Webb County's Capital Improvement Plan

ADOPTED: Septem ber 16, 20 24

COMMISSIONERS COURT

FILED Oct. 7th 20 24 @9:00 a.m.
MARGIE RAMIREZ IBARRA
COUNTY CLERK, WEBB COUNTY, TEXAS
BY ____________ DEPUTY

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Executive Summary

Webb County is dedicated to promoting long-term growth, vitality, and sustainability through strategic capital investment planning. Understanding the essential role a well-crafted capital plan plays in the financial health of organization and the continuous delivery of services to residents and businesses, the County has established a comprehensive Capital Improvement Plan (CIP).

No.	Steps	Responsible Party	TimeLine
1.	Call for Projects.	From Budget and Fiscal Policy Office to Departments and Elected Officials	January/February of each fiscal year
2.	Assemble all eligible submitted projects for review.	Budget and Fiscal Policy Office	March of each fiscal year
3.	Requests are reviewed, and projects are prioritized.	Subject Matter Experts & Executive Team	April and May of each fiscal year
4.	Recommendations are made by County Administrator	Subject Matter Experts & Executive Team	June and July of each fiscal year
5.	Allow departments to appeal before final recommendation.	Subject Matter Experts & Executive Team	July of each fiscal year
6.	County Administrator presents recommendations to County Commissioners Court.	County Administrator/ Commissioners Court	July and August of fiscal year
7.	Identify and recommend funding strategies for CIP	County Auditor's, Budget and Fiscal Policy and County Administrator's office.	August and September of each fiscal year
8.	Approve recommendations for funding of CIP	County Commissioners Court	By October 1

The CIP is a five-year infrastructure plan that aligns the County's highest-priority capital needs with a suitable financing schedule. Operating on a rolling five-year basis and updated annually alongside the County's budget, the plan reflects the County's commitment to investing in crucial equipment and infrastructure.

The first year of the CIP is funded through the budget appropriations for that year, while funding for the following four years is secured through future appropriations or debt issuances. No project will begin until it has been formally approved and funded through the Court's annual budget process.

Throughout the fiscal year, as conditions change, CIP projects are reviewed and may be adjusted, added, or removed. These recommendations are made by subject matter experts and the County executive team, appointed by the

Commissioners Court. The final recommendations are then presented by the Budget Office to the Commissioners Court for inclusion in the fiscal year's budget.

CIP funding primarily comes from two sources: the issuance of long-term debt, repaid through property taxes or other identified revenue streams, and the County's annual general fund appropriations via the M&O tax rate.

This document outlines the components of the CIP and the procedures used to develop spending recommendations. Once adopted, the CIP serves as a guiding document for the Commissioners Court and all County departments, particularly concerning bond sales and the annual budgeting process.

Part I: Webb County's Capital Improvement Plan Planning and Development Process

The Capital Improvement Plan (CIP) will identify the major capital needs of the county on a minimum of a five year planning horizon. The plan offers a structured process that will facilitate the identification, inclusion and funding of projects that are necessary for County operations.

This section of the County's CIP outlines the process from development through approval of the County's CIP. This process is outlined in various steps as follows:

Capital Improvement Team

Requests will be reviewed by subject matter experts and Budget Department. Current subject matter experts include, but are not limited to:

- County Judge and Commissioners
- Budget Officers
- Capital Projects Infrastructure Director
- Purchasing Agent
- Auditor

The executive team comprises the County Budget Officers and designated staff from the County Administrator's Office, with support from other departments as required. This team will assess the feasibility of all proposed capital projects submitted by County departments. Upon approval by the Commissioners Court, the County Administrator's Office, County Auditor's Office, and the Office of Budget and Fiscal Policy will oversee the progress of these projects and suggest any necessary revisions.

Review of CIP Projects

The Capital Improvement Team will categorize each submitted project into one of five major categories:

- Major Facility and Infrastructure
- IT Infrastructure and Equipment

- ADA-related Improvements
- Fleet and Vehicle Replacement
- Small/Medium/Large Capital Projects

Major Facility and Infrastructure

This category encompasses the acquisition, construction, or renovation of existing and future County facilities. Due to factors such as aging infrastructure, changes in the scope of County operations, or actions by other governmental entities, there is an ongoing need to evaluate the necessity of renovating, expanding, or closing County facilities. The recommended projects in this category typically involve substantial resource commitments, often extending over multiple years. Examples include the construction of new or replacement facilities such as additional jails or juvenile probation/detention centers, as well as significant renovations like roof replacements and parking lot expansions. Significant facility repairs, where no single project exceeds $500,000 within a fiscal year, will be addressed through the annual M&O allocation.

