

# CAPITAL IMPROVEMENTS ELEMENT

## Introduction

Chapter 163, Florida Statutes and Rule 9J-5, Florida Administrative Code require local governments to adopt a Capital Improvements Element as part of the local government comprehensive plan. The Capital Improvements Plan (CIP) includes a Five Year Schedule of Capital Improvements (5 Year Schedule) which identifies the funding source and schedule of capital improvements required to address the need for public facilities identified in the other elements of the comprehensive plan. The Five Year Schedule includes expenditures by service providers other than the City when those capital improvements are necessary to maintain an adopted level of service.

A full fiscal analysis is performed with analysis of the capital and operating expenditures necessitated by the improvements and standards specified in the comprehensive plan as well as other non-plan related expenditures that are funded from the same source. Only by including non-plan related expenditures funded from the source of capital improvements funding can the financial feasibility of the 2025 Comprehensive Plan be accurately assessed.

The Keystone Heights Comprehensive Plan defines capital improvements as non-recurring expenditures for which the construction, acquisition or installation of facilities or equipment is identified in the Traffic Circulation, Community Facilities, Recreation and Open Space , and Public School Facilities Elements. Public facilities required to be included in the 5 Year Schedule are those subject to concurrency management pursuant to Section 163.3180, Florida Statute:

- Transportation Facilities (roads)
- Potable Water Treatment
- Potable Water Supply
- Wastewater Treatment
- Solid Waste Disposal
- Drainage
- Recreation Facilities and Parks
- Open Space
- Public Schools

For public facility planning purposes, the facilities necessary to meet the adopted level of service in the first five years of the planning period are included in the 5 Year Schedule of Capital Improvements and future needs are recognized and included in the 5 Year Schedule as the five year horizon advances each year. The 5 year Schedule of Capital Improvements is updated annually in coordination with the adoption of the City's budget.

## **Relationship with other Elements**

The CIE is the financial implementation element of the City's 2025 Comprehensive Plan. Other elements provide the supporting data and analysis on which the need for public infrastructure is based and the CIE assesses the financial resources available to make capital investment in the necessary infrastructure.

The CIE has a strong relationship to the Future Land Use Element through the Concurrency Management System. The requirement for capital improvements to support the future development within the city is clear: facilities and services must be available at their adopted level of service standard concurrent with the impacts of development. Land Use decisions are coordinated and approval conditioned upon the availability of facilities and services under the Concurrency Management System.

## **Level of Service Standards**

Level of service standards (LOS Standards) are the indicator of the extent or degree of service provided by, or proposed to be provided by, a facility based on the operational characteristics of each public facility. Once established, the LOS Standard is used to measure the impact of additional demand associated with planned development based on the standard and to determine the investment required to maintain the LOS standard if there is a projected impact that would reduce the level of service to a point below that adopted.

The City has adopted level of service standards for public infrastructure and based on the data and analysis of the 2025 Comprehensive Plan, determined whether there are existing deficiencies in level of service. The City has projected whether level of service deficiencies will occur in the future. The analysis of need for public infrastructure is based on the population projections for the City and the Future Land Use Plans adopted by the City and the immediately surrounding unincorporated Clay and Bradford counties where land use patterns affect the demand for potable water and wastewater treatment, solid waste disposal and transportation facilities.

## **Capital Improvements Planning**

Planning for capital improvements in the City follows a traditional budgetary cycle with proposed projects considered for inclusion in the City's budget each summer and final budget documents and schedules adopted in September, prior to the beginning of the fiscal year in October. The City has some funding sources that are restricted to capital expenditures; these are the Infrastructure Surtax Revenue and any grant funds awarded specifically for capital improvements. All other funding sources available to the City may be spent on capital and non-capital projects.

The Clay County Utility Authority (CCUA) is the service provider for potable water treatment, potable water supply and wastewater treatment for the City. The CCUA updates its capital plan annually in September and to the extent capital improvements are required to

facilities operated and maintained by the CCUA to maintain the adopted level of service in the five years of the 5 Year Schedule, the CCUA's Five Year Capital Plan is adopted by the City as a component of its 5 Year Schedule.

