



2019-2025 RECOMMENDED CIP

6 November 2017

What is the CIP?



- Capital Improvements Program/Plan
- The county's long-term plan for important improvements
- The beginning of the budget process
 - The operating effects of the Approved CIP will inform the budget process
 - The required debt service contribution will be set
 - The required capital reserve contribution will be set

County's Process



- County **staff presents a recommended capital improvements** program (CIP) on November 6; copies of the document the will be available the next day in county's 3 libraries and on the website
- **Public input is an important goal** of the Board of Commissioners, so that is the **first step** in reviewing the plan and the purpose of the public hearing; the public hearing is **November 20**
- Following public input Commissioners will hold a work session **November 21** beginning at 9 am to review plan in detail
- Staff's goal is an adopted **revised** plan **December 18**

Overall Strategy



- Find the best way to schedule and fund critical needs
- Be cautious with debt-funded projects until impact of significant future projects is known
 - ▣ Replacement of the radio system
 - ▣ Construction of additional schools
 - ▣ Shared western intake and water plant
 - ▣ New government annex building
 - ▣ New Sheriff building
 - ▣ Chatham Park
- Continue a capital reserve for pay-as-you-go projects, instead of relying on an annual appropriation

Funding Strategy



- Fund large, needed facilities through debt:
 - ▣ School debt to be repaid from **impact fees**, lottery proceeds, debt reserve, and restricted sales tax
 - ▣ Water debt to be repaid from water capital reserve
 - ▣ Other debt to be repaid from **7.7** cents on tax rate going into reserve
 - ▣ Debt model is based on these funding sources
- Fund smaller needs through capital reserve, funded up front

Despite Funding Strategy



- ❑ Construction industry experts are warning of significant cost increases due to economic growth and impact of recent hurricanes on building costs and labor availability
- ❑ Connect NC Bond and Chatham Park will begin about the same time as scheduled projects (Animal Shelter, Schools, CCCC)
- ❑ If bids come in well over budget, the debt model and capital reserve will be impacted

Debt-funded Projects



- No new debt-funded projects

Substantial Changes from Last Year—Schools



- Chatham Grove Elementary School [+4,382,999]
- Seaforth High School [+3,387,612]
- Central Services Building [+340,032]
- Mobile Classrooms [+473,695]

Additional New Projects



- New EMS station on US 15-501 North
[+1,241,897]
- CCCC Trails [+183,750 FY 19; +115,000 FY 21]

Additional Future Projects



- Annex campus master plan
- New Sheriff Office

A Word about AAA

- No doubt the county's diligent planning contributed to the recent bond rating upgrade:
 - ▣ AAA from Standard and Poor's
 - ▣ Aa1 from Moody's
- These ratings mean that the county is in the most competitive position in the debt market, as evidence, some stats from our recent borrowing
 - ▣ ~\$1.4 million bond premium for Ag Center
 - ▣ 2.618% interest rate (lowest ever)
 - ▣ \$3,107,982 savings on refunding in 2014
 - ▣ \$2.6 million savings on refunding in 2015

Next Steps



- Public hearing on November 20 (regular meeting)
- Work session on November 21, 9 am
 - ▣ If you have questions that you want addressed in depth at the work session, please email us and we will be sure to prepare it for you
- Adoption at regular meeting on December 18 (depending on outcome of work session)