

***SUMMARY OF CAPITAL IMPROVEMENTS PLAN
PROJECT EXPENDITURES AND OPERATING IMPACT***

CIP Document Organization

Section I, Summary

This section consists of an overview of the CIP Program process, and cost summary table of projects proposed in the CIP plan.

Section II, Individual Project Descriptions

This section describes each project individually, identifies expenditures and revenue components.

The expenditure categories used are:

- *Planning*: These costs include architect plans, site testing, and other pre-building issues.
- *Land/ROW*: Estimated costs for acquisition of land or right-of-ways.
- *Construction*: Estimated costs for buildings related to specific projects.
- *Equipment/Furnishings*: Estimated costs for equipment such as chillers, alarm systems, and safety equipment. Furnishings include desks, chairs, and other items that will be used by employees and patrons.
- *Other*: This includes costs not easily fit into other categories. Examples include computer hardware and soft-

ware purchases, attorney's fees, and ongoing park maintenance needs.

- *Contingencies*: This is a percentage of the total project construction costs to provide funds for unforeseen costs or cost increases.

Project revenues are largely dependent upon financing through a combination of funding sources.

The types of funding for CIP projects are:

- *Installment Financing*: This is a debt that does not require voter approval. Debt payments may extend fifteen years with the asset used as collateral.
- *General Obligation Bonds*: This requires voter approval via a bond referendum. This is the strongest form of debt financing because the local government pledges its full faith and credit when making the debt obligation. Debt payments for GO bonds generally have a twenty-year term.
- *Capital Reserve Fund*: This Fund is created to set aside funds for any purposes for which a local government may issue debt. Funds are set aside via an allocation from the Town's General Fund, to accumulate and pay

for large capital items. The Town has largely used capital reserves for its street resurfacing program and local match required for sidewalk construction along state roads.

- *Intergovernmental Revenues*: These are grants or support from other local, federal, or state governmental jurisdictions.
- *General Fund Operating Revenues*: This is funding appropriated from the Town's General Fund each year for capital projects. There is no debt associated with this funding.
- *Miscellaneous*: This revenue includes various small contributions, including funds received from developers and the Town's payment-in-lieu program for recreation and open space.
- *Operating Budget Effects*: This reflects an estimate of the additional funds needed in the annual operating budget for each fiscal year.

Section III, Appendix

This section includes analysis of the impact of the CIP on the Town's financial condition and a discussion of projects that currently remain unfunded.

The Capital Improvements Program

The Capital Improvement Program (CIP) differs from the annual operating budget primarily in that the projects are of a high dollar threshold (more than \$100,000); large in size; irregular in frequency; and involve the development of assets that last for many years. Major capital decisions tend to have a greater fiscal impact than that required of annual operating and maintenance decisions and require different planning and budgetary methods.

Vehicles and capital equipment (exceeding \$25,000 per item) - both additions and replacements - are considered for the Town's lease-purchase schedule identified in the CIP. The vehicle replacement schedule is based on criteria established in the Town vehicle replacement policy. Also, Information Technology (IT) projects which cost \$15,000 or more are evaluated, prioritized and included in the CIP. IT projects emphasized in the CIP focus on the significant IT needs not previously funded, whereas the annual operating budget focuses on replacements, upgrades and maintenance costs.

Functions of the CIP

The six-year CIP is a planning tool, not a budget. Adjustments for anticipated projects may be made each year during the annual review of the Town's budget. The CIP is revised as needed until individual

projects are formally adopted. The CIP strives to achieve the following five (5) objectives:

1. To help the Town plan for the repair, replacement, and acquisition of capital items and facilities that are necessary in providing high quality services to residents.
2. To assist in financial planning by forecasting capital demands together with future revenues and expenditures.
3. To insure better coordination, evaluation, prioritization, and planning of projects to serve the community and its needs.
4. To provide lead time for project planning, regulatory permitting, design, land acquisition, and construction to assure projects will be ready when needed.
5. To maintain or improve the Town's credit rating and fiscal health through promoting strong budgetary and financial management planning.

CIP Planning Process

Town staff develops and maintains a projection of capital projects for the next six years based on previous capital plans, community needs assessments, and projects approved by the Board of Aldermen. The CIP is tied to projected revenue and expenditure constraints.

Future planning considers periods of revenue surplus and shortfall and adjust future programs accordingly. The CIP includes long-term maintenance and other operational requirements for proposed projects. Each fiscal year, the CIP is updated to include current information for review by the Board of Aldermen.

The Town's capital program recognizes the borrowing limitation and debt tolerance of the Town. In addition, the CIP budget process includes a financial analysis and narrative of the impact of the CIP on the Town's financial condition, including but not limited to, debt levels and operating budget. Issuing debt is appropriate when facilities have a long life. Debt service payments spread the costs over the life of the facility. This ensures inter-generational equity; that is, the facility will be paid for by all citizens who will use and benefit from the facility, both when borrowing occurs and throughout the life of the debt issue.

