

2017–2022 MAJOR CAPITAL IMPROVEMENTS PROGRAM - FUTURE PROJECTS

FORSYTH COUNTY, NORTH CAROLINA

Introduction

The Forsyth County Major Capital Improvements Program (CIP) represents a multiyear forecast of the County's capital needs. The CIP not only identifies capital projects but also the financing required for the projects and their impact on the operating budget. The County prepares a five-year CIP to function as a planning tool for capital improvements. The schedule of projects beyond the first year is subject to adjustments upon annual review by County staff and the Board of Commissioners. Future forecasts in the CIP serve the County by helping plan for capital repairs, replacements, and acquisitions which aids in financial planning to ensure the County's fiscal health and credit. Capital projects differ from annual operating expenses because they involve large dollar amounts, often require special financing, typically occur at irregular intervals, and involve the development of assets expected to last more than five years.

The County's CIP serves as a guide for the maintenance and acquisition of capital assets. It is an important management tool as it evaluates the effects of large capital costs on the County's operating budget and financial standing in terms of debt burden and capacity. The CIP is the result of an ongoing process by County officials to assess the need for major capital expenditures, to determine the feasibility of funding these projects and to establish an orderly plan for financing and implementing these projects to remain in compliance with Commissioner established financial policies. The entire CIP is not an adopted budget. Only the first year of the CIP (FY2015-2016) will become a part of the County's annual budget document if approved. Additionally, the CIP is not a static planning tool as it is evaluated annually and adjusted according to the County's goals and financial considerations.

Policies and Financial Strategies

The CIP helps the County manage capital expenditures to meet the following goals:

1. Eliminate hazards and risks to public health and safety
2. Promote economic development
3. Improve service effectiveness and efficiency
4. Maintain financial stability.

To achieve these goals, the following policies and financial strategies guide County staff in CIP development:

1. A capital project is a physical asset with an initial cost greater than \$100,000 and a projected useful life greater than five-years or a non-recurring operating expenditure greater than \$50,000 directly related to service delivery. Capital assets may include infrastructure, buildings, vehicles, or information technology equipment and software. Planning and design costs associated with the request should be included in the projected costs when applicable.
2. Similar projects costing less than \$100,000 should not be lumped together to form a single project greater than \$100,000. Such smaller projects should be requested and/or included in the upcoming budget.
3. The term of any County debt issue should not exceed the useful life of the asset for which the debt is issued.
4. The capital program recognizes the borrowing limitation of the County to maintain fiscal stability including a AAA rating from rating agencies.
5. Requesting departments will search for all possible outside funding sources for CIP projects to offset County debt, including grants, private-partnerships, and intergovernmental agreements.
6. A financial analysis will accompany the CIP to illustrate the County's capacity to repay debt and identify the impact on financial indicators.
7. The County will attempt to use pay-as-you-go financing assets with costs less than \$150,000.

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Financing Options

The following is a list of financing options available to the County for consideration when funding the Forsyth County CIP. Included are the assumptions used in deciding on which funding option to use for a project.

- **Long-term Financing** - includes General Obligation Bonds, 2/3rds Bonds, Limited Obligation Bonds (LOBS)
 - *General Obligation Bonds* - used for projects when voter approval is sought.
 - This type of financing is generally used to fund projects for the public school system or community college;
 - G.O. bonds require voter approval because the debt is secured by the taxing power of the County; and
 - Typically have the lowest interest rates and twenty-year terms.
 - *2/3rds Bonds* - a type of general obligation bond
 - Does not require voter approval; but
 - Can only be used when debt is reduced (principal only) from one year to the next.
 - *Limited Obligation Bonds (LOBS)* - used for essential projects where the project itself secures the financing.
 - A type of Installment Purchase Agreement;
 - Can either be short-term or long-term; and
 - Presents the best option for most of the County's current capital needs.
 - **Short-term Financing** - includes Lease Purchase or Short-term direct borrowing. Forsyth County has traditionally limited total short-term financing in a given year to less than \$1.5 million. Typically this type of financing is:
 - For terms of five (5) years or less; and
 - Used for capital items which typically exceeds \$100,000 and have a relatively short useful life.
 - **Pay-Go Financing** - the use of current income or fund balance (savings).
 - Assigned capital funds represent money set aside each fiscal year for capital projects;
 - General Statute 159-18 allows counties to establish capital project funds for any capital purpose. However, once a capital project fund (Board adopted Pay-Go Plan) is established, funding is allowed according to the Pay-Go Plan;
 - Historically used for capital items which cost less than \$100,000. However, Forsyth County has used pay-as-you-go to fund some phases of Triad Park (\$400,000) and up-fits to the Public Safety Center (\$2 million);
 - Forsyth County's fund balance policy commits any excess of fund balance over 14% of the County's expenditures for capital projects; and
 - There is no debt associated with this funding.
 - **Sale or Exchange of Assets** - use the sale of assets towards replacing that asset, or other needs, if deemed appropriate.
 - **Other Participating Governments** - use where other governments have provided restricted funds to help fund any project.
 - **Donations/Gifts** - normally any donor or grantor specifies the uses for the donation.
 - **Certificates of Participation** - a type of installment purchase agreement
 - Typically have higher interest rates than GO bonds;
 - Debt is secured funds resulting from the project being financed and not the "full faith and credit" of the government; and
 - Typically financed for ten- to twenty-year terms.
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The Proposed Plan

