



Albemarle County

Legislation Text

File #: 16-417, **Version:** 1

AGENDA DATE: 7/6/2016

TITLE:

Amendment of the FY 17 - FY 21 CIP to Add School Projects Associated with the Bond Referendum

SUBJECT/PROPOSAL/REQUEST: Resolution to approve an amended FY 17-FY 21 CIP

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Foley, Letteri, Henry, Allshouse, L., Harris

PRESENTER (S): Lori Allshouse

LEGAL REVIEW: Yes

REVIEWED BY: Thomas C. Foley

BACKGROUND: On April 13, 2016, the Board approved the FY 17-FY 21 CIP with the understanding that the Board may subsequently amend the CIP to add projects if the Board decided to pursue a bond referendum on the November 8, 2016 election ballot.

On May 4, 2016 and May 11, 2016, the Board held additional discussions on this topic and directed staff to provide a public hearing opportunity for citizens at an upcoming Planning Commission meeting and to reconvene the CIP Oversight Committee to provide comments and feedback to the Board on this topic.

On May 12, 2016, the School Board provided a resolution that requested specific school projects be included on the bond referendum.

On May 24, 2016, the Planning Commission held a public hearing on the potential amendment to the CIP, and on May 26, 2016, the Oversight Committee met to review the proposed amendment and discuss a potential bond referendum.

On June 1, 2016, after the Board reviewed the feedback from the Planning Commission, the public hearing, and the Oversight Committee, and reviewed a proposed package of projects, timing, and potential tax implications, the Board directed staff to bring back a recommended amended CIP for the Board's consideration.

STRATEGIC PLAN: To enhance the well-being and quality of life for all citizens through the provision of the highest level of public service consistent with the prudent use of public funds; and to prioritize, plan, and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs.

DISCUSSION: This proposed amendment includes \$35.5M in additional school projects, thereby increasing the FY 17 - FY 21 CIP from a net total of \$144.6M to \$178.5M and the associated debt service from \$115.8M to \$121.1M for a total amendment of \$39.2M. The amendment totaling \$39.2M is required in order for all related costs and revenues to be in place to execute the projects if the General Obligation (GO) Bond

Referendum is approved in November. Attachment A is the Resolution to amend the FY 17 - FY 21 CIP and associated debt service and provides further details. Attachment B is a Resolution of Official Intent to Reimburse Expenditures with the Proceeds of a Borrowing if the GO Bond is approved by County voters in November 2016 pursuant to the recommendation of the County's financial advisors. In addition, there is a companion appropriation request (Appropriation #2017-002) included under a separate FY 17 Budget Amendment and Appropriation executive summary being presented to the Board for its consideration on July 6, 2016 to appropriate the adjustments associated with this amendment that affects the FY 17 Adopted capital budget. The CIP amendment and related funding assumptions are summarized below.

A. The Resolution to approve the CIP Amendment (Attachment A) amends the revenues included in the FY 17 - FY 21 CIP and associated Debt Service as follows:

- \$33.9M net increase in various CIP Revenues
 - \$0.09M increase in proffer revenue
 - \$3.0M total increase in the General Fund transfer to the CIP of which \$0.5M increases the CIP Fund Balance
 - \$31.3M net increase in borrowed funds: the increase in total GO Bond borrowed funds of \$33.4M is offset by the reduction in the lease revenue bonds borrowed funds of \$2.3M associated with School Security Improvement project costs which were already included in the Adopted FY 17 - FY 21 CIP)
- \$5.3M increase in General Fund transfer for the associated Debt Service

B. The Resolution to approve the CIP Amendment also amends the expenditures included in the FY 17 - FY 21 CIP and associated Debt Service as follows:*

- \$33.9M net increase for the following additional capital projects and the estimated costs of issuance associated with a successful GO Bond Referendum:
 - High School Capacity Planning totaling \$0.5M
(Note: this project is not to be included in the Bond Referendum)
 - Learning Space Modernization totaling \$10.9M
 - School Security Improvements totaling \$2.9M for a net increase of \$0.6M
(Note: \$2.3M had already been included in the FY 17 Adopted CIP)
 - Western Albemarle High School Addition totaling \$6.0 M
 - Woodbrook Elementary School Addition & Modernization totaling \$15.2M
 - Cost of Issuance totaling \$0.7M
- \$5.3M in debt service costs

