

2012 – 2021 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 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 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.

Because the existing debt percentage continued to exceed the 10% limit, the Board is changing its debt policy to include limiting the debt percentage to some percentage between 15%-18% of expenditures net of revenue, of which includes but is not limited to, federal revenue received for Build America and Qualified School Construction Bonds and State Lottery Proceeds. However, at the time of printing, the Board has not settled on an actual percentage or range limit. Once that occurs, the Capital Improvement Plan can be managed to make sure it fits with the adopted policy. A major caveat to the debt policy is that the percentage is a function of numerator over denominator, therefore if the budget does not expand to increase the denominator, there will be very difficult decisions on what projects can be accommodated to keep the debt policy relevant.

The table below shows the current existing debt service, excluding revenue, peaking in FY 2012 at 16.3%. The additional debt service required for additional possible projects in the Plan in the future pushes this percentage higher, reaching a maximum of 17.2% in FY 2019. Again, these percentages are based upon the expenditure projections outlined on page 12.

FY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Existing:	16.3%	15.7%	15.1%	13.8%	13.0%	12.1%	11.3%	10.7%	9.9%	9.4%
Existing + proposed CIP	16.3%	16.2%	16.0%	15.1%	14.8%	14.3%	15.2%	15.9%	16.0%	15.9%

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 May 2011 during the workshops on the proposed FY 2012 budget.

The following pages include:

- Summary of all projects considered and a description of projects 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. 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.

Major Capital Improvements Programs (Contd.)

Key points of the Capital Plan include:

Source of Funding for Included Projects

General Obligation Bonds	\$207,200,000
Limited Obligation Bonds	128,240,000
Short Term Financing	2,400,000
2/3rds Bonds	60,250,000
Pay Go	1,902,000
Sale of Assets	<u>17,000,000</u>
Total	<u>\$416,992,000</u>

Main Library and Other Renovations

\$40 million for library projects was approved by referendum in November of 2010. \$28 million has been assumed for the replacement or renovation of the Main Library and minor renovations to other branches in the system. Pay-as-you-go funds are assumed for planning and design. Construction is assumed for FY 2014.

FY	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	1,798,221	2,394,483	2,343,504	2,292,524	2,241,545	2,190,566	2,139,586

Kernersville and Clemmons Libraries

\$40 million for library projects was approved by referendum in November of 2010. \$12 million has been assumed for the replacement of the Kernersville and Clemmons branches. Construction is assumed for FY 2016.

FY	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	770,666	1,026,207	1,004,359	982,510	960,662

School Projects

The amount included in the Plan for the Winston-Salem/Forsyth County Schools is \$132,200,000. A successful referendum in the fall of 2016 is assumed for the difference (\$210,700,000) between the total request of the Schools as indicated in 2006 and the amount ultimately included and approved in the bond referendum in November 2006 (\$250 million). This plan assumes \$132,200,000 of bonds would be issued during the planning period. The remaining \$78,500,000 would be issued after 2022. 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.

FY	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	2,866,506	6,859,892	8,775,131	10,691,307
Relating Operating Cost	704,687	2,044,789	2,623,676	3,393,955
Total General Fund Impact	<u>3,571,193</u>	<u>8,904,681</u>	<u>11,398,807</u>	<u>14,085,262</u>

Schools Capital Maintenance Plan

The amount included in the plan for Capital Maintenance of facilities is \$32,500,000. This amount will be funded through the use of 2/3rds Bonds. It was determined that a plan needed to be established to maintain facilities currently in the system.

FY	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	693,940	673,400	1,347,190	1,305,850	1,969,890	1,907,750	2,552,290	2,470,650

Major Capital Improvements Programs (Contd.)

Forsyth Technical Community College (FTCC).

This CIP assumes projects totaling \$35.0 million. FTCC requested a total of \$52 million with funding of \$8 million for the Main Campus Renovation, \$4.4 million for a 20,000 square foot addition at the Northwest campus for classroom space, computer labs, nursing labs, biology labs, etc., \$17.6 million for a new campus in the western part of Forsyth County for classrooms, computer labs, nursing labs, biology labs, early childhood labs, continuing ed. classrooms, etc. Funding of \$17 million for a new research park building and parking deck for biotech and nanotech labs computer classrooms and offices are outside the planning period. \$5 million is authorized but not issued until FY 2013 from the 2009 Educational Facilities CPO. Funding requirements are as follows:

FY	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	502,500	486,500	948,744	918,840	2,769,176	2,684,480
Related Operating Costs			121,000	124,025	611,126	626,404
Total Impact on General Fund	<u>502,500</u>	<u>486,500</u>	<u>1,069,744</u>	<u>1,042,865</u>	<u>3,380,302</u>	<u>3,310,884</u>

Forsyth Technical Community College (FTCC) Capital Maintenance

The amount included for Capital Maintenance of facilities is \$11,500,000. This amount will be funded through the use of 2/3rds Bonds with \$2.3 million provided every other year. It was determined that funds are needed to be established to maintain facilities currently in the system.