The Clay County School District (CCSD) is the service provider for public schools that serve the City. The CCSD updates its capital plan annually in September and to the extent capital improvements are required to public school facilities to maintain the adopted level of service in the five years of the 5 Year Schedule, the CCSD's Five Year Capital Plan is adopted by the City as a component of its 5 Year Schedule.

The 5 Year Schedule is updated annually in September to reflect the need for public facilities and services reflected in the most current Annual Capacity Statement.

### **Impact of Public Facilities on Infrastructure**

In addition to the impacts on concurrency governed public facilities generated by development within the City, new or improved public educational and public health care system components may generate impacts on the provision of infrastructure within Keystone Heights. An analysis of those impacts is undertaken by the City to assist in the planning and coordination of the provision of public infrastructure.

#### *Public Health Facilities*

There are no public health facilities within the City.

#### *Education Facilities*

Public education is provided by the Clay County School District. Within the City, the CCSD operates the following facilities:

- Keystone Heights' Elementary School
- Keystone Heights' Junior/ Senior High School

There is no projected expansion of public health or education facilities within the City during the planning period ending in 2025. No additional demand on these public facilities is projected.

### **Existing Revenue Sources and Funding Mechanisms**

#### Local Sources

The following local sources are available funding mechanisms for the City.

#### *Property Taxes (ad valorem)*

During the 2009-10 fiscal year ad valorem taxes accounted for 14.5 percent of the City's annual revenue. For the 2010-11 budget, ad valorem tax revenues are projected to represent 15.6 percent of the City's budget. A mil is equal to \$1.00 per \$1000 of assessed property value (0.1 percent) and is applied to the total taxable value of all real property and other tangible personal property.

Property tax reform in Florida started in 2007-08; restrictions on a local governments discretion to raise property (ad valorem) taxes were adopted by the legislature and most local governments saw significant reduction in ad valorem revenue in subsequent years as a result. Millage caps were established in 2008-09 with a referendum required to exceed the cap; permanent reductions in taxable value base was implemented by increasing the homestead exemption value from \$25,000 to \$50,000, a cap was added on the increase on non-homestead properties, "Save our Homes" caps on increases in the valuation of homestead property was made portable and a \$25,000 exemption for tangible personal property taxes was added.

Ad valorem revenue in the City has not comprised a large portion of its revenue. From a historic low of 10% of the revenue in 2006-07, property tax is just over 15 % of the total revenue in 2009-10 and is projected to remain at this percentage for the next five years. Property values in the City are declining, but because the housing stock is not new and sales are few, the City did not see the dramatic escalation and then loss of value experienced in other jurisdictions. With the declining market value of property that started in 2008 and continues into 2011, the City is projecting ad valorem taxes to remain the same (flat) for the first five years of the planning period (2011- 2016).

#### *Local Government Infrastructure Surtax*

Clay County reauthorized its infrastructure surtax in 1999 for a ten year period (ending in 2019). The Infrastructure Surtax generates approximately \$170,000 annually for capital projects within the City. The City has historically used these funds to retire debt service on its revenue bond for road paving and to fund capital improvements.

#### *Tax Increment Finance Revenue*

The City of Keystone Heights recognized the need for redevelopment in 2003 and was granted the powers enumerated in Section 163. 358, Florida Statute, relating to community redevelopment, by Clay County, a Charter County, on February 24, 2004. Revenue is received as tax increment finance revenue (TIF) annually and may be utilized only for expenditures that are consistent with the adopted Community Redevelopment Plan and Capital Improvement Plan for the CRA. The TIF revenue associated with community redevelopment is used to fund eligible capital and non-capital expenditures within the CRA boundary. The City's tax increment revenue associated with properties within the CRA boundary are allocated to the CRA by the City and are not available as general revenue to the City.

The CRA adopts a capital budget annually; in 2009-10 the City contributed \$6,089 and the County contributed \$34,118 in increment revenue.

