

November 2018 Referendum Planning

May 14, 2018

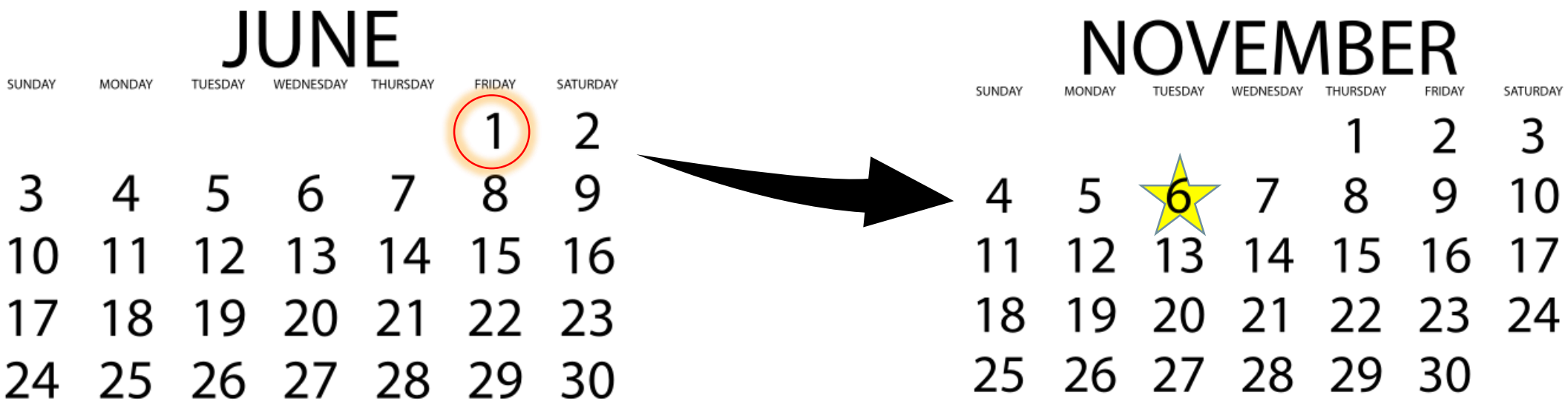


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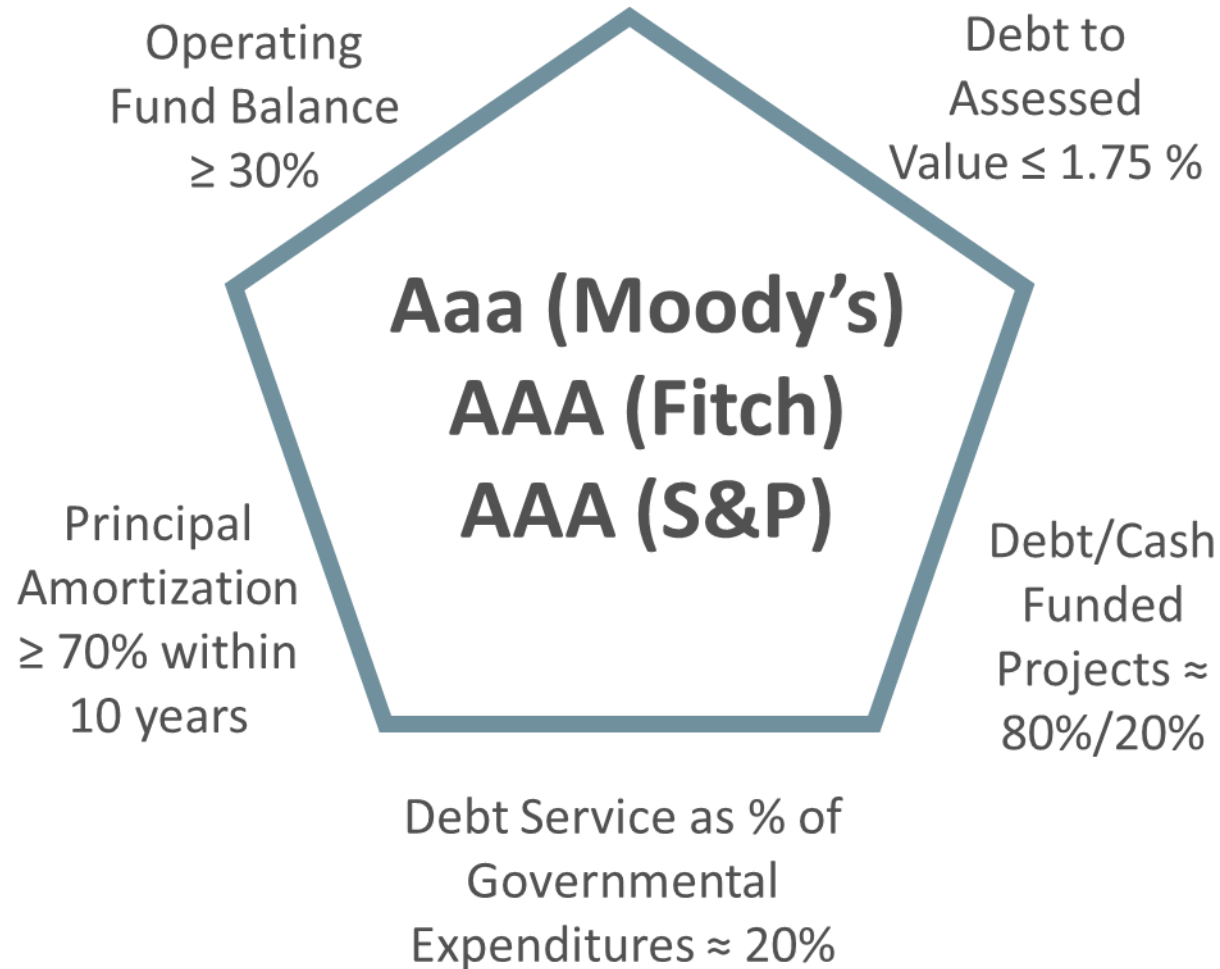
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Decisions on Referenda Purposes and Amounts Should be Decided by June 1