The Plan contained herein is not 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. On April 27, 2015, the Board of Commissioners amended its formal debt policy for the County from limiting the total annual debt service, less revenues restricted to debt service (including but not limited to, federal payments related to “Build America Bonds” and “Qualified School Construction Bonds” and State lottery proceeds) to 15% of the appropriations in the annually adopted budgets as shown in the budget ordinance. The amended policy limits annual debt service to a raw 18% of the annually appropriations as shown in the budget ordinance. This is a simpler computation and quickly allows the casual observer to see when debt capacity is getting near.

The Capital Improvement Plan as shown in the following pages attempts to adhere to this policy; however, based on preliminary estimates, this plan will have to be amended because if the two bond referendums are placed on the ballot and all of the debt capacity available is issued in some manner, the debt ceiling will be reached in FY2019 and will remain up through FY 2021. Another caveat to the debt policy is that the percentage is a function of numerator over denominator; therefore, if the annually adopted budgets do not grow at least by the amounts shown in the Future Budget Projections, so that the denominator increases, there will be decisions to make on which projects are funded first.

Based on the information in the table, existing debt continues to reflect a decrease through FY 2022. These percentages are based upon the expenditure projections outlined in the Future Budget projections found in the Financial Section of the budget document.

Under the proposed CIP + Existing debt, a Debt Leveling Plan would be recommended for the two education bonds - Forsyth Technical Community College (\$65 million bond referendum) and WS/FC Schools (\$350 million bond referendum) currently proposed for November 2016.

Long Term Debt Service as a percent of budget:							
	FY	2017	2018	2019	2020	2021	2022
Existing:		13.9%	13.1%	12.4%	11.7%	11.2%	10.7%
Existing + proposed CIP		13.9%	14.1%	14.8%	15.7%	16.7%	17.3%

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 February 2016 during the Winter Workshop. Because of the implications of potential bond referendums, management plans to present a detailed Capital discussion early in the fiscal year so that some decisions on projects can be made. It is important with referendums to ensure that all documents are in order and that the School System and Community College are aware of the amount of the proposed referendums in order to time projects at the appropriate moment.

The CIP consists of the following Sections:

- 1) *Summary of All Projects Considered* - this section provides a summary of the capital improvement plan in table form. It outlines all of the projects requested by departments. The summary presents the estimated capital costs for each project by department, whether the project is in the proposed plan period, and whether or not a debt leveling plan would be recommended.

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2) *New Projects in the Plan Period* - this section provides all projects that are new to the proposed plan period in table form.

3) *Proposed Project By Year* - this section looks at the proposed projects in terms of the year in which the project is to begin.

4) *Annual County Dollar Requirements* - this section provides estimates of the annual cost of the projects in terms of debt service, related operating expenses, and offsetting revenues (if applicable).

5) *Individual Projects and Future Budget Impact Analysis* - this section evaluates the impact of the CIP on the operating budget and the County's debt tolerance. These tables and charts present the potential effects of the CIP on the County's ability to maintain its current fiscal practices and its ability to borrow money without compromising the County's strong financial status. Annual needs include any costs which will impact the General Fund. Annual needs include debt service and all related operating costs of the project once complete, i.e., personnel, utilities, etc.

