

INTRODUCTION

A Message from the Manager

November 16, 2010

Dear Mayor and Board of Aldermen,

It is with pleasure that I submit to you the Adopted FY11-12- FY16-17 Capital Improvements Program (CIP). The CIP, in total, represents a best effort to implement 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, economic development assessment, and various master plans for parks and recreation and greenways. A prominent feature of the CIP is the sidewalk and greenways construction program approved in a bond referendum in November 2003 that validates residents' desire to have a walkable community with safe and convenient transportation through means other than single-occupancy vehicles. The Town will continue prioritizing the placement of sidewalks and greenways as time and costs permit.

This year, the CIP plan represents significant progress in capital building. Construction of the fire substation has been completed and the facility is now in full operation. Reconstruction of Weaver Street is expected to be completed in the next year. Significant progress on the design and building of bond-funded sidewalks will continue with the anticipation of utilizing all of these funds within the next three years. Planning work is underway for the Morgan Creek and Bolin Creek greenways. The Town continues to protect its investment in road infrastructure with a planned 15-year cycle street resurfacing program. A street resurfacing project is budgeted in the current fiscal year. In addition to capital building, the FY11-12 - FY16-17 CIP continues to provide for vehicle and equipment replacement guidelines focusing on timely replacement and economical use which includes the evaluation of alternative fuel or hybrid vehicles. Long-term initiatives are also unfolding in this CIP with the continued construction of bond-funded sidewalks, and the development and construction of the long-planned Martin Luther King, Jr. park.

Parking lot construction and the planned public works facility will mark another significant phase of the town's capital planning in later years. The planned purchase/development of lots in the downtown area continues to be considered beyond FY 16-17. Arguably, construction of a new Public Works facility should be the next new construction project due to the inadequacy of the current facility and its susceptibility to serious flooding. However, it will also be the most expensive project ever undertaken by the Town. As in past years, needs outstrip the revenue capacity and thus some needs go unfunded. A view of unfunded town needs identified during this capital planning process is presented in the Appendix on page 3.6.

As mentioned in previous updates, this Capital Improvements Program is simply a planning tool to forecast and match estimated revenues and major capital needs over a six-year period and beyond. Due to new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by the Mayor and Board of Aldermen, this plan is updated annually and projects included in later planning years are not guaranteed for funding. Overall, however, we believe that while capital planning in this manner is not an exact science, it is a proven approach to building a forward-looking community while vigilantly protecting the town's fiscal health.

FY11-12 - FY16-17 Capital Improvements Plan Overview

The Adopted Capital Improvements Plan (CIP) totals \$36,738,496. Roughly 74% of this total is or will be funded through debt financing instruments (i.e., general obligation bonds and installment financings). Of the total debt to be financed, \$6,111,654 represents installment financing needed to maintain the town's rolling stock and equipment to provide Town services. Per capita debt and percentage of debt to the operating budget remain well within industry standards in each year of the CIP as indicated on p. 3.3.

The overall CIP plan shows a decreased of \$1.3 million from the prior years. This is primarily due to the completion of the north area fire substation. However, estimated costs for other projects have increased due to inflation. For example, construction of the Public Works Facility increased by \$800,000; MLK, Jr. Park \$699,712; Sidewalks \$223,960; and, street resurfacing program increased \$562,079.

Project costs are updated periodically depending on the type of project. For example, street resurfacing costs are adjusted/inflated each year due to the fluctuation of petroleum product costs. Updated sidewalk estimates for near future projects are based on current estimates calculating a cost per foot. The Public Works facility budget is not based on any final design at this point in time. However, the estimate has been updated from the original 2005 estimate prepared by a consultant. Similarly, the Martin Luther King, Jr. park project cost is adjusted in an attempt to keep the estimates current.

Construction estimates for Bolin and Morgan Creek are several years old and the current CIP estimates do not include any anticipated inflationary impact. These costs will be reviewed as the planning process is completed. Ultimately, the Town has limited funding capacity and this will affect what is actually constructed. In October 2007 the Board of Aldermen established the Greenways Commission which is composed of representatives from surrounding jurisdictions, agencies, advocacy groups and Carrboro citizens. Town staff, in conjunction with the Greenways Commission and the Board will move forward with the planning processes for both the Bolin Creek and Morgan Creek greenways and help fulfill the Town's goal of a connected series of greenways as established by Carrboro Vision 2020.

Information Technology cost decreases reflect the fact that most departments in the organization are now sufficiently automated with hardware and major systems with much of the costs for IT upgrades or replacements are now reflected in the operating budget. However, several IT needs are identified in this CIP including a street sign management system to allow the Town to manage street signs for appropriate retro reflectivity (mandated to be in place by January 2012); in-car video system and infrastructure for police vehicles; and enhancement for the financial system that to automate certain processes; and document scanning/GIS integration for the Planning Department in later years. The decrease in the Vehicle replacement schedule reflects adjustments to the fleet based on the vehicle maintenance policy.

