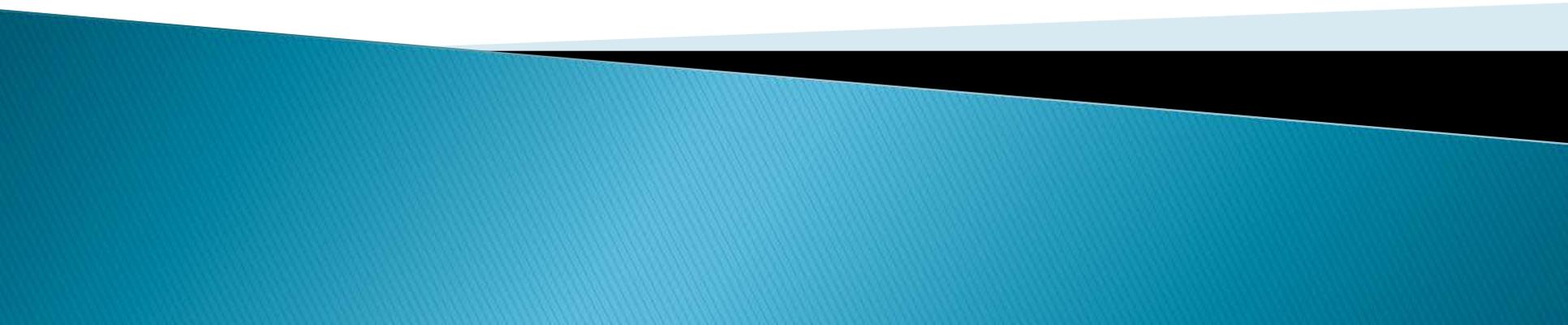


Presentation to City Council

Summary of Revenue Options and
Continued Discussion of Capital
Improvement Plan

April 23, 2013



Purpose

- To summarize the various revenue options discussed over the past 4 weeks available to Council and to gain direction as we move toward preparing the fiscal year 2014 operating budget.
- To summarize the list of capital improvements identified through the Civic Master Planning process and the Public Works department in order to identify Council's priorities and gain direction in developing the capital project budget and the allocation of scarce resources toward those projects identified for implementation during fiscal year 2014.

Revenue Options

➤ Reassessment and affect on Property Taxes

- ❑ The estimates from the Tax Assessor will continue until finalized in August 2013.
- ❑ The impact from the estimates is uncertain and can change significantly between now and August 2013, when the Reassessment values are released.
- ❑ State Law requires that the rollback calculation contained with Section 12-37-251(E) must be used in a reassessment year without qualification.
- ❑ The intent of rollforward is to calculate a millage rate that generates the same property tax revenues as was generated in the previous year.
- ❑ Council can, in a separate resolution and subsequent to the budget adoption process, set a millage rate for operations and debt different than the mil calculated as required by Section 12-37-251(E).
- ❑ If Council chooses to adopt a millage rate other than that which is calculated through the rollforward calculation, another revenue source or sources will need to be identified to absorb the gap.

Revenue Options (Cont'd)

➤ Local Option Sales Tax (LOST)

- Would require County approval before being placed on a referendum on November 12, 2013.
- Would require a majority vote of qualified voters in the County.
- If passes, collections would begin in May 2014 and property tax credits would be applied to all County and municipal taxpayers in the County beginning with tax year 2014 tax bills.
- Revenues generated would effect fiscal year 2015 and forward. There would be no impact on fiscal year 2014 budget adoption process.

➤ Park Fee

- Would require partnering with the County and other Municipalities.
- Assess a Countywide park fee redistribute the funds collected to each responsible local government based on per capita and the number of parks within each jurisdictional boundary.

Revenue Options (Cont'd)

➤ Transportation Fee

- ❑ Assess a transportation fee against all registered vehicles within the City that would be used to offset the cost of maintaining the roads within the City and provide a resource for funding streetscape projects identified through the Civic Master Plan.
- ❑ A transportation fee between \$25 and \$50 per registered vehicle could generate approximately \$248,000 to \$496,000.

➤ Fire/EMS Fee

- ❑ To help offset the high costs related to the demand for emergency response.
- ❑ Assess a fee on all non-taxpaying entities within the City.
 - ✓ A .01% to .03% fee applied against appraised value could generate approximately \$200,000 to \$600,000.
- ❑ Assess a cost recovery system for providing emergency services to non-resident related motor vehicle accidents.

Capital Improvement Plan

- Numerous projects have been identified with an anticipated implementation period of 1 - 3 years.
- A closer look at the Capital Improvement Plan by area, starting with Stormwater Drainage Projects in developing the Capital Projects Budget and its impact on the Operating Budget for FY 2014.

