

# 2016–2021 MAJOR CAPITAL IMPROVEMENTS PROGRAM - FUTURE PROJECTS FORSYTH COUNTY, NORTH CAROLINA

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## 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 FY2021. 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 FY2021. 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, an Education Debt Leveling Plan would be recommended for the two education bonds - Forsyth Technical Community College (\$48.4 million bond referendum) and WS/FC Schools (\$150 million bond referendum) currently proposed for November 2016.

Long Term Debt Service as a percent of budget:							
	FY	2016	2017	2018	2019	2020	2021
Existing:		14.9%	14.0%	13.2%	12.5%	11.7%	11.2%
Existing + proposed CIP		14.9%	14.0%	15.9%	18.0%	17.9%	18.0%
Available for Debt Service		3.1%	4.0%	2.1%	0.0%	0.1%	0.0%

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 2015 during the detailed budget presentation for the FY 2016 budget. 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 2016-2021, the requested projects cost an estimated \$859,627,500. The proposed Capital Improvement Plan presented on the following pages recommends projects totaling \$333,675,000 during the planning period.

Key points of the Capital Plan include:

### **Source of Funding for Included Projects**

GO Bonds	\$198,400,000
Limited Obligation Bonds	75,000,000
Short Term Financing	19,475,000
2/3rds Bonds	40,400,000
Pay Go	400,000
Sale of Assets	<u>0</u>
<b>Total</b>	<b><u>\$333,675,000</u></b>

The projects identified above have been discussed with the Board of Commissioners several times during the budget process including the February 2015 Winter Work Sessions and the May Detailed Budget Presentation. 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 2016-2021. 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
<p><b>Winston - Salem/Forsyth County Schools:</b> The WSFC School staff requests a November 2016 referendum to fund projects totaling \$575m. Staff provided a generic potential bond request which includes 4 new schools (\$90m), 9 Replacement Schools (\$145m), 4 Partial Replacements (\$80m), 7 Renovations (\$92m), and District Wide projects (\$168m). The amount of \$575m is based on information provided in April 2015. The plan proposes multiple Bond Referenda to provide the funding for these projects. <i>Referenda are proposed for Fall 2016 (\$150m referendum), The Plan assumes that \$150 million would be spent during planning period and the remaining \$425m will be placed on future bond referenda or LOBS. Projections include possibly \$50m LOBS in FY2019. The \$575m includes a 30% inflation adjustment per School System staff.</i></p>	575,000,000	150,000,000	X
<p><b>Forsyth Technical Community College:</b> Forsyth Tech requests a November 2016 bond referendum seeking approval for the County to issue debt to fund the following \$117m in projects: \$26m to complete Main Campus Renovations and to update technology for the various campuses; \$27m for a 90,000 sq foot educational building on main campus; \$18m for an Aviation/Aerospace program at Smith Reynolds Airport to include purchase of an old maintenance facility; \$4.4m for a 20,000 sq ft addition at the NW Campus; and \$41.6m to construct a new western campus and additional 80k sq ft educational facility. <i>The proposed Capital Improvement Plan includes a Bond Referendum scheduled for November 2016 for a total of \$48.4 million for the following projects: \$26m Main Campus Renovations; \$4.4m NW Campus Addition; and \$18m Aviation/Aeronautics Program facility. The proposed Western Campus and additional educational building on Main Campus are pushed into years outside the plan period 2016-2021.</i></p>	117,000,000	48,400,000	X
<p><b>Winston - Salem/Forsyth County Schools:</b> Capital Maintenance Plan (FY2017 2/3rds Bonds and alternating years) - funds ongoing life cycle replacements and repairs. Assumes \$6.5m issued in FY2017, 2019, and 2021.</p>	19,500,000	19,500,000	
<p><b>Forsyth Technical Community College:</b> Capital Maintenance Plan (FY2017 2/3rds Bonds and alternating years) - funds ongoing life cycle replacements and repairs. Assumes \$2.3 million issued in FY2017, 2019, and 2021.</p>	6,900,000	6,900,000	
<p><b>Hall of Justice</b> - (FY 2017-FY 2018 - LOBS) - Renovate or replace Hall of Justice to provide additional courtroom space and technology upgrades. Plan includes \$50m for Phase 1 of either a new Courthouse ore addition to the existing building. Assume LOBS to be used rather than G.O. Bond referendum.</p>	80,000,000	50,000,000	
<p><b>SciWorks</b> - Replace or renovate nature science museum. (FY2019 LOBS)</p>	25,000,000	25,000,000	
<p><b>Park System Capital Maintenance and Development</b> - (\$2 million in FY2017 &amp; alternating years)</p>	6,000,000	6,000,000	
<p><b>County General Capital Maintenance</b> ( \$2 million FY 2017 &amp; alternating years )</p>	6,000,000	6,000,000	
<p><b>Public Safety</b> - Upgrade or replace 800MHz Radio System - County share of project only. (FY2018 - FY2020 Short Term Financing)</p>	12,650,000	12,650,000	
<p><b>Human Services - Public Health Department Renovations - Nursing and Medical Records Areas</b> - (FY2017 2/3rds Bonds)</p>	2,000,000	2,000,000	
<p><b>Information Systems</b> ( FY 2016 - FY 2021 SAN and Network Switches, Data Archive System, Telephone System &amp; various other IT related replacements - 5 year financing or Pay Go) Propose pay-go as first funding option if available.</p>	7,907,500	7,225,000	
<p><b>NC Cooperative Extension</b> - Fencing around Arboretum at Tanglewood Park</p>	200,000		
<p><b>FC Sheriff</b> - Renovate or Replace old County Garage for storage of FCSO Equipment &amp; vehicles</p>	550,000	-	
<p><b>FC Sheriff</b> - Replacement of current 45 foot MCU purchased in 2004</p>	920,000	-	
<b>Grand Total</b>	<b>859,627,500</b>	<b>333,675,000</b>	