PROJECTS	CIP 11-12 THRU 16-17	CIP 10-11 THRU 15-16	DIFFERENCE
Greenways	\$ 1,750,471	\$1,750,471	\$0
Martin Luther King, Jr. Park	\$ 2,768,958	\$ 2,069,246	\$699,712
Northern Area Fire Substation	\$ -	\$ 3,250,000	-\$3,250,000
Park Maintenance and Repair	\$ 1,159,077	\$ 1,154,365	\$4,712
Public Works Facility	\$ 12,955,486	\$12,155,486	\$800,000
Sidewalks	\$ 6,206,844	\$ 5,982,884	\$223,960
Street Resurfacing	\$ 3,363,006	\$ 2,800,927	\$562,079
Town Parking Lots	\$ 500,000	\$500,000	\$0
Weaver Street Reconstruction	\$ 1,801,000	\$ 1,801,000	\$0
Information Technology	\$ 122,000	\$ 149,959	-\$27,959
Equipment/Vehicle Lease-Purchase	\$ 6,111,654	\$ 6,486,606	-\$374,952
TOTAL PROJECTS	\$36,738,495	\$38,100,944	-\$1,362,449

Martin Luther King, Jr. Park is also considered a major capital initiative that is important to residents. The master plan approved by the Board in September 2004 is complete and actual development of the park is proposed for FY12-13. If the current economic downturn continues, the park project will likely need to be pushed out further in the future or could continue to be used “as is”.

Looking more specifically at the upcoming FY11-12 budget process, the CIP exerts significant spending pressures that will compete with the annual operating budget as the Town opens the fire substation paying both operational costs and debt service. The Town continues to implement the sidewalk and greenways program, and move forward with road improvements. Several projects require additional funding and will need an appropriation from the capital reserve fund to ensure project completion.

As mentioned earlier, the CIP largely relies on debt financing as a means to build infrastructure. The town’s ability to fund infrastructure projects for the next six years plays a significant role in the implementation of its CIP. A strong effort has been made to limit the number of projects until there is sufficient growth in the tax base to support a more aggressive capital improvement program. Looking forward, however, there are factors that may mitigate the debt impact anticipated by the adopted CIP, such as expanded tax base through growth, adjustment of spending priorities, or new grant funding.

Financing capital needs means that a revenue stream must exist to pay for the debt service costs. The potential tax impact of the CIP (shown on page 3.4) is noteworthy 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. Some of these options may not be viable, at least in the near future.

I am proud of the action that is occurring in the capital program in light of the difficult economic times. Town staff has delayed purchases, frozen positions, and remained diligent and frugal in their day-to-day operations while recognizing the importance of continuing to build upon and maintain the assets currently owned by the Town that will continue to provide for generations to come.

I look forward to discussing the projects adopted in the CIP and ultimately bringing to life the vision of our residents and the Board.

Sincerely,



Steven E. Stewart
Town Manager

SES/ALM

The following resolution was introduced by Alderman Broun and duly seconded by Alderman Gist.

A RESOLUTION TO CONSIDER AND ADOPT THE RECOMMENDED CAPITAL
IMPROVEMENTS PROGRAM FISCAL YEAR 2011-2012 THROUGH FISCAL YEAR
2016-2017

Resolution No. 44/2010-11

WHEREAS, the Town of Carrboro recognizes that a Capital Improvements Plan enables staff and the Board to plan for a vibrant community; and

WHEREAS, the Capital Improvements Plan is a six-year planning tool designed to help the Town plan for the repair, replacement, and acquisition of capital items; to assist in financial planning; to ensure better coordination and evaluation of projects; to provide necessary lead time for project planning, permitting, design; and to maintain or improve the Town's credit rating and fiscal health; and

WHEREAS, the Recommended FY2011-12 through FY2016-17 Capital Improvements Program has been updated from last year's comprehensive revision of the Town's capital needs; and

WHEREAS, this plan is updated annually for Board review; and

WHEREAS, adjustments for anticipated projects can also be made each year during the annual revision of the Town's budget; and

WHEREAS, this flexibility in the planning and implementation of capital needs makes Carrboro's Capital Improvements Plan responsive to the changing needs of its diverse community.

THEREFORE BE IT RESOLVED that the Town of Carrboro Board of Aldermen has received the Recommended Capital Improvements Program -Fiscal Year 2011-2012 through Fiscal Year 2016-2017 and adopts this capital program.

The foregoing resolution having been submitted to a vote received the following vote and was duly adopted this 16th day of November 2010;

Ayes: Sammy Slade, Lydia Lavelle, Mark Chilton, Joal Hall Broun, Jacquelyn Gist, Randee Haven-O'Donnell

Noes: None

Absent or Excused: Dan Coleman