

2007 – 2017 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.

Impact of CIP on the General Fund Budget. The impact(s) on the General Fund can be found in several places: by project, page 264, 265; and by category, page 266,267. In addition, the total expenditures and revenues are included in the General Fund Budget Projections on page 22 (expenditures have their own line, and revenues are included in Intergovernmental).

The total Plan is much longer, and includes detailed pages for each project. Included herein are the summary pages of the Plan. Informal agreement was reached on the Plan contained herein as part of the County Commissioners discussion on the Fall 2006 bond referendum..

Some of the projects contemplated in this plan require long-term financing. The County Commissioners long ago established an informal policy goal of capping our annual debt at 10% of the budget for that year. During the past month they have discussed raising this limit as a part of their discussion on requests from the WS/FC Schools (\$341 million) and FTCC (\$25 million) for a bond referendum this Fall (2006). This policy can greatly influence the timing and/or the amount of funding for a project, as well as the method of funding. The reader can see on the page entitled "Long Term Debt and Other General Fund Relationships" that even existing debt service (line 11) exceeds the 10% threshold in FY 2007 (10.8%), but then this percentage (for existing debt) declines throughout the period to a low of 4.6% in FY 2017.

As a result of the passage of a Statewide Lottery this year, 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 we will use the Lottery proceeds to help pay for future debt service which is a consequence of future long term financing of School projects. Consequently, there is a significant change in calculating debt as a percent of budget. We are now using a net debt service number which subtracts the lottery proceeds from school debt; in addition, we are using revenue from the City of Winston-Salem against the debt for the Public Safety Training Facilities.

The outcome of the Commissioner discussions resulted in a decision to put a referendum up for a vote this Fall (2006) in the amounts of \$250 million for the School System, and \$25 million for FTCC. This Plan assumes successful passage of these referenda. Timing and amounts dedicated to proposed new projects included in this plan result in net debt service which peaks at 13.1% in FY 2012 and FY 2013. Without considering lottery proceeds, the debt service as a % of budget hits a maximum of 14.5% in the same two years.

Although the 13.1% with lottery proceeds and 14.5% without lottery proceeds have not been formally adopted as a new policy by the County Commissioners, giving their approval to these plans provides an informal acceptance of the new percentages.

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.

Major Capital Improvements Program (Contd.)

The following five pages include:

- Summary of all projects considered, and a description of projects included, and 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, and all related operating costs of the project once complete, i.e., personnel, utilities, etc.***
- Long Term Debt and Other General Fund Relationships. This page describes the total of annual requirements that the CIP would make on the General Fund, and the affect these requirements would have on the tax rate and long term debt service.

Key Points of the Capital Plan Include:

Projects Considered	\$	617,458,280
Projects Included	\$	440,732,555

Source of Funding for Included Projects

GO Bonds	\$	352,200,000
COPS	\$	54,000,000
Pay As You Go	\$	28,157,555
Short Term Financing	\$	6,375,000
Total	\$	440,732,555

School Projects

Out of the total of \$440.7 million of projects included, the Schools have the single largest amount of \$250 million. This plan assumes a \$250 million bond referendum in the Fall of 2006, which would be in the FY 2007 fiscal year. Although it is possible the School System will return in 2-4 years for a second bond referendum, no further School bonds are assumed.

The last referendum for school projects was held in November, 2001. The voters approved \$150 million for a variety of school projects including new schools, and additions and renovations to existing schools. We issued the final remaining amount from this referendum during the current fiscal year (FY 2006). The referenda suggested for the Fall of 2006 would be for similar purposes. Related operating costs to opening new schools are included in the "Annual County Dollar Requirements by Project".

Non-School Projects

Forsyth Technical Community College (FTCC). This category includes a number of projects to be accomplished over the planning period. They have been grouped into two classifications; major projects and capital maintenance. This CIP assumes the major projects would be funded with bonds, and the capital maintenance projects funded on a "pay as you go" basis. It should be noted that one of the proposals from FTCC for their northern campus is actually for Public Safety personnel from Forsyth County and the City of Winston-Salem. The first phase is included as a FTCC project in 2006, and the second phase is shown separately as a Public Safety Project entitled "Public Safety Training Facility" in FY 2009.

Major Capital Improvements Program (Contd.)

Non-School Projects (Contd.)

