

Proposed FY 2023 – FY 2032 Capital Improvement Program (CIP)

Board of Supervisors Meeting

February 22, 2022

Agenda

- Review of potential bonding scenarios
- Evaluation of the American Rescue Plan Act (ARPA) allocations to fund capital projects
- New 460 Fire/Rescue Station project funding update
- Review of surplus properties with estimated values
- Next Steps

FY 2023 – FY 2032 Potential Bonding Scenarios

Current Model, 12-12-12

- Comprehensive Financial Policy, Section 7-3A:
 - Debt issuances are limited to \$12 million annually with one year designated for County capital projects and two years designated for School Capital projects included in the adopted Capital Improvement Program (CIP).
- Comprehensive Financial Policy, Section 7-4A:
 - Both the County and the Schools will add an incremental \$200,000 each year starting July 1, 2020.
 - FY2022 currently at \$2.6 million each

Debt Scenarios

Required Incremental Annual Increase

Scenario	County Contribution	School Contribution	Notes
15-15-15 Plan	\$ 2,862,500	\$ 2,862,500	Maintains the incremental \$200,000 and adds an annual increase of \$62,500 each year for County & Schools
17-17-17 Plan	\$ 2,900,000	\$ 2,900,000	Maintains the incremental \$200,000 and adds an annual increase of \$100,000 each year for County & Schools
20-20-20 Plan	\$ 3,020,000	\$ 3,020,000	Maintains the incremental \$200,000 and adds an annual increase of \$220,000 each year for County & Schools

All scenarios project a positive cash balance through FY2036-2037

Debt Scenarios

Required Incremental Annual Increase

Scenario	County Contribution	School Contribution	Notes
18-18-18 Plan (6 County/12 Schools)	\$ 2,940,000	\$ 2,940,000	Maintains the incremental \$200,000 and adds an annual increase of \$140,000 each year for County & Schools
21-21-21 Plan (7 County/14 Schools)	\$ 3,050,000	\$ 3,050,000	Maintains the incremental \$200,000 and adds an annual increase of \$250,000 each year for County & Schools

- During the FY23-32 CIP, an 18-18-18 Debt Plan would give the County \$60 million in borrowing versus \$48 million for an increase of \$12 million and give the Schools \$120 million versus \$72 million for an increase of \$48 million
- During the FY23-32 CIP, a 21-21-21 Debt Plan would give the County \$70 million in borrowing versus \$48 million for an increase of \$22 million and give the Schools \$140 million versus \$72 million for an increase of \$68 million

Options for Funding Large Projects

- Allocate year end cash to the project
- Evaluate the length of time the debt is amortized (30 versus 20)
- Evaluate the actual structure of the debt principal and interest on how we pay it over time (level principal versus level debt service)
- Increase the annual contribution into the debt model

Evaluation of ARPA Allocations to fund Capital Projects

ARPA Uses for First Allocation Discussed on November 17, 2021

Potential Projects		Estimated Cost
Broadband VATI Grant Match	\$	2,050,409
Mental Health-Police		109,682
Revenue Loss		6,987,172
Total, Year One ARPA Funds	\$	9,147,263

Uses of Revenue Loss Category

Potential Projects		Estimated Cost
Stormwater drainage projects	\$	2,494,172
Small Business Assistance Grant		500,000
Cat 315 CL excavator		213,000
2 Pumper/Engines @ 690,000 each		1,380,000
2 Ambulances @ 300,000 each		600,000
Ladder Truck		1,000,000
Cybersecurity		800,000
Total, Revenue Loss Allocation	\$	6,987,172

ARPA Potential Uses Second Allocation

Description		As Shown on November 17th		Recommended Change		Remaining Funds to be Allocated
Broadband projects*	\$	3,777,457	\$	(3,777,457)	\$	-
Water and Sewer projects (preliminary)		5,369,806		-		5,369,806
Recommend moving to the standard allowed for Revenue Loss \$10 million		-		3,012,828		3,012,828
Remaining available for other consideration		-		764,629		764,629
Total, Year Two ARPA Funds	\$	9,147,263	\$	-	\$	9,147,263

