

2015 – 2020 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. On September 12, 2011, the Board of Commissioners voted to employ formal debt policy for the County. The policy limits 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 Capital Improvement Plan as shown in the following pages attempts to maintain this policy; however, some of the proposed projects move the debt percentage above 15%, this plan will have to be modified to adhere to the 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 increase so that the denominator increases, there will be difficult decisions on what projects can be accommodated to keep the debt policy relevant.

The Proposed 2015-2020 CIP is much shorter and contains fewer proposed projects than in prior years. Shortening the Plan allows for better management of uncertain factors, both economic and political, and longer plans tend to be much less useful. As such, staying within the constraints of the Debt Policy is more manageable. One caution of the debt percentages is that the ability to stay within these percentages require expenditures to be within the range of those outlined in the Future Budget Projections outlined on pages 49. If the total appropriations do not increase as projected, these percentages will be greater causing more project prioritization.

Long Term Debt Service as a percent of budget:						
FY	2015	2016	2017	2018	2019	2020
Existing:	12.3%	11.7%	10.9%	10.4%	9.7%	9.6%
Existing + proposed CIP	13.9%	13.3%	12.7%	12.3%	11.8%	11.2%

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 2013 during the strategic planning session for the FY 2014 budget.

The following pages include:

- Summary of Projects included in the Plan, including Project Description, Estimated Cost, and whether funded with General Obligation Bonds, 2/3rds Bonds, or other sources;
- Projects considered in Plan with funding source and estimated annual debt service and operating impacts as well as estimated tax rate implications;
- Projects requested but not included in the Plan. Also includes a description of the project, type of funding requested, estimated project cost, and when project requested to be funded.

Key factors of the Capital Plan include:

<u>Sources of Funding for Included Projects</u>	
General Obligation Bonds	\$34,000,000
2/3rds Bonds	40,650,000
Pay-Go or G.O. Bonds	6,000,000
Pay-Go or Short-Term Financing	<u>3,750,000</u>
Total	<u>\$84,400,000</u>

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Year One (FY 2014-2015) if the Proposed Plan represents a year in which \$34 million of General Obligation bonds will be issued for the demolition and construction phase of the Central Library Branch renovation. In addition, \$13.75 million of 2/3rds Bonds will be issued for the continuance of several Capital Maintenance Programs including the WS/FC Schools, Forsyth Technical Community College, Parks & Recreation, and General County maintenance/repair projects.

The thought behind establishing the Capital Maintenance programs was to provide a consistent funding stream for life cycle replacements such as roofs, chillers, and HVAC systems and to remove these projects from General Fund consideration. During difficult budgets, it became apparent that the easiest decision to make when reducing budgets was to delete funding for life cycle repairs. However, by delaying these projects, it became much more costly to repair and maintain these old systems. Having this consistent funding source allows maintenance staff to appropriately plan projects thereby maximizing resources.

In North Carolina, a local government may issue 2/3rds Bonds based on General Statute 159-49 which allows the issuance of non-voted General Obligation debt in an amount of up to 2/3rds of the amount by which its outstanding General Obligation indebtedness was reduced in the preceding fiscal year. For calculating 2/3rds capacity, only the principal payments made on the outstanding G.O. debt in the immediately preceding fiscal year is counted.

A Summary of Proposed Projects is detailed on the following page, but a list of the projects and proposed plan funding are:

Authorized General Obligation Bond Projects - \$40,000,000 or \$34,000,000
The exact amount depends on availability of Pay-Go funds