### *Public Utility Taxes and Fees*

These charges are derived from the operation of publicly owned and operated utilities. The City does not own or operate public utilities but it does receive revenue from the CCUA for administration of the operation of water and wastewater facilities within the City and from electric, water and local communications taxes. Revenues are derived from this source and amount to 21 percent of the budgeted revenues for fiscal year 2010-11. These revenues are projected to remain constant (value) through the planning period. –

### *Other taxes, fees and charges*

This category includes special assessments, various administrative fees and other user charges for services and facilities owned by the City. The City assesses a user fee for solid waste pick-up within the City which includes revenue for the administration of the assessment in addition to the fee that is passed on to the solid waste hauler. Other examples are sales of public documents, intergovernmental revenues, review fees, fines and forfeitures, licenses, permits, and interest income from various City funds, rents and royalties. Keystone Heights expects to derive approximately 1 percent of its revenue from administrative fees and a total of 15.1% of its revenue from all of these sources in fiscal year 2010-11. These revenue sources are projected to continue to constitute approximately 14.5 percent of the annual revenue.

### *Special Assessment*

Special assessments are a financing mechanism available to finance infrastructure improvements (street lighting, drainage) at the neighborhood level. In a special assessment district, properties that benefit from particular improvements (street lighting of a new local street) actually share the cost of providing it. This technique shifts capital facility costs away from public budgets. The City passed a special assessment in the form of an MSTU for fire and police service but has not yet relied upon special assessments to generate revenues to finance capital improvements. As revenue from other sources declines, the City may utilize assessments to meet infrastructure needs.

### *Bonds*

Because most capital investments involve the outlay of substantial funds, local government can seldom pay for these facilities through appropriations in the annual budget. Bonds are a method employed by local governments to obtain additional revenue to finance capital outlays. To obtain revenues from bonds the local government borrows money from investors (both public and private) and pays principal and interest over a number of years. Local governments' use of this technique depends on financial factors as bond ratings and current outstanding debt. In 2010, the City carried \$585,000 of revenue bond debt, with retirement of the debt paid from funds collected for capital infrastructure. The debt service on current bonded revenue will be retired in 2019.

General Obligation Bonds: General Obligation Bonds can be sold to finance permanent types of improvements such as schools, municipal buildings, parks and recreation facilities. Through this method, which is subject to voter

approval, the taxing power of the jurisdiction is pledged to pay interest and principal to retire the debt. The City has not issued any general obligation bonds to finance capital improvements.

**Revenue Bonds:** Revenue Bonds frequently are sold to finance projects that produce revenue such as water and sewer systems. These bonds are not backed by the full faith and credit of the local jurisdiction but are financed through service charges or fees. They are not included in the state imposed debt limits, as are general obligation bonds. Voter approval is not required and interest rates are usually higher than those of General Obligation Bonds. Keystone Heights has not issued Revenue Bonds to finance capital improvements in the past and will retire that debt in 2019.

### State and County Sources

Keystone Heights and other municipalities in the State rely on disbursements from the State to support their operating and capital budgets. These revenues are generated locally, collected by the state and returned for use by the local government.

#### *Revenue Sharing*

The State of Florida disbursed \$47,622 to Keystone Heights during fiscal year 2009-10 with \$52,371 anticipated in 2010-11.

#### *Other Shared Revenue*

This category includes several major financial resources that are shared between the City, County and State agencies. The following taxes generate a large portion of the total annual revenue.

**Local Option Fuel Tax:** The 2010-11 budget includes \$91,491 from this revenue source. This represents approximately 12 percent of the total revenue in 2010-11.

**Miscellaneous Taxes:** This category includes the beverage License Tax and Mobile Home License tax. These two sources produced \$ 11,790 in revenues to the City during fiscal year 2009-10 and is projected to produce \$2,929 in revenue in 2010-11.

**Local Option Gas Tax:** Authorized in 1972 and administered by the Department of revenue, the Local Option Gas Tax is a tax that can be levied for every gallon of motor fuel or special fuel sold. This tax, which may be used to fund local transportation related expenditures, is levied by public referendum. The City received approximately from this source during fiscal year.

### Federal and State Grants and Loans

The United States State and Local Fiscal Assistance Act of 1972, which formerly provided for a system of federal general revenue sharing, has been substantially modified. Federal funds are now either allocated to state agencies to administer as block grant programs, or reserved at the federal agency level for disbursement as block grants directly to state and local agencies or other eligible organizations and individuals. The purpose of the block grant program is to enable greater latitude in actual use of the funds by recipients. Recipients are still required to use the funds for specific categories of projects. Block Grants required competitive applications. These monies are generally a non-recurring source of funds and cannot be accurately projected for budgeting purposes. Keystone Heights received funding from block grant programs in the mid-1990's to pave dirt roads.

