



**GARLAND
POLICY REPORT**

City Council Work Session Agenda

Work Session Item 3. a.

Meeting Date: June 20, 2022

Item Title: Capital Improvement Program Budget Amendment No. 1

Submitted By: Allyson Bell Steadman, Budget Director

Strategic Focus Areas: Sound Governance and Finances

ISSUE

Amend the 2022 Capital Improvement Program (CIP) to approve the changes discussed by the City Council at the Saturday, May 21, 2022, City Council Retreat.

OPTIONS

- (A) Approve CIP Budget Amendment No. 1 as discussed at the City Council Retreat.
- (B) Approve portions of CIP Budget Amendment No. 1.
- (C) Do not approve CIP Budget Amendment No. 1.

RECOMMENDATION

Option (A) – Approve CIP Budget Amendment No. 1 as proposed and as discussed at the May 21, 2022, City Council Retreat. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the June 21, 2022, Regular Meeting.

BACKGROUND

At the Saturday, May 21, 2022, City Council Retreat, staff presented proposed changes to the City's Capital Improvement Program to address factors impacting the program, including unprecedented inflation rates/cost escalation, scope correction, and scope additions. Staff identified \$141.8 million in additional project expenditures due to inflation/cost escalation (\$103.6 million), scope correction (\$10.6 million), and scope addition (\$27.6 million) over the CIP. Additionally, staff identified that based on projected tax base growth for 2023, there will be additional debt service capacity of \$67.4 million and available one-time cash reserves of \$1.0 million to be utilized to address the additional project expenditures. At the Retreat, City Council provided direction on changes to address the projected shortfall of \$73.4 million as a result of the \$141.8 million increase in projected expenditures.

The CIP Budget Amendment No. 1 seeks to reappropriate the 2022 CIP based on updated schedules to deliver projects underway in 2022 and to update the Capital Improvement Program multi-year plan as proposed and as discussed at the May 21, 2022, City Council Retreat.

I. CIP Budget Amendment No. 1 will appropriate additional funding required for projects underway in 2022 by Program Area, as outlined in “**Attachment A: Amendments to 2022 CIP Appropriations**,” and detailed below:

(A) Park CIP

CIP Budget Amendment No. 1 proposed to increase the Park CIP 2022 Appropriation by the net amount of \$439,000 for the continuation of the Playground Replacement program, Sports Field/Park Renovation Program, Park System Parking and Park Roads program, Aquatics Program - Splash Pads, Trail Development Program, Watson Park improvements, and the Downtown Restroom, and an adjustment to the Garland Senior Activity Center, pushing project costs out to 2023 following a public engagement and design process in 2022.

(B) Street / Transportation CIP

CIP Budget Amendment No. 1 proposed to increase the Street/Transportation CIP 2022 Appropriation by the amount of \$151,000 for the continuation of Holford Road Segment B - Naaman Forest Blvd. to PGBT, Holford Segment C - Arapaho Rd. to Naaman Forest Blvd. land acquisition, Package 1 of the Bottleneck Improvements Program, and Railroad Crossing Improvements program, and an adjustment to the Lyons Road - I.H. 30 to Guthrie Road project pushing project costs out to a future year.

(C) Drainage CIP

CIP Budget Amendment No. 1 proposed to decrease the Drainage CIP 2022 Appropriation by the amount of \$3,089,000 for the postponement of the Lakewood Addition Drainage Improvements and Garvon West Industrial Park Drainage Improvements to be completed in a future year.

(D) Library CIP

CIP Budget Amendment No. 1 proposed to increase the Library CIP 2022 Appropriation by the amount of \$134,000 for the completion of the installation of two Library kiosks through the Library Modernizations/Upgrades program.

(E) Public Safety CIP

CIP Budget Amendment No. 1 proposed to increase the Public Safety CIP 2022 Appropriation by the amount of \$566,000 for the completion of the Police Property and Evidence Building.

(F) Economic Development CIP

CIP Budget Amendment No. 1 proposed to decrease the Economic Development CIP 2022 Appropriation by the amount of \$555,000 for the postponement of the Lavon Landscaping project.

(G) Municipal Facilities & Miscellaneous Tax-Supported CIP

CIP Budget Amendment No. 1 proposed to decrease the Municipal Facilities & Miscellaneous Tax-Supported CIP 2022 Appropriation by the net amount of \$396,700, including the postponement of the New Public Health Clinic design in the amount of \$500,000 until a future bond program and an increase of \$103,300 for the replacement of golf park carts for the Firewheel Golf Course.

- II. CIP Budget Amendment No. 1 will also detail the changes to the CIP's multi-year plan as discussed by the City Council on May 21st, as outlined in "**Attachment B: Changes to the CIP.**" These changes will be incorporated into the 2023 Proposed Capital Improvement Program.

(A) Project Changes to Address Shortfall

At the Retreat, City Council reviewed and deliberated on a plan of adjustments to 13 projects to address the projected shortfall of \$73.4 million. The following are the changes that will be made as part of the adjustments to the CIP:

1. Push out the Lyons Road - I.H. 30 to Guthrie Road project to beyond the five-year plan.
2. Push out the Leon Road - S. Garland Ave. to McCree Road project to beyond the five-year plan.
3. Push out the Lavon Landscaping project to beyond the five-year plan.
4. Push out the Lakewood Addition Drainage Improvements project to beyond the five-year plan.
5. Push out the Garvon West Industrial Park Drainage Improvements project to beyond the five-year plan.
6. Push out the Western Heights No. 4 Drainage Improvements project to beyond the five-year plan; Maintain \$500,000 for a drainage study in 2022.
7. Eliminate the Broadband Services project from the American Rescue Plan Act (ARPA) allocation due to a duplication of Federal and GISD programs.
8. Eliminate the New Public Health Clinic project from the ARPA allocation and bring forward in the next Bond Program.
9. Transfer the Audubon Park Service Road/Picnic Area Paving Replacement project from the 2004 Bond and American Rescue Plan Act allocation to be completed in-house with internal resources.
10. Cash-fund the Holford Park Sports Field Lighting in the FY 2021-22 Revised Operating Budget and reallocate the 2019 Bond funding to other needs.
11. Cash-fund the Ridgewood Master Plan in the FY 2021-22 Revised Operating Budget and reallocate the ARPA funding to other needs.
12. Cash-fund the Emergency Operations Center AV System in the FY 2021-22 Revised Operating Budget and reallocate the ARPA funding to other needs.
13. Cash-fund the On-Street Bicycle Facilities improvements in the FY 2021-22 Revised Operating Budget and reallocate the ARPA funding to other needs.

CONSIDERATION

I. Amendments to the 2022 CIP Appropriations

Staff seeks City Council approval to appropriate \$310,000 to the Playground Replacement Program, \$858,000 to the Sports Field/Park Renovation Program, \$603,000 to the Park System Parking and Park Roads Program, \$254,000 to the Aquatics Program - Splash Pads, \$204,000 to the Trail Development Program, \$480,000 to the Watson Park project, \$25,000 to the Downtown Restrooms project, \$154,000 to the Holford Road Segment B project, \$141,000 to the Holford Road Segment C project, \$1,209,000 to the Bottleneck Improvements Program, \$1,375,000 to the Railroad Crossing Improvements program,

\$134,000 to the Modernization/Upgrades - Library Kiosks project, \$566,000 to the Police Property and Evidence Building, and \$103,300 to the Firewheel Golf Park Cart Replacements project, to be expended in 2022.

(A) Funding from 2019 Bond Program

The City will issue Commercial Paper as expenditures are incurred in the Park System Parking and Park Roads Program, Trail Development Program, Holford Road Segment B, Holford Road Segment C, Bottleneck Improvements Program, Railroad Crossing Improvements program, Modernization/Upgrade - Library Kiosks, and Police Property and Evidence Building; and at a future date, 2019 General Obligation Bonds will be issued to refinance the outstanding Commercial Paper.

(B) Funding from Future Certificate of Obligation

The City's cash reserves will be used to fund the increases outlined to the Playground Replacement Program, Sports Field/Park Renovation Program, Aquatics Program - Splash Pads, and Watson Park; and a Reimbursement Certificate will be issued allowing the reserve to be replenished in May 2023 when Certificates of Obligation are issued to fund these requests and the upcoming 2023 CIP.

(C) Funding from Short-Term Tax Note Reserves

The City's available Short-Term Tax Note reserves will be used to fund the \$103,300 additional cost in the Firewheel Golf Park Cart Replacements project.

(D) Funding from One-Time Cash

The FY 2021-22 Revised Operating Budget will reflect a transfer to the CIP in the amount of \$25,000 for the Downtown Restroom project.

Staff seeks City Council approval to reduce the 2022 appropriation by \$2,295,000 for the Garland Senior Activity Center, \$2,728,000 for Lyons Road - I.H. 30 to Guthrie Road, \$346,000 for the Lakewood Addition Drainage Improvements, \$2,743,000 for the Garvon West Industrial Park Drainage Improvements, \$555,000 for Lavon Landscaping, and \$500,000 for the New Public Health Clinic. These project costs will be moved to a future year.