Referendum Calendar November 2018	
Date	Event
By June 1, 2018	Board of Education (BOE) approves Resolution requesting Board of Commissioners (BOC) to take steps to fund capital program
June 18, 2018 BOC Meeting	BOC adopts preliminary findings resolution
June 22, 2018	Publication of notice of intent to file an application with the Local Government Commission (LGC)
July 6, 2018	Application to the LGC due
July 23, 2018 BOC Meeting	Introduction of bond order by the BOC; file Sworn Statement of Debt with Clerk; set referendum date
July 27, 2018	Publication of bond order as introduced and notice of public hearing
August 6, 2018 BOC Meeting	BOC conducts public hearing regarding bond order, adopts bond order; adopts resolution calling for referendum
By August 9, 2018	Deliver certified copy of resolution calling for referendum to BOE
November 6, 2018	Referendum
December 3, 2018 BOC Meeting	Certification of results of referendum by the BOC

Debt and Capital Model Developed Around Context of Policies and Targets



Policies and targets are consistent with rating agencies for and benchmarked against Aaa/AAA/AAA governments.

Recap of Retreat “Strawman”

(in millions)	2020	2021	2022	2023	2024	2025
DEBT						
WCPSS	277.0	265.7	248.1	298.8	266.6	266.6
Wake Tech	81.4	90.7	79.4	91.5	95.9	92.1
Unallocated Capacity	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0
Debt Capacity	388.4	386.4	357.5	420.3	392.5	388.7
CASH						
WCPSS	29.3	52.9	52.7	47.8	56.4	56.4
Wake Tech	10.0	10.0	7.5	7.5	7.5	7.5
County Capital Base	27.5	26.0	25.4	22.8	31.9	20.9
Unallocated Capacity	\$22.5	\$7.7	\$3.8	\$31.2	\$2.3	\$12.4
Cash Capacity	89.3	96.6	89.4	109.3	98.1	97.2
Total Unallocated Capacity	\$52.5	\$37.7	\$33.8	\$61.2	\$32.3	\$42.4
Programs Seeking Funding:						
PROS	20.0	20.0	20.0	20.0	20.0	20.0
Human Services	5.8	15.5	1.5	29.0	32.5	2.6
Libraries	15.0	15.0	15.0	15.0	15.0	15.0
Total Programs Seeking Funding	\$40.8	\$50.5	\$36.5	\$64.0	\$67.5	\$37.6
Surplus (Gap) in Funding	\$11.7	(\$12.8)	(\$2.7)	(\$2.8)	(\$35.2)	\$4.8