Information Technology Infrastructure and Equipment

This category includes technological enhancements, replacement of computers and related equipment, and hardware and software upgrades essential to the operations of Webb County. Projects may involve purchasing network and telephone equipment, upgrading computer networks and systems, and acquiring new or replacement software programs to improve departmental productivity. All IT-related infrastructure and equipment are reviewed and recommended by the IT Department to ensure compatibility with existing systems.

ADA-Related Improvements

Projects that involve ADA-related improvements to infrastructure or the purchase of equipment to ensure compliance with the Americans with Disabilities Act are classified in a separate category. These projects are ongoing and based on facility assessments, continuing until all County facilities meet current ADA standards.

Fleet and Vehicle Replacement

The County is committed to the regular maintenance and replacement of its vehicles. The Purchasing Department is responsible for developing a comprehensive fleet management policy, which includes a defined schedule for vehicle replacement. Typically, vehicles are assigned to specific departments, with each department responsible for the upkeep and maintenance of its assigned vehicles.

Small/Medium/Large Capital Equipment

Items categorized as small, medium, or large capital equipment range in value from $5,000 to $500,000, with a useful life spanning from 5 to over 10 years, depending on the subcategory. Items valued at less than $5,000 should be included in each department's annual budget and are considered part of the department's operating expenses.

The review process for all submitted projects involves four distinct stages:

1. Needs Assessment
2. Review Against Replacement Policy
3. Project Prioritization
4. In-Depth Cost Estimation and Funding Capacity Analysis

Long Term Planning Assessment

The County also engages in long-term planning for routine capital expenditures. For instance, when necessary, consultants may be hired to assess the County's long-term needs for roof maintenance or mechanical system replacements, helping to anticipate these routine expenditures years in advance. Such assessments ensure that repairs or replacements are made at the appropriate time—not too soon to avoid waste, and not too late to prevent secondary problems or high maintenance costs associated with systems that have exceeded their life cycle. Long-term assessments of routine capital expenditures also help the County manage the financial impact of these projects within the capital improvement plan.

Replacement Policy Assessment

The Replacement Policy provides a strategy for managing Webb County's physical assets. The following chart generally depicts the County's replacement strategy and cycle of each major category of capital assets contained within the CIP. It will be used as a guide when considering the prioritization of submitted projects.

Category	Description of Category	Replacement Strategy	Replacement Cycle
1	Major Facility and Infrastructure	10 – 15 years for major renovation and repair; 45-75 years useful life	Generally, 7 to 10 years for major renovation and repair; 30 years for building revitalization
2	IT Infrastructure and Equipment	Rapid changes in technology require continuous upgrade and replacement of computer equipment to guarantee access to information resources.	Generally, every 3 to 5 years
3	ADA-Related Improvements	As identified by the ADA Coordinator	In accordance with replacement cycles of other Categories
4	Fleet and Vehicle Replacement	As recommended by Purchasing Agent	Generally 5 to 7 years; heavy equipment is 10 years
5A	Small Capital Projects (i.e. equipment and projects between $5,000 and $10,000)	These items are generally between $500 and $5,000 and are considered to have a useful life of three to five years. Replacement strategy is to replace when item become unusable due to obsolescence or wear and tear.	Generally less than 10 years
5B	Medium Capital Projects (i.e. equipment and projects between $10,000 - $50,000	These items are generally between $10,000 and $50,000 and are considered to have a useful life of generally less than ten years. Replacement strategy is to replace when item become unusable due to obsolescence or wear and tear.	Generally less than 10 years
5C	Large Capital Projects (equipment and projects between $50,000 - $500,000)	These items are generally between $50,000 and $500,000 and are considered to have a useful life of generally more than ten years. Replacement strategy is to replace when item become unusable due to obsolescence or wear and tear	Generally more than 10 years

Capital Project Prioritization

Due to the limited availability of funding for capital projects, the County must carefully prioritize these potential investments. Adjustments are made as needed through technical assessments that consider both long-term needs and timing requirements. In some instances, staff and technical teams re-evaluate plans to ensure that the assumptions align with current renovation needs and the demand for new facilities.

When determining which expenditures will be funded and when they should occur, the County evaluates all potential capital projects against both short-term and long-term goals. Projects are ranked internally based on several criteria, including but not limited to public health and safety, compliance with federal or state mandates, preservation of existing County assets, overcrowding alleviation, service demand, and overall consistency with the County's mission.

