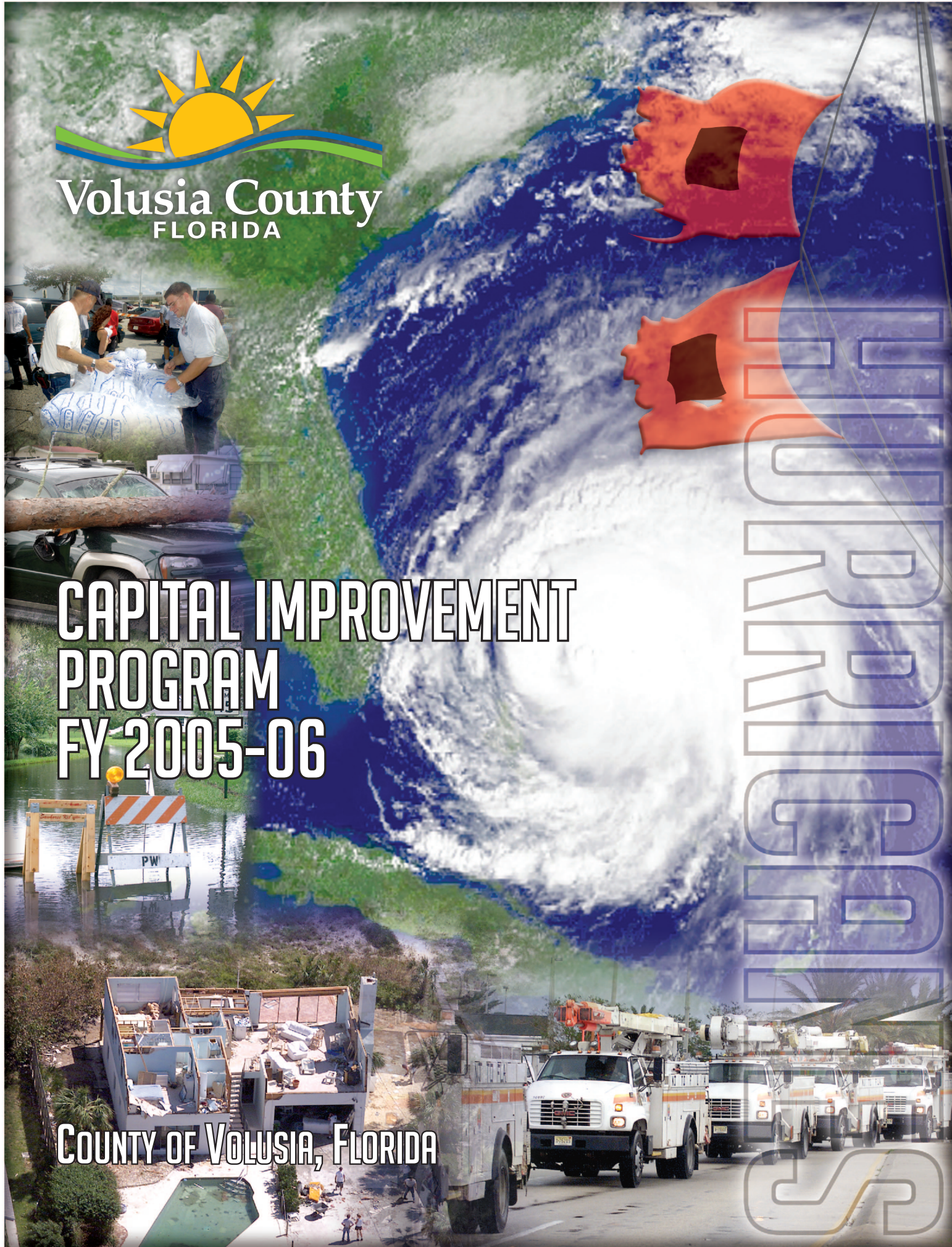




CAPITAL IMPROVEMENT PROGRAM FY 2005-06

COUNTY OF VOLUSIA, FLORIDA



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COUNTY OF VOLUSIA, FLORIDA

CAPITAL IMPROVEMENT PROGRAM

FY 2005-2006 to FY 2009-2010



Chapter 15 (Capital Improvements Element)
Of the Volusia County Comprehensive Plan

Charlene S. Weaver, CPA
Chief Financial Officer

February 20, 2006

Honorable Members of the Volusia County Council
Thomas C. Kelly Administration Center
123 West Indiana Avenue
DeLand, Florida 32720

Honorable Members of the County Council:

Attached for your review and approval is the FY 2005-2006 Capital Improvement Program. Capital improvement programming is a guide toward the efficient and effective provision of public facilities. The result of this continuing programming process is the Capital Improvement Program (CIP), a document published annually that proposes the development, modernization or replacement of physical public projects over a multi-year period. By looking beyond year-to-year budgeting and projecting what, where, when and how capital investments should be made, capital programming enables public bodies to maintain an effective level of service to the present and future population. The CIP shows the arrangement of projects in a sequential order based on a schedule of priorities and assigns an estimated cost and anticipated method of financing for each project.

Current fiscal year Capital Projects are funded in the amount of \$321,166,544. Of this amount approximately \$161 million was for projects that were budgeted last fiscal year, but not completed. The largest portion of re-budgeted projects were related to the Ocean Center Expansion, the Road Program, and various Votran projects.

New legislation now requires the County to include local Florida Department of Transportation (FDOT) projects in the Capital Improvement Program. To meet these requirements a new section has been added to the document which includes a schedule of FDOT projects.

BENEFITS OF CAPITAL PROGRAMMING

A long-term capital improvement program has many obvious benefits that result from its systematic approach to planning and financing public agency projects. Some of the more important benefits derived from a viable capital programming process include the following:

- **Assists in the implementation of the Comprehensive Plan**
The primary function of the CIP is to serve as a mechanism for implementation of the Comprehensive Plan. By outlining the facilities needed to serve the population and land uses called for in the Plan and by scheduling them over time, the CIP guides the public construction program for the future.

- **Focuses attention on community goals and needs**
Capital projects can be brought into line with community objectives, anticipating growth and the government's ability to pay. By planning ahead for projects, those that are needed or desired most can be constructed or acquired first. The CIP keeps the public informed about future capital investment plans of the County. The public involvement in the process provides a mechanism through which a previously unidentified need can surface, be addressed and placed in the framework of community priorities.
- **Encourages more efficient government administration**
The CIP promotes coordination among government agencies and provides a check on potential overlapping or conflicting programs. Coordination of capital improvement programming can reduce over emphasis on any one government function. The program can guide local officials in making sound annual budget decisions. In addition, the CIP will indicate where sites for projects are needed and where advance acquisition may be necessary to insure the availability of land.
- **Fosters a sound and stable financial program**
Through capital facilities planning, the need for bond issues or other revenue production measures can be planned and action taken before the need becomes so critical as to require emergency financing measures. In addition, sharp changes in the tax structure and bonded indebtedness may be avoided when the projects to be constructed are staged over a number of years. Where there is sufficient time for planning, the most economical means for project financing can be selected in advance. The CIP can facilitate reliable capital expenditure and revenue estimates and reasonable bond programs by looking ahead to minimize the impact of capital improvement projects. Keeping planned projects within the financial capacity of the County helps to preserve its credit rating and makes it more attractive to business and industry. Thus, the CIP is an integral element of the County's budgetary process.

PROGRAM SUMMARY AND FISCAL ANALYSIS

The Capital Improvement Program includes an unfunded section, located near the end of the document. Service divisions have identified these projects as being necessary to continue operations or meet various development and Council goals, but are not immediately required for compliance with Volusia County's Comprehensive Plan. Placement of these projects in this section is not meant to diminish their importance, nor the possibility of a project's ultimate completion. However, at this point in time, specific funding sources and methodologies have not been clearly defined. Class D projects are currently unfunded in the amount of \$147,079,000 and requires further discussion and fiscal analysis. The financial staff will review the program during the budget process and CIP process for FY 2006-2007.

In the first three sections of the document (Class A, B and C), the majority of the projects can be funded from existing revenue sources. However, the following projects, while presented in the funded sections of this document, will also require some form of increased financing and, therefore, future Council action. They are highlighted here to provide information on the steps required to obtain financing and to detail needed Council actions.

Information Technology

The mission of the Information Technology Division is to provide Volusia County agencies with integrated information technology solutions which facilitate decision making and streamline operations for improved service delivery. There are two major projects totaling \$21.6 million that will need to be funded through FY 2006-2007.

- **Replace Criminal Justice Information System** (Class B section, page B-25)

Projected Cost:	\$17,162,215
Proposed Funding:	Loan Proceeds/Capital Project Carryover
Future Council Action:	Approval to proceed with the project and funding

- **Replace Financial System** (Class C section, page C-57)

Projected Cost:	\$5,500,000 over the next two years
Proposed Funding:	General Fund
Future Council Action:	Approval to proceed with the project and funding

Office of the Sheriff

Staff is currently reviewing Requests for Qualifications for architectural and engineering services to design and prepare construction documents for a Sheriff facility that will house various activities beginning with a new evidence processing and storage facility.

