

# 2018 PGROS Bond & Future PGROS Funding Update

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# Purpose/Agenda

The purpose of today's meeting is to provide information only. No specific action or direction is needed from the BOC at this time.

## Agenda:

- 2018 PGROS\* Bond Project Update
- Funding Options for Future PGROS Projects
- Next Steps/Summary

\*PGROS = Parks, Greenways, Recreation & Open Space

A stylized, light blue map of Wake County is centered in the background of the slide. The map shows the county's irregular shape with various indentations and protrusions.

# 2018 PGROS Bonds Update

# 2018 PGROS Bond Recap

- Voters approved a \$120 million PGROS bond in November 2018
- Six-year bond program (FY20 – FY26)
- Allocation of funding among programs decided after bond amount was determined
- Debt issuances spread over multiple bond sales to maintain debt/capital metrics and affordability

Program	Funding Amount
Greenways	\$20 million
Open Space	\$20.48 million
Parks/Nature Preserves	\$79.52 million

# Greenway & Open Space Funding Status

## Greenways – Budget \$20,000,000

One Greenway Funded in June 2021

- City of Raleigh Crabtree Creek Greenway West
- Connecting Raleigh Greenway system to Umstead Park
- County bonds expended = \$2,800,000
- Remaining bond funds = \$17,200,000

## Open Space Budget \$20,480,000

11 Properties Since March 2021

- County bonds expended = \$6,285,282
- Remaining bond funds = \$14,194,718
- DOT Contribution = \$5,000,000
  - Funds utilized = \$1,476,739
  - DOT funds remaining = \$3,523,261
  - DOT Expiration Date = 12/31/23

# Park Projects Budget = \$79,520,000

Project	Original Estimate	Current Estimate (Escalated Costs)	Anticipated Completion Date
Beech Bluff County Park	\$ 13,600,000	\$ 15,350,000	FY 2023
Kellam Wyatt Farm Phase I	\$ 3,500,000	\$ 5,490,000	FY 2023
Lake Myra County Park - Phase 1	\$ 16,000,000	\$ 16,000,000	FY 2024
Blue Jay Point	\$ 5,740,000	\$ 5,740,000	FY 2025
Sinclair Preserve	\$ 1,250,000	\$ 1,250,000	FY 2027
Harris Lake	\$ 5,730,000	\$ 5,730,000	FY 2025
Historic Oak View	\$ 3,470,000	\$ 3,470,000	FY 2024
Lake Crabtree	\$ 6,170,000	\$ 6,170,000	FY 2024
Crowder	\$ 7,300,000	\$ 7,300,000	FY 2025
Yates Mill	\$ 4,700,000	\$ 4,700,000	FY 2026
ATT	\$ 6,900,000	\$ 6,900,000	FY 2026
Green Hills	\$ 2,670,000	\$ 2,670,000	FY 2027
Robertson Millpond - Phase 3	\$ 2,490,000	\$ 2,490,000	FY 2027
<b>Total</b>	<b>\$ 79,520,000</b>	<b>\$ 83,260,000</b>	

Some projects already experiencing cost escalation due to scope and/or construction issues.

To keep costs within budget staff is reviewing options including delaying or eliminating projects and changes to scopes.

A faint, light blue map of Wake County is centered in the background of the slide. The map shows the county's irregular shape, including its northern and eastern borders. The text is overlaid on this map.

# **Future Funding Options for PGROS Projects**

# Future Funding Options

1. Future general obligation bonds
2. Use of “rollback” property taxes
3. Sales taxes and/or other General Fund sources
4. American Rescue Plan Act (ARPA) funding



# 1. Future General Obligation Bonds

## Opportunities

- GO Bonds fund projects with the backing of the taxpayers/voters
- GO Bonds allow for planning and input from BOC, advisory groups, staff, and community *in advance of funding* availability
- If approved, have guaranteed stream of funding
- GO Bonds considered the lowest cost of debt funding

## Challenges

- NC General Statutes limit when County can hold bond referendum
- Potentially encounter voter fatigue by putting too many bond questions on the ballot
- County's debt capacity already spread between mandated and discretionary services
- If new capacity is available, may require a tax increase to fund

# Anticipated GO Referenda Calendar

Calendar Year	2022	2024	2026	2028
WCPSS	X	X	X	X
WTCC	X		X	
Libraries		X		

## Future Questions:

- Does the County desire to do another single PGROS bond, or smaller bond programs?
- Does the County have additional debt/cash capital capacity, given changed economic outlook?
- What other needs might the County need to meet, if additional debt/capital capacity is available?

## 2. “Rollback” Property Taxes

### What exactly are they?

“Deferred” taxes based on the difference between the “present use” value of a property and its market value.

### When does the deferment end?

When the property is no longer meeting requirements of farm/forestry land use, income threshold is not met, or property is sold.

### Why are they “deferred”?

Property that is actively farmed or maintained under forestry management can receive different tax treatment based on its “present use” (other thresholds apply).

### What does the owner pay?

At the end of the deferment, owner must pay a “rollback” of current and three prior years of the deferred taxes plus interest.

# “Rollback” Tax Considerations

- County receives ~\$2.4 million in “rollback” taxes annually\*
  - Equates to .13 of a penny on the tax rate
  - While not budgeted, these revenues support General Fund fund balance
  - Not a guaranteed source of funding
- Planning/Potential Use:
  - Would require policy change/commitment by Board specific to this revenue source
  - Use of these funds could only be planned after the revenue is received
  - Still likely would need to be supplemented with other capital/debt funding

# 3. Sales Taxes (or Other General Fund Sources)

- County could evaluate “extra” sales tax revenues and/or revenues in excess of expenditures annually
- Considerations:
  - General Fund revenues in excess of expenditures must grow a certain amount annually to maintain debt, capital, and fund balance metrics
  - Not a guaranteed source of funding
  - Evaluation/determination takes place near, at or after fiscal year end
  - Any allocations of General Fund dollars at discretion of the Board
  - Use of funds could only be planned after allocations made

# 4. ARPA Funding

## What we know...

ARPA seeks to improve health/social outcomes for historically underserved populations

US Treasury guidance allows for ARPA funds to be used toward PGROS projects in Qualified Census Tracts (QCTs)

Funds must be spent/encumbered by December 2024 (December 2026)

## What we still are learning...

Whether ARPA funds can be used for land purchases related to PGROS

If/how to evaluate PGROS projects located in non-QCTs

Whether future federal legislation will change eligibility and/or provide other sources of funding for PGROS projects

# Next Steps

## Next Steps:

- Finalize FY2021 financials and update debt/capital model
- Continue research funding eligibility and options
  - ARPA, state/federal opportunities, and other General Fund sources
- Further understand PGROS needs not funded by 2018 GO Bond
- Present update/additional recommendations to BOC in 2022