



## Legislation Text

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**File #:** 15-0022, **Version:** 1

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**TITLE:**

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 2015-16 through FY 2020-21.

**DEPARTMENT:** Town Manager

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

**INFORMATION:** The six-year CIP is a planning document 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 identify capital improvement needs necessary to deliver services to the community and at the same time maintain the Town's positive financial position. Capital projects are funded in the annual operating budget or through project ordinances adopted by the Board.

Because the CIP represents long-term investments that have been planned or underway for numerous years, we have sought to streamline the CIP document by focusing more on the project description, benefits and proposed cost. As in the past, we also seek to measure the impact of the CIP on future operating budget(s) and the Town's debt capacity.

Over the past year we have undertaken a number of deferred maintenance projects in Town park facilities. In Anderson Park we have begun renovation of the park bathrooms, renovation of the multi-purpose field, and re-surfacing of the basketball and tennis court. In Wilson Park we have started replacement of the tennis court. In Baldwin Park efforts are underway to renovate the basketball court. We completed a study for improvements to the Town Commons and updated the Master Plan for Martin Luther King Park. Decisions on the final design and proposed improvements are expected to be made in 2014-15. All sidewalk projects, except for Rogers Road and Smith Level Road, have been completed.

The CIP proposed for FY 2015-16 through FY 2020-21 totals \$49.3 million. This is a 10% increase or \$4.4 million more than last year. This increase is due to increases for all project categories except for current projects.

**FISCAL & STAFF IMPACT:** The majority of the proposed funding for the \$49.3 million CIP consists of debt financing. Installment financing comprises 47.9% (\$24.0 million), and general obligation bonds comprise 9.1% (\$4.6 million). Intergovernmental revenues represent 13.3% of total financing; however, the challenge will be to provide matching funds for such revenues. General Fund operating revenues comprise 9.2% which is needed to fund Capital Reserves, which will average \$1.4 million over the next six years.

To fund the entire \$49.3 million CIP would require an increase in the Town's debt service. Debt service as a percentage of the Town's projected operating budget is estimated to be 3.4% for the current fiscal year. With no additional debt this percentage would gradually decrease to 1.6% in FY 2020-21. On the other hand with the proposed additional installment financing, this percentage would increase to 5.4% in FY 2017-18 and then gradually decrease to 4.2% in FY 2020-21. 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.