Library Branches Renovations and/or Replacements - \$34,000,000

Library Renovations/Replacements Completion - \$6,000,000

Authorized 2/3rds Bonds Capital Maintenance Projects - \$40,650,000

Winston-Salem/Forsyth County Schools Capital Maintenance Program

Forsyth Technical Community College Capital Maintenance Program

Parks & Recreation Capital Maintenance & Park Development Program

Hall of Justice Capital Maintenance Program

County General Capital Maintenance Program

Short-term or Pay-Go Projects - \$3,750,000

Information Technology System Replacements

Forsyth County FY 2015 - 2020 Capital Improvements Program

Summary of Proposed Projects	Estimated Project Cost	Proposed in Plan
Authorized General Obligation Bond Projects		
Library Branches Renovations and/or Replacements	34,000,000	34,000,000
Demolition and Construction assumed to begin Fall of calendar year 2014 for Central Library; Community input sessions for other branches - late December 2014 into calendar year 2015; Construction/renovations of other sites assumed for Fall 2015.		
Complete Renovations/Replacement Branch Libraries		
	6,000,000	6,000,000
To be listed in Budget Ordinance as potential Pay-Go project for 2015 and 2016. However, if Pay-Go funds do not materialize, debt to be issued in the Summer/Fall of calendar year 2017.		
Authorized 2/3rds Bond Capital Maintenance Projects		
Each of the following proposed projects assumes continued approval of the bi-annual 2/3rds Bond Capital Maintenance Programs for life cycle replacements and facility repairs such as Chillers, HVAC Systems, Roof Replacements, paving, etc. Plan provides funding for FY2015 and alternating years (FY2017 and FY 2019) of the plan period.		
Winston-Salem/Forsyth County Schools Capital Maintenance Program	Varies by project	19,500,000
Provides \$6.5 million in FY2015 and alternating years.		
Forsyth Technical Community College Capital Maintenance Plan	Varies by project	6,900,000
Provides \$2.3 million in FY2015 and alternating years.		
Park System Capital Maintenance & Development	Varies by project	5,000,000
Provides \$1 million in FY2015. \$2 million assumed for FY2017 & \$2 million for FY2019 .		
Hall of Justice Renovations - Capital Maintenance Program	Varies by project	2,500,000
Assumes no new facility construction during this plan period. Provides \$1.25 million in FY2017 & FY2019		
County General Capital Maintenance	Varies by project	6,750,000
Provides \$3.75 million for life cycle repairs & replacements in FY2015 and \$1.5 million in FY2017 & FY2019.		
Other Proposed Projects - Short-term or Pay-Go		
Information Techonology System Replacements	Varies by project	3,750,000
Pay-Go or Short Term Financing		
Provides funding for CORE and Closet Switches, Data Archive Systems, Telephone Equipment and SAN replacements. Funding listed first as potential Pay-Go projects. If Pay-Go does not materialize, will be funded with short-term (5 years or less) financing.		
Grand Total for Proposed Plan Period	<u>40,000,000</u>	<u>84,400,000</u>

FY 2015 - 2020 CAPITAL IMPROVEMENT PLAN

PROJECTS INCLUDED IN PLAN PERIOD

	Budget Year 2014-2015	Planning Year 2015-2016	Planning Year 2016-2017	Planning Year 2017-2018	Planning Year 2018-2019	Planning Year 2019-2020	Total included in Plan
Library Renovations and/or Replacements	\$34,000,000						\$34,000,000
<p>\$34 million of a \$40 million Bond Referendum passed in November 2010 for the renovation/replacement of the Central, Clemmons, & Kernersville Branch Libraries as well as minor renovations at other branch locations. Assumes 20 year financing at 5% interest over life of borrowing. No revenue assumed to offset debt costs. Some cost containment in operating for utilities with more efficient HVAC and other Control Systems. No new operating cost impacts assumed. No land acquisition costs assumed. Assumes debt issued in late Summer/early Fall 2014. Demolition and construction assumed to begin in Fall 2014 for the Central Branch Library. Construction/Renovations at other sites assumed to begin Fall 2015.</p>							
Funding Source(s)							
Authorized G.O. Bonds	\$34,000,000						
Total Funding Sources	\$34,000,000	\$0	\$0	\$0	\$0	\$0	\$34,000,000
Estimated Annual Debt Service Impact	\$897,692	\$3,328,900	\$3,275,200	\$3,221,500	\$3,167,800	\$3,096,200	
Estimated Annual Operating Impact	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>0.29</i>	<i>1.04</i>	<i>1.00</i>	<i>0.96</i>	<i>0.92</i>	<i>0.88</i>	
Library Renovations and/or Replacements - Completion			\$6,000,000				\$6,000,000
<p>The intention is to set aside available Pay-Go funds to offset issuing this debt. However, \$6 million of the \$40 million Bond Referendum passed in November 2010 to replace or renovate either the Kernersville or Clemmons Library Branch. Assumes 20 year financing at 5% interest over life of borrowing. No revenue offset or operating impacts assumed. No site acquisition costs are assumed.</p>							
Funding Source(s)							
Authorized G.O. Bonds	\$ -	\$ -	\$6,000,000	\$ -	\$ -	\$ -	
Total Funding Sources	\$0	\$0	\$6,000,000	\$0	\$0	\$0	\$6,000,000
Estimated Annual Debt Service Impact	\$0	\$0	\$158,463	\$586,650	\$577,200	\$567,750	
Estimated Annual Operating Impact							
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>-</i>	<i>-</i>	<i>0.05</i>	<i>0.17</i>	<i>0.17</i>	<i>0.16</i>	
WS/FC Schools-Capital Maintenance Program	\$6,500,000		\$6,500,000		\$6,500,000		\$19,500,000
<p>Funding for life cycle replacements for various schools within the Winston-Salem/Forsyth County Schools. Life cycle replacements include HVAC repairs/replacements, windows, roofs, flooring, handicap upfits, stadiums, tracks, etc. Funding provided with available 2/3rds Bond capacity every other year and is matched with an annual \$1.735 million transfer from the General Fund. No operating impacts assumed, however, with older systems being replaced with more energy-efficient systems, there should be some savings in utility costs.</p>							
Funding Source(s)							
Authorized G.O. - Two-Thirds Bonds	\$6,500,000	\$0	\$6,500,000	\$0	\$6,500,000	\$0	
Transfer from the General Fund	1,735,000	1,735,000	1,735,000	1,735,000	1,735,000	1,735,000	
Total Funding Sources	\$8,235,000	\$1,735,000	\$8,235,000	\$1,735,000	\$8,235,000	\$1,735,000	\$29,910,000
Estimated Annual Debt Service Impact	171,623	294,210	455,570	567,895	718,991	812,631	
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>0.06</i>	<i>0.09</i>	<i>0.14</i>	<i>0.17</i>	<i>0.21</i>	<i>0.23</i>	
Forsyth Tech Community College Capital Maintenance Program	\$2,300,000	\$0	\$2,300,000	\$0	\$2,300,000	\$0	\$6,900,000

