

Capital Plan 2008-2013

◆ Introduction

The city's Capital Plan is a six-year plan for the scheduling and appropriation of funds for major projects that represent significant contributions to the city's overall inventory of physical assets. The types of projects traditionally included in the Capital Plan are major, non-recurring expenditures for:

- construction, purchase, or major renovation of buildings, utility systems, streets, or other physical structures;
- purchase of land for redevelopment, right-of-way for streets and utilities, parks, and sites associated with proposed public buildings;
- stimulation of economic development and housing (for business parks, downtown development, housing production, housing rehabilitation, and housing loans and grants).

To be considered a project in the Capital Plan, the project must meet the following criteria:

- project or equipment life of greater than ten years;
- estimated cost of at least \$50,000 (\$150,000 for equipment).

The first year of the Capital Plan represents the actual capital project budget appropriations for that year. Approval of the Capital Plan, therefore, commits the city to the first year of capital projects, with conditional approval for those projects listed in the five future planning years. Each year, the Capital Plan is updated with the inclusion of the previously approved capital budget in "Prior Year Appropriations" and the addition of a planning year in order to maintain a six-year program.

◆ Capital Plan Preparation Calendar

The Capital Plan is prepared annually, typically beginning with a planning session in mid-November for key department and division heads. At the meeting, the city manager, along with the budget and planning staffs, presents information concerning the city's environment for long-range economic planning and reviews the city's existing long-range plans and guidelines. The budget staff reviews the projects included in the previously approved Capital Plan and discusses the requirements for submitting new projects for consideration in the upcoming plan. Subsequent steps in the Capital Plan preparation process include the following:

<i>Mid-November to Mid-December</i>	Departmental preparation of project requests: Requests include information concerning project justification (objectives, who benefits, and priority); cost estimates; available resources; project timing requirements; and impact on the operating budget.
<i>Mid-December to Mid-January</i>	Budget and planning staff review of project requests: Review includes detailed verification of project description, justification, priorities, and cost estimates.
<i>Mid-January to Mid-February</i>	Budget staff draft of initial projects to be included in the upcoming Capital Plan: Draft is reviewed internally with departments, assistant managers, and the city manager.
<i>Mid-February through End of April</i>	Capital Plan proposal prepared for submission to the City Council along with the annual operating budget proposal in early May.

◆ Capital Plan Overview

The adopted Capital Plan provides a capital appropriations schedule for fiscal years 2008-2013 totaling \$371.5 million. This total includes projects funded by general fund resources, voter-approved general obligation bonds, two-thirds bonds, utility revenue bonds, state and federal grants, gasoline taxes, North Carolina Municipal Leasing Corporation proceeds, capital reserves, and other resources.

◆ Expenditure Overview: 2008-2013

Community and Economic Development Projects

Community and economic development projects represent a six-year investment of \$24.6 million. Of the \$18.9 million approved by voters in November 2000 for economic and housing development, the city plans to issue the remaining \$2.26 million in FY 2007-2008 for homeowner assistance and rental housing development.

The adopted Capital Plan provides \$8.5 million in funding for previously approved economic development incentive projects. Funding for future incentive projects would be presented to the City Council for its consideration. The Capital Plan also includes the five-year Consolidated Housing and Community Development Plan, which totals \$15.9 million and includes the final issuance of authorized 2000 general obligation bonds. The Capital Plan allocates \$200,000 in two-thirds bonds for maintenance of public infrastructure in the downtown area. As part of the adopted plan, the City Council appropriated \$100,000 from the housing finance assistance fund for the Downtown Building Rehabilitation Loan Program for FY 2007-2008.

Overall, community and economic development projects represent 6.6% of the total Capital Plan for 2008-2013.

Environmental Health Projects

Environmental health projects include major capital investments in solid waste disposal, water/wastewater treatment, water distribution/wastewater collection, cemeteries, and stormwater management. The adopted Capital Plan includes the ongoing expansion of Hanes Mill Road Landfill, final cover construction at the Old Salisbury Road Construction and Demolition Landfill, development of a new construction and demolition landfill site, and the construction of a methane gas system at Hanes Mill Road Landfill (\$13.4 million). These projects would enable the City-County Utility Commission to meet the growing demand for these facilities in Forsyth County.