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**Section 2 - Summary of New Projects to the Plan**

New Projects Considered	Project Cost
<p><b>Winston - Salem/Forsyth County Schools Bond Referendum:</b> Additional projects and costs as provided by WSFCS staff. New information from the School System now has projects (including a 30% inflation factor) costing \$575 million. The original CIP included bond projects totaling \$225 m. The Proposed CIP maintains a planned November 2016 referendum totaling \$150m to maintain the integrity of the County's debt policy of limiting debt service to 18% of budgeted expenditures. With the projected issuance of \$297m of debt capacity between 2016 and 2017, the percentage of debt to budgeted expenditures is projected to exceed 18% during the plan period.</p>	350,000,000
<p><b>SciWorks Replacement/Renovation</b> - assumes project funding with LOBS.</p>	25,000,000
<p><b>Forsyth Technical Community College Bond Referendum</b> includes new projects including the start up of an Aviation/Aeronautics program at Smith Reynolds Airport. Previous year plans included a Bond Referendum totaling \$99m; however, the new referendum totals \$117m. Only \$48m is planned for the November 2016 referendum.</p>	18,000,000
<p><b>Hall of Justice Renovation/Replacement</b> - this project was in the CIP in 2009 but was removed from the plan last year. New interest prompted including a place holder in the proposed CIP. \$50m of the projected \$80m is included in the plan for design and planning phases including updating the 2009 study to get updated cost estimates.</p>	80,000,000
<p><b>Human Services - Public Health Department Renovations</b> - Nursing and Medical Records Areas - (FY2017 2/3rds Bonds)</p>	2,000,000
<p><b>NC Cooperative Extension</b> - Fencing around Arboretum at Tanglewood Park - requested Pay Go funding</p>	200,000
<p><b>FC Sheriff</b> - Renovate or Replace old County Garage for storage of FCSO Equipment &amp; vehicles</p>	
<p><b>FC Sheriff</b> - Replacement of current 45 foot MCU purchased in 2004</p>	920,000
<p><b>Grand Total</b></p>	<b><u>\$ 476,120,000</u></b>

