

BOARD OF ALDERMEN

ITEM NO. D(4)

AGENDA ITEM ABSTRACT MEETING DATE: November 15, 2005

TITLE: Presentation of the Capital Improvements Plan

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Recommended Capital Improvement Plan, FY06-07 through FY11-12	FOR INFORMATION CONTACT: Steven E. Stewart, 918-7315 J. Patrick Childs, 918-7301

PURPOSE

The purpose of this item is to provide the Board of Aldermen with the opportunity to review and adopt the FY2006-07 Capital Improvement Plan (CIP). The recommended CIP document is a plan that enables staff and the Board to plan for a vibrant community and meet the most critical needs over the next six years while protecting the Town's positive fiscal position.

INFORMATION

The recommended six-year CIP schedule is an annual update of the Town's CIP that 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 CIP. The vehicle replacement schedule enumerated in the CIP document is based upon criteria established in the vehicle replacement policy. Also, for the first time, Information Technology needs beyond regular desktop replacement are included in this update.

The Recommended Capital Improvements Plan (CIP) totals \$37,889,431. Approximately \$22,768,024 of the \$37.8 million total will be funded through debt financing instruments such as general obligation bonds and installment financings. Of the total debt to be financed, \$4,808,600 represents installment financing needed to maintain the town's rolling stock and equipment for day-to-day operations. The projected increase in the overall funding compared to the previous year's is largely attributable to updated construction figures for the Northern Area Fire Substation and Public Works Facility; increased costs of street resurfacing, sidewalks, park maintenance, and Martin Luther King, Jr. Park; and the inclusion of the Information Technology Schedule as well as the Weaver Street Reconstruction and Gary Road Storm Sewer Replacement projects.

The implementation of the sidewalk plan, construction of the Northern Area Fire Substation, and development of the Martin Luther King, Jr. Park over the next six years marks another 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. The tax impact of the CIP (shown on page 3.4) is significant and points to the need for diversification of the

town's tax base and consideration of revisiting revenue-generating possibilities with the North Carolina General Assembly to avoid a heavy reliance on property taxes, one of the very few revenue sources under control of local governments in North Carolina. A menu of revenue options exists, including impact fees for recreation and transportation purposes, meal taxes, special tax districts for economic development, real estate transfer taxes, and grants.

FISCAL IMPACT

The potential fiscal impact of the CIP, if implemented as recommended, is documented on pages 3.3 and 3.4 of the CIP document.

ADMINISTRATION'S RECOMMENDATION

The Board is requested to review the CIP document and make suggestions to staff and adopt the attached resolution at the November 15, 2005 meeting.