II. Changes to the multi-year Capital Improvement Program

Finally, the changes to the multi-year Capital Improvement Program will be incorporated into the 2023 Proposed Capital Improvement Program.

Changes to the allocation of the American Rescue Plan Act funding to capital projects based on recent U.S. Department of the Treasury guidance will be brought forward for Council's consideration on a future budget amendment.

Attachment A - Amendments to 2022 CIP Appropriations
Attachment B - Changes to CIP Multi-Year Plan

ATTACHMENT A

Proposed Budget Amendment No. 1 2022 Capital Improvement Program

	<u>BA #1</u>
Use of Funds - 2022 Project Costs:	
<u>Park CIP</u>	
Playground Replacement Program (CO)	\$310,000
Sports Field / Park Renovation Program (CO)	858,000
Park System Parking and Park Roads Program (GOB19)	603,000
Aquatics Program - Splash Pads (CO)	254,000
Trail Development Program (GOB19)	204,000
Garland Senior Activity Center (GOB19 - Costs Pushed Out to 2023)	(2,295,000)
Watson Park (CO)	480,000
Downtown Restroom (TIF #1 Cash Transfer)	25,000
<u>Street / Transportation CIP</u>	
Holford Segment B - Naaman Forest Blvd. to PGBT (GOB19)	\$154,000
Holford Segment C - Arapaho Rd. to Naaman Forest Blvd. (GOB19)	141,000
Lyons Road - I.H. 30 to Guthrie Road (GOB19)	(2,728,000)
Bottleneck Improvements Program (GOB19)	1,209,000
Railroad Crossing Improvements Program (GOB19)	1,375,000
<u>Drainage CIP</u>	
Lakewood Addition Drainage Imprvmts. (GOB19)	(\$346,000)
Garvon West Industrial Park Drainage Imprvmts. (GOB19)	(2,743,000)
<u>Library CIP</u>	
Modernization/Upgrades - Library Kiosks (GOB19)	\$134,000
<u>Public Safety CIP</u>	
Police Property and Evidence Building (GOB19)	\$566,000
<u>Economic Development CIP</u>	
Lavon Landscaping (2022 CO)	(\$555,000)

ATTACHMENT A

Proposed Budget Amendment No. 1 2022 Capital Improvement Program

	<u>BA #1</u>
Use of Funds - 2022 Project Costs:	
<u>Municipal Facilities & Miscellaneous Tax-Supp. CIP</u>	
New Public Health Clinic (ARPA Project)	(\$500,000)
Firewheel Golf Park Cart Replacements (Tax Note)	103,300
Total Net Change in 2022 Project Costs	<u><u>(\$2,750,700)</u></u>

ATTACHMENT B

Proposed Budget Amendment No. 1 2022 Capital Improvement Program Changes Reviewed at May Retreat

	<u>Projected</u>
Total Change to Capital Improvement Program:	
Park	\$63,683,000
Street / Transportation	42,073,000
Drainage (Includes projects moved beyond Five-Year Plan)	16,355,000
Library	5,700,000
Public Safety	10,806,000
Economic Development	2,261,000
Municipal Facilities & Miscellaneous Tax-Supported (One project eliminated)	882,000
Total Increase in Project Costs	<u><u>\$141,760,000</u></u>

All changes will be incorporated in the upcoming 2023 Capital Improvement Program with allocations to the Project and Program levels.

	<u>Projected</u>
Total Project Changes to Address Shortfall:	
Lyons Road – I.H. 30 to Guthrie Rd.	(\$16,464,000)
Lavon Landscaping	(1,542,000)
Leon Road – S. Garland Ave. to McCree Rd.	(6,331,000)
Lakewood Addition Drainage Improvements	(12,750,000)
Garvon West Industrial Park Drainage Improvements	(20,246,000)
Western Heights No. 4 Drainage Improvements	(3,500,000)
Broadband Services (ARPA)	(1,000,000)
New Public Health Clinic (ARPA)	(8,119,000)

ATTACHMENT B

Proposed Budget Amendment No. 1 2022 Capital Improvement Program Changes Reviewed at May Retreat

	<u>Projected</u>
Audubon Park Service Road Replacement (2004 Bond/ARPA)	(\$3,475,000)
Holford Sports Field Lighting	(260,000)
Ridgewood Master Plan (ARPA)	(100,000)
Emergency Operations Center AV System (ARPA)	(384,000)
On-Street Bicycle Facilities (ARPA)	(250,000)
Total Net Change in Project Costs	<u><u>\$67,339,000</u></u>

The above projects were either postponed for completion after 2028, eliminated, or cash-funded.