Projects will be categorized by priority as follows:

High Priority Projects may include those that:

1. Are legally required or mandated by court order,
2. Advance the County's vision as adopted by the Court,
3. Fulfill contractual obligations,
4. Improve public safety,
5. Reduce current operating, maintenance, or contractual expenses,
6. Increase revenue,
7. Contribute to job retention and efficiency,
8. Replace obsolete equipment or software, or
9. Prevent the deterioration of assets.

Medium Priority Projects may include those that:

1. Enhance service delivery to the public,
2. Contribute to job creation, or
3. Are non-essential but have significant public support.

Low Priority Projects may include those that:

1. Support a service with declining demand,
2. Enable the provision of a new, non-essential service, or
3. Improve the quality of life related to a non-essential service.

Priorities identified during the annual strategic planning process will also be given significant consideration during the allocation of capital resources.

Comprehensive Cost Estimation and Funding Capacity Analysis

Once projects are identified and prioritized, an initial cost estimate is assigned to each project for potential funding consideration.

Annual (Cash) Funding

Webb County allocates funding each year to fund IT infrastructure and equipment, ADA-related improvements, fleet and vehicle replacement, small/medium/large capital equipment, and other necessary replacements. This dedicated revenue stream is crucial for ensuring that equipment is replaced at the appropriate time, avoiding the need for long-term debt to cover short-term requirements.

Long-Term Debt Funding

The County finances the long-term assets of the Capital Improvement Plan (CIP) with long-term debt. By leveraging debt alongside cash funding, the County can address growing capital needs in a fiscally responsible manner. The cost of these capital projects is distributed over multiple years, allowing both current and future taxpayers to share the costs and benefits of the facilities.

Given the County's favorable bond rating, County-approved Certificates of Obligation or voter-approved general obligation bonds represent the most cost-effective form of debt.

Other Revenue Funds

The County also receives specific revenues that, by law, are designated for particular functions or activities. Examples include grant funds, intergovernmental revenue, courthouse security, and justice court security funds. The Office of Budget and Fiscal Policy will verify if requests can be funded from these specially designated funds before utilizing capital monies.

Interest Earnings and Auction Proceeds from the Capital Improvement Fund

Interest earnings from the Capital Improvement Fund are dedicated to the capital plan. All interest earned on monies in the Major Capital Development Fund is retained within the fund and allocated to approved projects. If a project is completed under budget, the remaining balance remains in the fund for future projects.

Additionally, proceeds from the sale or auction of county surplus or salvaged property, including real estate and land, are deposited into the Capital Improvement Fund to support future projects.

Financial Planning Model

The County uses a financial planning model to evaluate the impacts of capital decisions on both the County's debt policy targets and the operating budget. This model ensures that the capital projects fund maintains a sufficient balance to allow for long-term flexibility and reserves for unforeseen needs.

Recommendation Process

Following the initial assessment, the County Administrator may schedule meetings with departments to gather additional information or clarify project details. While initial cost estimates are considered during this phase, they may be adjusted as more refined estimates become available.

After these meetings, subject matter experts and the executive team will review the additional information and make recommendations regarding funding and final project prioritization. Projects will be:

- Categorized by Type and Funding Source
- Prioritized Based on Assessments
- Recommended for Funding

A final recommendation will be submitted to the Budget and Fiscal Policy Office for identification and funding recommendations for all projects in the CIP. Once approved by the County Administrator, departments will be notified and given the opportunity to appeal.

Consideration and Approval by the Court

The Commissioners Court will review the County Administrator's recommendations and fund the CIP as deemed appropriate. It is expected that the Court will approve the plan in conjunction with its annual budgeting process, which is due by October 1.

Allowable Modifications

Once projects are approved, certain modifications are permitted without resubmitting requests. These include:

- Funding Adjustments: Allowed within the same department's approved asset categories, provided the individual item allocation remains unchanged and the reallocations are not for a new asset or project type. The overall funding allocation cannot be exceeded.
- Contingency Adjustments: If actual quotes exceed the original request, a contingency of 10% or $5,000 (whichever is lesser) is allowed. Adjustments outside these criteria require County Administrator approval.

Additional interim allocation requests are permitted after the official CIP is approved but require Commissioners Court approval for items over $100,000. These requests must meet established criteria, such as being necessary to prevent disruption of current operations or addressing unanticipated breakdowns where repair costs outweigh benefits.