For the Capital Improvement Planning period for FY 2017 - FY 2022, the requested projects cost an estimated \$576,400,000. The proposed Capital Improvement Plan presented on the following pages recommends projects totaling \$472,650,000 during the planning period.

Key points of the Capital Plan include:

Source of Funding for Included Projects

GO Bonds	\$322,500,000
Limited Obligation Bonds	80,000,000
2/3rds Bonds	46,400,000
Total	<u>\$448,900,000</u>

The projects identified above have been discussed with the Board of Commissioners several times during the budget process including a September 2015 CIP discussion and the February 2016 Winter Work Session. A further in-depth review will take place in the first quarter of the fiscal year in order to fine tune projects and prepare to meet various deadlines related to any bond referendums the Board may choose to do. The Capital Improvement Plan is not a stagnant document and changes and updates are constantly being made as priorities change and opportunities arise.

The following page provides an outline of the projects proposed for the planning period FY 2017 - FY 2022. All projects require final approval by the Board of Commissioners before moving forward.

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Section 1 - Summary of All Projects Considered

All Projects Considered	Total Project(s) Requested	Proposed in Plan	Debt Leveling Proposed
Winston - Salem/Forsyth County Schools: The WSFC School staff requests a November 2016 referendum to fund projects totaling \$350m. Staff provided a generic potential bond request which includes 4 new schools (\$58.5m), 4 Replacement Schools (\$92m), 4 Additions (\$32m), 4 Renovations (\$72.5m), Safety Improvements throughout the system (\$15m), Technology Updates (\$24.2m), Maintenance and Capital Improvements (\$29.4m), and Inflation and Contingency costs (\$26m).	350,000,000	262,500,000	X
Forsyth Technical Community College: Forsyth Tech requests a November 2016 bond referendum seeking approval for the County to issue debt to fund the following \$65m in projects: \$8m to complete Main Campus Renovations through Site demolition, Site development, Construction and Purchase of Equipment; \$18m for renovation of unfinished space in the Oak Grove Center including Program Facilities and Academic Support Facilities; \$21m for a Learning Commons facility on the Main Campus that would replace the current library and would include student meeting rooms, study spaces, and faculty and community learning commons; \$6.4m for a 30,000 sq ft facility at the Transportation Technology Center that would include a shop, laboratory, and classroom and office space; and \$16.6m to purchase and renovate office and hangar space to provide program facilities for technology education and training serving aviation/aerospace manufacturing and service industries.	65,000,000	48,750,000	X
Winston - Salem/Forsyth County Schools: Capital Maintenance Plan (FY2017 2/3rds Bonds and alternating years) - funds ongoing life cycle replacements and repairs. Assumes \$8.5m issued in FY 2017, 2019, and 2021.	25,500,000	25,500,000	
Forsyth Technical Community College: Capital Maintenance Plan (FY 2017 2/3rds Bonds and alternating years) - funds ongoing life cycle replacements and repairs. Assumes \$2.3 million issued in FY 2017, 2019, and 2021.	6,900,000	6,900,000	
Hall of Justice - (FY 2017-FY 2018 - LOBS - not included in GO Bond Referendum) - Renovate or replace Hall of Justice to provide additional courtroom space and technology upgrades. \$80,000,000 would be for renovation of current Hall of Justice building. To build a new building, cost estimates range from \$111.8 million to \$142.2 million.	80,000,000	80,000,000	X
SciWorks/Merschel Plaza - Replace or renovate nature science museum.	16,300,000	16,300,000	
Park System Development - Renovate various park assets at Tanglewood as well as 421 River Park, CG Hill Memorial Park, Horizons Park, Walkertown Park, Kernersville Lake Park, Union Cross Park, and Triad Park. Additionally, this funding would allow for the building of a Multi-Use Agricultural Event Center.	15,000,000	11,250,000	X
Park System Capital Maintenance - (\$2 million in FY2017 & alternating years)	6,000,000	6,000,000	
County General Capital Maintenance (\$4 million FY 2017 & \$2 million alternating years)	8,000,000	8,000,000	
Grand Total	<u>572,700,000</u>	<u>465,200,000</u>	

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Section 2 - Summary of New Projects to the Plan