The City has improved sidewalks within the City under the Safe Routes to School grant program administered by the Florida Department of Transportation.

As revenues continue to decline, the City will continue to rely on grant revenue to augment its resources and meet its capital infrastructure needs.

**Policies and Practices for Providing Capital Improvements**

The City implements policies and practices for the efficient extension and provision of Capital Improvements.

Level of Service Standards:

The City has adopted level of service standards for public facilities governed by concurrency management based on the data and analysis of the applicable element of its 2025 Comprehensive Plan.

Transportation Facilities (roads)

The Transportation Element of the 2025 Comprehensive Plan documents level of service standards for roads within the City using a volume to capacity ratio for the PM Peak Hour.

<u>Segment</u>	<u>Adopted PM Peak LOS</u>	<u>Maximum Service Volume</u>
<u>SR 100 from SR 21 to NW City Limits</u>	<u>C</u>	<u>1,370<sup>1</sup></u>
<u>SR 100 from SR 21 to SE City Limits</u>	<u>C</u>	<u>1,370<sup>1</sup></u>
<u>SR 21 from N City Limits to SR 100</u>	<u>D</u>	<u>1,480<sup>1</sup></u>
<u>SR 21 from SR 100 to S City Limits</u>	<u>D</u>	<u>1,480<sup>1</sup></u>
<u>Orchid Avenue</u>	<u>D</u>	<u>670<sup>2</sup></u>
<u>Nightingale Street</u>	<u>D</u>	<u>670<sup>2</sup></u>

<u>Pecan Street</u>	<u>D</u>	<u>670</u> <sup>2</sup>
<u>Commercial Circle</u>	<u>D</u>	<u>670</u> <sup>2</sup>

<sup>1</sup>FDOT Generalized Tables, Table 5

<sup>2</sup> Level of Service (LOS)/Capacity Lookup Tables from the 2002 Highway Capacity Software (HCS+) Version 5.21, Highplan Module with PM Peak Factor of 0.10.

### *Community Facilities*

The Community Facilities Element establishes the level of service standard for potable water treatment, potable water supply, wastewater treatment, solid waste disposal, drainage and water quality.

Potable Water Treatment: 294gpd/ ERU

Potable Water Supply projected demand for first five year period met through permitted withdrawals or adopted alternative water supply plan

Sanitary Sewer: 250 gpd/ERU

Solid Waste Disposal: 3.99 pounds per person per day

Drainage:

Drainage Facility	Design Frequency
Crossdrains for major watersheds	50 years 24 hours
Detention/Retention/Attenuation Basins	25-year, 24 hour critical event with protection to a 100 year rainfall
Bridges and Bridge Culverts	50 years
<u>Crossdrains for minor watersheds</u>	<u>25 years</u>
<u>Crossdrains and ditches for internal drainage</u>	<u>25 years</u>
<u>Sidedrains for roadway ditches</u>	<u>10 years</u>

Water Quality: Standards established in Chapter 62-25, Florida Administrative Code

*Recreation*

The Recreation and Open Space Element inventories recreational facilities available to City residents and establishes the level of service standard to be applied to park land, open space and recreation facilities.

Recreation (Parks): Neighborhood Parks: 3.5 acres/ 1,000 population

Open Space: 2.5 acres per 1,000 population

Recreation Facilities:

Facility	Level of Service
Freshwater Beach	0.5 acres per 1,000 population
Basketball Court	1 per 2,000 population
Equipped Play Area	1 per 1,000 population
Multi-purpose Field	1 per 2,000 population
Urban Jogging/ Hiking Trail	1 per 5,000 population
Tennis	1 per 2,000 population
Volleyball Courts	1 per 1,000 population
Dog Park	1 per 2,000 population
Covered Picnic (Pavilions)	1 per 1,000 population

*Capital Improvement Plan (CIP)*

The City utilizes its Capital Improvements Plan (CIP) to direct its expenditures and manage the revenue sources it utilizes to provide public facilities and services under concurrency management. The CIP is a plan for capital expenditures to be incurred annually over a fixed period of years to meet anticipated capital needs. It sets forth each capital project or other expenditures contemplated by the City. The CIP must be consistent with the Capital Improvements Element and estimates the resources needed to finance the project. The CIP covers the current year and the next five years of the planning period; each year when updated the CIP moves ahead one year to maintain the five year horizon. The first year of the CIP is reflective of the current year's capital budget with subsequent five years representing the longer range expenditures. The CIP is updated on an annual basis.

