

**BOARD OF ALDERMEN
WORKSESSION**

ITEM NO. (2)

**AGENDA ITEM ABSTRACT
MEETING DATE: February 10, 2004**

TITLE: Worksession on Capital Improvement Plan FY2004-05 Through FY2009-10

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A. Recommended Capital Improvement Plan, FY04-05 Through FY09-10	FOR INFORMATION CONTACT: Steven E. Stewart, Town Manager, 918-7315 L. Bingham Roenigk, Assistant Town Manager, 918-7300

PURPOSE:

The purpose of this item is to provide the Board of Aldermen with the opportunity to review the Town Manager's FY2004-05 Capital Improvement Plan (CIP). The recommended CIP document is a plan that enables staff and the Board to plan for a vibrant community with an eye toward protecting the Town's positive fiscal position while meeting the most critical needs facing the Town over the next six years.

INFORMATION: The recommended six-year CIP schedule is an update of the Town's CIP plan last reviewed in a comprehensive manner in 1999. The CIP includes short and long-term maintenance and other operational requirements for proposed projects. Capital purchases, including vehicles and equipment that exceeds \$25,000 per item shall be considered for the town's lease-purchase schedule identified in the capital improvement plan. The vehicle replacement schedule enumerated in the lease-purchase schedule within the CIP document is based on criteria established in the recently implemented town vehicle replacement policy.

The recommended CIP totals \$30,405,368, including project expenditures that will have occurred through FY03-04. Of this total, \$15,430,446 will be funded through debt financing instruments such as general obligation bonds and installment purchases. Of the total debt to be financed, \$5,687,524 represents installment financing needed to maintain the Town's rolling stock and equipment for day-to-day operations. Moving forward with implementation of the sidewalk plan, construction of a fire substation in the Northern Transition area, and funding the creation of the Hillsborough Road Park, over the next six years marks the second significant phase of the Town's aggressive capital planning, whereby the Town moves beyond purchasing land for future facilities and begins to focus on implementing the vision created by residents and documented by town staff in various needs assessments including Vision 2020, the Downtown Visioning Plan, and various master plans for Parks and Recreation and greenways.

Financing capital needs means that a revenue stream must exist to pay for the debt service costs. Implementation of the all of the projects listed in the proposed CIP may impact the current property tax rate beyond what is acceptable to the community. Looking forward though, there are factors that may mitigate the debt burden created by the recommended CIP, such as annexation and the revaluation of the tax base that occurs every four years.

FISCAL IMPACT: The potential fiscal impact of the CIP, if implemented as recommended, is documented on page 3.6 of the CIP document.

ADMINISTRATION'S RECOMMENDATION: The Board is requested to review the CIP document and make suggestions to staff before the CIP is brought back for formal adoption.