

**FY21 Budget Process  
City Council Budget Questions  
Group 3**

Capital Improvement Plan

**17. The Capital Improvement Plan (CIP) in recent years has included a project to construct Fire Station 16, however, it was removed from the CIP with the plans adopted with the fiscal year 2018/2019 and fiscal year 2019/2020 budgets.**

**a. How did this fire station go through the CIP planning cycle and is still not built?**

Improvements to a leased facility to implement Temporary Fire Station 16 were funded and completed in fiscal years 2016 and 2017.

The five-year CIPs adopted with the fiscal year 2016/2017 and 2017/2018 budgets included plans to construct Permanent Fire Station 16 in future fiscal years using proceeds from a proposed public safety bond. As the subsequent CIPs were developed, Council elected not to proceed with a public safety bond referendum. The funding capacity in the capital funding plan was not sufficient to accommodate the proposed projects without the additional resources that would have been provided by the tax rate increase that was proposed to fund the debt service for the planned public safety bonds.

**b. How can Council fund this item and build it with community flex space?**

The cost estimate provided for the construction of Permanent Fire Station 16 for the development of the current CIP was \$5.9 million. That project estimate includes a small training/community room similar to recently completed Fire Station 12. As capital funding plan resources are limited, Council would need to reprioritize current planned projects or provide additional resources to add projects with this level of required investment at this time.

**c. Can fund balance be used to pay for the Fire Station and Parks and Recreation bond proceeds be used to fund the community flex space portion?**

Fund balance can be used to fund capital investments such as this, however, projections with the recommended budget estimate fund balance beyond the Council's goal of 12% at \$1.5 million, and at \$5.0 million beyond the 10% Council policy minimum.

After reviewing with bond counsel, Parks and Recreation bond proceeds could be used to fund community flex space provided that the space qualifies as a parks and recreation facility under the statute and has a public use. The statute says parks and recreation facilities include without limitation land, athletic fields, parks, playgrounds, recreation centers, shelters, stadiums, arenas, permanent and temporary stands, golf courses, swimming pools, wading pools, marinas, and lighting.

Bond counsel has stated that this is a general answer and to give a definitive answer the City would need to provide a specific description of the community flex space.

Also, the additional staffing and operating costs needed for Permanent Fire Station 16 were preliminarily estimated at approximately \$340,000 per year.

**18. How much debt could \$500,000 of recurring revenue support for street and sidewalk improvements?**

Using a level payment model for a 20 year limited obligation bond (LOB) financing at an estimated interest rate of 3%, a financing of \$7.4 million would result in annual debt service payments of approximately \$497,000. This scenario would provide \$7.2 million in project funding proceeds and fund an estimated \$200,000 of debt issuance costs.

It should be noted that in order to finance street and sidewalk improvements without General Obligation Bond authority, this financing would have to be paired with approximately \$15 M of other facility LOB financings due to the inability to use street and/or sidewalk improvements as collateral for a financing. Additionally, the process to receive Local Government Commission (LGC) approval to issue LOBs would require that project bids be in hand for at least 75% of the financing amount.

Economic and Community Development

**19. In previous budgets, there was funding for the CEED Business Incubator. What is the status of that project and is there any continuing funding from the City?**

City Council provided \$100,000 of funding in fiscal year 2015 for preliminary design of a business incubator; CEED completed the design using City funds. City Council then allocated \$350,000 toward construction costs, with the intent that CEED would secure the remainder of the funding. Original project estimates of the total project cost were around \$680,000 but in depth architectural designs resulted in the project increasing to over \$1.2 million. CEED was unable to secure the funding and the City never paid any additional funds.

The City does contribute \$35,353 per year to CEED from the general fund to help with the required match for Small Business Administration funding. CEED also receives approximately \$40,000 from CDBG to fund the cost of small business counseling for low income business owners.

**20. In previous budgets, the City provided funding for local farmers markets. Is there still funding provided for the local farmers markets like the FSU Farmers Market? If not, how can Council add funding for farmers markets (not just FSU) to the budget?**

In Fiscal Year 2015, City Council allocated one-time funding in the amount of \$50,000 to FSU for assistance with the Bronco Square Farmer's market. FSU did not fully expend the funds and no funds were allocated in Fiscal Year 2016. The FSU Farmer's Market has continued since then without City funding. Additionally, a farmers market is supported by City staff at the Transportation Museum; Parks staff coordinate parking and capacity at no additional cost beyond staff time. Staff stands ready to assist Council with requested changes for the recommended budget.

**21. What funding opportunities are available for beautification projects in low- to moderate-income neighborhoods?**

For several years, the Economic and Community Development (ECD) Department has used their Beautification Program to foster neighborhood pride in low and moderate income communities. The recommended budget includes \$20,000 of General Fund funding to provide resources for neighborhood signs, landscaping and demolition/clearance projects. In addition, \$35,000 has been programmed for use of Community Development Block Grant funds for this same purpose.

This past winter, Council directed staff to determine a strategy to expend accumulated Tree Fund funding in more efficient and effective manner than current practice. At the February 3, 2020 Council Work Session, staff presented a proposal to Council for a Neighborhood Matching Grant Program pilot which was supported by Council. From accumulated Tree Fund resources, \$25,000 has been designated for the program to support and empower neighborhoods, to encourage active resident participation, and to strengthen community identity. Neighborhoods may apply for funding assistance to improve their shared space through a competitive process. The Tree Board would receive applications and make selections of projects for funding. Unfortunately, the COVID-19 pandemic has slowed our ability to market the program. Development Services, Parks and Recreation and ECD staff members are prepared to begin the demonstration program this summer, coupled with the previously discussed resources from ECD, to focus on beautification in low and moderate income communities.