New Projects Considered	Project Cost
<p>Winston - Salem/Forsyth County Schools Bond Referendum: the original CIP included bond projects totaling \$225 million. The Proposed CIP maintains a planned November 2016 referendum totaling \$350 million. This number has evolved from \$225 million to identified needs of \$552 million at one point. Debt would be issued over eight years due to other funding needs that would be included in the November 2016 referendum that are listed below. This eight year issuance pushes the final \$87.5 million of a \$350 million referenda into the next CIP.</p>	262,500,000
<p>SciWorks/Merschel Plaza: assumes project funding through sale of assets such as Springwood Convalescent Beds, Sturmer Park, Environmental Affairs Building and existing SciWorks property and would assist with the construction of a merged SciWorks/Childrens Museum in Merschel Plaza in downtown Winston-Salem.</p>	16,300,000
<p>Forsyth Technical Community College Bond Referendum: includes new projects including the start up of an Aviation/Aeronautics program at Smith Reynolds Airport. Previous year plans included a Bond Referendum totaling \$120.4 million. The college received \$5 million in NC Connect bonds and has identified \$65 million of needs for the November 2016 referendum which are discussed on the previous page.</p>	48,750,000
<p>Hall of Justice Renovation/Replacement: this project was in the CIP in 2009 but was removed in the past. A study has been completed that examines several options including building a tower and renovations to the current facility as well as building a brand new building. A new building would cost anywhere from \$111.8 million and \$142.2 million. Funding is assumed to be through LOBs as this project was not included in the General Obligation Bond Order for the November Referendum.</p>	80,000,000
<p>Park System Development: there are several projects throughout the County Park system that have been identified including upgrades to Tanglewood (\$6.9m); 421 Park (\$50k); CG Hill Memorial Park (\$150k); Horizons Park (\$2.15m); Walkertown Park (\$150k); Kernersville Lake Park (\$150k); Union Cross Park (\$150k); and Triad Park (\$300k). A Multi-Use Agricultural Event Center has been proposed as well (\$5m).</p>	15,000,000
<p>Grand Total</p>	<p><u>\$ 422,550,000</u></p>

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Section 3 - Proposed Future Projects - Year Project Begins

	Source	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Long Term Financing							
WSFC Schools	G.O. Bonds	\$ 87,500,000		\$ 87,500,000		\$87,500,000	
Forsyth Tech Community College	G.O. Bonds	\$ 16,250,000		\$ 16,250,000		\$16,250,000	
Park System Development	G.O. Bonds	\$ 3,750,000		\$3,750,000		\$3,750,000	
WSFC S Capital Maintenance	2/3rds Bonds	\$ 8,500,000		\$ 8,500,000		\$ 8,500,000	
FTCC Capital Maintenance	2/3rds Bonds	\$ 2,300,000		\$ 2,300,000		\$ 2,300,000	
Parks System Capital Maintenance	2/3rds Bonds	\$ 2,000,000		\$ 2,000,000		\$ 2,000,000	
County General Capital Maintenance	2/3rds Bonds	\$ 4,000,000		\$ 2,000,000		\$ 2,000,000	
Justice Center - Renovate/Replace	LOBS		\$10,000,000	\$50,000,000		\$20,000,000	
Subtotal Long Term Financing		\$124,300,000	\$10,000,000	\$172,300,000		\$142,300,000	
Total by Year		\$124,300,000	\$10,000,000	\$172,300,000		\$142,300,000	
Sale of Assets							
SciWorks/ Merschel Plaza - Renovate/Replace	In order to avoid issuing debt for this project, it has been proposed to use the proceeds from asset sales for the SciWorks/Children's Museum merger. Proceeds would potentially be utilized through the sale of Springwood Convalescent Beds, Sturmer Park property, Old Environmental Affairs Building, and the existing SciWorks Property. Additionally, the Board reserved \$2.5 million for a Union Cross spec building and it is possible these funds could be utilized as well.						