* Was reserved pending award of VATI Grants

Potential Capital Projects for Consideration for Allocation of ARPA Funds

Description	Proposed for FY2023	Proposed for FY2024	Proposed for FY2025
Glade Creek Greenway at Vinyard Park West	\$ 130,275	\$ -	\$ -
Emergency 911 Phone System Upgrade	\$ 51,000	\$ -	\$ -
Roanoke Valley Radio System Hardware Upgrade	\$ -	\$ -	\$ 1,500,000
Fire & Rescue Station 3 Roof Replacement	\$ 401,000	\$ -	\$ -
Courthouse HVAC Replacement	\$ -	\$ -	\$ 2,350,000
Email and Business Productivity Tools Replacement	\$ 100,000	\$ 50,000	\$ -
Enterprise Storage and Data Backup	\$ -	\$ 1,300,000	\$ -
County-Wide Phone Replacement Program	\$ 133,000	\$ 133,000	\$ -
RCAC HVAC Replacement	\$ -	\$ 1,500,000	\$ -

Potential Capital Projects for Consideration for Allocation of ARPA Funds

- Staff will conduct an internal meeting to review all potential ARPA projects
- A work session will be scheduled in March to review staff recommendations with the Board

New 460 Fire/Rescue Station Project Funding Update

Review of Surplus Properties with Estimated Values

Next Steps

Next Steps

Item	2022 Date
Work Session – FY 2022 – 2023 Compensation Update, Outside Agency Funding Work Session – FY 2023 – 2032 Capital Improvement Program	February 22
Briefing – County Administrator’s Proposed FY 2022 – 2023 Operating Budget	March 8
Public Hearings: Effective Tax Rate; Maximum Tax Rate Adoption of Maximum Tax Rate Work Session – Proposed FY 2023 Operating Budget (first of two)	March 22
Public Hearings: Tax Rate Adoption; Operating and Capital Budgets (first of two) Adoption of 2022 Tax Rates Work Session – Proposed FY 2023 Operating Budget (second of two)	April 12
Public Hearing: Operating and Capital Budgets (second of two) First Reading of FY 2022-2023 Operating and Capital Budget Ordinances	April 26
Second reading of FY 2022-2023 Operating and Capital Budget Ordinances (total of five ordinances) Approval of Operating and Capital budgets, Revenues and Expenditures for County and Schools	May 10

Questions & Comments

Attachment A: Inflation for New School Construction

Board of Supervisors Work Session

February 22, 2022

Inflation affects costs for a variety of goods and services and measures of inflation vary from one industry to another.

Overall inflation for consumer goods and services is measured by an index called the Consumer Price Index (CPI) which is constructed and updated by the United States Bureau of Labor Statistics (BLS). This index has been updated over time and is used to describe the relationship between time and money. Essentially, it shows the changes in buying power over time.

The Bureau of Labor Statistics also maintains indices of various commercial goods, industries, products, and construction. These indices are called Producer Price Indices (PPI). One such index is the Index for New School Building Construction which began in 2005 with other indices as the Bureau of Labor Statistics sought to quantify the impacts of inflation on various sectors of construction.

Based on this Producer Price Index of New School Construction, the amount of school construction that \$100 would buy in 2005 would cost \$195.77 in 2022.

The PPI formula for New School Construction is very easily transferable to the original 10-10-10 debt model as shown in the table below.

Inflation Impact on \$10,000,000			
	PPI New Construction	%Change	Inflation Impact
2005	100.00	0.00%	\$10,000,000
2022	195.77	95.77%	\$19,577,000

The data set for PPI for New School Construction from the Bureau of Labor Statistics is available at: <https://data.bls.gov/timeseries/PCU236222236222>