



Legislation Text

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TITLE:

Manager's Presentation of Capital Improvements Program Update

PURPOSE: This item is to present to the Board of Aldermen the annual update of the Capital Improvements Program (CIP) for FY 2014-15 through FY 2019-20.

DEPARTMENT: Town Manager

CONTACT INFORMATION: David Andrews, 918-7315, Arche McAdoo, 918-7439

INFORMATION: The six-year CIP is a planning tool that is updated annually to reflect changes in priorities and needs. It provides the Board an opportunity to review and make suggestions or changes. The CIP planning process seeks to forecast or plan for capital improvement needs necessary to deliver services to the community and at the same time maintain the Town's positive financial position. Projects are funded in the annual operating budget or through project ordinances adopted by the Board.

This CIP update marks the first time where we have identified energy sustainability measures underway or to be incorporated into proposed project activities. Because the CIP represents long-term investments and have been planned or underway for numerous years, we have sought to streamline the CIP plan by focusing more on the project descript and project benefits. As in the past, we also seek to gauge the impact of the CIP on future operating budget and the Town's debt capacity.

Over the past year we have completed the Wilson Park Multi-Use Path section of the Bolin Creek Greenway; completed two more sidewalk projects for a total of 22 projects covering 4.72 miles; acquired an office condo at 110 East Main Street for economic development purposes; acquired the parking lot at South Greensboro Street; and funded the purchase of a new fire truck. The Town appropriated \$450,000 of its \$900,000 commitment for Rogers Road Remediation to be undertaken with Orange County and the Town of Chapel Hill.

The CIP proposed for FY 2014-15 through FY 2019-20 totals \$45.8 million. This is an increase of \$5.5 million over last year. This increase is due primarily to the Current Projects which now include the addition of Rogers Road Remediation, Town Commons Grounds Improvements, and inclusion of the estimated full cost to complete Morgan Creek Multi Use Path rather than only the phase one segment. Mandated Stormwater Management projects increased by \$1.0 million. There is, however, a reduction of almost \$1 million dollars for costs associated with technology, vehicles/equipment, and new projects. Proposed new projects include the addition of Century Center HVAC, replacement of Street Lights with LED fixtures, and Town Hall Improvements. Construction of Town parking lots and a new Public Works facility continue to be deferred to the outer years beyond 2020-21.

FISCAL & STAFF IMPACT: The majority of the proposed funding for the \$45.8 million CIP consists of debt financing. Installment financing comprises 52.0% (\$23.0 million), and

general obligation bonds comprise 10% (\$4.6 million). Intergovernmental revenues represent 14.4% of total financing; however, the challenge will be to provide matching funds for such revenues. General Fund revenues comprise 23.7% for capital reserves, operating and million in 2019-20. The need for Capital Reserves will average \$1.1 million per year over the next six years.

Debt service as a percentage of the Town's projected operating budget is projected to average 6.5% over the next six years, increasing to 7.29% in FY 2016-17 and decreasing to 5.8% in FY 2019-20. The Town's stated goal is to keep debt service as a percentage of operating budget to 12% or less.

RECOMMENDATION: The Board is requested to review the attached CIP and make suggestions or changes, and adopt the attached resolution.