Water and wastewater system projects include rehabilitation projects, regulatory driven projects, and system expansion over the next six years, including upgrades to water and wastewater treatment facilities (\$131.5 million), a number of wastewater collection system improvements (\$27.2 million), and major maintenance and improvements to the water distribution system (\$20.0 million). The City-County Utility Commission will approve each project-related contract as the projects are scheduled for implementation. The adopted plan also includes the extension of water and sewer services to the areas annexed by the city on September 30, 2006 (\$67.1 million).

The Capital Plan includes the first phase of development of a new cemetery on Old Walkertown Road in FY 2008-2009 (\$389,560). Construction of this new cemetery would be financed through the North Carolina Municipal Leasing Corporation, with the annual principal and interest payments budgeted in the cemeteries operating budget over five years.

Finally, the adopted Capital Plan includes the first-time issuance of stormwater revenue bonds to fund updated studies of the city's drainage basins (\$8.0 million), new studies of the newly annexed areas (\$1.3 million), and improvements to drainage systems in public rights-of-way (\$8.4 million). Under its federal permit, the city is required to update its basin studies to include an inventory of private drainage systems. The studies would enable the stormwater management staff to identify drainage problems and estimate the cost to correct them. The six-year plan also uses stormwater management fund balance to pay for drainage improvements (\$1.2 million) and the development of municipal stormwater pollution prevention plans (\$326,400). As part of the adopted plan, the City Council appropriated \$900,000 for FY 2007-2008, and \$500,000 each year over the next five years, from the stormwater management fund balance to provide for drainage improvements on private properties that qualify for assistance under the expanded "70/30" policy. The adopted budget includes a 6% increase in residential stormwater fees and a 71% increase in non-residential fees to fund this plan.

Overall, environmental health projects represent the largest investment, or 76.0% of the total Capital Plan for 2008-2013.

Public Safety Projects

Investments in public safety over the six-year period include the continued renovation of a former furniture manufacturing facility into a police evidence storage and training facility (\$5.5 million), regular replacement of fire apparatus (\$4.0 million), and major maintenance of fire stations (\$1.3 million). As part of the adopted Capital Plan, the City Council added funds for construction of Fire Station #20 (\$2.3 million) and land acquisition and design for Fire Station #19 (\$500,000). Fire Station #20 will replace the temporary station on Bethania-Rural Hall Road that serves the newly annexed areas. Fire Station #19 will serve the newly annexed areas on the southeastern side of the city. Both projects will be financed through the North Carolina Municipal Leasing Corporation in the short term and will be included in a future issuance of certificates of participation.

Overall, public safety projects represent 3.7% of the total Capital Plan for 2008-2013.

Transportation Projects

Transportation projects are categorized as follows: streets and sidewalks and mass transit projects. These projects represent an investment of approximately \$45.5 million in Winston-Salem's transportation system over the next six years. The November 2000 bond referendum included \$40.6 million for road improvements designated as follows: \$34.6 million for road widenings, extensions, and intersection improvements; \$2.0 million for street resurfacing; \$2.0 million for sidewalk construction and repairs; \$1.0 million for Fourth Street streetscape improvements; and \$1.0 million for improvements to the Liberty Street and University Parkway corridors. The adopted Capital Plan includes the final issuance of these bonds in FY 2007-2008 for road widenings, extensions, and intersection improvements. In addition to these road projects, the streets and sidewalks section of the Capital Plan includes bridge replacements, additional sidewalk construction and repairs, the conversion of downtown streets to two-way operation, street resurfacing, traffic calming and safety projects, new traffic signal construction, replacement of the elevators at the Cherry-Marshall parking deck, interim improvements to the traffic signal system, and replacement of parking enforcement scooters. As part of the adopted plan, the City Council reallocated funding from the motor vehicle privilege tax for traffic safety projects in FY 2009-2010 and FY 2010-2011 to fund the conversion of Fourth and Fifth Streets to two-way operation. In addition, the City Council appropriated \$500,000 from the half-cent increase in the property tax for additional street resurfacing in FY 2007-2008.

In the mass transit category, the adopted Capital Plan includes one-third of the proceeds from the new \$5 motor vehicle privilege tax for public transit projects (\$1.6 million). The Capital Plan uses a portion of these funds to provide the local match for the replacement of fixed route buses (\$1.1 million). The new buses would use a cleaner type of diesel fuel to reduce emissions. The six-year capital plan for the Winston-Salem Transit Authority (WSTA) includes the replacement of fixed route and Trans-AID buses, the acquisition of major parts for bus repairs, facility improvements including the replacement of bus shelters, and the replacement of support equipment (\$17.9 million). The Federal Transit Administration provides most of the funding for these projects.

The adopted Capital Plan also provides for street resurfacing in the areas annexed on September 30, 2006.

Overall, transportation projects represent 12.3% of the total Capital Plan for 2008-2013.

Leisure Services Projects

In April 2002, the City Council adopted *The Greenway Plan – Winston-Salem and Forsyth County 2015*, which recommended the construction of 34 miles of new walking and bike paths throughout Forsyth County. The adopted Capital Plan provides for investment in greenways, including Phases I and III of the Muddy Creek Greenway (\$856,400), Phase I of the Little Creek Greenway (\$750,000), and an allocation of the \$5 motor vehicle privilege tax for future greenway development (\$635,600).

Other major projects associated with recreation and parks facilities include: playground renovations (\$1.4 million), recreation facility renovations and repairs (\$597,500), swimming pool repairs (\$320,000), park bridge replacements (\$320,000), recreation facility resurfacing (\$212,500), and renovations to Winston Square Park (\$150,000). As part of the adopted plan, the City Council reallocated \$100,000 in two-thirds bonds for FY 2007-2008 from recreation facility renovations and repairs for the construction of a walking trail along 14th Street near Jackson Avenue.

Overall, leisure services projects represent 1.4% of the total Capital Plan for 2008-2013.

◆ Funding Source Overview: 2008-2013

General Fund

General fund appropriations of \$9.0 million represent 2.4% of the total resources in the 2008-2013 Capital Plan. Current revenues of \$9.0 million would provide funding for the city's commitments to previously approved economic development incentive projects and additional street resurfacing. Funding for the incentive projects would come from the increased property tax base created by these projects. Funding for additional street resurfacing would come from the half-cent increase in the property tax rate approved by the City Council for FY 2007-2008. Fund balance appropriations totaling \$50,000 would provide funding for the construction of new traffic signal projects within the city.

2000 General Obligation Bonds

In November 2000, city residents approved a \$71 million bond referendum that included authorizations for road improvements, economic development, a public safety communications system, and housing development. The following table provides a breakdown of the \$71 million referendum, the amount of bonds issued to date for each project, and the remaining bonds to be issued.

The remaining \$10.5 million to be issued in FY 2007-2008 would provide for new housing development projects and construction of scheduled road widenings, extensions, and intersection improvements.

The 2000 general obligation bonds represent 2.8% of the total resources in the Capital Plan.

Issuance of 2000 General Obligation Bonds by Project

	Issued To Date	To Be Issued 2008	Total
Economic Development Bonds			
Airport Business Park	\$4,170,000		\$4,170,000
Nissen Building	3,048,000		3,048,000
120 West Fourth Street	1,269,000		1,269,000
Dell Infrastructure	1,000,000		1,000,000
Piedmont Triad Research Park	800,000		800,000
Union Cross Business Park	502,900		502,900
Fourth Street Parking Lot	500,000		500,000
Other Downtown Development Projects	493,500		493,500