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Section 4 - Net Annual County Dollar Requirements (Debt Service plus related Operating Expenses & Offsetting Revenue)

	Source	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Long Term Financing (includes Related Operating Expenses & Offsetting Revenue)							
Proposed Projects:							
\$107.5 m issued (January 2017)	G.O. Bonds	\$0	\$4,568,750	\$10,108,475	\$9,867,925	\$9,627,375	\$9,386,825
WSFC Schools - \$350m G.O. Bond - November 2016 (\$87.5m issued) FTCC Projects - \$65m G.O. Bond - November 2016 (\$16.25m issued) Parks - \$15m G.O. Bond - November 2016 (\$3.75mm issued)							
\$14.8m - issued (January 2017)	2/3rds Bonds	\$0	\$714,000	\$1,537,300	\$1,537,900	\$1,500,500	\$1,463,100
WSFC Schools Capital Maintenance Program - \$8.5m FTCC Capital Maintenance Program - \$2.3m Parks System Capital Maintenance/ Development - \$2.0m County General Capital Maintenance Program - \$4.0m							
\$10m issued (January 2018)	G.O. Bonds/LOBS	\$0	\$0	\$500,000	\$1,013,500	\$987,167	\$960,833
Hall of Justice Replace/Renovate - \$80m LOBS (\$10m issued)							
\$157.5m issued (January 2019)	G.O. Bonds/LOBS	\$0	\$0	\$0	\$7,875,000	\$15,956,357	\$15,673,357
WSFC Schools - \$350m G.O. Bond - November 2016 (\$87.5m issued) FTCC Projects - \$65m G.O. Bond - November 2016 (\$16.25m issued) Parks - \$15m G.O. Bond - November 2016 (\$3.75mm issued) Hall of Justice Replace/Renovate - \$80m LOBS (\$50m issued)							
\$12.8m - issued (January 2019)	2/3rds Bonds	\$0	\$0	\$0	\$740,000	\$1,500,500	\$1,461,500
WSFC Schools Capital Maintenance Program - \$8.5m FTCC Capital Maintenance Program - \$2.3m Parks System Capital Maintenance/ Development - \$2.0m County General Capital Maintenance Program - \$2.0m							
\$12.8m - issued (January 2021)	2/3rds Bonds	\$0	\$0	\$0	\$0	\$0	\$740,000
WSFC Schools Capital Maintenance Program - \$8.5m FTCC Capital Maintenance Program - \$2.3m Parks System Capital Maintenance/ Development - \$2.0m County General Capital Maintenance Program - \$2.0m							
\$127.5m - issued (January 2021)	G.O. Bonds/LOBS	\$0	\$0	\$0	\$0	\$0	\$6,375,000
WSFC Schools - \$350m G.O. Bond - November 2016 (\$87.5m issued) FTCC Projects - \$65m G.O. Bond - November 2016 (\$16.25m issued) Parks - \$15m G.O. Bond - November 2016 (\$3.75mm issued) Hall of Justice Replace/Renovate - \$80m LOBS (\$20m issued)							
Total by Year			\$5,282,750	\$12,145,775	\$21,034,325	\$29,571,899	\$36,060,615

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Section 5 - Individual Department Projects & Financial Impact Analysis

Winston-Salem/Forsyth County School Projects - Requested Bond Referendum

The Winston-Salem/Forsyth County Schools have requested projects totaling \$350,000,000 and for a bond referendum to be held. This plan assumes debt would be issued over eight years, meaning the full \$350 million would not be included in the five year Capital Improvement Plan. In fact, over the five year CIP, only \$262.5 million would be issued for WSFCS. The final \$87.5 million would be issued in FY 2023, one year outside this plan. The related operating costs (salaries, utilities, etc.) as well as debt service estimates are shown below to reflect the potential impact of the request on the General Fund. However, if the School Funding Formula remains in play, the related operating costs are supposed to be taken care of by the School System. The funding formula plus the allocation of 1/12th of the Schools budget each month, should provide the School System with enough fund balance to take care of most of the operating costs related to opening new schools. The operating costs shown are reflected as if the School System would request the funds from the County.

The School System's capital request includes four new schools, four replacement schools, four additions, four renovations, and district wide projects that may include life cycle maintenance projects. A portion of the bond proceeds would go towards shoring up the capital maintenance fund for life cycle and regular maintenance projects.

The estimated total debt service on the issuance of \$350 million in G.O. bonds assuming a 5% interest rate is \$536.56 million (\$350m in principal payments and \$186.56m in interest). The interest rate will more than likely be slightly less than 5% if bonds are eventually sold for these projects. The following chart includes the potential debt service required by year as well as the related operating costs.

There is an assumption that a debt leveling plan would be put in place by which the ad valorem property tax rate would increase at the beginning of the next fiscal year to cover the cost of the debt. This has been done in the previous two bond referendums held in 2006 and 2008 and have proven to be very beneficial with leveling the required tax increases needed to cover debt costs. The 2006 Education Debt Leveling Plan at present represents 3.3¢ and the 2008 Education Debt Leveling Plan represents 1.21¢ of the County's 73.10¢ tax rate.

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$3,718,750	\$8,227,828	\$12,407,032	\$16,703,038	\$20,651,892
Related Operating Cost	<u>\$743,000</u>	<u>\$761,575</u>	<u>\$780,614</u>	<u>\$800,130</u>	<u>\$1,000,163</u>
Total General Fund Impact	<u>\$4,461,750</u>	<u>\$8,989,403</u>	<u>\$13,187,646</u>	<u>\$17,503,168</u>	<u>\$21,652,055</u>
Tax Rate Implications	<u>1.36¢</u>	<u>2.73¢</u>	<u>4.01¢</u>	<u>5.32¢</u>	<u>6.58¢</u>

Winston-Salem/Forsyth County Schools Capital Maintenance Plan

The Schools Capital Maintenance Plan is an effort to provide a consistent funding source for lifecycle projects such as boiler and roof replacements. Two-thirds bonds have been issued every other year to provide \$6.5 million for capital repair and maintenance projects. Additionally, a \$1.735 million annual transfer from the General Fund is made to support this plan. The amount included in the plan for Capital Maintenance of facilities is \$25,500,000 as the School System is scheduled to receive \$8.5m every other year beginning in FY 2017, FY 2019, and FY 2021.

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$361,284	\$797,102	\$1,152,617	\$1,518,506	\$1,854,288
Total General Fund Impact	<u>\$361,284</u>	<u>\$797,102</u>	<u>\$1,152,617</u>	<u>\$1,518,506</u>	<u>\$1,854,288</u>
Tax Rate Implications	<u>0.11¢</u>	<u>0.24¢</u>	<u>0.35¢</u>	<u>0.46¢</u>	<u>0.56¢</u>

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Forsyth Technical Community College (FTCC) - Bond Referendum Request

The proposed CIP assumes projects totaling \$65.0 million and include the following: \$8 million for Main Campus Renovations; \$18m for renovation of unfinished space in the Oak Grove Center including Program Facilities and Academic Support Facilities; \$21m for a Learning Commons facility on the Main Campus that would replace the current library and would include student meeting rooms, study spaces, and faculty and community learning commons; \$6.4m for a 30,000 sq ft facility at the Transportation Technology Center that would include a shop, laboratory, and classroom and office space; and \$16.6m to purchase and renovate office and hangar space to provide program facilities for technology education and training serving aviation/aerospace manufacturing and service industries.

The CIP includes the \$65 million in the November 2016 Bond Referendum. A successful referendum in the Fall of 2016 is assumed for the proposed \$65 million which again, would be issued over eight years, and the funding requirements are as follows:

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$690,625	\$1,528,025	\$2,304,163	3,101,993	3,835,351
Related Operating Cost	\$135,600	\$489,904	\$612,380	\$627,690	\$643,382
Total General Fund Impact	\$826,225	\$2,017,929	\$2,916,543	\$3,729,683	\$4,478,733
Tax Rate Implications	<u>0.25¢</u>	<u>0.61¢</u>	<u>0.89¢</u>	<u>1.13¢</u>	<u>1.36¢</u>

A debt leveling tax increase is proposed as a funding option for this referendum. Debt leveling plans are a method by which debt service for these bonds would not impede other County programs from being funded and there would be a guaranteed method by which to pay the debt service.

Forsyth Technical Community College (FTCC) - Capital Maintenance Plan

The FTCC Capital Maintenance Plan is an effort to provide a consistent funding source for lifecycle projects such as boiler and roof replacements. Two-thirds bonds are issued every other year to provide \$2.3 million for capital repair and maintenance projects. The plan assumes \$2.3m issued in FY2017, 2019, and 2021. For the proposed plan period \$6,900,000 is included for the Capital Maintenance Program through the plan period. Requirements are as follows:

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$97,818	\$215,816	\$312,072	\$411,137	\$502,050
Total General Fund Impact	\$97,818	\$215,816	\$312,072	\$411,137	\$502,050
Tax Rate Implications	<u>0.03¢</u>	<u>0.66¢</u>	<u>0.09¢</u>	<u>0.12¢</u>	<u>0.15¢</u>