All modification requests must be submitted in writing, with justifications, and approved by the department head, elected official, or designee.

Part II: General Listing of Capital Items by Category

Below is an overview of items categorized within their respective capital categories.

Major Facility and Infrastructure

New Infrastructure & Renovations Over $500,000

These projects involve the acquisition, construction, or renovation of existing and future County facilities. All new infrastructure projects originate from the Commissioners Court and are managed by the Building Maintenance Department, with support from the County Auditor, Budget Officers, and external consultants as needed. Upon approval by the Commissioners Court, long-term capital funding is allocated. Major repairs or renovations exceeding $500,000 in a fiscal year, and that are non-urgent, will be financed through long-term funding.

Major Repairs and Renovations Under $500,000

These projects focus on significant repairs to County facilities necessary to maintain ongoing operations. Repairs under $500,000 per fiscal year are financed through M&O funds. These requests are initiated by the Facilities and Public Works Departments and presented to the County Administrator and Commissioners Court for approval. Departmental concerns should be directed to the Facilities Department.

Information Technology Infrastructure and Equipment

Objective

To keep pace with evolving technological needs, the Commissioners Court has committed to replacing laptops, computers, and related devices on a five-year rolling basis. The Information Technology Department (ITD) receives an annual M&O fund allocation for replacing computers, related equipment, and other technological hardware. Departments must coordinate with ITD when submitting their requests. Once approved, ITD will manage the replacement and installation of equipment.

Eligible requests include:

- Replacement of aging or obsolete computers and laptops
- Acquisition of new computers or laptops

- Black & white printers and scanners (Color printers may be considered with adequate justification based on departmental needs)
- Communications equipment
- Technological infrastructure as recommended by ITD

Ineligible Allocations from IT Funding

- Software requiring supplemental costs to become operational in the current network & server environment
- Non-standard equipment (e.g., projectors, audio systems, televisions, security cameras, shredders, copiers)

ITD Standardization

The IT Department requires that all technologies be sustainable, compatible with existing systems, and efficiently supported. Requests must meet the following criteria:

- Compatibility with the County's network environment
- Compliance with County and ITD security policies
- Suitability based on needs assessment, job function, or process function
- Licensing compliance for software purchase and maintenance
- Implementation without requiring supplemental costs for operation

Analysis and Base Cost Evaluation

Computer equipment and software replacements should be based on actual user needs rather than technology development cycles. Life cycle assessments should consider whether current technology meets agency needs within budgetary constraints. Evaluation criteria include:

- Age of current hardware
- Current and future equipment needs of users
- Ability of users to perform business tasks with existing equipment
- Economic feasibility of upgrading vs. replacing equipment
- Cost of new hardware/software and associated training for users and support staff

ITD will assess and plan all CIP IT technology allocations within departments, ensuring a smooth transition during deployments. A written and signed plan outlining all IT asset deployments and reassignments is required at the time of deployment. As a policy:

- IT will prioritize replacing the oldest IT assets first:

  - Reassignments may be facilitated if an IT asset better serves the department in a different location or assignment.
- Departments may reassign PCs and printer allocations prior to deployment, provided:
  - The IT asset being replaced is not obsolete as determined by ITD.
  - All deployments will be analyzed case by case.
  - All deployments require approval from a department head and are final once approved.

ADA-Related Improvements

Webb County aims to ensure all facilities and programs are accessible to the public. Commissioners Court budgets at least $250,000 annually from the M&O allocation for ADA-related projects. Departments must coordinate with the ADA Coordinator when submitting requests.

Eligible requests include, but are not limited to:

- Barrier removal
- Adding ramps to buildings
- Restroom remodels
- Accessible public countertops
- Related signage
- Other ADA-related improvements

Fleet and Vehicle Replacement

Webb County maintains a diverse fleet of vehicles for daily operations. Vehicle requests must include the number of vehicles required, the number currently on hand, average annual mileage, whether the request is for replacement or addition, type of vehicle (sedan, pickup, SUV, van), purpose or core function, and operational impact if the request is not approved. Requests are made in accordance with the vehicle replacement policy.