Recap of Proposed Staggered Bond Programs from Retreat

CALENDAR YEARS		2019		2020	2021		2022	2023		2024	2025
FISCAL YEARS		FY 19		FY 20	FY 21		FY 22	FY 23		FY 24	FY 25
BALLOT QUESTIONS											
WCPSS GO Bonds; Vote Every 2 Years	<div>Vote Nov</div>	New Tax Rate Set June	G.O Debt Avail		<div>Vote Nov</div>	New Tax Rate Set June	G.O Debt Avail		<div>Vote Nov</div>	New Tax Rate Set	G.O Debt Avail
WCPSS Tax Increases		1.95				0.75				0.40+	
WCPSS Ballot Amounts			\$543 million (estimated)				\$547 million (estimated)			\$534 million (estimated) +	
WTCC GO Bonds; Vote Every 4 Years	<div>Vote Nov</div>	New Tax Rate Set June	G.O Debt Avail						<div>Vote Nov</div>	New Tax Rate Set	G.O Debt Avail
WTCC Tax Increases		1.20								0.10+	
WTCC Ballot Amounts			\$343 million							\$188 million +	
PROS GO Bonds; Vote Every 6 Years	<div>Vote Nov</div>	New Tax Rate Set June	G.O Debt Avail								
PROS Tax Increases		0.35									
PROS Ballot Amounts			\$120 million								

*Initial estimated tax increase of **3.5 ¢** in FY 2020*

If WCPSS and/or WTCC referendums fail, County still responsible for building programs

What Has Taken Place Since Retreat?

- Received updated numbers from WCPSS on 7-Year CIP
- Allocated available debt and cash capacity to PROS and Human Services Master Plan programs
- Defined and clarified referendum language for PROS ballot question
- Updated the debt / capital model with most current information

WCPSS Referendum Adjusted CIP

Program Area	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
(in millions)						
New Schools	17.9	121.5	199.7	115.5	295.9	138.3
Renovations	177.9	105.3	92.2	72.4	50.3	7.4
Other:						
Life Cycle	30.0	30.9	31.8	32.8	33.8	34.8
Environmental/ADA	4.1	4.2	4.4	4.5	4.6	4.8
Technology	29.1	29.9	30.8	31.7	32.7	33.7
Security	4.3	4.5	4.6	4.8	4.9	5.0
Mobiles	1.3	1.3	1.4	1.4	1.5	1.5
Property Acquisition	10.6	10.9	11.3	11.6	11.9	12.3
SNAP	15.0	16.0	15.0	16.0	16.0	16.5
Prgm. Management	8.7	8.7	5.8	14.1	8.4	11.6
Contingency	8.8	9.9	11.7	8.4	13.6	7.6
Total Other	111.9	116.3	116.8	125.3	127.4	127.8
Totals	\$ 307.7	\$ 343.1	\$ 408.7	\$ 313.2	\$ 473.6	\$ 273.5

Updated Model Still Reflects a 2 Year Program for November 2018 Referendum for WCPSS

Four-year program challenges

Using 80/ 20 debt to cash, the amount of debt for a four-year program exceeds \$1 billion

The amount of cash required to lower the ballot amount under \$1 billion increases the property tax rate required to fund the program substantially

Greater than \$1 billion bond is not viewed favorably, regardless of required tax rate increase

Greater than \$1 billion WCPSS bond program could negatively impact other questions on the ballot

**Ballot question would cover
FY 2020 – FY 2021 and
total \$550 million**

Shall the order adopted on August 6, 2018, authorizing SCHOOL BONDS of the County of Wake, North Carolina in an amount not to exceed \$_____ plus interest, for the purpose of providing funds, together with any other available funds, to construct, renovate, expand, improve and equip school buildings and other school facilities in said County, including the acquisition of land, easements and rights-of-way in connection therewith, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

WTCC CIP Remains Unchanged

Program Area	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
(in millions)						
RTP Campus	-	-	6.6	51.0	86.2	87.4
North Wake Campus	42.9	40.0	54.4	-	-	-
Main Campus	29.2	45.0	6.7	-	-	-
Public Safety Ed. Campus	-	-	6.0	34.8	5.0	-
Campus-Wide Repairs	9.2	5.7	5.7	5.7	4.7	4.7
Technology	10.0	10.0	7.5	7.5	7.5	7.5
Totals	\$ 91.3	\$ 100.7	\$ 86.9	\$ 99.0	\$ 103.4	\$ 99.6