County Capital Repair & Maintenance Plan

The County Capital Repair & Maintenance Plan is an effort to provide a consistent funding source for lifecycle projects such as boiler and roof replacements for County-owned facilities. Two-thirds bonds are issued every other year to provide \$2.0 million for capital repair and maintenance projects. The Plan calls for 2/3rds Bonds to be issued in FY2017, 2019, and 2021. For the proposed plan period \$8,000,000 is included for the Capital Maintenance Program through the plan period. Requirements are as follows:

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$169,932	\$374,921	\$542,140	\$714,238	\$872,175
Total General Fund Impact	\$169,932	\$374,921	\$542,140	\$714,238	\$872,175
Tax Rate Implications	<u>0.05¢</u>	<u>0.11¢</u>	<u>0.16¢</u>	<u>0.22¢</u>	<u>0.27¢</u>

2017-2022 MAJOR CAPITAL IMPROVEMENTS PROGRAM - FUTURE PROJECTS

FORSYTH COUNTY, NORTH CAROLINA

Parks Capital Maintenance & Development Plan

The Parks Capital Maintenance & Development Plan is an effort to provide a consistent funding source for lifecycle projects such as paving, shelter replacements, playground equipment replacements, etc. Two-thirds bonds are issued every other year to provide \$2.0 million for capital repair and maintenance projects. For the proposed plan period \$6,000,000 is included for the Capital Maintenance Program through the plan period. Requirements are as follows:

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$84,966	\$187,461	\$271,070	\$357,119	\$436,087
Total General Fund Impact	<u>\$84,966</u>	<u>\$187,461</u>	<u>\$271,070</u>	<u>\$357,119</u>	<u>\$436,087</u>
Tax Rate Implications	<u>0.03¢</u>	<u>0.06¢</u>	<u>0.08¢</u>	<u>0.11¢</u>	<u>0.13¢</u>

Parks and Recreation Facilities

Several projects for Parks and Recreation have been identified for a proposed \$15 million bond referendum in November 2016. Tanglewood Park has \$6.9 million of improvements identified while \$3.1 million of improvements have been identified at other parks. The final \$5 million would be for a multi-use agricultural event center. The estimated debt requirements are as follows:

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$159,375	\$352,621	\$531,730	\$715,844	\$885,081
Total General Fund Impact	<u>\$159,375</u>	<u>\$352,621</u>	<u>\$531,730</u>	<u>\$715,844</u>	<u>\$885,081</u>
Tax Rate Implications	<u>0.05</u>	<u>0.11¢</u>	<u>0.16¢</u>	<u>0.22¢</u>	<u>0.27¢</u>

Hall of Justice Renovation/Replacement

The current court facility called the Hall of Justice was built in the 1970s. To accommodate growth and to incorporate more updated technological features, a request to either completely renovate or replace the Hall of Justice was made. A study conducted in 2009 outlined the needs of that time. The study has been revisited to ensure that all concerns are addressed and several options were outlined including renovation and building new. The estimated cost outlined in the plan and used to calculate potential debt costs is \$80 million. The plan proposes that Limited Obligation Bonds be used to finance the renovation or replacement costs. The estimated related operating costs assumes that an additional 163,000 square feet of new space will be added to the existing space for a total of 175,000 square feet. The estimated debt and related operating cost requirements are as follows:

<u>Fiscal Year</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Debt Service	\$0	\$500,000	\$3,513,500	\$6,050,024	\$6,892,262
Total General Fund Impact	<u>\$0</u>	<u>\$500,000</u>	<u>\$3,513,500</u>	<u>\$6,050,024</u>	<u>\$6,892,262</u>
Tax Rate Implications	<u>0.0¢</u>	<u>0.15¢</u>	<u>1.07¢</u>	<u>1.84¢</u>	<u>2.09¢</u>

This debt service impact is based on an assumption of \$80 million being issued incrementally as follows - \$10 million in FY 2018, \$50 million in FY 2019, and \$20 million in FY 2021. If a different plan is selected and as numbers are finalized, this impact will be different.

All of the debt service estimates are estimated using a 5% interest rate although the County typically receives more advantageous rates when going to market. The information is used to provide Board members with an indication of how their decisions regarding the issuance of debt will impact the tax rate and how it is imperative to be deliberate when issuing debt.