### *Impact Fees*

The City could utilize impact fees as a funding mechanism /strategy for addressing the need for infrastructure. Impact Fees are imposed on new development by local governments to offset the cost of new capital facilities necessitated by that development. Because the development potential in the City is very low, if implemented, impact fees that apply only to City infrastructure would not contribute significantly to the funding for infrastructure. Clay County has adopted impact fees for transportation; Keystone Heights has not chosen to adopt the County's impact fee because improvements funded from the fee are identified on a sector (geographic) basis and none of the planned improvements are proximate to the City.

The Clay County School District has implemented impact fees that are collected on new residential units permitted in the City.

### *Utility and Franchise Taxes*

User charges are designed to recoup the costs of public facilities or services by charging those who benefit from them. They are employed in many areas of local government service. Tolls and transit fares are collected for the use of transportation facilities; water and wastewater tap (connection) fees are used to fund capacity in these treatment facilities and user fees at parks or recreation facilities can fund operations or capital expenses.

User fees may be utilized to guide the pace and pattern of development because they can be designed to vary according to the quantity and location of the service provided. Thus urban sprawl can be discouraged by the provision of high user fees for services at further distances from urban areas.

### *Mandatory Dedications or Fees in Lieu of*

As a condition to plat approval, the City may require developers to dedicate land in their development to be used for public purposes such as roads. When parks and schools are required to be dedicated, the adopted level of service standard for the facility type is applied and lands dedicated in excess of the standard may be donated or, if available to the general public for use, may be purchased or granted impact fee credits by the City or the Clay County School District.

### *Moratoria*

A moratorium may temporarily halt or freeze development for a specified period of time on an emergency basis. It may be imposed on building permits, development approvals, or governmental services such as potable water connection, sanitary sewer extension or hookups. Florida courts have found development moratoria to be a valid measure of last resort for the protection of local public health, safety and welfare when adopted in accordance with applicable procedures.

## CAPITAL IMPROVEMENTS ANALYSIS

The City's financial position can be analyzed by estimating future receipts of revenues and balancing these receipts against anticipated expenditures to determining the feasibility of financing capital improvements.

### CURRENT REVENUE

The City experienced a significant reduction in its revenues starting in 2006-07 when Clay County voted to eliminate funds previously allocated to the cities through long standing interlocal agreement. Keystone Heights was the most affected by the change because it does not operate a utility, so its sources of revenue are stable and do not provide opportunity for meaningful increase. The County funds comprised approximately 27 percent of the City's revenues in 2004-05 and 2005-06; the funds were phased out such that the reduction was not over a single year. In 2009-10 this funding source ended. The reduction in overall revenues places greater reliance on other sources.

#### *Ad valorem Revenue (Property Taxes)*

Ad valorem revenue grew from approximately 10 percent of the City's revenue sources to just over 15 percent in the last five years and is projected to continue to comprise approximately 15 percent of the total revenue available to the City. Despite the reduction in the value of individual properties during this period, multiple non-residential structures were constructed in the City, mitigating the loss of value generally experienced throughout Florida. These revenues may be allocated to operating and capital expenditures. Tables 1 and 2 illustrate historical millage rates in the City.