	Issued To Date	To Be Issued 2008	Total
West End Village Public Infrastructure Improvements	367,500		367,500
Southeast Gateway Commercial Redevelopment	247,100		247,100
East Side Office Park	84,000		84,000
Civic Plaza	18,000		18,000
Total	\$12,500,000		\$12,500,000
Housing Development Bonds			
Home Owner Assistance/Production	\$3,200,000	\$1,550,000	\$4,750,000
Rental Housing Assistance/Production	500,000	710,000	1,210,000
Neighborhood Development	440,000		440,000
Total	\$4,140,000	\$2,260,000	\$6,400,000
Public Safety Bonds			
Public Safety Communications	\$11,500,000		\$11,500,000
Transportation Bonds			
Road Widening, Extensions & Intersection Improvements	\$26,360,000	\$8,240,000	\$34,600,000
Street Resurfacing	2,000,000		2,000,000
Sidewalk Construction	1,895,000		1,895,000
Fourth Street Infrastructure	1,000,000		1,000,000
Corridors	1,000,000		1,000,000
Sidewalk ADA Projects	105,000		105,000
Total	\$32,360,000	\$8,240,000	\$40,600,000
Grand Total	\$60,500,000	\$10,500,000	\$71,000,000

Two-Thirds Bonds

The City Council has statutory authority to issue bonds without a referendum in amounts up to two-thirds of the net retired principal debt in the previous year. These bonds are referred to as "two-thirds" bonds. The six-year Capital Plan includes \$12.3 million in two-thirds bond projects. Of this total, \$10.8 million would be used for the replacement of equipment, improvements to the city's infrastructure, and major maintenance of city facilities. These projects include sidewalk construction and repairs (\$2.5 million), street resurfacing (\$1.95 million), major maintenance and renovations of the city's recreation facilities (\$1.6 million), playground renovations (\$1.4 million), major maintenance of the city's fire stations (\$1.3 million), fire apparatus replacement (\$1.2 million), bridge replacements (\$600,000), and downtown property maintenance (\$200,000).

The six-year Capital Plan also includes the construction of new recreation facilities, including Phase I of the Little Creek Greenway (\$750,000), Phase I of the Muddy Creek Greenway (\$700,000), and construction of a walking trail along 14th Street, near Jackson Avenue (\$100,000).

The following presents a breakdown of two-thirds bond funding by service area.

Community & Economic Development	1.6%
Public Safety	20.3%
Transportation	41.2%
Leisure Services	36.9%

A complete list of the projects to be funded from two-thirds bonds can be found on page 21.

Two-thirds bonds account for 3.3% of the total resources in the Capital Plan.

Revenue Bonds

The City Council may authorize the issuance of revenue bonds for those projects that will generate their own revenues. No debt limitations are applied, and voter approval is not required because property taxes are not pledged to retire revenue bonds. The adopted Capital Plan includes \$237.0 million in revenue bonds to finance water and sewer capital projects, including the extension of water and sewer services to the areas annexed on September 30, 2006.

The six-year plan also includes the proposed issuance of revenue bonds to fund the city's stormwater capital needs, including federally mandated updates to stormwater basin studies (\$9.2 million) and public drainage system improvements (\$8.4 million). The adopted operating budget for stormwater management includes a 42% increase in stormwater fees to provide sufficient revenues to pay the debt service on these bonds.

Revenue bonds represent the largest funding source, or 68.6% of the total resources in the Capital Plan.

Intergovernmental Resources

Intergovernmental resources totaling \$36.0 million include: \$15.6 million in Federal Transit Administration funds for fixed route and Trans-AID bus replacements and other transit-related capital projects; \$10.5 million in Community Development Block Grant funds, HOME Trust funds, and program income for housing development; \$6.2 million from the North Carolina gasoline tax (i.e., Powell Bill funds) for street resurfacing; \$3.7 million from the North Carolina Department of Transportation for bridge replacements, transit projects, and the conversion of downtown streets to two-way operation.

Intergovernmental resources represent 9.7% of the total resources in the Capital Plan.

Reserves

The adopted Capital Plan uses \$30.6 million in various reserves to fund projects in community and economic development, environmental health, and transportation. The Capital Plan includes appropriations from housing finance assistance fund balance to provide for single-family housing production and homeowner assistance and to provide additional funding for the Downtown Building Rehabilitation Loan Program (\$3.15 million).