Summary Table of CIP Projects by Fiscal Year

The following table shows a summary of project expenditures over the next five years and the operating impact of each project on the annual budget.

PROJECT COST ESTIMATES											
Projects	PREVIOUS YEARS EXPENSES	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18 AND BEYOND	TOTAL PROJECTS	OPERATING IMPACT	FTEs
Street Resurfacing	\$ -	\$ 451,490	\$ -	\$ 601,400	\$ -	\$ 663,500	\$ -	\$ 731,600	\$ 2,447,990	\$ -	0.0
Sidewalks	\$ 2,579,896	\$ 361,100	\$ 2,589,100	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 5,560,096	\$ -	0.0
Park Maintenance and Repair	\$ 306,090	\$ -	\$ 117,804	\$ 260,173	\$ 195,784	\$ 80,711	\$ 132,000	\$ 247,170	\$ 1,339,732	\$ -	0.0
Town Parking Lots	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -	0.0
Public Works Facility	\$ 756,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,056,000	\$ 13,812,486	\$ 7,500	0.0
Greenways	\$ 162,849	\$ 511,410	\$ 1,010,412	\$ 112,488	\$ 850,331	\$ 143,668	\$ 871,538	\$ -	\$ 3,662,696	\$ 85,000	1.1
Stormwater Management				\$ 27,500	\$ 335,000	\$ 334,400			\$ 696,900	\$ 3,500	0.0
Martin Luther King, Jr. Park	\$ 596,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,746	\$ 2,203,228	\$ 2,986,224	\$ 27,500	0.3
Weaver Street Reconstruction	\$ 515,433	\$ 950,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,466,370	\$ -	0.0
Equipment/Vehicle Lease-Purchase	\$ 560,500	\$ 298,850	\$ 1,118,880	\$ 1,071,528	\$ 1,655,323	\$ 904,433	\$ 678,586	\$ 665,362	\$ 6,953,462	\$ -	0.0
Information Technology	\$ 15,000	\$ -	\$ 101,500	\$ 15,500	\$ 55,000	\$ -	\$ -	\$ -	\$ 187,000	\$ 39,200	0.0
Total Projects	\$ 5,492,504	\$ 2,573,787	\$ 4,937,696	\$ 2,118,589	\$ 3,091,438	\$ 2,126,712	\$ 1,868,870	\$ 17,403,360	\$ 39,612,956	\$ 162,700	1.4

FUNDING SOURCES										
Funding Source	PREVIOUS YEARS REVENUE	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18 AND BEYOND	TOTAL FUNDING	% of Funding
Installment Financing	\$ 1,590,986	\$ 298,850	\$ 1,118,880	\$ 1,071,528	\$ 1,655,323	\$ 904,433	\$ 865,332	\$ 16,424,590	\$ 23,929,922	60.4%
GO Bond	\$ 2,029,730	\$ 258,416	\$ 1,820,139	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 4,138,285	10.4%
Capital Reserves	\$ 520,433	\$ 1,052,427	\$ 350,823	\$ 651,398	\$ 505,066	\$ 1,051,386	\$ 149,555	\$ 731,600	\$ 5,012,688	12.7%
Intergovernmental Revenues	\$ 430,940	\$ 964,094	\$ 1,428,550	\$ 89,990	\$ 680,265	\$ 90,182	\$ 721,983	\$ -	\$ 4,406,004	11.1%
General Fund Operating Revenues	\$ 415,686	\$ -	\$ 219,304	\$ 275,673	\$ 250,784	\$ 80,711	\$ 132,000	\$ 247,170	\$ 1,621,328	4.1%
Miscellaneous	\$ 504,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,729	1.3%
Total Funding	\$ 5,492,504	\$ 2,573,787	\$ 4,937,696	\$ 2,118,589	\$ 3,091,438	\$ 2,126,712	\$ 1,868,870	\$ 17,403,360	\$ 39,612,956	100.0%

OPERATING BUDGET EFFECTS									
Elements	PREVIOUS YEARS EXPENSES	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18 AND BEYOND	TOTAL PROJECT
Personnel Costs	\$ -	\$ -	\$ 36,000	\$ -	\$ -	\$ 3,000	\$ 4,000	\$ 21,600	\$ 64,600
Operating and Maintenance	\$ -	\$ -	\$ 21,200	\$ 19,500	\$ 1,500	\$ 16,000	\$ 2,500	\$ 9,500	\$ 70,200
Capital Outlays	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ 9,900	\$ 27,900
Total Operating Costs	\$ -	\$ -	\$ 75,200	\$ 19,500	\$ 1,500	\$ 19,000	\$ 6,500	\$ 41,000	\$ 162,700
<i>Minus New Revenues*</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Effect	\$ -	\$ -	\$ 75,200	\$ 19,500	\$ 1,500	\$ 19,000	\$ 6,500	\$ 41,000	\$ 162,700
New Personnel (FTE)	0.0	0.0	0.7	0.0	0.0	0.1	0.2	0.5	1.4