

2009 – 2018 Major Capital Improvements Program - Future Projects Forsyth County, North Carolina

The Forsyth County Major Capital Improvements Program (CIP) is the result of an ongoing process by County officials to assess the need for major capital expenditures, feasibility of funding these projects, and establish an orderly plan for implementing these projects.

The total Plan is much longer, and includes detailed pages for each project. Included herein are the summary pages of the Plan. The Plan contained herein is not yet an approved Plan. Final approval of any plan or project is subject to subsequent action by the Board of Commissioners.

Some of the projects contemplated in this plan require long-term financing. Long before the November 2006 bond referendum for the Schools and FTCC, the County Commissioners had an informal policy goal of capping our annual debt service at 10% of the budget for that year. The Commissioners gave their approval of sending the November 2006 bond referendum (\$275 million) to the people for a vote, knowing that the required debt service would exceed the 10% limit if approved. The table below shows the current debt service (which includes the November 2006 debt service) peaking in FY 2012 at around 13.1%. The additional debt service required for additional possible projects in the Plan in the future pushes this percentage higher, reaching a maximum of 16.7% in FY 2015. The policy of keeping debt service at less than a specified percent of the budget can greatly influence the timing and/or the amount of funding for a project, as well as the method of funding.

Long Term Debt Service as a percent of budget:												
	<u>FY</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Existing:		11.1%	11.8%	12.5%	12.7%	13.1%	12.7%	12.1%	10.9%	10.0%	9.4%	8.6%
Existing + proposed CIP		11.1%	11.9%	13.9%	15.0%	15.1%	14.6%	15.1%	16.7%	15.9%	15.5%	15.3%

Both rows in the above table includes the recently approved 2/3rds Bonds (\$12.4 million approved in June, 2008).

As a result of the passage of a Statewide Lottery in 2006, Counties in North Carolina are eligible to use Lottery proceeds for School construction, either on a pay as you go basis, or to offset debt service, including existing debt service back to that issued since 2003. This Plan assumes no lottery proceeds because the Commissioners decided we will use the Lottery proceeds to help pay for debt service resulting from that portion of the November 2006 referendum which was for schools (\$250 million). In addition, the Commissioners decided in the FY 2008 budget to levy 3 cents on the Property Tax Rate for the "Education Debt Leveling Plan". Together with the Lottery Proceeds, depending on growth in the Property Tax Base and Lottery Proceeds, no future increase in the Property Tax Rate for the debt service from the 2006 referendum may be necessary, including the FTCC portion (\$25M). Revenues are assumed for several other projects contained herein, including the new Central Library, Triad Park, and Public Safety Training facilities.

The CIP is reviewed by the Commissioners periodically, usually twice a year, once at the annual Commissioners' Planning Workshop, and then again during their annual budget deliberations. The most recent discussion occurred in June 2008, shortly after the FY 2008-2009 General Fund Budget was adopted. The discussion centered on the specifics of the possible Fall 2008 Bond Referendum.

The following pages include:

- Summary of all projects considered, & a description of projects included, & not included, in the Plan;
- A summary of the estimated timing of project construction;
- Annual General Fund needs to support these projects, on a project by project basis. ***The annual needs include any costs which will impact the General Fund. Annual needs include debt service, & all related operating costs of the project once complete, i.e., personnel, utilities, etc.***

Major Capital Improvements Program (Contd.)

Key points of the Capital Plan include:

Source of Funding for Included Projects

GO Bonds	\$325,496,000
COPS	161,923,740
Pay As You Go	2,400,000
Short Term Financing	3,350,000
Private Sources	15,950,000
Total	<u>\$509,119,740</u>

School Projects

The amount included in the Plan for the Winston-Salem/Forsyth County Schools is \$249,346,000. This includes the estimated costs for moving School administration and the Career Center to new locations (\$38,646,000) to allow FTCC to move into the current building housing these operations. The other piece for the Schools is the difference (\$210,700,000) between the total request of the Schools as indicated 2 years ago and the amount ultimately included and approved in the bond referendum in November, 2006 (\$250 million). This Plan assumes the \$38.646 million will be approved in a Fall 2008 Bond referendum, and the \$210.7 million be passed in 2 referenda, one in the Fall of 2012, and a second in the Fall of 2016.

The related operating costs (salaries, utilities, etc.) as well as debt are shown below and are also included in the Net Annual County Dollar Requirements page. There will be additional operating costs for the new locations for the School Administration and Career Center, but no estimates are available as of this writing.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Impact	\$ -	-	2,866,506	2,781,660	2,698,425

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Impact	\$ 5,438,736	10,033,701	13,175,807	15,576,201	18,137,477

Details for the affected years:

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Debt Service	\$		2,866,506	2,781,660	2,698,425	2,612,505
Related Operating Costs		-	-	-	-	-
Total Impact on General Fund	\$	-	<u>2,866,506</u>	<u>2,781,660</u>	<u>2,698,425</u>	<u>2,612,505</u>

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Debt Service	5,438,736	9,346,202	11,180,891	13,016,517
Related Operating Costs	-	687,499	1,994,916	2,559,684
Total Impact on General Fund	<u>5,438,736</u>	<u>10,033,701</u>	<u>13,175,807</u>	<u>15,576,201</u>

Major Capital Improvements Program (Contd.)