In the environmental health service area, capital reserves would be used to fund improvements for solid waste disposal and stormwater management. Solid waste disposal fund capital reserves would fund expansion of existing solid waste disposal facilities, development of a new construction and demolition landfill, and other capital improvements (\$13.4 million). The adopted Capital Plan includes the use of stormwater management fund balance to pay for public drainage system improvements, the development of pollution prevention plans for city-owned facilities, and drainage improvements on private properties that meet the criteria of the expanded “70/30” policy (\$4.9 million). The adopted plan also uses \$9.0 million in water and sewer fund balance to provide for major maintenance of water and wastewater treatment facilities and water distribution system improvements.

The adopted Capital Plan uses \$220,000 from capital project reserves to provide the local match for federal funds for interim traffic signal system improvements.

Reserve funds account for 8.2% of the total resources in the Capital Plan.

Motor Vehicle Privilege Tax

In August 2005, the North Carolina General Assembly adopted local legislation that permits the city to increase the motor vehicle privilege tax from \$10 up to \$20, in \$5 increments. According to the legislation, one-third of the proceeds from the new tax must be used for traffic management functions such as traffic calming, one-third must be used for public transit such as bus and streetcar systems, and one-third must be used for non-motorized transportation functions such as sidewalks and greenways. In February 2006, the City Council authorized the levy of the first \$5 of the new motor vehicle privilege tax. The adopted Capital Plan includes \$4.9 million in proceeds from the first \$5 for the purposes noted above. A complete list of the projects to be funded from this tax can be found on page 23.

The motor vehicle privilege tax accounts for 1.3% of the total resources in the Capital Plan.

North Carolina Municipal Leasing Corporation

The adopted Capital Plan finances \$12.0 million in capital needs through the North Carolina Municipal Leasing Corporation (NCMLC). Projects include the development of a new cemetery on Old Walkertown Road, regular replacement of fire apparatus, replacement of the elevators at the Cherry-Marshall parking deck, and the city’s share of parking enforcement scooters. The city will make annual payments to the NCMLC through the departments’ operating budgets.

In addition to these projects, the adopted Capital Plan provides short-term financing for the following projects—a new police evidence storage and training facility (\$5.5 million), construction of Fire Station #20 (\$2.3 million), and land acquisition and design for Fire Station #19 (\$500,000). If the City Council considers a future issuance of COP's, this short-term financing could be refinanced as a part of that proposal.

Financing these capital needs through the NCMLC accounts for 3.2% of the total resources in the Capital Plan.

Other Funding Sources

The remaining \$1.3 million in funding sources consists of \$917,720 from the mass transit tax fund and \$432,000 in developer contributions for new traffic signal construction. The mass transit tax fund provides the local match for federal transit capital funds.

Other funding sources represent 0.5% of the total resources in the Capital Plan.

◆ **Impact on the Operating Budget: 2008-2013**

Several projects in the adopted Capital Plan would have a quantifiable impact on the city's operating budget once they are completed. They include environmental health, public safety, transportation, and leisure services projects. The net operating impact of these projects is estimated to be \$27.6 million over the six-year period, primarily in the water and sewer utility fund. A number of projects would have an impact on the operating budget as a result of financing the capital improvements through the North Carolina Municipal Leasing Corporation. These projects include: the development of a new cemetery on Old Walkertown Road, regular replacement of fire apparatus, replacement of the elevators at the Cherry-Marshall parking deck, and the city's share of parking enforcement scooters. The largest operating impact is related to the start-up of a new biosolids drying facility at the Elledge Wastewater Treatment Plant. Other operating impacts include the debt service on new stormwater revenue bonds and maintenance of new greenways and reconfigured city streets.

A more detailed description of each project's impact can be found in the following service area sections, which include a description and financial summary for each project.

◆ **Unfunded Needs**

During the capital planning process, city management evaluates the project requests submitted by departments and determines which projects will be funded by identified sources such as two-thirds bonds, lease financing, and the \$5 motor vehicle privilege tax. Departmental requests for the six-year period 2008-2013 total \$499.7 million; however, the adopted Capital Plan only includes identified funding of \$371.5 million, leaving unfunded needs of \$128.2 million. Descriptions of these unfunded needs can be found in the "Unfunded Capital Needs" section at the end of this document.



Winston-Salem