

CITY OF MINNEAPOLIS

# Capital Budget Overview



**Minneapolis**  
*City of Lakes*

**Ways & Means Committee**

**June 23, 2014**

# Capital Budget Overview

## Definition of Capital

- Capital Assets
  - Land, improvements to land, easements, building, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period
  - NOT working capital for business/housing/development subsidy
- Capital and Related Financing Activities
  - Acquiring and disposing of capital assets use in providing services or producing goods
  - Borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest
  - Paying for capital assets obtained from vendors on credit

# Capital Budget Overview

## Capital Budgeting Processes

- Capital Improvement Plan (CIP)
- Capital Long-Range Improvement Committee (CLIC)
- Capital Asset Request System (CARS)
- Facilities Maintenance Planning (TBD)
- Event Venues Capital Planning (TBD)

# Capital Budget Overview

## Capital Budgeting Processes-CIP

- Five-year plan for infrastructure and other capital projects
- Provides much of basis for capital budget requests considered as part of CLIC

# Capital Budget Overview

## Capital Budgeting Processes-CLIC

- Committee comprised of 33 appointed members
  - Two members per ward (appointed by Councilmember)
  - Seven members appointed by Mayor
  - Members elect a Chair and Vice Chair
- Two-Subcommittees
  - Transportation
  - Human Development
  - Each subcommittee elects a Chair and Vice Chair
  - The six Chairs and Vice Chairs become Executive Committee
- Members review and rate all proposals presented by departments
- Ranked projects within funding availability recommended to Mayor and Council for further deliberation

# Capital Budget Overview

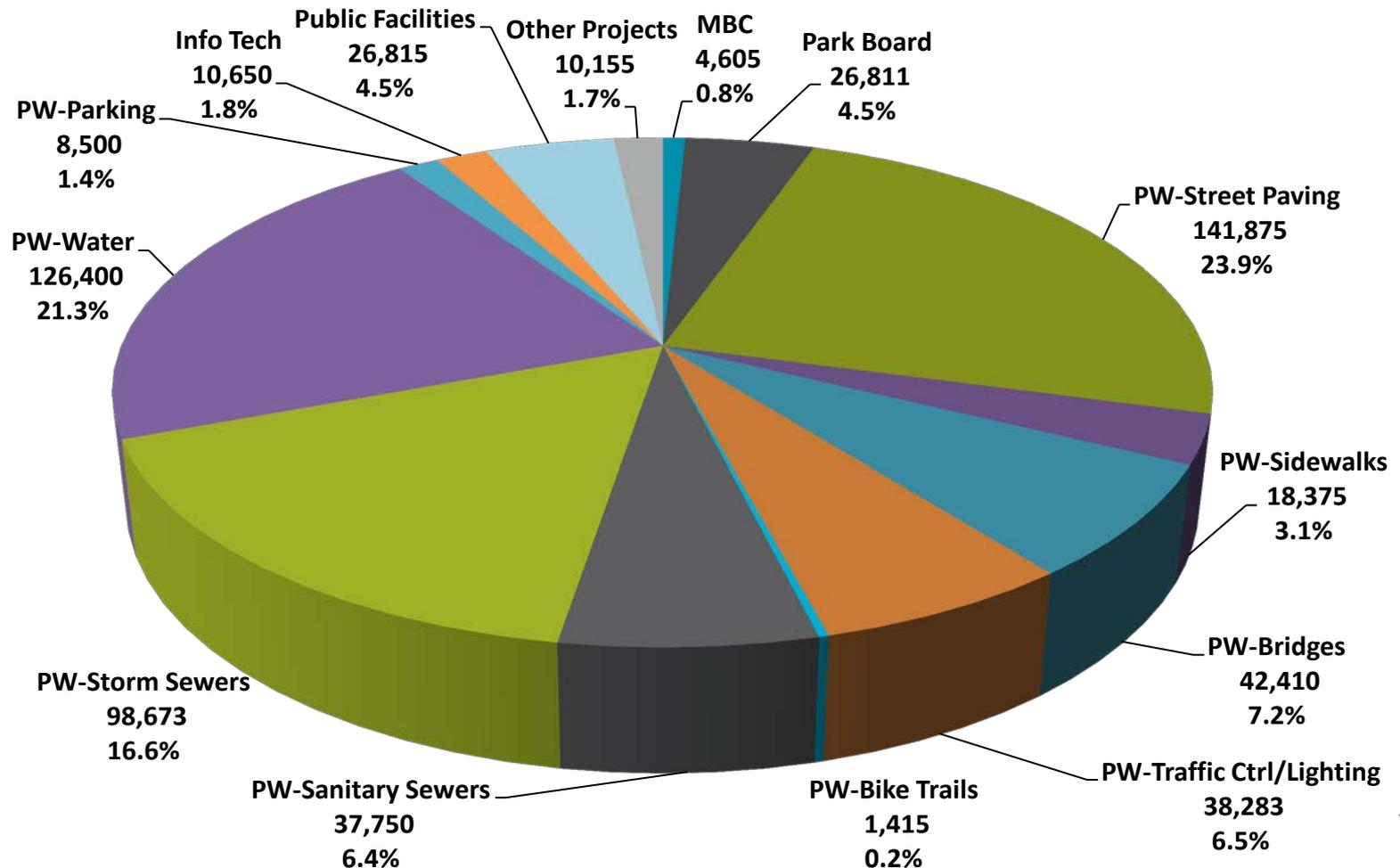
## Capital Budgeting Processes-CLIC

- 2014-2018 Highlights
  - CLIC members reviewed and rated 99 requests totaling \$611 million for five years
  - Total adopted program \$593 million
  - 2014 portion \$120 million
  - Funding:
    - General Obligation Revenue (Enterprise) Bonds = \$111M
    - General Obligation Property Tax Bonds = \$154M
    - Enterprise Fund Revenues = \$125M
    - Municipal State Aid = \$36M
    - Special Assessments and Other Revenues = \$166M

# Capital Budget Overview

## Capital Budgeting Processes-CLIC

- Five Year Allocation = \$593M (shown in 000's)



# Capital Budget Overview

## Capital Budgeting Processes-CARS

- Five-year planning tool for smaller operating capital such as vehicles, software, equipment
- Implemented in 2013 for the 2014 budget
- Each department identifies capital needs over five year period, amount of existing funding and on-going operating cost
- Net requests funded by prior year budget savings/general fund fund balance

# Capital Budget Overview

## Capital Budgeting Processes-CARS

- Total Requests for 2014-2018 = \$76M
  - Net new funding requested = \$28M
- Total Request for 2014 = \$23M
  - Net new funding requested = \$11M
- Total Recommended/Adopted for 2014 = \$21M
  - Vehicles/Fleet = \$10M
  - General Fund Balance = \$9M
  - Enterprise Funds, Internal Service Funds, etc. = \$12M

# Capital Budget Overview

## Capital Budgeting Processes-Other

- Other areas still to be covered:
  - Facilities maintenance
    - Currently in process of creating five-year maintenance schedule for facilities (boilers, roofs, HVAC, etc)
  - Event venues
    - Target Center
    - Convention Center



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# Questions