FY 2015 - 2020 CAPITAL IMPROVEMENT PLAN

PROJECTS INCLUDED IN PLAN PERIOD

	Budget Year 2014-2015	Planning Year 2015-2016	Planning Year 2016-2017	Planning Year 2017-2018	Planning Year 2018-2019	Planning Year 2019-2020	Total included in Plan
<p>Capital Maintenance program funding for life cycle replacements for various sites for the Community College. Life cycle replacements include HVAC repairs/replacements, windows, roofs, flooring, handicap upfits, stadiums, tracks, etc. No operating impacts assumed, however, with older systems being replaced with more energy-efficient systems, there should be some savings in utility costs.</p>							
Funding Source(s)							
Authorized G.O. Bonds - Two-Thirds	2,300,000		2,300,000		2,300,000		
Total Funding Sources	\$2,300,000	\$0	\$2,300,000	\$0	\$2,300,000	\$0	\$6,900,000
Estimated Annual Debt Service Impact	60,728	225,158	282,253	443,053	496,516	652,475	
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>0.02</i>	<i>0.07</i>	<i>0.09</i>	<i>0.13</i>	<i>0.14</i>	<i>0.18</i>	
Parks & Recreation Capital Maintenance & Repair Program							
	\$1,000,000		\$2,000,000		\$2,000,000		\$5,000,000
<p>Capital Maintenance program funding for life cycle replacements and repairs at various Park System locations. Life cycle replacements include playground equipment, picnic shelters, roofs, flooring, handicap upfits, bathrooms, greenway spaces, paving, golf course repairs, etc. No additional operating costs assumed. Funding assumes borrowing at 5% interest over the life of the borrowing (assumed at 20 years).</p>							
Funding Source(s)							
Authorized G.O. Bonds - Two-Thirds	1,000,000		2,000,000		2,000,000		
Total Funding Sources	\$1,000,000	\$0	\$2,000,000	\$0	\$2,000,000	\$0	\$5,000,000
Estimated Annual Debt Service Impact	26,403	97,895	149,123	290,528	338,598	476,318	
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>0.01</i>	<i>0.03</i>	<i>0.05</i>	<i>0.09</i>	<i>0.10</i>	<i>0.13</i>	
Hall of Justice Capital Maintenance & Repair Program							
	\$0	\$0	\$1,250,000	\$0	\$1,250,000	\$0	\$2,500,000
<p>Capital Maintenance program funding for life cycle replacements for the Hall of Justice. Life cycle replacements include HVAC repairs/replacements, windows, roofs, flooring, handicap upfits, etc. Funding provided with available 2/3rds Bond capacity every other year. No operating impacts assumed, however, with older systems being replaced with more energy-efficient systems, there should be some savings in utility costs.</p>							
Funding Source(s)							
Authorized G.O. Bonds - Two-Thirds	0	0	1,250,000	0	1,250,000	0	
Total Funding Sources	\$0	\$0	\$1,250,000	\$0	\$1,250,000	\$0	\$2,500,000
Estimated Annual Debt Service Impact			33,004	122,368	153,399	240,789	
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>-</i>	<i>-</i>	<i>0.01</i>	<i>0.04</i>	<i>0.04</i>	<i>0.07</i>	
County General Capital Maintenance & Repair Program							
	\$3,750,000	\$0	\$1,500,000	\$0	\$1,500,000		\$6,750,000
<p>Capital Maintenance program funding for life cycle replacements and repairs at various County facilities. Life cycle replacements include roofs, flooring, chillers, HVAC systems, handicap upfits, bathrooms, etc. No additional operating costs assumed. Funding assumes borrowing at 5% interest over the life of the borrowing (assumed at 20 years).</p>							
Funding Source(s)							
Authorized G.O. Bonds - Two-Thirds	3,725,000	0	1,500,000	0	1,500,000	0	
Total Funding Sources	\$3,725,000	\$0	\$1,500,000	\$0	\$1,500,000	\$0	\$6,725,000
Estimated Annual Debt Service Impact	99,013	367,106	400,790	502,106	533,422	630,396	
<i>Estimated Per Penny Equivalent</i>	<i>\$3,118,501</i>	<i>\$3,196,464</i>	<i>\$3,276,375</i>	<i>\$3,358,285</i>	<i>\$3,442,242</i>	<i>\$3,528,298</i>	
<i>Estimated Tax Rate Implications</i>	<i>0.03</i>	<i>0.11</i>	<i>0.12</i>	<i>0.15</i>	<i>0.15</i>	<i>0.18</i>	

