

# BOARD OF ALDERMEN

ITEM NO. (2)

## AGENDA ITEM ABSTRACT MEETING DATE: November 14, 2006

**TITLE: Presentation of the Capital Improvements Plan**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS:</b> A. Resolution B. Recommended Capital Improvements Plan, FY07-08 through FY12-13	<b>FOR INFORMATION CONTACT:</b> Steven E. Stewart, Town Manager, 918-7315 Sandra Svoboda, Purchasing and Budget Administrator, 918-7301

### PURPOSE

The purpose of this item is to provide the Board of Aldermen with the opportunity to review and adopt the FY2007-08 Capital Improvements Plan (CIP) with any pertinent suggestions on the attached resolution. 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. Information Technology needs beyond recurring replacement items are included in this update.

The Recommended Capital Improvements Plan (CIP) totals \$31,929,191. Approximately \$25,645,003, or 80.3%, of the \$31.9 million total is or will be funded through debt financing instruments such as general obligation bonds and installment financings. Of the total debt to be financed, \$4,870,000 represents installment financing needed to maintain the town's rolling stock and equipment for day-to-day operations. The increase in vehicle costs is primarily due to the recommendation to purchase two new vehicles for fire service needs including an aerial fire truck and a rescue/brush truck.

The overall CIP budget has decreased \$5,960,240, primarily due to removing state revenues for road improvements and for budgeting replacement servers and mobile data terminals (MDTs) as part of the operating budget rather than the CIP. There are, however, numerous projects that show cost increases. Increases are largely attributable to updated construction estimates for Weaver Street Reconstruction (\$486,000), and Gary Road Storm Sewer Replacement projects (\$6,000). Increased costs are also estimated for the Northern Area Fire Substation (\$224,878) due to increases in architectural fees and anticipated costs for cabling, fire department software, and phone system.

The implementation of the sidewalk plan, construction of the Northern Area Fire Substation, reconstruction of Weaver Street, 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, Downtown Traffic Circulation Study, and the recent economic development assessment, 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 analysis of

the impact of the CIP on the annual operating budget (shown on page 3.4) is significant. Implementation of all of the projects listed in the adopted CIP may affect the current property tax rate beyond what is acceptable to the community. Looking forward, however, there are factors that may mitigate the debt burden created by the adopted CIP, such as expanded tax base through growth, identification of new revenue sources with approval of the General Assembly, new grant funding or adjustment of spending priorities.

#### 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.

#### STAFF RECOMMENDATION

The Board is requested to review the CIP document and make suggestions to staff and adopt the attached resolution at the November 14, 2006 meeting.