FTCC requested funding for \$69 million in projects, and the plan assumes funding for \$69 million. Proposals for a Bond Referendum in the Fall of 2006 include a new Transportation program building @ 80,000 square feet (\$16 million), and additions to the Swisher and Woodruff Centers @ 11,000 square feet per center (\$4 million), and the first phase of a Public Safety Training Facility (\$5 million). . Apart from the Fall 2006 projects, the largest project (\$17 million) requested involves acquiring and renovating the WS/FC Schools Career Center for additional classroom space, thus necessitating new space for School administration (\$20 million). These amounts are only staff estimates, and will be modified once more accurate information is available for use in a potential Fall 2008 Bond Referendum. Additionally, included in a 2008 bond referendum are renovations to Main Campus buildings in the amount of \$7 million. Capital Maintenance projects total \$4.3 million through the planning period.

Hall of Justice/Justice System. This project continues renovations to the Hall of Justice for the courts. Renovations to the 6th and 7th floors of the Hall of Justice could not begin until the County departments located there moved to the new Government Center. Although County departments have moved, only minor renovations are assumed until final agreement is reached by the Courts as to the nature of the major renovations. This Plan assumes major renovations of \$6 million in FY 2007-2008 to be funded with 20 year Certificates of Participation (COPS). Debt service would begin in FY 2009 and is estimated to be \$640,000 in the first year, and slowly declining in subsequent years. However, this will not meet the long term needs for the Justice System. Additional space for the Justice System will be needed, possibly during this planning period. Staff estimates costs for additional space to meet these long term needs at \$50,000,000, which has NOT been included in the Plan.

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 2010 (FY 2011) at an estimated cost of \$25,000,000.

Public Safety Training Facility. 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 calls for 2 phases. The first phase includes the Fire portion to be built in FY 2007 at a cost of \$5 million, to be included in a Bond referendum in the Fall of 2006. The second phase would be for the remainder of the facility (\$8.2 million) to be funded with GO bonds which would be included in a Fall 2008 bond referendum. Furthermore, it is assumed that ½ of the debt service and operating expenses will come from the City of Winston-Salem. The total debt service per year is estimated to be around \$1,400,000. Consequently, County costs as shown on the “Annual County Dollar Requirements by Project” would be about \$689,000 in the peak year of FY 2010, declining to about \$557,000 in FY 2017.

Public Safety – New Sheriff Administration Space. The space currently occupied by the Sheriff is becoming inadequate. This plan assumes a 75,000 square foot building in FY 2013 at a cost of \$26,200,000.

Public Safety – New Jail Space. A consultant advised the County that we would likely need additional jail space in the planning period, and suggested that a 77,200 square foot facility with 272 beds would meet our needs. Inflation @ 3% per year was added to his 2004 estimated costs of \$16,700,000, yielding a FY 2013 estimated cost of \$21,800,000.

Information Systems. This category includes a number of projects, each of which is estimated to cost more than \$100,000, and all are funded with short term financing (5 years).

Major Capital Improvements Program (Contd.)

Sheriff's Department Technology Projects. These projects include projects totaling \$1,325,000 and include replacing the VHS camera system with a digital system (\$550,000) and several projects at the Detention Center (\$775,000). These are to be funded with short term financing. Annual requirements in the general fund would total \$412,000 for 5 years, then dropping to \$106,000 per year for maintenance.

Forsyth County Capital Maintenance. The County has identified capital maintenance needs totaling \$10 million over this planning period. Specific projects are identified thru FY 2012. These projects are to be funded on a pay as you go basis. \$983,500 is included in the FY 2007 budget.

Forsyth Technical Community College (FTCC) Capital Maintenance. One of the County's core responsibilities is to maintain the buildings of the community college. FTCC has identified \$4,260,000 in maintenance needs through FY 2012. Needs beyond this date are not project specific.

Tanglewood Park. Tanglewood Park officials have requested funding for a number of projects totaling \$19 million. These could be categorized as follows: Golf related: \$3.8 million; Tennis related: \$3.4 million; Shelter replacements: \$2.3 million; develop Idol's Road parcel: \$5.4 million; Walking/equestrian trails \$1.6 million; all other: \$2.6 million. Funding is only included in this Plan for several smaller projects on a pay as you go basis.

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, but delays the next phase until FY 2008. To accomplish this, \$800,000 per year is included for the project thru FY 2013. The annual requirements from the Forsyth County General Fund are ½ of this amount, or \$400,000.