**Section 3 - Proposed Future Projects - Year Project Begins**

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	Source	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b><u>Long Term Financing</u></b>							
WSFC Schools	G.O. Bonds		\$150,000,000				
Forsyth Tech Community College	G.O. Bonds		\$ 48,400,000				
WSFC S Capital Maintenance	2/3rds Bonds		\$ 6,500,000		\$ 6,500,000		\$ 6,500,000
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		\$ 2,000,000		\$ 2,000,000		\$ 2,000,000
Public Health Renovations	2/3rds Bonds		\$ 2,000,000				
Justice Center - Renovate/Replace	LOBS		\$ 50,000,000				
SciWorks - Renovate/Replace	LOBS		\$ 25,000,000				
<b>Subtotal Long Term Financing</b>			<b>\$228,200,000</b>		<b>\$12,800,000</b>		<b>\$12,800,000</b>
<b><u>Short Term Financing</u></b>							
Upgrade/Replace 800MHz Radio System	Installment Financing		\$6,325,000			\$6,325,000	
Information Systems - Network Equipment Upgrades	Installment Financing			\$6,825,000			
<b>Subtotal Short Term Financing</b>			<b>\$6,325,000</b>	<b>\$6,825,000</b>		<b>\$6,325,000</b>	
<b><u>No Debt- Pay as You Go/Other</u></b>							
Information Systems - Network Equipment Upgrades	Pay Go	\$400,000					
<b>Subtotal No Debt- Pay Go</b>		<b>\$400,000</b>					
<b>Total by Year</b>		<b>\$400,000</b>	<b>\$294,525,000</b>	<b>\$6,825,000</b>	<b>\$12,800,000</b>	<b>\$6,325,000</b>	<b>\$12,800,000</b>

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

	Source	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Long Term Financing (includes Related Operating Expenses &amp; Offsetting Revenue)</b>							
<b>Proposed Projects:</b>							
\$297m Capacity Issued (calendar 2017 issues)	G.O. Bonds/LOBS	\$0	\$0	\$11,800,000	\$27,198,947	\$26,573,684	\$25,948,421
WSFC Schools - \$150m G.O. Bond - November 2016 FTCC Projects - \$48.4m G.O. Bond - November 2016 Hall of Justice Replace/Renovate - \$50m LOBS - SciWorks Renovate/Replace - \$25m LOBS -							
\$14.8m - issued late 2016	2/3rds Bonds	\$0	\$296,000	\$1,372,000	\$1,340,800	\$1,309,600	\$1,278,400
WSFC Schools Capital Maintenance Program - \$6.5m FTCC Capital Maintenance Program - \$2.3m Parks System Capital Maintenance/ Development - \$2.0m County General Capital Maintenance Program - \$2.0m Public Health Facility Renovations - \$2.0m							
\$12.8m - issued late 2018	2/3rds Bonds	\$0	\$0	\$0	\$256,000	\$1,187,000	\$1,160,000
WSFC Schools Capital Maintenance Program - \$6.5m FTCC Capital Maintenance Program - \$2.3m Parks System Capital Maintenance/ Development - \$2.0m County General Capital Maintenance Program - \$2.0m							
\$12.8m - issued late 2020	2/3rds Bonds	\$0	\$0	\$0	\$0	\$0	\$256,000
WSFC Schools Capital Maintenance Program - \$6.5m FTCC Capital Maintenance Program - \$2.3m Parks System Capital Maintenance/ Development - \$2.0m County General Capital Maintenance Program - \$2.0m							
\$93m projected capacity- issued	LOBS	\$0	\$0	\$0	\$0	\$3,720,000	\$8,516,842
Hall of Justice Renovate/Replace - \$30m WSFC Schools Projects - \$50m FTCC Projects - \$13m							
<b>Subtotal Long Term Financing</b>			\$296,000	\$13,252,000	\$28,795,747	\$32,790,284	\$37,159,663
<b>Short Term Financing</b>							
Upgrade/Replace 800MHz Radio System - \$12.65m	Installment Financing			\$253,000	\$939,000	\$911,000	\$883,000
Information Systems - Network Equipment Upgrades	Installment Financing				\$1,576,403	\$1,576,403	\$1,576,403
<b>Subtotal Short Term Financing</b>				\$253,000	\$2,515,403	\$2,487,403	\$2,459,403
<b>No Debt- Pay as You Go/Other</b>							
Information Systems - Network Equipment Upgrades	Pay Go	\$400,000					
<b>Subtotal No Debt-Pay Go</b>		\$400,000					
<b>Total by Year</b>		\$400,000	\$294,525,000	\$6,825,000	\$12,800,000	\$6,325,000	\$12,800,000



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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 \$575,000,000 and for a bond referendum to be held. While the amount included in the Plan for the Winston-Salem/Forsyth County Schools is \$575,000,000, the plan period includes two (2) bond referenda for a portion of the School's request: November 2016 referendum for \$150 million (FY2017). Two additional referenda are proposed outside this plan period and for every four years for the remaining \$425 million - November 2020 referendum for \$250 million and a proposed November 2024 referendum for \$175 million.

A successful referendum in November 2016 is assumed for the proposed \$150,000,000. This plan assumes all \$150 million of bonds would be issued during the planning period. 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 4 new schools, 9 replacement schools, 4 partial replacements, 7 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 \$150 million in G.O. bonds assuming a 5% interest rate is \$227,354,168 (\$150m in principal payments and \$77.4m 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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	\$8,007,000	\$7,770,000	\$7,537,500	\$7,297,500
Related Operating Cost	743,000	761,575	780,614	800,130
Total General Fund Impact	<u>\$8,750,000</u>	<u>\$8,531,575</u>	<u>\$8,318,114</u>	<u>\$8,097,630</u>
Tax Rate Implications	<u>2.62¢</u>	<u>2.51¢</u>	<u>2.42¢</u>	<u>2.31¢</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 are 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 \$19,500,000. These projects will be funded through the use of 2/3rds Bonds issued every other year. The School System is scheduled to receive \$6.5m every other year beginning in FY2017, FY2019, and FY2021.

<u>Fiscal Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	667,105	693,940	673,400	1,347,190	1,305,850
Tax Rate Implications	<u>0.21¢</u>	<u>0.21¢</u>	<u>0.20¢</u>	<u>.039¢</u>	<u>.037¢</u>

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## **Forsyth Technical Community College (FTCC) - Bond Referendum Request**

The proposed CIP assumes projects totaling \$117.0 million and include the following: \$26 million for Main Campus Renovations and technology updates at various campuses; \$27 million for a 90,000 sq foot education building on main campus; \$18 million for an Aviation/Aerospace program at Smith Reynolds Airport; \$4.4 million for a 20,000 square foot addition at the Northwest campus for classroom space, computer labs, nursing labs, biology labs, etc., and \$41.6 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, and an 80,000 square foot education building.

The CIP proposes two bond referenda for the identified projects with \$48.4 million for November 2016 Bond Referendum with the remainder pushed out to a November 2020 or 2024 referendum. A successful referendum in the Fall of 2016 is assumed for the proposed \$48.4 million and the funding requirements are as follows:

<b><u>Fiscal Year</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
Debt Service	2,669,000	2,590,000	5,181,500	5,022,500
Related Operating Costs	489,904	135,600	0	646,200
Total Impact on General Fund	<u>\$3,158,904</u>	<u>\$2,725,600</u>	<u>5,181,500</u>	<u>5,668,700</u>
Tax Rate Implications	<u>0.95¢</u>	<u>0.80¢</u>	<u>1.50¢</u>	<u>1.61¢</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:

<b><u>Fiscal Year</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Debt Service	245,548	238,280	476,698	462,070
Tax Rate Implications	<u>0.07¢</u>	<u>0.13¢</u>	<u>0.14¢</u>	<u>0.19¢</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 \$6,000,000 is included for the Capital Maintenance Program through the plan period. requirements are as follows:

<b><u>Fiscal Year</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Debt Service	213,520	207,200	414,520	401,800
Tax Rate Implications	<u>0.06¢</u>	<u>0.06¢</u>	<u>0.12¢</u>	<u>0.11¢</u>

## **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:

<b><u>Fiscal Year</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Debt Service	213,520	207,200	414,520	401,800
Tax Rate Implications	<u>0.06¢</u>	<u>0.06¢</u>	<u>0.12¢</u>	<u>0.11¢</u>

# 2016–2021 MAJOR CAPITAL IMPROVEMENTS PROGRAM - FUTURE PROJECTS FORSYTH COUNTY, NORTH CAROLINA

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## Public Health Facility Renovations

The Public Health Director requested funds to renovate the Medical Records and Clinical areas. With the implementation of Electronic Medical Records, the Medical Records area is underutilized space that is needed by the Clinic area. A portion of the funds would be used to shift walls, create a more client friendly waiting area, and create a better ingress and egress to the various clinics. Additionally, the request included funds to renovate the Nursing area to accommodate growth within the department. For the proposed plan project, the debt requirements are as follows:

<u>Fiscal Year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Service	213,520	207,200	201,000	194,600
Tax Rate Implications	<u>0.06¢</u>	<u>0.06¢</u>	<u>0.06¢</u>	<u>0.06¢</u>

## SciWorks Renovation/Replacement

SciWorks is the nature science center in the County. The current location of the center is owned by Forsyth County and is many years old. To accommodate growth and to expand programming, SciWorks requests that the current facility be completely renovated or that the center move to a new location potentially downtown to take advantage of the revitalization occurring in downtown Winston-Salem. The plan assumes that Limited Obligation Bonds are used to finance the renovation or replacement costs of \$25 million. The estimated debt requirements are as follows:

<u>Fiscal Year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Service	\$2,669,000	\$2,590,000	Outside the plan period	
Tax Rate Implications	<u>0.78¢</u>	<u>0.74¢</u>		

## Hall of Justice Renovation/Replacement

The current court facilities 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 is in the process of being revisited to ensure that all concerns are addressed. 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service	\$5,338,000	\$5,180,000	\$5,025,000	\$4,865,000
Related Operating Costs	<u>1,759,760</u>	<u>1,812,553</u>	<u>1,866,929</u>	<u>1,922,937</u>
Total	<u>\$7,097,760</u>	<u>\$6,992,553</u>	<u>\$6,891,929</u>	<u>\$6,787,937</u>
Tax Rate Implications	<u>2.09¢</u>	<u>2.03¢</u>	<u>1.96¢</u>	<u>1.89¢</u>

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.

## FY 2016-2021 CAPITAL IMPROVEMENTS PROGRAM

### FUTURE PROJECTS

(INCLUDES RELATED OPERATING EXPENSES & OFFSETTING REVENUE)

		<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b>Proposed Projects:</b>				
<b><u>Long Term Financing (Includes Related Operating Expenses and Offsetting Revenue)</u></b>				
<b>\$297m Capacity Issued (calendar 2017 issuances)</b>	<b>GO Bonds / LOBS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,880,000</b>
WSFC Schools (\$150m) - GO Bond				
FTCC Projects (\$48.4m) - GO Bond				
Hall of Justice Renovate/Replacement (\$50m) - LOBS				
SciWorks Renovation/Replacement (\$25m) - LOBS				
<b>\$14.8 million in 2/3rds Bonds (Issued in late 2016)</b>	<b>2/3rds Bonds</b>	<b>\$0</b>	<b>\$296,000</b>	<b>\$1,372,000</b>
WSFC Schools Capital Maintenance - \$6.5m				
FTCC Capital Maintenance - \$2.3m				
Park System Capital Maintenance/Development - \$2m				
County General Capital Maintenance - \$2m				
Public Health Facility Renovations - \$2m				
<b>\$12.8 million in 2/3rds Bonds (Issued in late 2018)</b>	<b>2/3rds Bonds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
WSFC Schools Capital Maintenance - \$6.5m				
FTCC Capital Maintenance - \$2.3m				
Park System Capital Maintenance/Development - \$2m				
County General Capital Maintenance - \$2m				
<b>\$93m Capacity Issued (assumes LOBS)</b>	<b>LOBS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Hall of Justice Renovate/Replacement (\$30m)				
WSFCS Projects (\$50m)				
FTCC Projects (\$13m)				
<b>\$12.8 million in 2/3rds Bonds (Issued in late 2020)</b>	<b>2/3rds Bonds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
WSFC Schools Capital Maintenance - \$6.5m				
FTCC Capital Maintenance - \$2.3m				
Park System Capital Maintenance/Development - \$2m				
County General Capital Maintenance - \$2m				
<b>Subtotal Long Term Financing</b>		<b>\$0</b>	<b>\$296,000</b>	<b>\$13,252,000</b>
<b><u>Short Term Financing</u></b>				
Information Systems				
Upgrade/Replace 800MHz Radio Syst (\$12.65m)-LOBS				
<b>Subtotal Short Term Financing</b>		<b>\$0</b>	<b>\$0</b>	<b>\$253,000</b>
<b><u>No Debt - Pay as You Go</u></b>				
Information Systems				
PayGo				
<b>Subtotal No Debt - Pay as You Go</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Total (All Debt Proposed)</b>		<b>\$0</b>	<b>\$296,000</b>	<b>\$13,505,000</b>
<b>Net Totals (Long-term Debt Only)</b>		<b>\$0</b>	<b>\$296,000</b>	<b>\$13,252,000</b>
<b>Penny Equivalent</b>		<b>3,198,398</b>	<b>3,246,442</b>	<b>3,342,259</b>
<b>Ad Valorem Tax Rate Implications in Cents (Long-term Debt only)</b>		<b>0.00</b>	<b>0.09</b>	<b>3.96</b>