FY	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	245,548	238,280	476,698	462,070	697,038	675,050	903,118	874,230

Justice System. Additional space for the Justice System will be needed in the foreseeable future, and \$82.34 million of the total project cost of \$92 million is included for this purpose in FY 2016. This includes additional space next to the existing Hall of Justice \$72.68 million, as well as renovations to the existing Hall of Justice \$19.32 million. Proposed funding will be with Limited Obligation Bonds.

FY	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	1,601,400	4,632,958	7,574,282	7,345,744	7,141,552
Relating Operating Cost	-	-	2,229,211	2,296,087	2,364,970
Total Impact on General Fund	<u>1,601,400</u>	<u>4,632,958</u>	<u>9,803,493</u>	<u>9,641,831</u>	<u>9,506,522</u>

HOJ Renovations. The Hall of Justice is in need of renovations such as window replacements. This project will supplement the major renovations included in the Justice System Project. The amount included for these renovations is \$2.5 million in 2/3rds Bonds.

FY	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	133,450	129,500	259,075	251,125	245,375	237,375	231,750	224,000

Major Capital Improvements Programs (Contd.)

Park System Development. \$2 million in various park improvements or repairs is assumed to be funded with 2/3rds Bond capacity in FY 2013 and alternating years going forward. There may be additional operating costs, but they have yet to be identified.

	<u>FY</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service		213,520	207,200	414,520	401,800	606,120	587,000	785,320	760,200
Total Impact on General Fund		<u>213,520</u>	<u>207,200</u>	<u>414,520</u>	<u>401,800</u>	<u>606,120</u>	<u>587,000</u>	<u>785,320</u>	<u>760,200</u>

Phillips Building Phase I. This project is an adaptive reuse of a building which is in close proximity to the existing Jail. The space currently occupied by the Sheriff is becoming inadequate due to additional staff added over the years. The proposed use of the building in Phase I will be to move Sheriff Administration from its existing location. This phase has a projected budget of \$34.5 million and began in FY 10.

	<u>FY</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>FY 2021</u>
Debt Service		2,081,820	2,020,200	1,959,750	1,897,350	1,868,100	1,805,700	1,747,200	1,688,700	1,630,200

Phillips Building Phase II. This project is an adaptive reuse of a building which is in close proximity to the existing Jail. The County is planning for additional jail space in the upper floors of the building for Phase II. This cost is projected at \$26.4 million and funded with Limited Obligation Bonds. This phase is not projected to start until FY 2020.

	<u>FY</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service		-	-	-	-	-	-	-	-	1,409,232

Public Safety – Renovate Youth Detention Center. The existing facility was built in 1962, and is in need of renovations. This plan assumes some renovations in FY 2017 of \$1.25 million in 2/3rds Bonds.

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Debt Service	\$ 133,450	129,500	125,625	121,625

Public Safety – Emergency Services Renovations. This project would renovate and improve the Fairchild Fire Facility and outlying Fire/EMS stations. The renovations would begin in FY 2019 and continue in through FY 2021 for \$2.5 million in 2/3rds Bonds. Debt Service is shown below but there may be additional operating costs yet to be identified.

	<u>FY</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service		-	-	-	-	-	-	133,450	129,500

Major Capital Improvements Programs (Contd.)

Information Systems. This category includes projects to be funded with short term financing (5 years) or possibly PayGo funds. Specific projects include replacement of network switches and replacing the storage area network in FY 2015 and FY 2020 at \$2.4 million per replacement cycle. No additional related operating costs are expected.

FY	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>FY 2021</u>
Debt Service	277,170	277,170	277,170	277,170	277,170	277,170

Public Health Expansion or Renovation. With the rapid expansion of WIC, and the natural growth of other Public Health services, the existing Public Health Building is becoming overcrowded. \$1.5 million is included for the expansion or renovation of the building in FY 2015. Also, the Cleveland Avenue Dental Center lease will expire in FY 2014. The building can be purchased at that time for \$402,000. This plan assumes the purchase. Source of funding is assumed to be PayGo. Any additional related operating costs have not been estimated, but should be minimal.

FY	<u>2013</u>	<u>2014</u>	<u>2015</u>
Pay Go	0	402,000	1,500,000

Park Land Long Range Plan and Acquisition. This project assumes in FY 2015 (\$15 million) the acquisition of park land by exchanging or selling of existing assets to fund the acquisition per the Parks and Recreation Long Range Strategic Plan. There is a revenue offset (\$15 million) and the additional operating expenses have not been determined at this time.

	<u>FY 2014</u>	<u>FY 2015</u>
Current Outlay	0	15,000,000
Sale of Assets (Revenue Offset)		<u>(15,000,000)</u>
Total		0

Human Services Campus Land Acquisition and Future Needs. This project is still in the development stages but assumes the acquisition of land by exchanging or selling of existing assets in FY 2015 (\$2 million) to fund the acquisition. There is a revenue offset (\$2 million) and the additional operating expenses have not been determined at this time.

	<u>FY 2014</u>	<u>FY 2015</u>
Current Outlay	0	2,000,000
Sale of Assets (Revenue Offset)		<u>(2,000,000)</u>
Total		0