**Ballot
question
would cover
FY 2020 – FY
2023
and total
\$343 million**

Shall the order adopted on August 6, 2018, authorizing COMMUNITY COLLEGE BONDS of the County of Wake, North Carolina in an amount not to exceed \$_____ plus interest, for the purpose of providing funds, together with any other available funds, to construct, renovate, expand, improve and equip community college facilities for Wake Technical Community College, including the acquisition of land, easements and rights-of-way in connection therewith, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

PROS Bond Program Supports Variety of Programs

Program Area	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024		FY 2025	
(in millions)												
Future Open Space	4.8		4.5		4.9		4.0		5.9		4.0	
Future Greenways	4.0		4.3		4.8		4.0		5.7		4.0	
Existing Parks	-		8.8		10.3		12.0		6.5		-	
New Parks	11.2		2.4		-		-		1.9		12.0	
Totals	\$	20.0	\$	20.0	\$	20.0	\$	20.0	\$	20.0	\$	20.0

PROS Ballot Language Encompasses Multiple Purposes

**Ballot
question
would cover
FY 2020 – FY
2025
and total
\$120 million**

Shall the order adopted on August 6, 2018, authorizing PARKS, RECREATION AND OPEN SPACE BONDS of the County of Wake, North Carolina in an amount not to exceed \$_____ plus interest, for the purpose of providing funds, together with any other available funds, for improving and expanding the existing parks and recreational facilities of said County and acquiring and constructing new parks and recreational facilities of said County, including facilities developed jointly with other governmental entities, and including the acquisition of open space land and other land for recreational use, the acquisition of rights of way and the furnishing of incidental facilities and equipment in connection therewith, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

- By combining PROS, 4th ballot question is eliminated (Schools, WTCC, PROS)
- All PROS projects must be for recreation purpose
- If non-recreation Open Space project manifested itself (passive buffer or environmental mitigation):
 - Another source of funding would need to be identified; or
 - Project would be delayed until next referendum opportunity when ballot question for Open Space would be stand-alone question to include purposes other than recreation.

Debt/Cash Allocations Under WCPSS Referendum Adjusted

	2020	2021	2022	2023	2024	2025
(in millions)						
DEBT						
WCPSS	269.3	281.2	346.5	248.6	407.5	205.4
Wake Tech	81.4	90.7	79.4	91.5	95.9	92.1
PROS	20.0	20.0	20.0	20.0	20.0	20.0
Human Services (LOBs)	0.0	15.0	0.0	55.0	0.0	0.0
Debt Capacity	\$ 370.7	\$ 406.9	\$ 445.9	\$ 415.1	\$ 523.4	\$ 317.5
CASH						
WCPSS	38.4	61.9	62.2	64.6	66.1	68.1
Wake Tech	10.0	10.0	7.5	7.5	7.5	7.5
Human Services	5.8	0.5	1.5	5.0	1.5	2.6
County Capital	34.5	31.0	36.1	29.8	50.8	22.9
Cash Capacity	\$ 88.7	\$ 103.4	\$ 107.3	\$ 106.9	\$ 125.9	\$ 101.1

Above amounts do not include any allocations for Libraries.

Proposed Staggered Bond Programs with WCPSS Referendum Adjusted

CALNDAR YEARS		2019	2020	2021	2022	2023	2024	2025
FISCAL YEARS		FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
BALLOT QUESTIONS								
WCPSS GO Bonds; Vote Every 2 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail		Vote Nov	New Tax Rate Set June	G.O Debt Avail	
WCPSS Tax Increases		2.20						
WCPSS Ballot Amounts			\$550 million			Future Program		Future Program
WTCC GO Bonds; Vote Every 4 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail			Vote Nov	New Tax Rate Set	G.O Debt Avail
WTCC Tax Increases		1.15						
WTCC Ballot Amounts			\$343 million					Future Program
PROS GO Bonds; Vote Every 6 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail					
PROS Tax Increases		0.35						
PROS Ballot Amounts			\$120 million					

Total Estimated Tax Increase **3.70** Compared to 3.5 cents amount from retreat

- If WCPSS and/or WTCC referendums fail, County would still be responsible for building programs
- Because WCPSS CIP is still in development, future WCPSS referendums remain TBD

Next Steps

- **Provide thoughts, feedback, and additional questions to staff**
 - Staff can provide additional information at May 30 and /or June 11 work sessions
- **Board of Education to adopt CIP by May 30**
- **Need decisions on ballot types and amounts so that documents can be prepared for Board to take first official action on June 18**