Forsyth County FY 2015 - 2020 Capital Improvements Program

Projects Requested but Not Proposed

Project	Estimated Project Cost	Projected Revenue	Net Debt Cost	Plan Year Requested
Special 2/3rds Bond Request from Forsyth Technical Community College				
Forsyth Technical Community College	\$9,300,000	0	\$9,300,000	FY 2015
Request for one-time 2/3rds Bond additional capacity to provide for funds to continue work on the Main Campus of the Community College. Funds would be used to demolish dilapidated facilities in center campus, expand space for Campus Police, move utility and water lines, expand manufacturing learning space, as well as other projects at the Oak Grove Center. This special request requires Board of Commissioner approval and is not a part of the debt service payments shown on page _____ of the Debt Service Department.				
General Obligation Bonds				
Winston-Salem/Forsyth County Schools Bond Referendum	\$225,000,000	0	\$225,000,000	FY 2017
Request for bond referendum for November 2016 (FY 2017). No bond request from School System. Information for \$25 million for technology related projects and assumes \$200 million for other facility related projects. Request included 1 new middle school and renovations/upfit at numerous schools. In addition, request included building a new Bus Garage (\$20 million) and Technology Projects totaling \$17 million. If included, would recommend a debt leveling plan to cover debt. Cannot absorb additional debt in without significantly changing current debt policy. Could not absorb additional debt prior to FY2017 without significant changes to the current debt policy. Assumes implementing a Debt Leveling Plan to level out the debt payments for the bonds if approved.				
Forsyth Technical Community College Bond Referendum	\$45,000,000	0	\$45,000,000	FY 2017
Request for bond referendum for November 2016 (FY 2017). Includes 4 main projects: 1) \$17.6 million for a new 80,000 sq ft campus serving Western Forsyth County - requested construction for late calendar 2016; 2) \$15 million for the completion of Phase IV of the Oak Grove Complex - 83,800 sq ft - balance of space in facility - would move various programs from Center Main campus to Oak Grove Center - requested construction to begin late calendar 2016; 3) \$4.4 million for a 20,000 sq ft addition to the Northwest Forsyth Center - request construction for early calendar 2017; and 4) \$8 million for Renovations to Main Campus. If included, would recommend a debt leveling plan to cover debt. Cannot absorb additional debt in without significantly changing current debt policy.				
2/3rds Bonds				
Public Safety - Emergency Services Renovations	\$2,500,000	\$0	\$2,500,000	FY 2017
Renovation of Fire Facility off of Fairchild Drive and renovation of Main EMS Station and Outlying stations. Review of needs to be completed prior to proposing funding.				
Public Safety - Youth Detention Center Renovations	\$1,500,000	0	\$1,500,000	
Minor renovations to facility built in 1962 that has not been upgraded or renovated other than minor repairs and replacements of windows. Currently studying need to continue service.				
Limited Obligation Bonds				
Justice System Renovation/Upfit	\$92,000,000	0	\$92,000,000	FY 2017
New or Renovation for County Court facility. Proposed renovation of current Hall of Justice and possible additional court space next to current facility. Space for Clerk of Court, Judicial Officials, and District Attorney's Office. Probation & Parole included in original plans, however, these offices will locate in vacant space being upfit at the new Public Safety Center with Authorized Pay-Go funds and/or potential savings from Public Safety Center upfit. Needs assessment to be conducted.				
Public Safety Center Phase II	\$26,400,000	0	\$26,400,000	FY 2017
Upfit top floor of Public Safety Center to accommodate additional jail beds for minimum security offenders. Initial space plans for facility included additional jail space due to a jail population reaching maximum capacity for the current Law Enforcement Detention Center. Since plan for PSC done, jail population has decreased significantly resulting in need to look at jail space and future population estimates.				