Stormwater Drainage Projects

Drainage Projects

| Item | Description | Sector | Estimated Original Budget | Modified Budget | General Fund - Stormwater Fees | Fund Balance Committed/ Assigned |
|------|--|--------|---------------------------|-----------------|--------------------------------|----------------------------------|
| 8 | Battery Shores Drainage | 3 | \$158,040.00 | | | |
| 9 | Craven/Charles Street Drainage | 1 | \$182,047.50 | | | |
| 10 | North/West Drainage | 1 | \$ 72,621.00 | | \$ 72,621.00 | |
| 11 | North/Euhaw Drainage | 1 | \$ 52,308.00 | | | |
| 12 | Point Outfall (Port Republic) | 1 | \$ 15,116.40 | | | |
| 13 | Twin Lake Drainage | 3 | \$ 92,541.00 | | | |
| 14 | First Blvd. Pond Improvements | 3 | \$144,534.00 | | | |
| 15 | Southside Canal Improvements | 3 | \$260,502.00 | | | |
| 16 | Cottage Farm Drainage | 3 | \$ 29,550.00 | | | |
| 17 | Ott Property Drainage | 3 | \$ 28,080.00 | | | |
| 18 | Johnny Morral Drainage | 3 | \$177,528.00 | | | |
| 19 | North Hermitage Drainage - Phase I | 2 | \$100,000.00 | | | |
| 48 | North Hermitage Drainage - Phase II | 2 | \$120,000.00 | | | |
| 20 | South Hermitage Drainage | 2 | \$ 38,583.00 | | | |
| 21 | Azalea Drive Drainage | 3 | \$ 50,064.00 | \$ 83,000.00 | | |
| 49 | Duke Street West | 1 | \$ 50,000.00 | | \$ 5,735.00 | \$ 44,265.00 |
| 22 | Pigeon Point and Boundary Drainage | 1 | \$ 30,456.00 | | | |
| 23 | Battery Creek Headwaters Improvement - Phase I (County shared) | 4 | \$250,000.00 | | \$ 100,000.00 | |

- Management will pursue grants and partnerships with SCDOT and others to leverage Stormwater resources more effectively and efficiently and eliminate the potential for a deficit against Stormwater resources.

| | | |
|---|------------------------|--------------------|
| Total Drainage Projects | \$178,356.00 | \$44,265.00 |
| Drainage component of Allison Road - Phase I | 80,500.00 | |
| Drainage component of Duke Street - Phase II | 75,630.00 | |
| Total Stormwater Drainage Projects for FY 2014 | \$334,486.00 | \$44,265.00 |
| Restricted Stormwater resources carryforward to FY 2014 (estimate) | 44,265.00 | |
| Estimated Stormwater Revenues for FY 2014 | 800,000.00 | |
| I Stormwater Resources available for projects | 844,265.00 | |
| Reserve for MS4 implmentation | 50,000.00 | |
| Stormwater Personnel & Operational costs - FY 2014 Requested Budget | 559,105.36 | |
| Estimated Stormwater Projects | 378,751.00 | |
| Surplus (Deficit) of Stormwater Resources | \$ (143,591.36) | |

Other Projects by Area

- Based on previous discussions and approvals to move forward on certain projects, the following is a list of identified projects for the FY 2014 Capital Projects Budget.
- At close of FY 2012, the City reported \$785,692 of Committed Fund Balance for Capital Projects and \$2,083,206 of Assigned Fund Balance for Capital Projects.
 - ❑ To date, no use of those funds is anticipated for FY 2013.

Other Projects by Area

| Project | | Sector | Budget | | Funding | | | | | | |
|--|---|--------|---------------------------|-----------------|-----------------------|------------------------|---------------|--------|---------------------|-----------|----------------------------------|
| Sidewalks | | | | | | | | | | | |
| Item | Description | Sector | Estimated Original Budget | Modified Budget | Federal/State Sources | General Fund - Current | TIF I | TIF II | Private Partnership | Bond/Debt | Fund Balance Committed/ Assigned |
| 1 | Sidewalk Upgrades / Repairs | ALL | \$75,000/YR | | | \$ 75,000.00 | | | | | |
| 2 | Southside Blvd. Sidewalk Replacement | 3 | \$ 133,800.00 | | | | | | | | |
| Street & Street Resurfacing | | | | | | | | | | | |
| Item | Description | Sector | Estimated Original Budget | Modified Budget | Federal/State Sources | General Fund - Current | TIF I | TIF II | Private Partnership | Bond/Debt | Fund Balance Committed/ Assigned |
| 3 | Joshua Circle & Court Road Resurface | 3 | \$ 119,316.00 | | | | | | | | |
| 4 | Stone Marten Resurface | 4 | \$ 72,600.00 | | | | | | | | |
| 5 | Battery Shores Resurface | 4 | \$ 441,570.00 | | | | | | | | |
| 6 | Mast Arm - Craven/Carteret | 1 | \$ 125,000.00 | | | | \$ 85,250.00 | | | | \$ 39,750.00 |
| 7 | Jericho Woods Resurfacing | 2 | \$ 100,000.00 | | | | | | | | |
| Street Lighting | | | | | | | | | | | |
| Item | Description | Sector | Estimated Original Budget | Modified Budget | Federal/State Sources | General Fund - Current | TIF I | TIF II | Private Partnership | Bond/Debt | Fund Balance Committed/ Assigned |
| 24 | Street Light Replacement/Improvement | 1 | \$ 555,000.00 | | | | \$ 455,000.00 | | \$ 100,000.00 | | |
| 25 | Christmas Decorations for new Street lighting | 1 | \$ 120,000.00 | | | | | | | | |