Non-School Projects

Forsyth Technical Community College (FTCC). This CIP assumes the projects would be funded with bonds. FTCC requested funding for \$23.5 million in projects, and the plan assumes a successful bond referendum for this amount in the Fall of 2008. This is for the purpose of acquiring and renovating the existing School Administration and Career Center. However, it should be noted that the total cost this project includes those related costs discussed above in the Schools section to move the Schools operations to new locations. All of the costs shown below are debt. Operating costs have not been estimated as of this writing. However, they would likely be similar to the current operating costs for the existing School Administration and Career Center.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Impact	\$ -	-	2,508,860	2,434,600	2,361,750	2,286,550
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	
Impact	\$ 2,251,300	2,176,100	2,105,600	2,035,100	1,964,600	

Justice System. Additional space for the Justice System will be needed in the foreseeable future, and \$100 million is included for this purpose in FY 2014. This is proposed to be funded with COPS. There may be near term renovations to the existing Hall of Justice, but these plans have not been finalized, and would likely be funded with Pay as You Go funding.

	<u>FY 2008 - 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Impact	-	10,676,000	12,400,044	12,151,245	11,894,283

Central Library. The existing Central Library is in need of major renovation or replacement. This plan assumes a successful bond referendum in the Fall of 2012 (FY 2013) at an estimated cost of \$31,900,000. One half of the cost is assumed to be funded from private sources, and the other one half with Bonds. The amounts shown below are for the Debt Service for the ½ that would be funded with bonds. No additional operating expenses are assumed because the new structure would be replacing existing facilities.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Debt Service		1,702,822	1,652,420	1,602,975	1,551,935	1,528,010

Public Safety Training Facility –second phase. The location is planned to be a part of the new northern satellite campus of Forsyth Technical Community College, and has been submitted by FTCC on behalf of the County and City Public Safety departments. The Plan called for 2 phases. The first phase includes the Fire portion which was approved in the November 2006 bond referendum (\$5 million). The second phase would be for the remainder of the facility (\$8.2 million) to be funded with GO Bonds which are proposed to be funded in referenda in the Fall of 2008 (\$5.2 million) and the Fall of 2012 (\$3 million). Furthermore, it is assumed that ½ of the debt service and operating expenses will come from the City of Winston-Salem. Consequently, County costs as shown on the “Annual County Dollar Requirements by Project” would be 50% of total costs.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Impact	\$ -	-	138,788	134,680	130,650	126,490
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	
Impact	284,680	275,780	267,230	258,530	252,380	

Major Capital Improvements Program (Contd.)

Public Safety – New Sheriff Administration Space and Additional Jail Space The space currently occupied by the Sheriff is becoming inadequate due to additional staff added over the years. In addition, the County is planning for additional jail space because the existing jail is projected to be at capacity in the near future. This plan assumes \$41 million in COPS funding coming in 3 separate years: \$25 million in FY 2010, \$8M in FY 2013, and \$8 million in FY 2017. The related operating costs exceed the debt service. The jail portion is based on similar operating costs per square foot as we have in our current jail. No additional operating costs were assumed for the Sheriff's Administration portion.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Impact	\$ -	-	-	2,669,000	9,443,218	9,537,048
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	
Impact	10,486,742	10,603,966	10,683,670	10,772,187	11,733,111	

Details for affected years:

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Debt Service	2,669,000	2,590,000	2,512,500	3,286,580	3,223,800	3,119,000	3,018,400	3,785,480
Related Operating Expense	0	6,853,218	7,024,548	7,200,162	7,380,166	7,564,670	7,753,787	7,947,631
Net Impact on General Fund	\$2,669,000	9,443,218	9,537,048	10,486,742	10,603,966	10,683,670	10,772,187	11,733,111

Information Systems. This category includes a number of projects, and all are funded with short term financing (5 years). Specific projects have been identified through FY 2014. Items include replacement servers, network switches, storage area network, and countywide telephone system replacement.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Impact	\$ -	-	173,231	173,231	461,950	692,924
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	
Impact	773,766	600,534	600,534	311,816	80,841	

Triad Park. Triad Park is the newest County Park, straddling the border between Forsyth and Guilford counties. It is jointly funded by both counties. This plan fully funds the final phases of development. To accomplish this, Forsyth County's share of three phases (50% of \$2.4 million) with 2/3rds bonds in FY 2009. An additional \$800,000 per year is included for the project for 3 years FY 2012 - FY 2014. The annual requirements from the Forsyth County General Fund are ½ of this amount, or \$400,000. This plan assumes this portion will be funded on a pay as you go basis.

Only the Pay Go portion is shown below. The amount funded through 2/3rds bonds is included in the total of \$12.3 million capacity to be funded in FY 2009.

	<u>FY 2008-2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015-2018</u>
Impact	\$ -	400,000	400,000	400,000	-

Major Capital Improvements Program (Contd.)

Details on affected years:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
PayGo				800,000	800,000	800,000
Revenue from Guilford County				400,000	400,000	400,000
Net Impact on General Fund				400,000	400,000	400,000