TABLE 1  
HISTORIC MILLAGE RATES 1985-1991

<b>FISCAL YEAR</b>	<b>TAX BASE</b>	<b>MILLAGE RATE</b>
1985-86	16,675,078	3.50
1986-87	17,202,089	3.43
1987-88	20,598,225	4.97
1988-89	22,972,288	4.63
1989-90	23,407,565	2.50
1990-91	25,338,457	2.00

TABLE 2  
HISTORIC MILLAGE RATES 2005-2011

FISCAL YEAR	TAX BASE	MILLAGE RATE
2005-06	55,000,000	2.0000
2006-07	58,000,000	2.0000
2007-08	66,915,310	1.9245
2008-09	60,996,077	2.0000
2009-10	58,300,000	2.3075
2010-11	55,200,000	2.3414

It is projected that the ad valorem revenue will remain constant over the five year planning horizon. The tax base is not anticipated to significantly increase in the five year period; almost all the vacant land in the City lies within the residential land use category and significant new construction is not anticipated in this or the non-residential sector in the five year period.

*Public Utility Taxes and Fees*

These revenue sources play a larger role in the City’s budget because of the loss of County revenues in 2010-11. Utility taxes increased as a share of total revenue from 10 percent of the City’s revenue when County Interlocal funds were received (prior to 2010-11) to 20 percent of the revenues in 2010-11 when Interlocal funds were phased out (and the total revenue was reduced).

*State and County Sources*

This category includes standard revenue sharing plus local option sales and gasoline taxes. State revenue sources comprised approximately 13 percent of the total revenue in 2009-10 and are projected to make up approximately 15 percent in 2010-11. This revenue is projected to remain approximately 15 percent of all revenue through the five year planning period.

The revenue from local option gas taxes represent 10% of the total revenue in 2009-10 and 11.5 percent in 2010-11, maintaining this level through the five year planning horizon.

The local One Cent Infrastructure Surtax represents revenue of approximately \$170,000 to the City; this source is available through 2019. At 21 percent of the total revenue in 2010-11, this is the source of capital funding within the City.

Combined, these state and local sources comprise approximately 47 percent of the City’s total revenue.

TABLE 3  
CITY OF KEYSTONE HEIGHTS  
REVENUE SOURCES

	2006-07	2007-08	2008-09	2009-10	2010-11
Property Taxes	110,922	125,510	118,181	130,974	123,934
Utility	124,742	119,315	130,453	140,996	169,752
State/County <sup>1</sup>	416,564	402,835	380,485	375,085	385,518
County Interlocal	286,743	204,108	147,610	98,407	0
License/Permits	9,477	13,662	6,079	13,706	8,700
Other	173,844	119,729	114,327	143,711	104,408
TOTAL	1,122,292	985,159	897,135	902,879	792,312

<sup>1</sup> Not Including County Interlocal Funds

*Future Projections*

In projecting future revenues for the City of Keystone Heights it is important to note the dependence on state and county revenue transfers in the form of taxes and revenue sharing. In 2006-07 these sources accounted for 62 percent of the total revenue; in 2009-10 this dropped to 48 percent, representing a drop in revenue of \$317,000. Utility taxes in the same period increased from 10 percent of the revenues in 2006-07 to 19 percent in 2010-11 and are projected to increase to 35 percent of all revenue by 2016 because of the additional fees related to central wastewater service within the City. Property taxes have represented approximately 15 percent of the revenue in recent years and are projected to continue to make up this percentage of the City's revenue in the next five years. In projecting revenues over the next five years, it is important to note that:

- a. The City has the majority of its revenues collected by another entity and returned to it either through revenue sharing, tax reimbursements or franchise fees.
- b. The nature of the receipts are economy dependent in that fuel taxes, utility taxes and other fees will fluctuate with upturns and downturns in the economy; and
- c. The loss of County Interlocal revenues has affected the City's revenue drastically in the past five years; the loss of approximately \$300,000 out of a total revenue of

just over \$1 million (approximately 25% of total revenue) has caused the City to adjust its capital expenditures and goals for the future. The City has reduced staff, operational expenses and reorganized to meet the challenge of reduced revenues

Previous increases in the state/county payments has allowed the City to adjust its millage rate downward since 1987 during a time when the valuation of property in the City grew moderately (around seven percent). The most recent 5 year period has brought declining property values and restrictions on changes to millage rates with little opportunity for added taxable value through new construction through the five year planning horizon ending in 2016. Utility taxes and State and County revenue sources are projected to grow at a very slow rate through the five year planning period ending in 2016.