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Other Projects by Area

| Other | | | | | | | | | | | |
|-------|--|--------|---------------------------|-----------------|-----------------------|------------------------|--------------|--------|---------------------|-----------------|----------------------------------|
| Item | Description | Sector | Estimated Original Budget | Modified Budget | Federal/State Sources | General Fund - Current | TIF I | TIF II | Private Partnership | Bond/Debt | Fund Balance Committed/ Assigned |
| 26 | Fire Station, Mossy Oaks | 3 | \$ 2,273,967.12 | | | | | | | \$ 2,273,967.12 | |
| 27 | Arsenal HVAC replacement | 1 | \$ 25,000.00 | | | | \$ 25,000.00 | | | | |
| 28 | Allison Road Improvements - Phase I | 3 | \$ 821,043.60 | | | \$ 80,500.00 | | | | | \$ 740,543.60 |
| 29 | Basil Green Park | 1 | \$ 1,068,240.00 | | | | | | | | |
| 30 | Bicycle Improvements - Sharrows | 1 | \$ 152,000.00 | | | | | | | | |
| 31 | Bicycle Improvements - Dedicated Bike Facilities | 1 | \$ 47,400.00 | | | | | | | | |
| 32 | Downtown Wayfinding Signage | 1 | \$ 15,000.00 | | | | | | | | |
| 33 | East Boundary Street - Phase I | 1 | \$ 34,269.00 | | | | | | | | |
| 34 | East Boundary Street - Phase II | 1 | \$ 30,264.00 | | | | | | | | |
| 35 | Green Street Streetscape - Phase I | 1 | \$ 650,000.00 | | | | | | | | |
| 36 | Green Street Streetscape - Phase II | 1 | \$ 650,000.00 | | | | | | | | |
| 37 | Green Street Streetscape - Phase III | 1 | \$ 650,000.00 | | | | | | | | |
| 38 | Duke Street Streetscape - Phase II | 1 | \$ 725,258.75 | | \$ 500,000.00 | \$ 75,630.00 | | | | \$ - | \$ 149,628.75 |
| 39 | Pedestrian Crossings | 1 | \$ 31,500.00 | | | | | | | | |
| 40 | Banner Area | 1 | \$ 73,860.00 | | | | | | | | |
| 41 | Sycamore Streetscape | 1 | \$ 71,790.00 | | | | | | | | |
| 42 | Washington Street Park - ownership issues regarding park | 1 | \$ 100,000.00 | | | | | | | | |
| 43 | Day Dock | 1 | \$ 300,000.00 | | \$ 100,000.00 | | | | | | \$ 200,000.00 |
| 44 | Mooring Field | 1 | \$ 133,408.00 | | \$ 100,000.00 | | | | \$ 33,408.00 | | |
| 45 | Arthur Park Improvements | 3 | \$ 25,000.00 | | | | | | | | |
| 46 | Southside Park - Step I | 3 | \$ 75,000.00 | | | | | | | | |
| 47 | Access through Quality Inn | 4 | \$ 100,000.00 | | | | | | | | |

Notes:

All costs estimates are based on 2012 dollars.

TOTALS BY FUNDING SOURCE

\$ 700,000.00 \$ 336,751.00 \$ 565,250.00 \$ - \$ 133,408.00 \$ 2,273,967.12 \$ 1,429,922.35

Current Active

This amount includes the Stormwater Drainage Projects previously presented

Proposed Revenue Strategy

- Rollforward millage as required by Section 12-37-251(E).
- Increase debt mil to cover debt payment.
- Adopt:
 - ❑ Transportation Fee
 - ❑ Fire/EMS Fee
 - ✓ The above fees could be short-term in nature and replaced if other revenues are successfully approved.
- Other Revenues in future years that are contingent upon County Approval:
 - ❑ Local Option Sales Tax
 - ❑ Countywide Parks fee
 - ❑ If approvals and referendums are successful, City Council could, in future years,
 - ✓ Repeal the Transportation fee and/or Fire/EMS Fee
 - ✓ Provide additional Property Tax relief by:
 - ❖ Increasing the Property Tax credit above that received through the Property Tax Credit Fund.
 - ❖ Decrease the millage rate.

Proposed CIP Strategy

- Adopt the Capital Improvement Plan for projects with a 1 to 3 year implementation time frame.
 - ❑ Add projects from the 3 to 5 year time frame to the plan as projects are completed and they roll off the plan.
- Adopt the Capital Project Budget contingent upon management's pursuit of grant funding and/or other partnerships.
 - ❑ This will provide the leveraging of committed and assigned fund balances for capital projects and ensure that the amounts earmarked from those sources within the Capital Project Budget are not exceeded.
 - ✓ In order to protect the sufficiency of fund balance.