## FY 2016-2021 CAPITAL IMPROVEMENTS PROGRAM

### FUTURE PROJECTS

### NET ANNUAL COUNTY DOLLAR REQUIREMENTS

(INCLUDES RELATED OPERATING EXPENSES & OFFSETTING REVENUE)

FY 2019      FY 2020      FY 2021      Totals

#### Proposed Projects:

#### Long Term Financing (Includes Related Operating Expenses and Offsetting Revenue)

	GO Bonds / LOBS				
<b>\$297m Capacity Issued (calendar 2017 issuances)</b>		<b>\$27,198,947</b>	<b>\$26,573,684</b>	<b>\$25,948,421</b>	<b>\$91,601,052</b>
WSFC Schools (\$150m) - GO Bond					
FTCC Projects (\$48.4m) - GO Bond					
Hall of Justice Renovate/Replacement (\$50m) - LOBS					
SciWorks Renovation/Replacement (\$25m) - LOBS					

	2/3rds Bonds				
<b>\$14.8 million in 2/3rds Bonds (Issued in late 2016)</b>		<b>\$1,340,800</b>	<b>\$1,309,600</b>	<b>\$1,278,400</b>	<b>\$5,596,800</b>
WSFC Schools Capital Maintenance - \$6.5m				-	
FTCC Capital Maintenance - \$2.3m					
Park System Capital Maintenance/Development - \$2m				-	
County General Capital Maintenance - \$2m					
Public Health Facility Renovations - \$2m					

	2/3rds Bonds				
<b>\$12.8 million in 2/3rds Bonds (Issued in late 2018)</b>		<b>\$256,000</b>	<b>\$1,187,000</b>	<b>\$1,160,000</b>	<b>\$2,603,000</b>
WSFC Schools Capital Maintenance - \$6.5m					
FTCC Capital Maintenance - \$2.3m					
Park System Capital Maintenance/Development - \$2m					
County General Capital Maintenance - \$2m					

	LOBS				
<b>\$93m Capacity Issued (assumes LOBS)</b>		<b>\$0</b>	<b>\$3,720,000</b>	<b>\$8,516,842</b>	<b>\$12,236,842</b>
Hall of Justice Renovate/Replacement (\$30m)					
WSFCS Projects (\$50m)					
FTCC Projects (\$13m)					

	2/3rds Bonds				
<b>\$12.8 million in 2/3rds Bonds (Issued in late 2020)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$256,000</b>	<b>\$256,000</b>
WSFC Schools Capital Maintenance - \$6.5m					
FTCC Capital Maintenance - \$2.3m					
Park System Capital Maintenance/Development - \$2m					
County General Capital Maintenance - \$2m					

<b>Subtotal Long Term Financing</b>		<b>\$28,795,747</b>	<b>\$32,790,284</b>	<b>\$37,159,663</b>	<b>\$112,293,694</b>
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#### Short Term Financing

Information Systems		1,576,403	1,576,403	1,576,403	\$4,729,209
Upgrade/Replace 800MHz Radio Syst (\$12.65m)-LOBS		\$939,000	\$911,000	\$883,000	\$2,986,000
<b>Subtotal Short Term Financing</b>		<b>\$2,515,403</b>	<b>\$2,487,403</b>	<b>\$2,459,403</b>	<b>\$7,715,209</b>

#### No Debt - Pay as You Go

Information Systems	PayGo				-
<b>Subtotal No Debt - Pay as You Go</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>Net Total (All Debt Proposed)</b>		<b>\$31,311,150</b>	<b>\$35,277,687</b>	<b>\$39,619,066</b>	<b>\$120,008,903</b>
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<b>Net Totals (Long-term Debt Only)</b>		<b>\$28,795,747</b>	<b>\$32,790,284</b>	<b>\$37,159,663</b>	<b>\$112,293,694</b>
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<b>Penny Equivalent</b>		<b>3,392,393</b>	<b>3,443,279</b>	<b>3,512,144</b>	
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<b>Ad Valorem Tax Rate Implications in Cents (Long-term Debt only)</b>		<b>8.49</b>	<b>9.52</b>	<b>10.58</b>	
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