

**I. INTRODUCTION AND LONG TERM PHILOSOPHY**

Wake County has a proud legacy of long-term planning and outstanding facility provision for its citizens. Continuing this tradition of excellence, it is important to approach today's capital improvements with an understanding of how they will affect the quality, quantity, and efficiency of services delivered in the future. Growth is a byproduct of a healthy and vibrant economy, and capital facilities and adequate infrastructure provide a foundation for that growth.

The County addresses current and future capital needs through both comprehensive master planning processes and critical needs assessments. The County's Capital Improvement Program (CIP) is a seven-year plan to provide and maintain facilities, land, and major equipment. Typically, capital projects are facilities or projects with a cost of \$100,000 or more requiring longer than one year to complete. The CIP lays the groundwork for successful service delivery for future generations of Wake County citizens, because today's capital improvements impact the quality and quantity of public services delivered over the next ten to twenty years and beyond. The CIP is long-term oriented, anticipates future needs, and supports good stewardship of existing facilities.

When reading the seven-year Capital Improvement Program outlined in these pages, it is important to understand the relationship between the FY 2005 adopted capital budget and the CIP. The FY 2005 capital improvement budget represents a financial commitment by the Board of Commissioners for expenditures planned in FY 2005, the first year of the seven-year program. The projects and associated costs that are outlined for the remaining six years (fiscal years 2006-2011) represent a tentative plan for the future but do not represent firm funding commitments by the Board of Commissioners. In some cases, the cost figures in fiscal years 2006-2011 reflect cost estimates that will be further refined as design, engineering, and cost studies are completed during FY 2005 and beyond.

**II. EXPENDITURES****Investment Priorities**

The primary goal of the capital program is to ensure that quality services continue to be delivered to Wake County's citizens in a timely and efficient manner. The County ensures the delivery of effective and efficient services through its operating budget and through investments in renovations and new capital improvements that preserve the integrity of facilities, maintain the quality of current fixed assets and provide new services when needed. In determining what projects will be funded and when the projects should occur, the County evaluates all potential capital projects against the following ranked goals of capital projects:

1. Ensure life, safety, and basic environmental concerns. Investments in building security improvements, renovations to meet safety and health concerns, and detention security infrastructure illustrate these types of investments.
2. Provide operating expense savings. Investments such as energy-saving projects in buildings or building libraries instead of leasing space provide long-term benefits in terms of operating costs to the County.

3. Maintain the integrity of current capital assets. Projects such as roof replacements and space renovations that improve service delivery illustrate these types of projects
4. Improve existing facilities and infrastructure to meet emerging needs and higher service levels.
5. Without expanding the County's existing role, add new facilities based on approved plans. These types of investments include new libraries, detention facilities, regional parks, community school parks, affordable housing, regional centers, open space preservation and school construction.
6. Expand the County's service delivery role with investments in facilities or infrastructure.
7. Finally, match contributions by partners to support community infrastructure. Projects funded through the community capital projects account and the Major Facilities Fund represent this type of leveraged investment for community development and improvement.

## **Process**

The County develops its long-term capital improvement program in four steps:

- **Comprehensive needs assessment and facility planning**  
Comprehensive needs assessment and facility planning is often undertaken through a master planning and review process that can take up to two years of work by task forces, elected officials, community stakeholders, professional consultants, and staff.
- **Project prioritization**  
Project prioritization occurs first and foremost in the master planning process. Adjustments are made, as necessary, on an annual basis through technical assessments of long-term needs and timing requirements. In some cases, staff and technical teams revisit master plans to compare the plans' assumptions against current needs for renovations and new facilities. The timing for projects is also reviewed by technical teams of users such as the Court Facility Space Planning Committee and the Facility Planning Committee, or by the County's Senior Management team. The Board of Commissioners also reviews and adjusts the priorities of projects through its annual planning retreat and the budget process.
- **In-depth cost estimation and funding capacity analysis**  
On an annual basis, staff from Budget and Management Services and Facilities Design and Construction departments conduct in-depth reviews of cost estimates and expenditure forecasts for construction and operating costs. In addition, the Budget and Management Services department, in coordination with the Finance Department, revisits the funding capacity available in the seven-year capital horizon.
- **Diligent project management and implementation**  
Wake County has traditionally excelled in project implementation and management. Computerized project management systems and experienced project managers assure successful development of all capital projects. In addition to completing projects in a timely manner and realizing efficiencies through careful project bidding, selection, and overview, Wake County builds high-quality facilities that ensure efficient building operations and low maintenance costs over the useful life of the asset.

## Functional Element Structure

This CIP document groups the capital projects into categories (“elements”) according to complementary program goals. The seventeen elements are as follows:

- Affordable Housing
- Automation
- Community Capital Projects
- County Building Improvements
- Criminal Justice
- Fire/Rescue
- Libraries
- Little River Reservoir Land Acquisition
- Major Facilities Trust Fund
- Open Space Preservation
- Parks and Recreation
- Public Safety
- Regional Governmental Centers
- Solid Waste
- Water And Sewer
- Wake County Public School System
- Wake Technical Community College

The project funding details in each category are presented in the following manner:

- **Financial Summary:** FY 2005 appropriation; planned appropriations for fiscal years 2006 - 2011; funding sources and estimated operating impact for all years. All numbers have been rounded to the nearest thousand.
- **Seven-Year CIP Summary:** Synopsis of each category’s physical and financial scope, and the timeframe for completing major projects and phases.
- **History/Background:** Master plans and/or major issues that shape the current activities and the future of service delivery in a particular field.
- **Project Accomplishments in FY 2004:** Summary of the previous year’s efforts.
- **Horizon Issues:** Potential future projects not funded in the current CIP.
- **Operating Impact:** Future costs that will need to be paid from the County’s operating budget to operate the facility.
- **Project Pages:** Where applicable, detailed pages about all individual projects in a category have been included to provide more detailed information regarding expenditure of capital dollars.

## III. FUNDING

Wake County utilizes two fundamental strategies in funding its capital program. First, it has dedicated two funding streams specifically to the capital program; second, it uses debt to fund projects with costs beyond the reach of the dedicated funding streams.

### Cash Funding

Dedicating annual revenue streams for the capital program is essential for the program’s long-term success. It also requires a great deal of fiscal discipline. The County has chosen to set aside 16.5 cents of the property tax rate each year to fund current and future capital expenditures and debt service payments. The County also dedicates the interest earnings from all funds to the capital program. Since debt service payments and investment earnings are both interest rate sensitive, the two are linked together to leverage the variable debt portion of our portfolio. In addition to funding current projects, these dedicated revenue streams are critical because they assure that funds are available to make debt service payments. Specifically, funds are set aside each year in a debt service fund to make current year debt service payments and new debt service payments as debt is incurred in the future years of the CIP planning period.

## **Debt Funding**

The County employees the use of long-term debt for funding the capital plan. The majority of the County's debt has been approved by the citizens through bond referenda. The leveraging of debt funding against cash enables the County to meet the growing capital needs in a fiscally responsible manner. Given the County's AAA bond rating (the highest rating available), the interest rates incurred on the debt are very favorable, and voter-approved general obligation bonds represent the least expensive form of debt to the County. The cost of the capital is then spread over multiple years so that current and future taxpayers assume proportionate shares of the cost and benefits of the facilities.

In FY 2005, the County plans to hold public bond referenda for financing open space (\$26 million) and Wake Technical Community College (\$40 million).

## **Financial Planning Model**

The County utilizes a financial planning model to evaluate the impacts of capital decisions on both the County's debt policy targets and the operating budget. The financial model evaluates the impact on three primary goals:

- Maintaining the debt service fund balance at a minimum level of 19% of the next year's debt service expenditures;
- Maintaining the debt-to-cash funding ratio between 70% and 85% over the life of the seven year plan; and
- Maintaining an adequate capital projects fund balance to allow long-term flexibility and reserves for unanticipated needs.

A copy of the financial planning model follows the Capital Improvement Program section of this budget document.

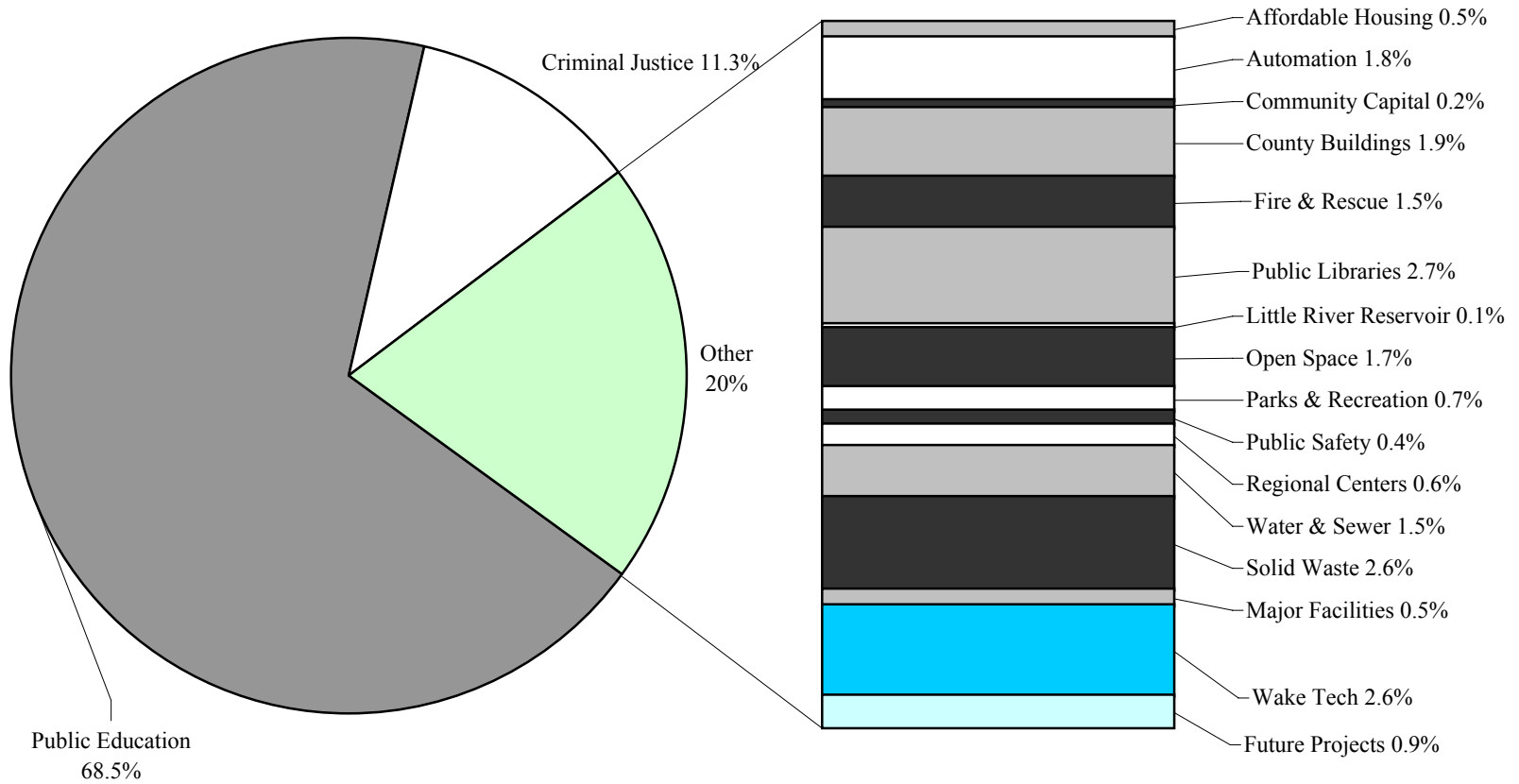
## **IV. HIGHLIGHTS OF FY 2005-2011 CIP**

- **Wake Technical Community College** - \$40 million to develop the North Wake campus, and for improvements at its existing facility.
- **County Building Renovations** – \$1.2 million per year for minor repairs and renovations. Previously, these projects were funded through the operating budget.
- **Public Safety** - \$5.6 million for defibrillator replacement, the beginning of a replacement cycle for 800 MHz radios for law enforcement, Automated Vehicle Location (AVL) technology for both EMS and law enforcement vehicles and a study of training facility needs for the Sheriff's Office.
- **Criminal Justice** – \$16.2 million cost increase for the Courthouse, primarily for life safety improvements (bringing the building up to current codes for high-rise buildings, installing fire sprinkling systems, performing asbestos abatement activities).
- **Water/Sewer** - \$11 million for land acquisition to begin development of a Western Wake Regional Wastewater System. It is planned that the towns participating in the regional project will reimburse the County for any funding expended for land acquisition.
- **Automation** – \$8.4 million for new financial and human resources systems.
- **Libraries** – \$42.4 million to support new regional libraries (Downtown, West Regional, and Northeast Regional), new branch libraries (Leesville and Holly Springs), improvements to existing libraries (Cameron Village Regional and North Regional) and audio books for the library system.
- **Open Space** –\$26 million for open space land acquisition. The County is currently focused on acquiring properties within four critical watersheds, identified stream corridors and other areas of rural scenic and historical value.

## SEVEN-YEAR SUMMARY

<b>Financial Summary</b>								
	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
<b>County Uses:</b>								
Affordable Housing	1,052	1,067	1,067	1,067	1,067	1,067	1,067	<b>7,454</b>
Automation	8,271	6,331	2,500	2,500	2,500	3,208	3,232	<b>28,542</b>
Community Capital Projects	500	500	500	500	500	500	500	<b>3,500</b>
County Building Improvements	5,301	4,991	4,036	3,857	4,047	3,419	3,915	<b>29,566</b>
Criminal Justice	12,730	21,119	23,124	27,764	9,754	38,121	42,870	<b>175,482</b>
Fire	2,715	2,839	2,864	3,735	3,735	3,735	3,735	<b>23,358</b>
Libraries	14,177	10,042	5,282	4,904	4,323	3,517	200	<b>42,445</b>
Little River Land Acquisition	1,481	-	-	-	-	-	-	<b>1,481</b>
Open Space	3,000	3,000	5,000	5,000	5,000	5,000	-	<b>26,000</b>
Parks & Recreation	2,200	1,650	1,650	1,550	1,303	1,250	1,050	<b>10,653</b>
Public Safety	1,873	858	-	-	-	800	2,049	<b>5,580</b>
Regional Governmental Centers	-	1,178	3,230	-	-	1,352	3,706	<b>9,466</b>
Water / Sewer	3,311	9,526	4,170	3,813	775	775	775	<b>23,145</b>
Subtotal	56,611	63,101	53,423	54,690	33,004	62,744	63,099	<b>386,672</b>
Reserved for Future Capital Projects	-	-	-	-	5,727	1,315	6,699	<b>13,741</b>
<b>Subtotal: County Uses</b>	<b>56,611</b>	<b>63,101</b>	<b>53,423</b>	<b>54,690</b>	<b>38,731</b>	<b>64,059</b>	<b>69,798</b>	<b>400,413</b>
<b>Solid Waste</b>	250	8,350	12,000	13,000	900	650	5,500	<b>40,650</b>
<b>Public Schools</b>	158,142	157,505	160,100	9,425	204,200	193,400	179,650	<b>1,062,422</b>
<b>Wake Technical Community College</b>	5,000	35,000	-	-	-	-	-	<b>40,000</b>
<b>Major Facilities</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	<b>7,000</b>
<b>TOTAL ALL USES</b>	<b>221,003</b>	<b>264,956</b>	<b>226,523</b>	<b>78,115</b>	<b>244,831</b>	<b>259,109</b>	<b>255,948</b>	<b>1,550,485</b>
<b>Sources:</b>								
Bonds - Authorized	164,500	164,800	155,000	4,900	4,300	3,500	-	<b>497,000</b>
Debt - To Be Authorized	9,500	46,500	21,000	20,000	184,500	214,700	215,800	<b>712,000</b>
Hotel/Motel and Prepared Food Tax	1,000	1,000	1,000	1,000	1,000	1,000	1,000	<b>7,000</b>
Solid Waste Bonds	-	5,600	11,000	5,600	-	-	5,000	<b>27,200</b>
Solid Waste Funds	250	2,750	1,000	7,400	900	650	500	<b>13,450</b>
Water/ Sewer Funds	695	663	631	-	-	-	-	<b>1,989</b>
Transfer In - Ad Valorem Tax	17,371	17,978	18,607	19,257	19,931	20,627	21,349	<b>135,120</b>
Other Funds	14,290	12,562	15,322	14,366	16,724	14,282	12,300	<b>99,846</b>
Capital Fund Balance Appropriation	13,397	13,102	2,963	5,592	17,476	4,349	-	<b>56,879</b>
<b>TOTAL ALL SOURCES</b>	<b>221,003</b>	<b>264,956</b>	<b>226,523</b>	<b>78,115</b>	<b>244,831</b>	<b>259,109</b>	<b>255,948</b>	<b>1,550,485</b>

CAPITAL IMPROVEMENT PROGRAM DISTRIBUTION  
FY 2005-2011



## FY 2005 APPROPRIATIONS

### USES

<b>Affordable Housing</b>	\$ 1,052,000
<b>Automation</b>	\$ 8,271,000
<b>Community Capital Projects</b>	\$ 500,000
<b>County Building Renovations</b>	\$ 5,301,000
<b>Criminal Justice</b>	
Detention Facilities	\$ 5,000,000
Detention Security	\$ 865,000
Judicial Facilities	\$ 6,865,000
<b>Fire/Rescue</b>	\$ 2,715,000
<b>Libraries</b>	
Audio Books	\$ 750,000
Cameron Village	\$ 3,267,000
Downtown Regional	\$ 3,500,000
West Regional	\$ 3,001,000
Holly Springs	\$ 83,000
North Regional	\$ 1,530,000
Leesville Branch	\$ 162,000
Northeast Regional	\$ 1,884,000
<b>Little River Land Acquisition</b>	\$ 1,481,000
<b>Open Space</b>	\$ 3,000,000
<b>Parks and Recreation</b>	
Community Use of School Parks	\$ 750,000
Existing Facility Improvements	\$ 250,000
Yates Mill	\$ 1,200,000
<b>Public Safety</b>	
Law Enforcement Automatic Vehicle Location	\$ 994,000
EMS Automatic Vehicle Location	\$ 143,000
Defibrillators for Emergency Vehicles	\$ 674,000
Sheriff's Training Facility (Study)	\$ 62,000
<b>Water and Sewer</b>	
RTP Off-site Infrastructure	\$ 1,061,000
RTP On-site Infrastructure	\$ 250,000
Water/Sewer Plan Implementation	\$ 500,000
Western Wake Regional Wastewater	\$ 1,500,000
<b>SUBTOTAL COUNTY CAPITAL</b>	<b>\$ 56,611,000</b>

### USES (continued)

#### Major Facilities Trust Fund

Apex Performing Arts Center	\$ 150,000
Factory Kids Foundation	\$ 500,000
Fuquay-Varina Park	\$ 130,000
Garner Park	\$ 110,000
Future Projects	\$ 110,000

#### Solid Waste

South Wake Landfill	\$ 200,000
Convenience Center Program	\$ 50,000

**Wake County Public School System** \$ 158,142,000

**Wake Technical Community College** \$ 5,000,000

<b>TOTAL FY 2005 USES</b>	<b>\$ 221,003,000</b>
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### SOURCES

Bonds - Authorized	\$ 164,500,000
Debt - To Be Authorized	\$ 9,500,000
Hotel/Motel and Prepared Food Tax	\$ 1,000,000
Solid Waste Funds	\$ 250,000
Water/Sewer Funds	\$ 695,000
Transfers In - Ad Valorem Tax	\$ 17,371,000
Other Funds	\$ 14,290,000
Capital Fund Balance Appropriation	\$ 13,397,000

<b>TOTAL FY 2005 SOURCES</b>	<b>\$ 221,003,000</b>
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## HORIZON ISSUES

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The FY 2005-2011 CIP does not specifically fund the following projects; however, the projects are included as horizon issues for future Capital Improvement Plans. Additionally, those projects listed below in the County Building Improvements element are eligible to "compete" for any unallocated funding in the General Building Renovations - Major category.

ELEMENT	COST ESTIMATE
<b>County Building Improvements</b>	
8th Floor Wake County Office Building - Human Resources	\$ 251,000
Regional Library/Center Renovations (Eva Perry)	\$ 243,000
Bilingual - Remaining county facilities; ADA; millwork in Courthouse	\$ 271,000
<b>Criminal Justice</b>	
Digital Video: Hammond Road 1A and Public Safety Center	\$ 364,000
<b>Public Safety</b>	
Omnilink Software/Firmware	\$ 600,000
Trunked Radio Redundant Simulcast Controller	\$1,400,000
Backup Emergency Operations Center	\$ 339,000
EMS In-Vehicle Navigation	\$ 627,000
Primary EOC - Renovations	\$2,204,000
EMS - Tri Data Study Renovations & New Facilities	\$4,564,000
Mass Casualty Response Vehicle	\$ 207,000
Field Communication Vehicle	\$ 300,000
<b>Automation</b>	
Sheriff's System Upgrade/Replacement	Unknown
Mental Health System Upgrade/Replacement	Unknown
Planning/Permitting System	\$3,000,000
<b>Major Facilities Fund</b>	
Five County Stadium Playing Field	\$ 540,000
<b>Regional Centers</b>	
Transportation and Maintenance Center*	\$1,500,000
Mental Health Reform/Crisis Assessment Center	Unknown
<b>Wake Technical Community College</b>	
North Campus/other future year needs	Unknown

\* Represents the total project cost. Human Services is seeking a State grant to cover 90% of the cost (\$1.35 million). The County's share would total \$150,000. The County would only proceed if its costs were recouped from user fees.