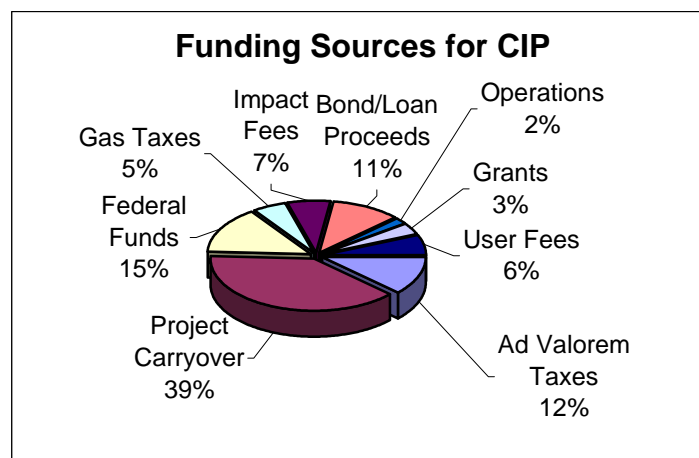
- **Sheriff Facilities** (Class B section, page B-73)

Projected Cost:	\$18,000,000
Proposed Funding:	Loan proceeds
Future Council Action:	Approval to proceed with the project and funding

Financing the Capital Improvement Program

There are a number of funding options available for financing the proposed capital program. These range from direct pay-as-you-go methods using property tax revenue, state/federal grants, user fees, and other sources, to revenue and general obligation bonds and short-term loans. Over the past several years, the County has used all these methods of financing projects. By utilizing a variety of methods, the County has tried to maximize its capital expenditures and financial flexibility.

The following chart details funding for the FY 2005-2006 Capital Improvement Program. Project Carryover is the largest sources of revenue, comprising 39% of the CIP budget. Federal Funding from the FAA and Federal Funding for Mass Transit fund the next largest percentage of capital improvements at 15%. Bond/Loan Proceeds for facility construction and Information Technology needs fund 11% of the total, and Ad Valorem taxes comprise 12% of the budget. The remaining budget is funded through a mix of road and fire impact fees, and State/Local grants.



Short-term financing continues to be used as a tool to address funding needs that exceed current revenues available to fund projects. Developing a strategy to pay for capital improvements while limiting the growth in debt service expenditures imposed on the operating budget requires examination of available funding sources and analyzing debt capacity. Whether a pay-as-you-go strategy is employed or bonding available revenue streams, it is important to protect the County's credit rating and minimize the need to raise taxes. While under funding infrastructure can inhibit development, debt funding infrastructure too far in advance of tax base growth causes otherwise high debt ratios and intensifies financial pressures if development slows. The capital budget should remain flexible enough to be scaled down in the event projected growth slows or fails to occur.

Additional CIP Projects

The following projects are currently in the planning stage, but may develop into significant capital improvement projects.

800 MHz (Page D-224)

Our present system is based on early 1990's technology, with many components and subsystems no longer in production. It is anticipated that over the next few years, system maintenance will become more difficult as a result of the industry moving towards newer up-to-date GPS technology. Included in the Unfunded Section is an Upgrade of System A to GPS Simulcast. This project is estimated to cost \$7 million over the two year period of FY 2006-2007 and FY 2007-2008.

Spatial Needs Analysis (Page D-13 & D- 38)

On June 6, 2003 Council approved the Deland Complex Master Plan as developed by Dan Wiley and Associates. This plan recommended adding infrastructure to meet additional space needs. Included in the Unfunded Section is \$15 million for the DeLand Complex. An expansion of the Volusia County Branch Jail has also been recommended. The existing facility needs to be expanded to handle additional inmate population. This project is estimated to cost approximately \$35 million.

East Side Service Center (Page D- 39)

The Public Works East Side Service Center will consolidate the eastside operations of Mosquito Control, Road and Bridge, and Traffic Engineering. The facility will have administrative office space, equipment and supply storage, fuel depot and a helicopter hangar. A portion of the facility will be hardened to serve as an emergency field operations center for eastside field response and recovery teams. This project is estimated to cost approximately \$15 million.

IN CONCLUSION

The ultimate goal of this document is to provide a realistic guide for Volusia County's capital program and useful reference for the County Council and County departments. The staff and I are prepared to respond to questions you may have about the Capital Improvement Program.

Sincerely,

Charlene S. Weaver, CPA
Chief Financial Officer

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