**TABLE 4  
CITY OF KEYSTONE HEIGHTS  
REVENUE PROJECTIONS**

	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Property Taxes	123,934	124,925	125,925	126,932	127,948	128,971
Utility	169,752	178,912	185,452	192,317	199,521	207,084
State/County <sup>1</sup>	385,518	386,047	386,580	387,117	387,659	388,205
County Interlocal	0	0	0	0	0	0
License/Permits	8,700	8,700	8,700	8,700	8,700	8,700
Other	104,408	104,278	104,706	105,067	105,358	105,663
<b>TOTAL</b>	<b>792,312</b>	<b>802,862</b>	<b>811,363</b>	<b>820,133</b>	<b>829,186</b>	<b>838,623</b>

<sup>1</sup> Not Including County Interlocal Funds

**B. EXPENDITURES**

To address significant revenue losses, the City has undertaken a multi-year effort to improve operating efficiency, dramatically reduce operating expenses and prudently manage capital improvement decisions. This directly affects revenue available for capital improvements because the City allocates revenue after operating expenditures in its general fund to capital improvements. Actual operating expenses between 2007 and 2010 were reduced by almost 23 percent.

These efforts have directly resulted in a strengthening of the reserves. The City manages its current reserve balance in a manner prudent and reasonable given the likelihood of the extended economic downturn and the future without Interlocal Agreement revenues.

The data and analysis of the elements of the comprehensive plan have identified no existing deficiencies in level of service for the following facilities subject to concurrency management:

- Transportation Facilities (roads)
- Potable Water Treatment
- Potable Water Supply
- Wastewater Treatment
- Solid Waste Disposal
- Drainage
- Recreation Facilities and Parks
- Open Space
- Public Schools

The data and analysis of the elements of the comprehensive plan has projected deficiencies in potable water treatment within the first five years of the planning period and potential deficiencies in potable water supply and transportation (roads) in the period after the first five years and before 2025.

The projected deficiencies are based on the population projection for the City, its Future Land use Map and an analysis of demand with the service area outside the City for potable water treatment, potable water supply, wastewater treatment, transportation facilities (roads), solid waste disposal, and public schools.

Table 5  
POPULATION ESTIMATES AND PROJECTIONS

<b>Year</b>	<b>Per Annum Growth Rate</b>	<b>Population</b>	<b>Annual Increase (persons)</b>
2000 Census		1,345	
2005 Estimate	0.61%	1,386	8.2
2010 Projection	0.38%	1,413	5.4
2020 Projection	0.26%	1,450	3.7
2025 Projection	0.16%	1,462	2.4

Source: Shimberg Center for Affordable Housing, 2010

While no projected level of serviced failures are shown in the five year planning horizon, the City projects that revenue will be available for capital projects not associated with growth management. Table 6 projects operating expenditures through fiscal year 2015-16, allowing the City to monitor the resources available should deficiencies be identified.

**TABLE 6  
CITY OF KEYSTONE HEIGHTS  
PROJECTED OPERATING EXPENDITURES**

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General and Administrative	383,733	383,663	389,993	382,824	390,208	398,215
Police and Code Enforcement	14,592	14,709	14,826	14,945	15,065	15,185
Highway and Streets	249,660	256,484	263,859	271,841	280,496	289,897
Parks and Recreation	34,253	34,840	35,450	36,081	36,737	37,418
Other	10,500	10,564	10,628	10,693	10,759	10,825
Available for Capital Improvements	99,574	102,602	96,607	103,749	95,920	87,083
<b>TOTAL</b>	792,312	802,862	811,363	820,133	829,185	838,623

### IMPLEMENTATION STRATEGY

The City annually updates its Capital Improvement Plan (5 Year Schedule of Capital Improvements) in October/November in efforts coordinated with the City’s budget cycle and that of the CCUA and Clay County School District. The Five Year Work Program for the FDOT does not include any capital improvements within the City that are necessary to meet the adopted level of service; the City monitors the FDOT Five Year Work program and will include the relevant portions in its CIP if capacity improvements are funded.

The Available Revenue in Table 6 may be utilized by the City to meet level of service capital needs in the five year period.

### **INSERT FIVE YEAR CIP, adopted**