**Forsyth County FY 2015 - 2020 Capital Improvements Program
Projects Requested but Not Proposed**

Project	Estimated Project Cost	Projected Revenue	Net Debt Cost	Plan Year Requested
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Limited Obligation Bonds (continued)

800 MHz Radio System Replacement	\$32,733,853	0	\$32,733,853	FY 2015-2021
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Upgrade or replacement of 800MHz Radio System. Current system installed in 2002. Replacement requested because of new technology and replacement of outdated equipment/software. Request provides a phased-in approach. Project not recommended at this time.

On March 7, 2014, a meeting occurred between Motorola, City and County staff to discuss a proposed Migration Assurance Plan in which annual payments would include system maintenance and integration of new system infrastructure. The plan would be a seven year plan in which at the end of the 7 years, the infrastructure and equipment would be the latest and most up-to-date version of the system platform. However, there would also be the expectation to enter into another seven year plan.

<i>Phase 1</i>	8,551,635	FY 2015-FY 2016	<i>Replace public safety dispatch console, Prime system mainframe Core, SmartX interface solution, associated master site routers, switches, and microwave. Save over \$700k on maintenance agreement over 2 fiscal years.</i>
<i>Phase 2</i>	13,051,436	FY 2017-FY 2018	<i>Subscriber upgrades & replacements - Portables, mobiles, Flashes, plus Maintenance Agreement. Save over \$1.7 million on maintenance over 2 fiscal years.</i>
<i>Phase 3</i>	5,829,011	FY 2019	<i>8 Channel P25 Simulcast Overlay plus maintenance agreement.</i>
<i>Phase 4</i>	5,301,771	FY 2020-FY 2021	<i>7 Channel P25 Addition plus maintenance agreement.</i>

Other Proposed Projects - No Debt

Public Health - Expansion or renovation	1,750,000	1,750,000	\$0	No timeframe for project
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Proposed funds for purchase of land to develop larger regional parks similar to Triad Park and Tanglewood Park. Assumes liquidating assets or exchange of assets rather than debt financing.

Park Land Long Range Plan and Acquisition	15,000,000	15,000,000	\$0	No timeframe for project
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Proposed funds for purchase of land to develop larger regional parks similar to Triad Park and Tanglewood Park. Assumes liquidating assets or exchange of assets rather than debt financing.

Human Services Campus Land Acquisition and Future Needs	<u>2,000,000</u>	<u>2,000,000</u>	\$0	No timeframe for project
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Proposed funds for purchase of land to develop larger regional parks similar to Triad Park and Tanglewood Park. Assumes liquidating assets or exchange of assets rather than debt financing.

Total Estimated Projects Cost	<u>\$453,183,853</u>	<u>\$18,750,000</u>	<u>\$434,433,853</u>	
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*Note: At any time during the planning period, the Board of Commissioners may vote to place any of the projects above into action and/or may remove items on the planned projects list and place them outside the planning period. The Capital Improvement Plan is a proposal and is not formally adopted as part of the annual budget ordinance.