Eligible requests include:

- Vehicle replacements
- New vehicles to meet new needs or unmet current operations
- Specialized vehicles for Law Enforcement and Public Works
- All vehicle classes, including sedans, trucks, SUVs, vans, tractors, and trailers

Small/Medium/Large Capital Equipment

This category includes requests for capital items with a unit value between $5,000 and $500,000 that do not fall into other categories. Requests are further subdivided into small, medium, or large categories based on item value and estimated lifespan. Only capital items are considered, and requests are funded by the annual M&O allocation related to the minimum penny allocation. Items eligible for purchase using other sources, such as special revenue or grant funds

Part III: Financing and Debt Plan

Capital Revenues

Capital requests will be funded through two primary sources: general fund annual M&O allocations (minimum of one penny) and long-term debt financing. Additionally, other revenue sources, such as grants and special revenue funds, will be considered before utilizing general fund resources.

Matching Capital Needs to Identified Sources

The Financial Plan outlines the resources available for approved capital projects. It employs a combination of debt financing and pay-as-you-go methods to maximize funding for these projects.

GLOSSARY

- **Ad Valorem Tax** – A tax levied on the assessed value of both real and personal property in proportion to the value of the property (also known as property tax).
- **Appropriation** - A legal authorization to incur obligations and to make expenditures for specific purposes.
- **Bond** - A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified date. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.
- **Bond Rating** – A rating that is received from Standard & Poor's and Moody's Investors Service, Inc., which indicates the financial and economic strengths of the County.
- **Bonded Indebtedness** – The portion of a government's debt represented by outstanding bonds.
- **Budget** - A plan of financial activity for a specified period of time indicating all planned revenues and expenses for the budget period.
- **Department** - The organization unit which is functioning uniquely in its delivery of service.
- **Expenditure** - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.
- **Expense** - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.
- **Fiscal Policy** - A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.
- **Financial Plan** – Models used to evaluate the impact of financial decisions on both debt targets and operating budgets.
- **Budget Calendar** - The schedule of key dates from which a government follows in the preparation and adoption of the budget.
- **Budget Process** - The process of requesting, compiling, analyzing, proposing, discussing and approval of appropriations during the budget cycle.
- **Capital Improvement Plan** – A plan for capital outlays to meet the County's short-term and long- term capital needs.
- **Capital Outlay** - Fixed assets with a value of $5,000 or more and have a useful life of more than two years.
- **Capital Project** - Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life.
- **Capital Project Fund** – One or more funds specifically used to account for the acquisition and construction of major capital facilities, major capital improvements, and/or acquisition of major equipment.
- **Fiscal Year** - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization.
- **Fund** - A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.
- **Fund Balance** -The excess of the assets of a fund over its liabilities, reserves, and carryover.
- **General Fund** – The major operating fund that accounts for resources not required to be accounted for in other funds and provides for the general government or daily operations of the county.
- **General Obligation Bond** - A bond backed by the full faith, credit and taxing power of the government.
- **Goal** - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

- **Grants** - A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending on the grantee.
- **Infrastructure** - Public domain fixed assets such as roads, bridges, curbs and gutters and similar assets that are immovable and are of value to the governmental unit.
- **Intergovernmental Revenue** - Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.
- **Long-term Debt** - Debt with a maturity of more than one year after the date of issuance.
- **Maintenance & Operations Tax Rate (M & O)** – The amount of tax stated in terms of a unit of the tax base allocated to cover general operating expenses.
- **Obligations** - Amounts which a government may be legally required to meet out if its resources. They include not only actual liabilities, but also encumbrances not yet paid.
- **Operating Budget** – The annual budget and process that provides a financial plan for the 150 operation of government and the provision of services for the year.
- **Operating Revenue** – Funds such as taxes, fees, and interest earnings that the county receives as income to pay for ongoing operations. Operating revenues are used to pay for day-to-day services.
- **Operating Expenses** - The cost of materials and equipment required for a department to function.
- **Policy** – A course of action designed to set parameters for decision and actions.
- **Reserve** - An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.
- **Resources** - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.
- **Revenue** - Sources of income financing the operations of government.
- **Special Revenue Funds** – A fund used to account for revenues from specific taxes or other earmarked revenues sources, which by law are designated to finance particular functions or activities of government.
- **Tax Rate** - The amount of tax stated in terms of a unit of the tax base.

ADOPTED THIS 16TH DAY OF SEPTEMBER 2024 BY THE COMMISSIONERS COURT OFWEBB COUNTY

Tano E. Tijerina

COUNTY JUDGE

Jesse Gonzalez

COMMISSIONER, PCT. 1

Rosaura "Wawi" Tijerina

COMMISSIONER, PCT. 2

John Galo

COMMISSIONER, PCT. 3

Ricardo A. Jaime

COMMISSIONER, PCT. 4

ATTEST:

Margie Ramirez-Ibarra

Webb County Clerk