potential 2019 Bond Referendum Projects = \$41.14M

- **Street Maintenance - \$18,750,000**
  - Residential Street & Alley Repair = \$11,250,000
  - Arterial Concrete Repair = \$7,500,000
- **City Facilities - \$4,950,000**
  - Parkway Operations Building Revitalization = \$2,500,000
  - Fire Station 5 Building Revitalization = \$500,000
  - Roof & Window Replacements / Weatherproofing = \$1,950,000
    - › Davis & Harrington Library, Fire Station 2, Plano Aquatic Center



# Potential 2019 Bond Referendum Projects = \$41.14M

- **Parks Maintenance = \$17,440,000**
  - Community Park Renovations = \$5,050,000
    - › Old Shepherd Park, Willow Creek Park & Russell Creek Park
  - Neighborhood Park Renovations = \$4,000,000
    - › Evans Park, Glen Meadows Park, Caddo Park & Longhorn Park
  - Trail Repair = \$3,190,000
    - › Chisholm Trail, Hoblitzelle Park Trail & Bob Woodruff Park Trail
  - Park Restroom Replacements = \$2,200,000
    - › Year Round Restrooms at Bob Woodruff Park & Schell Park
  - Athletic Field Lighting Replacements = \$2,150,000
    - › Cheyenne & High Point North
  - Tom Muehlenbeck Pump Room Renovation = \$850,000



# Capital Maintenance Fund w/ \$41.14M placed in 2019 Bond Referendum

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<b>Revenues</b>								
General Fund Transfer In	\$24,550,000	\$25,869,000	\$25,869,000	\$32,869,000	\$33,869,000	\$34,869,000	\$35,869,000	\$36,869,000
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Convention & Tourism Transfer In	1,520,000	1,440,000	1,440,000	1,250,000	850,000	900,000	500,000	500,000
Collin County Participation	0	1,500,000	291,929	12,452,047	0	0	0	0
Rollback Taxes	1,083,768	750,000	750,000	750,000	500,000	500,000	500,000	500,000
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Miscellaneous Revenue	49,874	0	45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Resources</b>	<b>\$82,277,793</b>	<b>\$64,459,998</b>	<b>\$77,199,685</b>	<b>\$75,843,641</b>	<b>\$55,752,434</b>	<b>\$52,771,134</b>	<b>\$48,828,434</b>	<b>\$25,815,934</b>
<b>Expenditures</b>								
Street Capital Maintenance Projects	\$22,388,528	\$30,195,000	\$27,914,000	\$34,041,000	\$31,820,000	\$33,780,000	\$46,670,000	\$49,320,000
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# QUESTIONS??

Director of Budget & Research – Karen Rhodes-Whitley  
972-941-7472  
karenr@plano.gov

Principal Budget Analyst – Matt Yager  
972-941-5220  
matthewy@plano.gov

