



Capital Improvement Plan – County Projects

Durham County’s Capital Finance Plan (CFP) is a financial planning document that captures short and long-term financial needs related to capital debt service payments and cash funding for projects over the next ten years. The FY 2017 to FY 2026 10-year CIP reflects requests from Durham County Government, Durham Public Schools, Durham Technical Community College and the NC Museum of Life and Science, while the Capital Finance Plan reflects those capital requests in the form of annual costs to the County and consequently the revenue sources used and needed to support those annual costs.

Per Board of County Commissioner policy, several sources of revenue are fully dedicated to support annual debt service for schools and other capital projects. Specifically set aside funds include Article 40, 42 and 46 Sales tax as well as Occupancy tax. Various other revenue sources can be seen on the following page. However, even with dedicated revenue sources the County still has to depend on annual property tax to fill in the gap between annual capital related costs and offsetting dedicated revenue. It is that annual property tax amount that is the single biggest revenue source supporting the Capital Financing Plan (CFP).

Because the Board of County Commissioners is uniquely aware of the burden of property taxes, they strive to create a CFP that balances out the capital needs of various areas (Durham Public Schools, County departments, etc.) and the related costs that go with those needs. The balancing act shows in the CFP’s desire to have a stable property tax rate for a number of years, by maximizing the use of all available revenue sources, while also spreading the spending of capital dollars out over time.

In the below CFP you can see that after a planned 2.5 cent property tax rate increase in FY 2017-18, related to the potential approval of a November 2016 General Obligation bond referendum, the future property tax rate needed stays the same for seven years. Whether that tax rate actually stays the same over seven years is dependent on variable revenue sources, changing costs of projects, and/or new projects being added. However, the point of the Capital Finance Plan is to guide how potential future changes may reflect against particular plan. It also allows the County Manager and Board of County Commissioners to better understand how current decisions can have potentially significant future financial impact.

Durham County Capital Finance Model

Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Current G.F. Debt	\$55,891,460	\$62,856,499	\$59,982,966	\$53,960,347	\$52,897,216	\$51,362,181	\$36,665,796	\$33,139,872	\$31,967,354	\$30,838,095
Current Enterprise Debt	\$1,294,709	\$1,263,500	\$1,264,250	\$1,268,000	\$1,264,500	\$1,264,000	\$1,261,250	\$1,263,750	\$1,258,875	\$1,261,863
Current Debt Service	\$57,186,169	\$64,119,999	\$61,247,216	\$55,228,347	\$54,161,716	\$52,626,181	\$37,927,046	\$34,403,622	\$33,226,229	\$32,099,958
New Debt	\$2,313,410	\$7,790,899	\$20,156,396	\$21,645,727	\$35,500,160	\$38,938,458	\$51,911,855	\$53,734,591	\$63,265,662	\$61,522,558

County Contribution	\$6,699,078	\$5,305,585	\$7,044,588	\$7,527,843	\$3,764,457	\$2,922,591	\$1,766,959	\$806,525	\$1,024,919	\$1,150,842
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Total Crnt./New Debt.	\$66,198,657	\$77,216,483	\$88,448,200	\$84,401,917	\$93,426,334	\$94,487,230	\$91,605,859	\$88,944,739	\$97,516,810	\$94,773,358
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Minus Enterprise Fund	\$1,294,709	\$1,263,500	\$1,264,250	\$1,268,000	\$1,264,500	\$1,264,000	\$1,261,250	\$1,263,750	\$1,258,875	\$1,261,863
Total Reductions	\$1,294,709	\$1,263,500	\$1,264,250	\$1,268,000	\$1,264,500	\$1,264,000	\$1,261,250	\$1,263,750	\$1,258,875	\$1,261,863

Net Gen. Fund (CFP) Debt	\$64,903,948	\$75,952,983	\$87,183,950	\$83,133,917	\$92,161,834	\$93,223,230	\$90,344,609	\$87,680,989	\$96,257,935	\$93,511,495
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Revenues	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Interest Income	\$30,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0
1/2 cent Sales 1	\$12,377,711	\$12,749,042	\$13,131,514	\$13,525,459	\$13,931,223	\$14,349,159	\$14,779,634	\$15,223,023	\$15,679,714	\$16,150,105
1/2 cent Sales 2	\$15,349,556	\$15,810,042	\$16,284,344	\$16,772,874	\$17,276,060	\$17,794,342	\$18,328,172	\$18,878,017	\$19,444,358	\$20,027,689
1/2 cent Sales 3	\$2,695,760	\$2,776,633	\$2,859,932	\$2,945,730	\$3,034,102	\$3,125,125	\$3,218,878	\$3,315,445	\$3,414,908	\$3,517,355
Occupancy Taxes	\$3,419,644	\$3,344,320	\$3,441,650	\$3,541,899	\$3,645,156	\$3,801,511	\$3,911,056	\$4,023,888	\$4,140,105	\$4,109,808
Prior Year Taxes	\$39,660	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Am. Tob.Parking Rev.	\$563,868	\$575,113	\$586,628	\$598,280	\$610,608	\$622,531	\$634,995	\$647,594	\$647,594	\$647,594
New Justice Cent. Parking	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$0	\$0
Build America Bond Refund	\$368,221	\$368,221	\$368,221	\$348,409	\$308,416	\$267,458	\$225,881	\$183,742	\$140,816	\$97,442
Com. Health Trust Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service FB Appropri.	\$0	\$647,382	\$9,740,492	\$4,669,920	\$12,035,427	\$10,218,182	\$198,484	\$195,255	\$0	\$0
Cap. Fund Bal. Appropri.	\$0	\$0	\$0	\$0	\$0	\$374,502	\$4,250,000	\$0	\$0	\$0
General Fund Transfer	\$802,820	\$821,560	\$840,651	\$855,663	\$870,991	\$891,647	\$912,757	\$934,274	\$956,712	\$979,584
Other Transfers	\$0	\$187,926	\$187,926	\$187,926	\$187,926	\$740,429	\$740,429	\$740,429	\$740,429	\$740,429
Lottery Funds	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
SWAP Funds	\$0	\$107,989	\$620,517	\$0	\$0	\$203,642	\$1,718,100	\$1,512,705	\$1,000,000	\$1,000,000
Net Revenue Available	\$37,047,239	\$38,798,228	\$49,471,875	\$44,856,160	\$53,309,910	\$53,788,528	\$50,318,387	\$47,054,373	\$47,164,637	\$48,270,006

Property Tax Needed	\$27,856,709	\$37,154,755	\$37,712,076	\$38,277,757	\$38,851,924	\$39,434,702	\$40,026,223	\$40,626,616	\$49,093,297	\$45,241,489
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1 CENT Value	\$3,499,586	\$3,552,080	\$3,605,361	\$3,659,441	\$3,714,333	\$3,770,048	\$3,826,599	\$3,883,998	\$4,272,397	\$4,357,845
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Total Cents Dedicated to Capital Financing	7.96	10.46	10.46	10.46	10.46	10.46	10.46	10.46	11.49	10.38
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Revenue Assumptions:

Prop. Tax Growth is estimated at 1.5% for non-reval. years in the future, next reval in FY 2024-25, after reval growth for non-reval years is 2%

**Reval. Property Tax Growth Rate 10% through the next revaluation effective 1/1/25, and for each eight year revaluation after that at 5%*

**Sales Tax growth is estimated at 3%.*

**Occupancy Tax growth is estimated at 3%*