**Net of transfers between CIP funds*

C. The CIP amendment also includes the following funding assumptions:

- There will be a 2016 GO bond referendum for projects, and related costs of those items are listed below lettered b.- f.
- Capital Projects
 - a. **High School Capacity Planning** is funded 100% with Cash (\$100K in FY17 / \$400K in FY18 - This is not recommended for inclusion in the Referendum)
 - b. **Learning Space Modernization** is 94% Borrowed / 6% Cash with the borrowing based on the useful life per School Division estimates: 97% of the project is 20-year useful life items and 3% of the project is estimated to have a 10-year useful life
 - c. **School Security Improvements** is 94% Borrowed / 6% Cash with the borrowing 20-Year useful life per School Division estimates
 - d. **Western Albemarle High School Addition** is funded as follows: 1.6% Proffer/ 92.5%

Borrowed / 5.9% Cash with the borrowing amount based on 20-Year Useful Life per School Division estimates

- e. **Woodbrook Elementary School Addition & Modernization** is 94% Borrowed / 6% Cash with 20-Year Useful life per School Division estimates
- f. **Cost of Issuance** is estimated at 2% of the borrowed amount for each project based on the project's useful life and funding for the cost of issuance is planned to be borrowed at 100%.

- Borrowed Proceeds
 - Funding for projects lettered b.-f. will be included in the GO Bond Referendum with the expectation that an approved Referendum will result in a lower interest payment for the associated debt service.
 - Borrowed proceeds will be issued as required - borrowing is estimated to occur at the following intervals (FY 18, FY 20, and thereafter based on the needs of the project and residual appropriated authority.)

- CIP funding model includes an estimated real estate tax rate increase of 1.3 cents in FY 18 and 2.1 cents in FY 19.

D. The chart below summarizes the net impact of amending the CIP and associated Debt Service to include the additional school projects of \$35.5M.

Summary of Changes	Amount (\$)	ADJUSTMENTS		Net Impact (\$)
		Borrowing Costs (\$ +/-)	Net Change with FY 17 - FY 21 Adopted (\$ +/-)	
CIP				
School Security Improvements	2,900,000	0	-2,219,814	680,186
Woodbrook Addition, Modernization & Renovation	15,200,000	0	0	15,200,000
Learning Space Modernization	10,900,000	0	0	10,900,000
High School Capacity Planning	500,000	0	0	500,000
WAHS Science Lab Addition & Modernization	6,000,000	0	0	6,000,000
Cost of Issuance	0	656,226	-73,922	582,304
CIP Total	35,500,000	656,226	-2,293,736	33,862,490
Debt Service				
Various Issuances	0	5,625,385	-286,713	5,338,672
Debt Service Total	0	5,625,385	-286,713	5,338,672
Total CIP and Debt Service	35,500,000	6,281,611	-2,580,449	39,201,162

E. The following chart summarizes the FY 17 - FY 21 CIP model results displaying the estimated tax rate implications, the estimated CIP fund balance amounts at the end of each fiscal year, and the estimated operating impacts. The summary has been revised to reflect the portion of the dedicated tax rate increase of 1.3 cents planned to support the anticipated operating costs associated with these projects

beginning in FY 19. In FY 18, the full amount of funding associated with the estimated tax rate increase in FY 18 will be dedicated for CIP.

AMENDMENT RESULTS	FY 17	FY 18	FY 19	FY 20	FY 21
Debt & CIP Financial Summary					
<i>Estimated Additional Pennies Required</i>					
<i>FY 17 Adopted CIP</i>	1.0		2.1		
<i>FY 17 Amended CIP</i>		1.3			
CIP Fund Balance Estimate	1,932,617	2,848,815	885,833	2,969,601	1,410,485
Operating Impacts Estimate					
Supported by portion of dedicated tax rate increase (1.3 Cents in FY 18)	0	0	213,194	220,421	297,248

BUDGET IMPACT: The attached recommended amended CIP includes an additional net \$33.9 Million in projects and an additional \$5.3M in associated debt service. The additional costs to the County associated with this amendment is estimated to require the equivalent of 1.3 cents on the tax rate beginning in tax year 2017.

RECOMMENDATION:

Staff recommends that the Board adopt 1) the Resolution to Approve an Amended FY 17- FY 21 Capital Improvement Plan (Attachment A) and 2) the Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing (Attachment B).

ATTACHMENTS:

Attachment A - Resolution to Approve FY 17 - FY 21 Capital Improvement Plan Amendment

Attachment B - Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing