



CITY COUNCIL ANNUAL RETREAT
January 12-13, 2023
Kinsleeshop Farms

- I. Call to Order
- II. Retreat Objectives
- III. Centralina Presentation (*Gardner*)
- IV. Financial Outlook (*Holman*)
 - a. Year to Date Revenues and Expenditures
 - b. FY 2024 Revenues
 - c. Enterprise Fund Revenues
 - d. Revenue Neutral Discussion (*Smith*)
- V. Growth Projections (*Ashley/Gregory*)
- VI. Projected Expenditure Influences for FY 2024
 - a. Police Salary Increases
 - b. Turnover Rate, Pay, and Benefits (*Everette*)
 - c. Pay study implementation
 - d. New Staff Requests (*Smith*)
 - e. Health Insurance Forecast (*Everette*)
 - f. Cost Escalations (*Harrell*)
 - g. Solid Waste Fee Removal (*Harrell*)
- VII. Capital Improvement Plan (*Davenport*)
 - a. Large Project Presentations (*Department Heads*)
- VIII. Bond Initiatives Information (*Smith*)
- IX. Council Member Requests (*Smith*)
 - a. Airport Financial Outlook (*Ferguson*)
 - b. Greenways (*Griggs*)
 - c. Schools in Statesville (*Smith*)
 - d. Fire Station #5 (*Weatherman*)
 - e. Civic Center and the Statesville Convention and Visitors Bureau (*Roberts*)
- X. Prioritization of Needs for FY2024 (*Smith*)
- XI. Adjourn



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 20, 2022
SUBJECT: ***Memo #1 – Retreat Objectives***

We will be spending our Winter Retreat determining the focus and priorities for the upcoming FY2024 budget. There will be a significant amount of information presented to you by staff and our consultant (Davenport) that will hopefully help you to make decisions that will help us to prepare for next year.

Ideally, we would have our Strategic Plan completed prior to going through our budget process. However, we are only partially through that project. We have provided some information to you about what we heard through the survey, which may help in your discussion about priorities. Centralina will continue to work through that process with you, and hopefully it will be completed by the time of our budget meetings.

Some of the questions I would like for you to consider prior to our time together are as follows, and the information in this packet should help you with those preliminary thoughts. Staff has developed a memo for each topic, with associated background information. It is important to at least familiarize yourself with the information, as it will help move the conversation along and provide context to the items we will be discussing.

1. What are your highest priorities for the upcoming year, and potentially beyond?
2. The city will be seeing a higher valuation through the county reappraisal, netting more revenue. Staff will talk about how much of that revenue is already spoken for and ask the Council your priorities for allocating what is remaining.
3. Is it your intention to try to lower the tax rate to compensate for increased property values, i.e. go revenue neutral?
4. Are you comfortable with the results of Davenport's review and development of a Capital Improvement Plan (CIP), and how much are you willing to put toward achieving that plan?
5. If the city does not have the revenue stream to pay for priority projects, are you willing to entertain other funding sources such as General Obligation Bonds or Limited Obligation Bonds (there is a definitions page that follows this memo)?

6. There are other issues that have been brought forward by Council members to include on this agenda (see Memo #8). We will take the time necessary to talk through each of your submittals. These discussions should also inform your prioritization process.

At the end of each memo (except this one) we have included a short “summary and takeaways” section which gives a brief overview of the topic, and what we hope to achieve based on that discussion.

I encourage you to read through this information and ask me any questions that you have prior to our meeting.

Attachments

1. Survey Results – Graphs from Centralina
2. Key Terms and Definitions



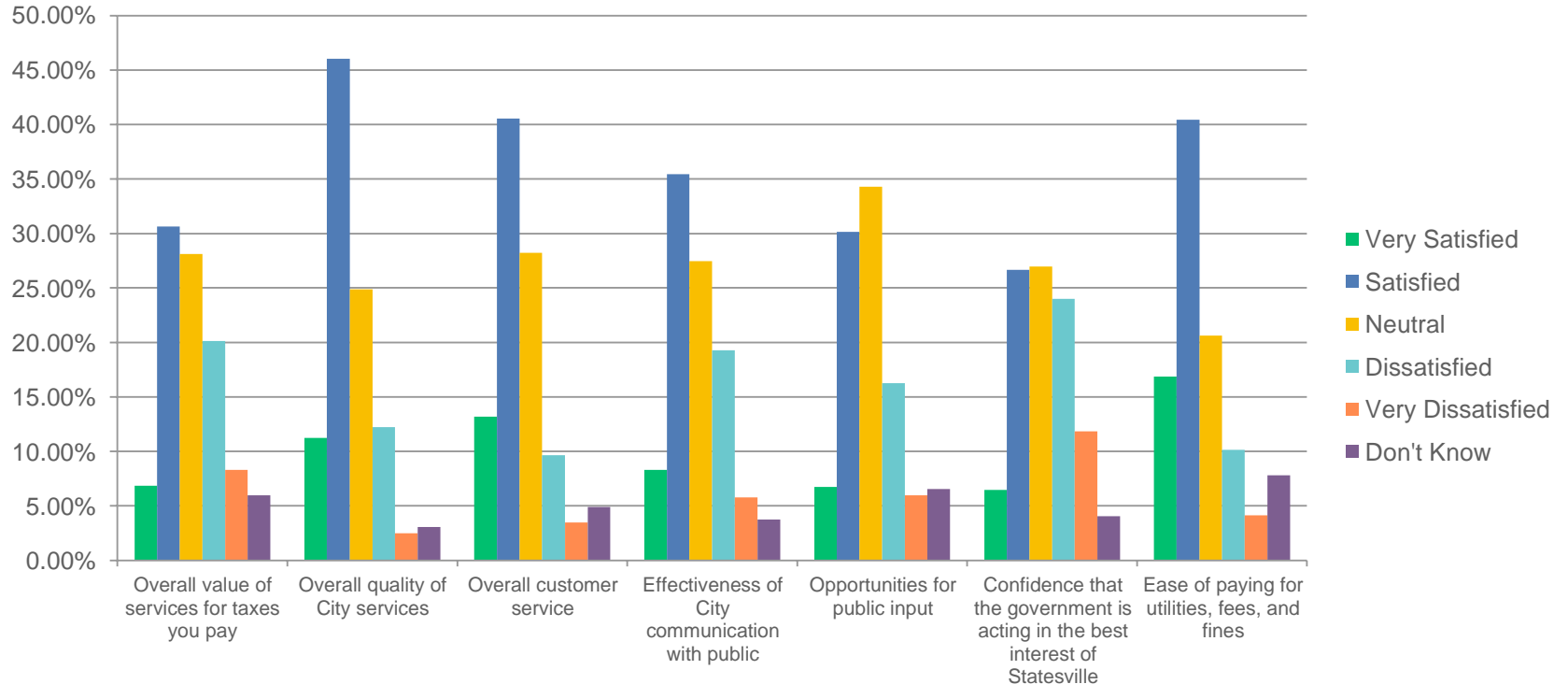
CENTRALINA
REGIONAL COUNCIL

Statesville Community Survey Data Summary

Responses as of January 6, 2023: 1,038

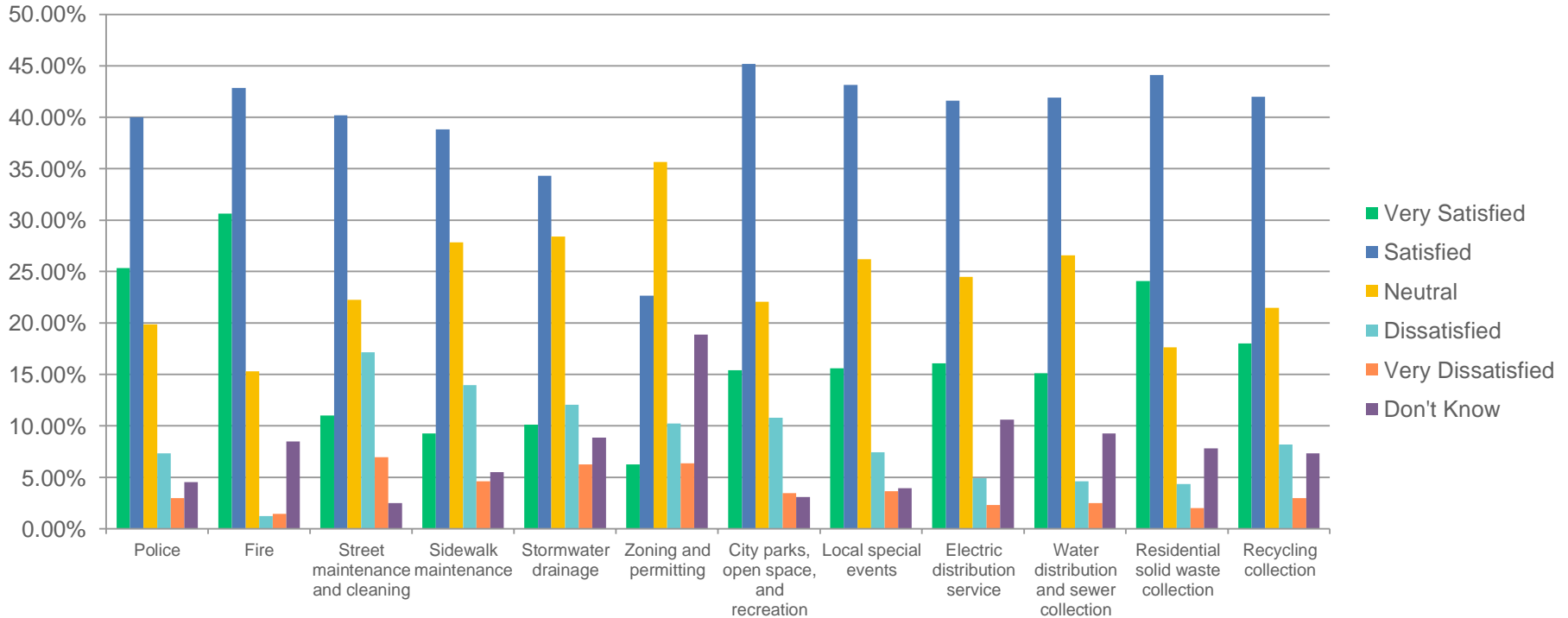
City Governance & Services

Question 1: How would you rate your satisfaction with the following?



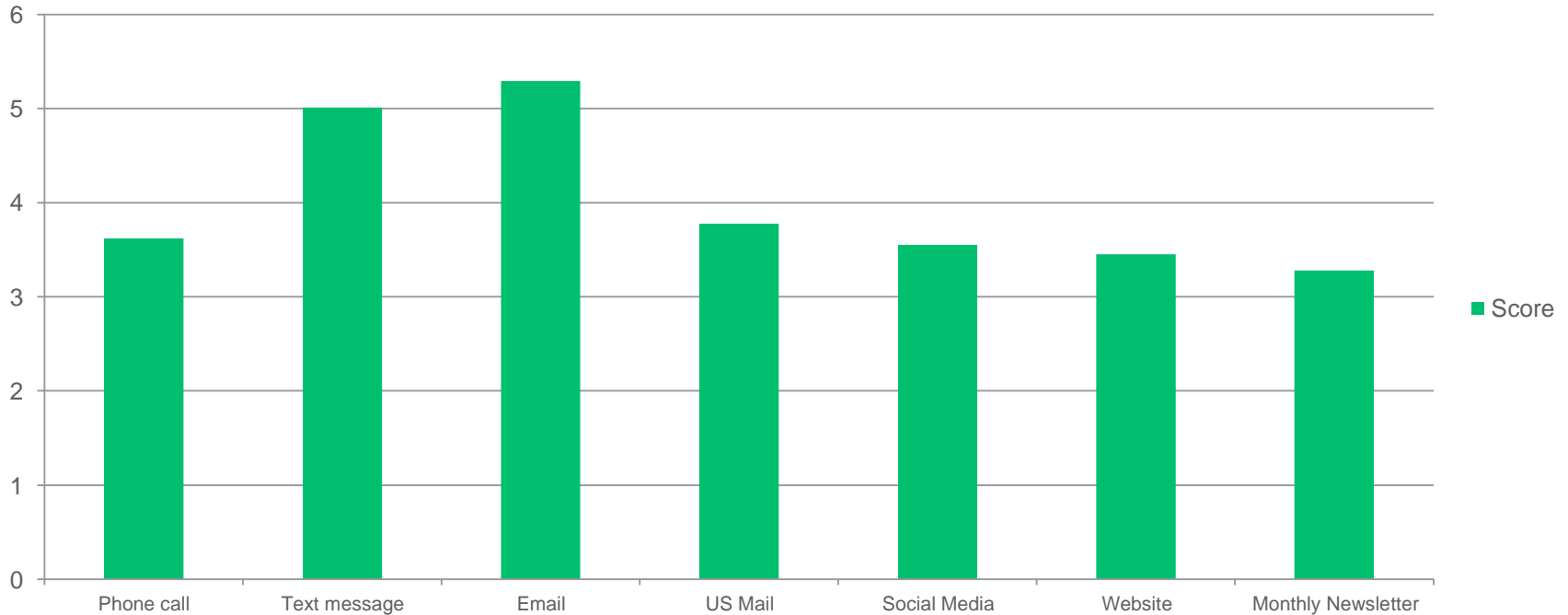
City Governance & Services

Question 2: How would you rate your satisfaction with the following services?



City Governance & Services

Question 3: Please rank the ways you prefer to receive communications from the City, with 1 being most preferred and 7 being least preferred.



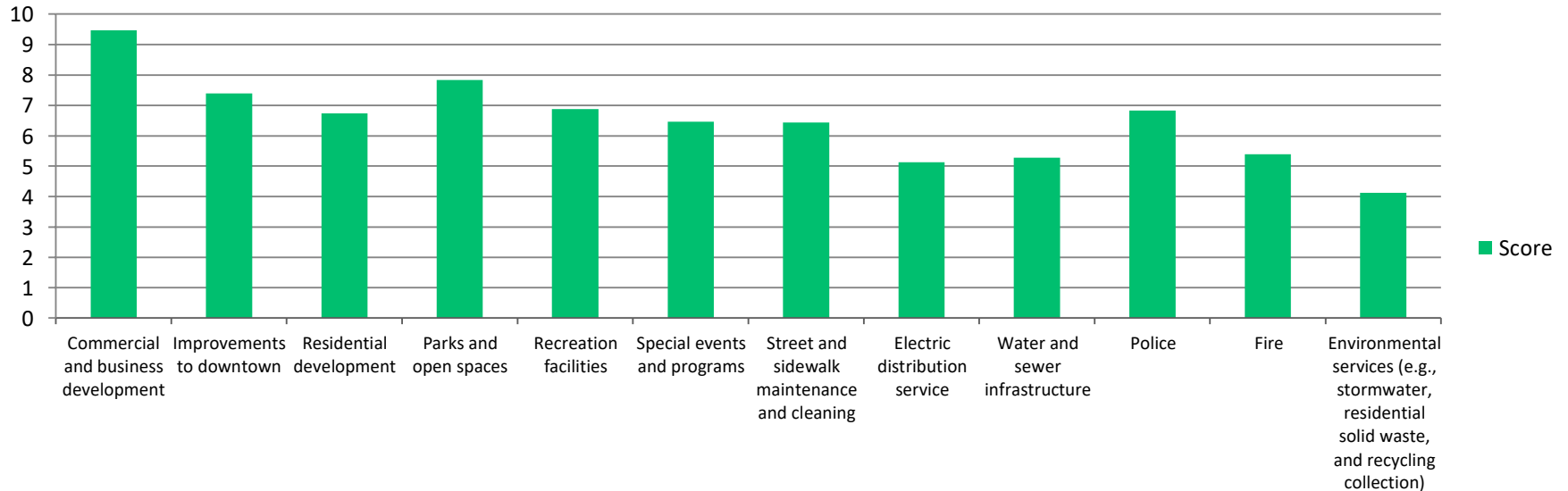
The Future of Statesville

Question 4: If you had to describe Statesville to a friend today, what words or phrases would you use?



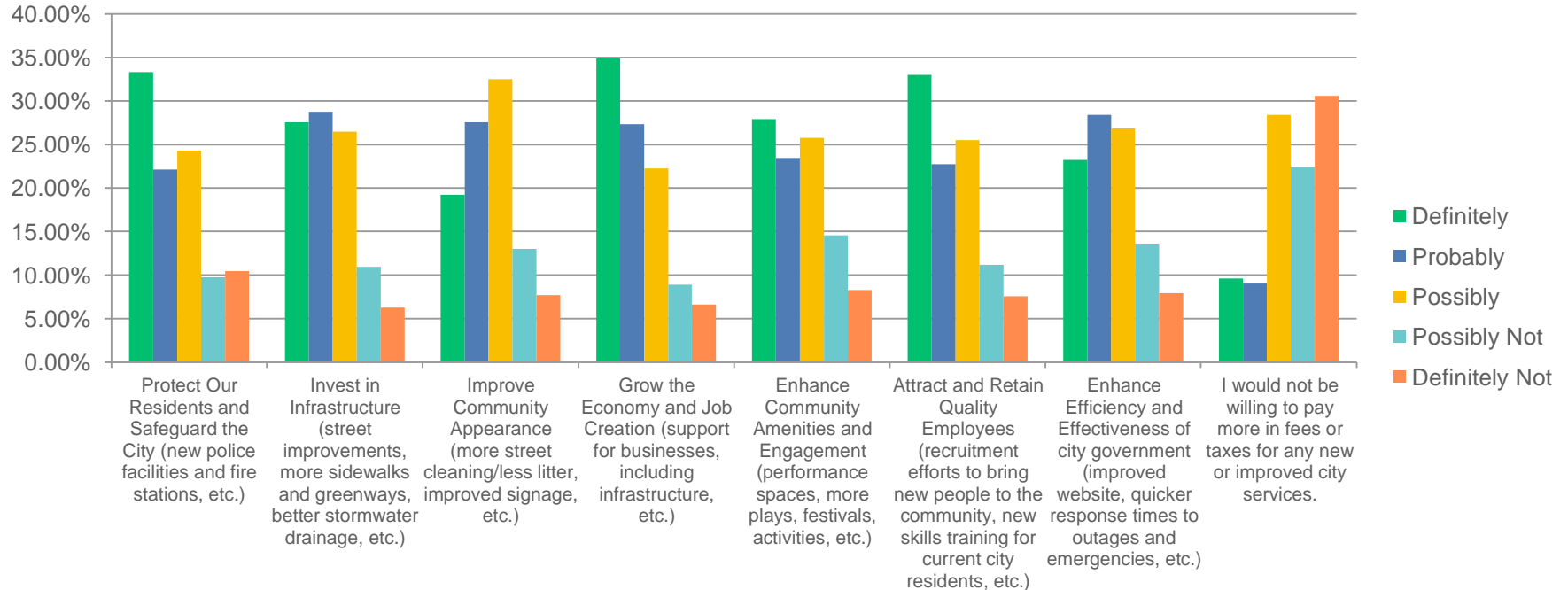
The Future of Statesville

Question 6: Over the next 5 years, what areas will require additional investment or improvement to bring the City closer to what you hope it will be like in 10 years? Please rank your answers, with 1 being what you feel most strongly about and 12 being wh



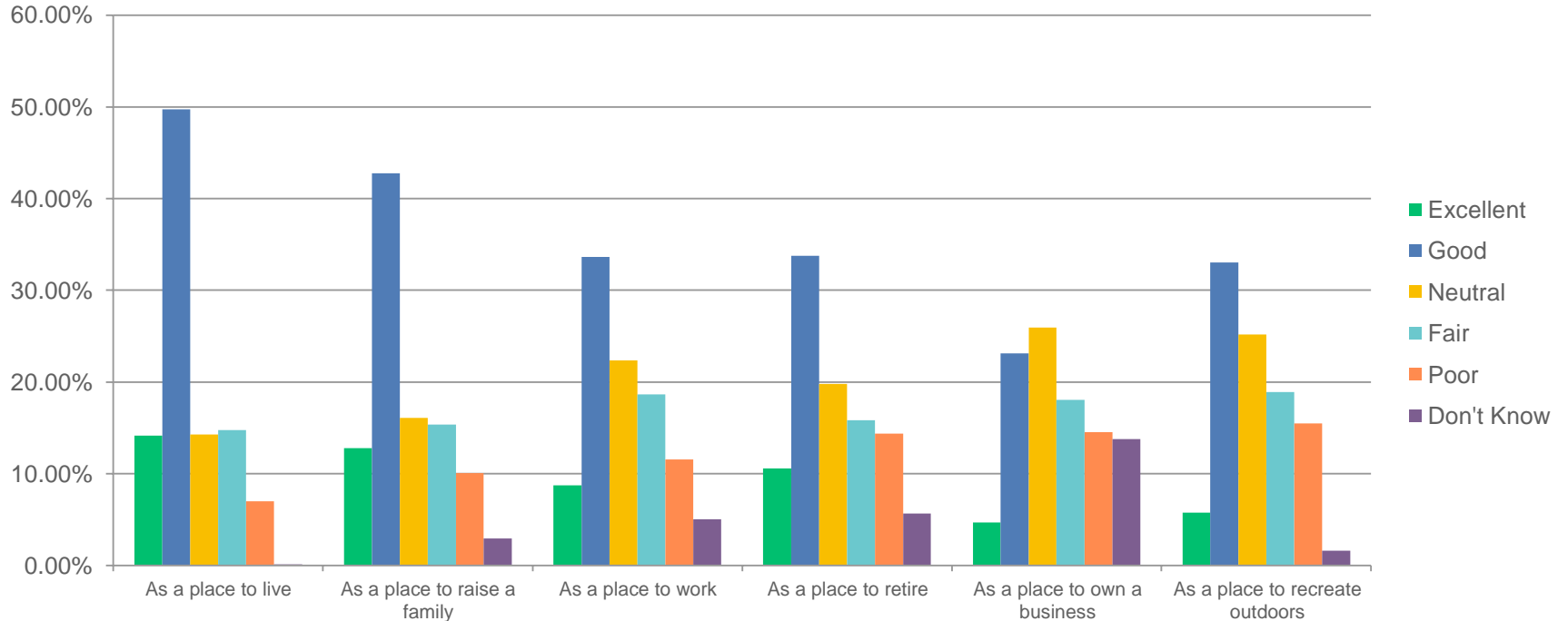
The Future of Statesville

Question 7: Which of the following would you be willing to pay for either with additional fees or increased taxes?



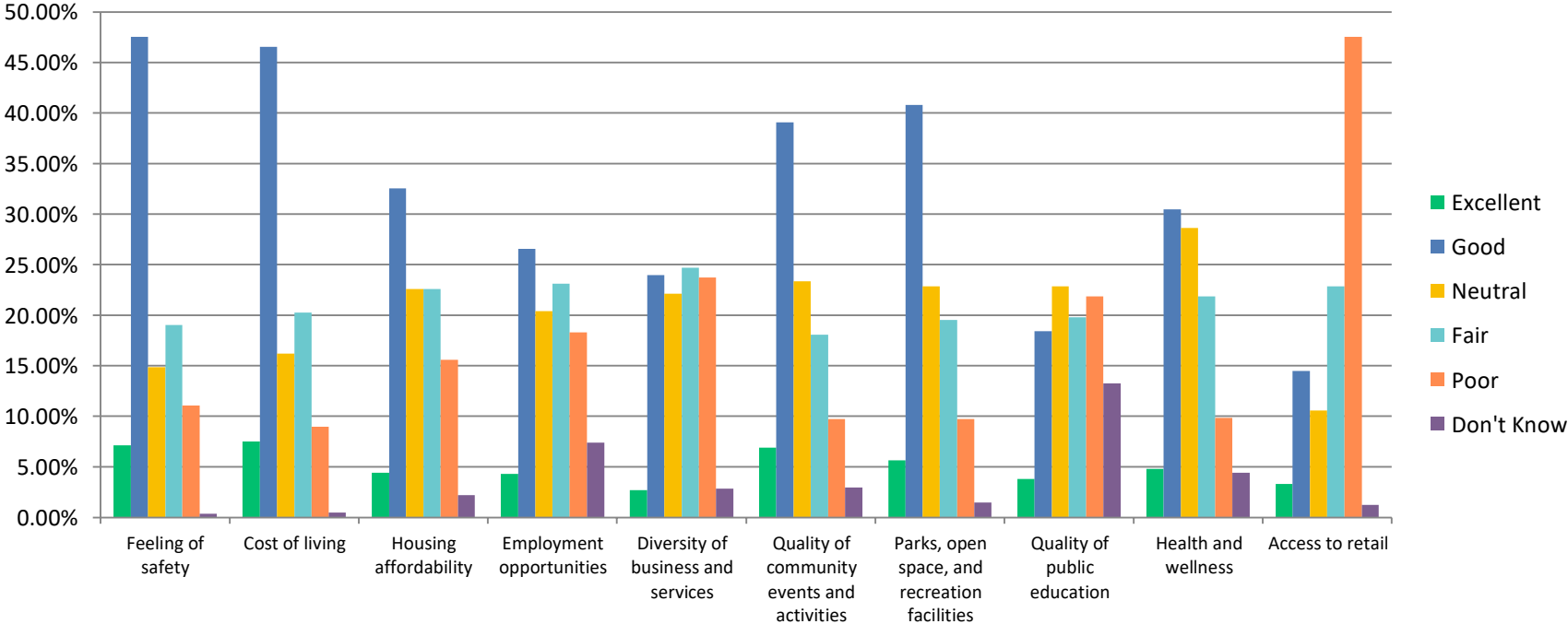
Quality of Life

Question 8: How would you rate Statesville on the following?



Quality of Life

Question 9: How would you rate Statesville on the following quality of life characteristics?



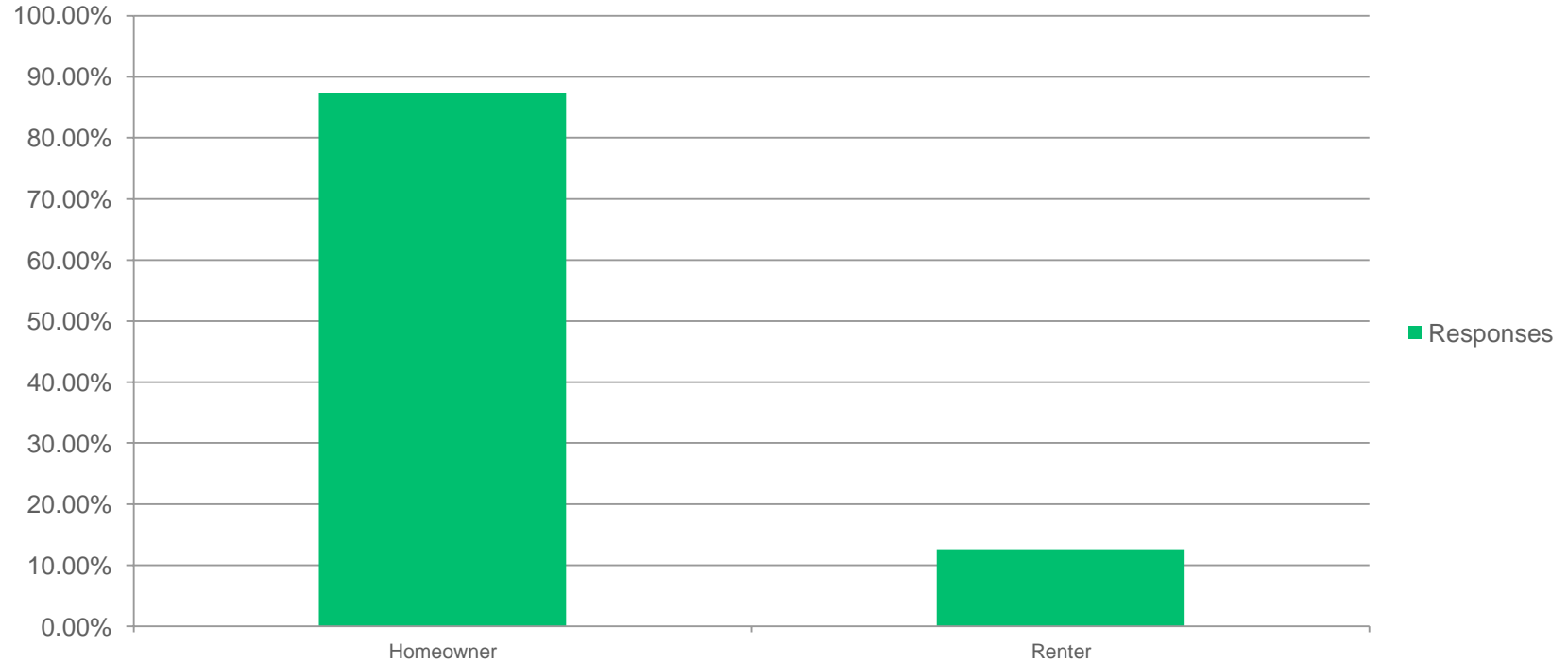
Demographics

Question 11: What Zip code do you live in?

29625 28166 28687
28115 28625
28636 **28677** 28117
28678 28634 28660

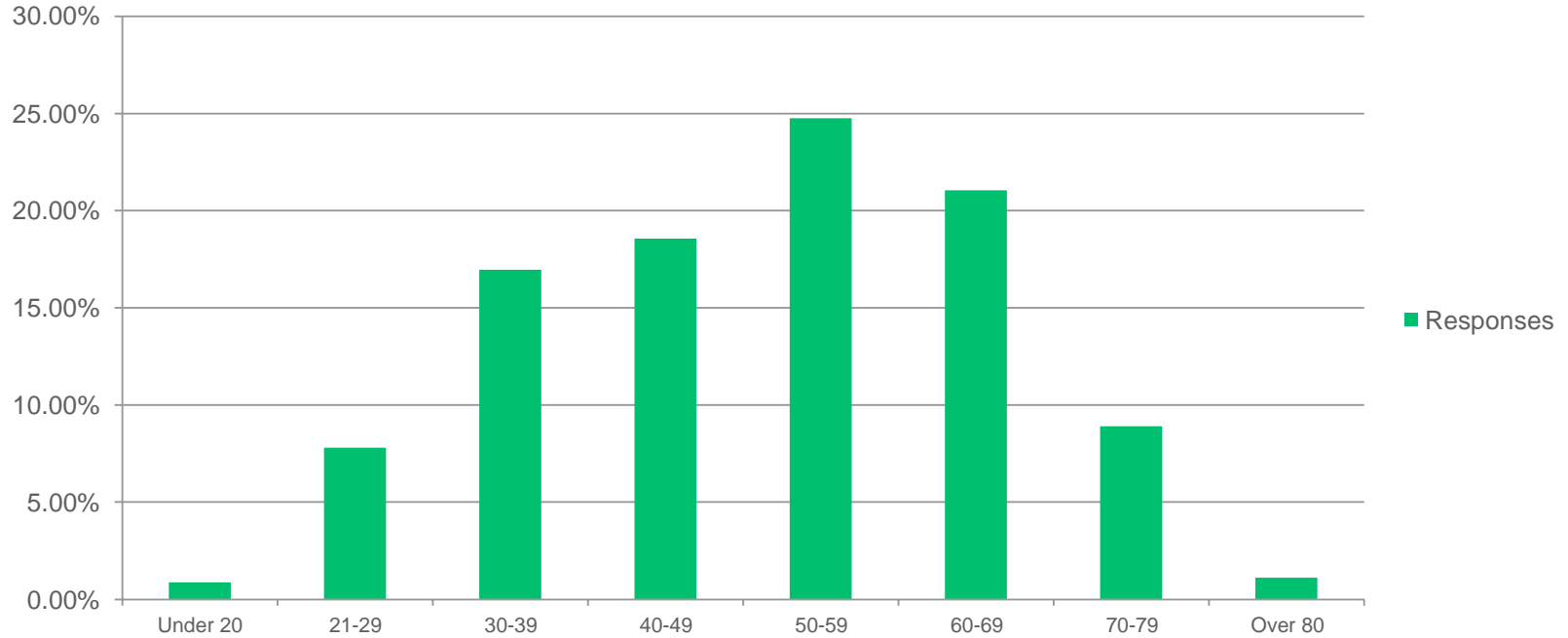
Demographics

Question 12: Are you a homeowner or a renter?



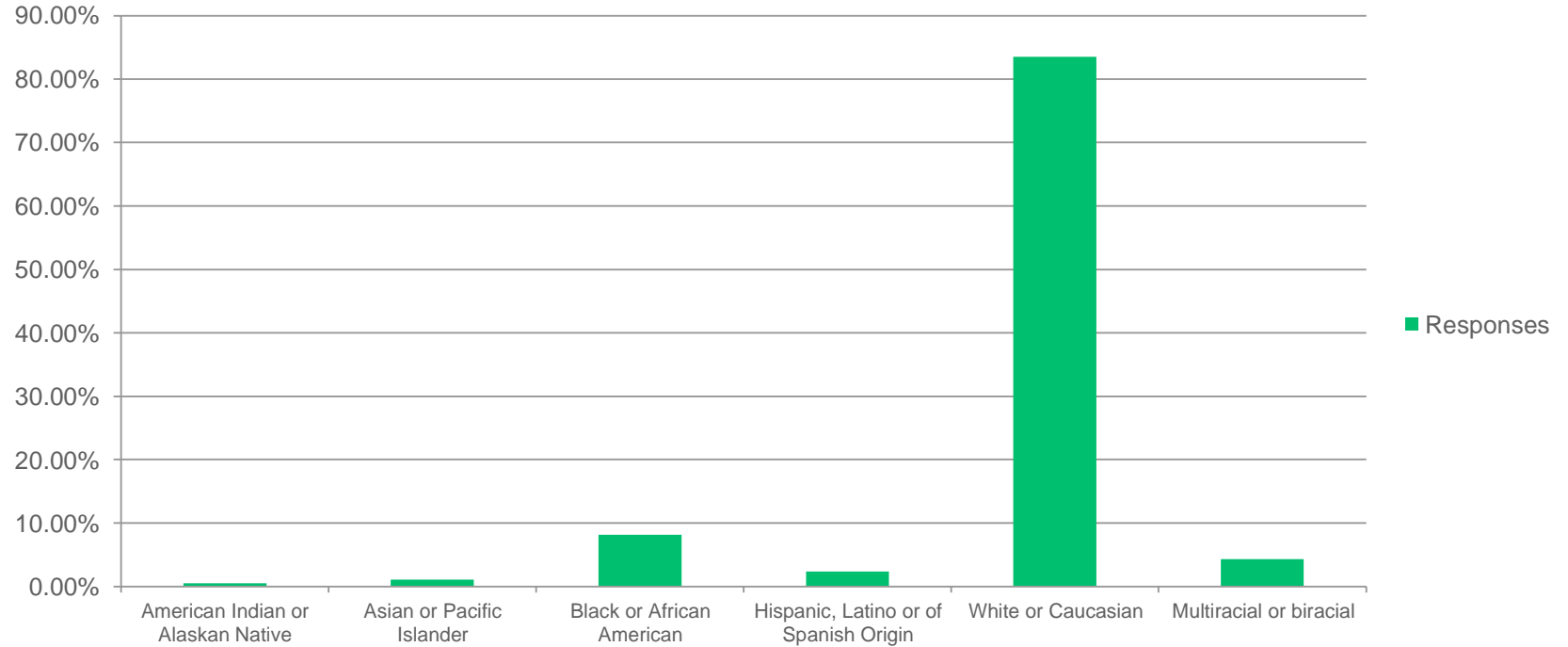
Demographics

Question 13: Which age group best describes you?



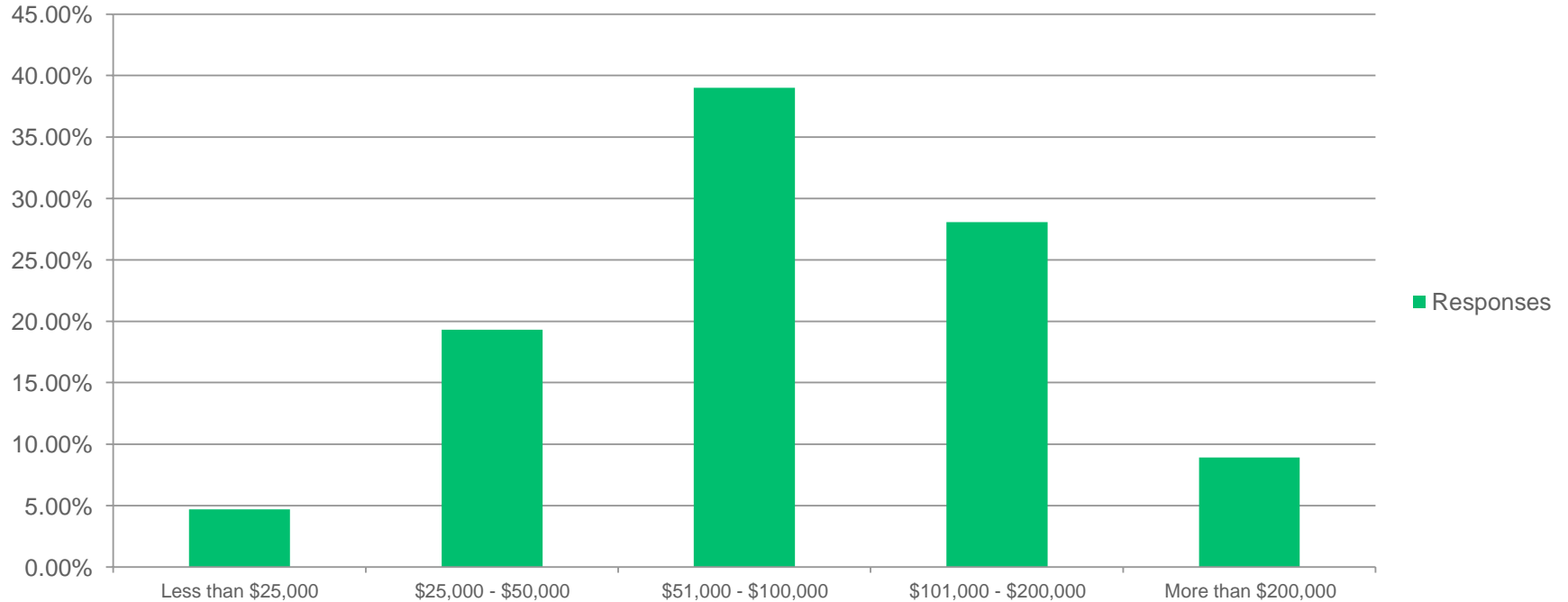
Demographics

Question 14: Which of the following best describes you?



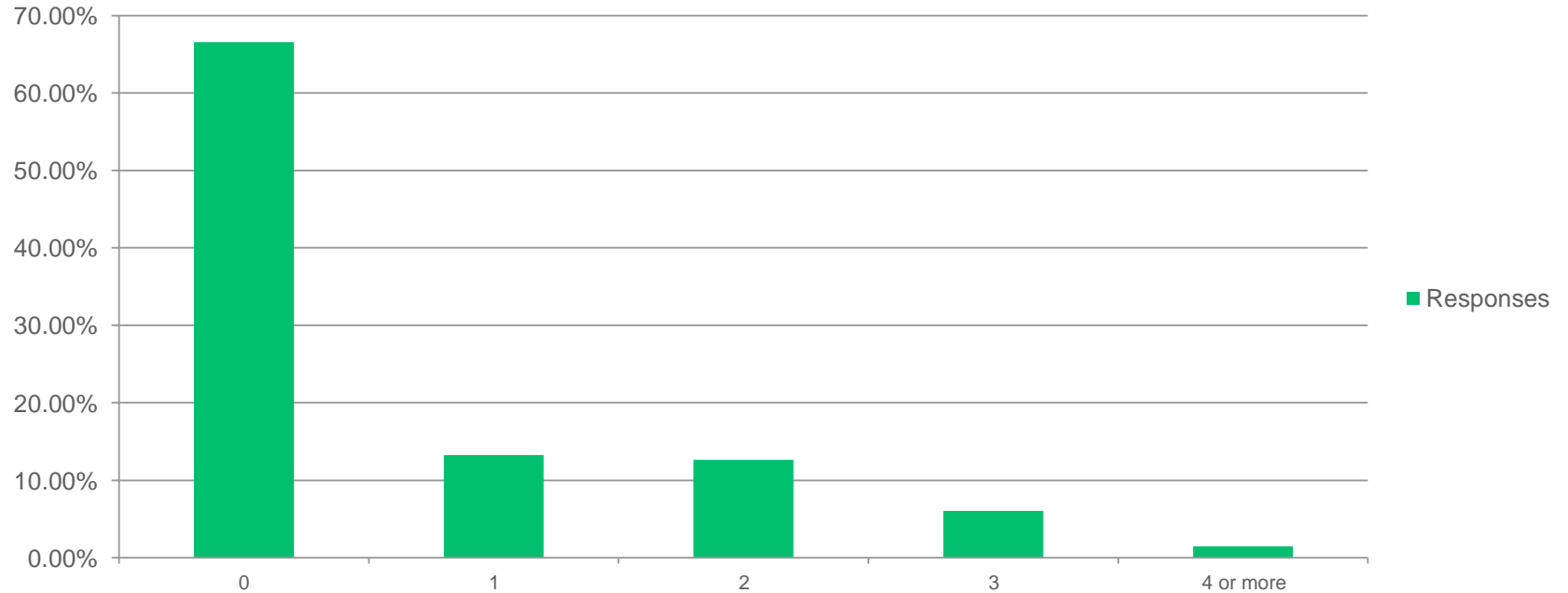
Demographics

Question 15: Which of the following best describes your household income last year?



Demographics

Question 16: How many children under the age of 18 live in your household?



City Council Retreat Key Terms and Acronyms

- **Affordable Housing** - housing that is affordable to households with low incomes, meaning that these households pay no more than 30% of their income in rent.
- **Bond Referendum** - a voting process that gives voters the power to decide if a local government should be authorized to raise funds through the sale of bonds. Generally, the city would ask for a tax increase to pay back this debt. A referendum must be held during a general election and the ballot must include specifics about the projects. If approved, the city must adhere to the projects on the ballot.
- **Consumer Price Index**- a statistical description of price levels provided by US Department of Labor. The index is used as a measure of the increase in the cost of living.
- **CIP**- Capital Improvement Plan, provides a working blueprint for sustaining and improving the community's infrastructures and coordinates planning, financial capital, and physical development.
- **Capital project**- major construction, acquisition, or renovation activities which adds value to physical assets or significantly increases their useful life.
- **Enterprise fund**- fund that accounts for operations that are financed and operated in a manner similar to private business enterprise.
- **Fiscal year**- a 12-month period from July 1 to June 30 the following year.
- **Fund balance**- excess of the assets of a fund over its liabilities
- **General fund**- fund that accounts for most government services such as public safety, streets, sanitation, recreation and parks, and general government services.
- **General Obligation Bond** – municipal bond backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. They are issued with the belief that a municipality will be able to repay its debt obligation through taxation or revenue from projects.
- **ISS**- Iredell Statesville Schools
- **Limited Obligation Bond** - a type of General Obligation Bond that only has access to a predetermined amount of taxes. Therefore, the issuer doesn't have any incentive to raise taxes if they are facing challenges paying off the bond.

- **Pay/Go (Pay as you go basis)**- used to describe financial policy by which capital outlays are financed from current revenues rather than borrowing
- **Reappraisal**- all property within Iredell County is revalued to its current market value as of an established date. Iredell County's 2023 Reappraisal has an effective date of January 1, 2023. During the reappraisal process the County's Assessor's Office developed a Uniform Schedule of Values by analyzing cost data, as well as sales and income data.
- **Revenue Neutral**- budgeting the exact same amount of property tax revenue, in dollars, for the upcoming budget cycle. After appraisals are performed, the city would decrease the levy rate to compensate for the increase in values, in essence seeing that the city receives the same amount of property tax revenue.
- **Sales Tax** – a consumption tax imposed by government on the sale of goods and services consumers pay when making a purchase.
- **Solid Waste Fee** – service for garbage pickup, \$60 annually.
- **SCVB - Statesville Convention and Visitors Bureau**
- **Tax rate**- amount per \$100 of property valuation that is levied for the support of government services or activities. Statesville's current rate is \$0.5478/\$100.

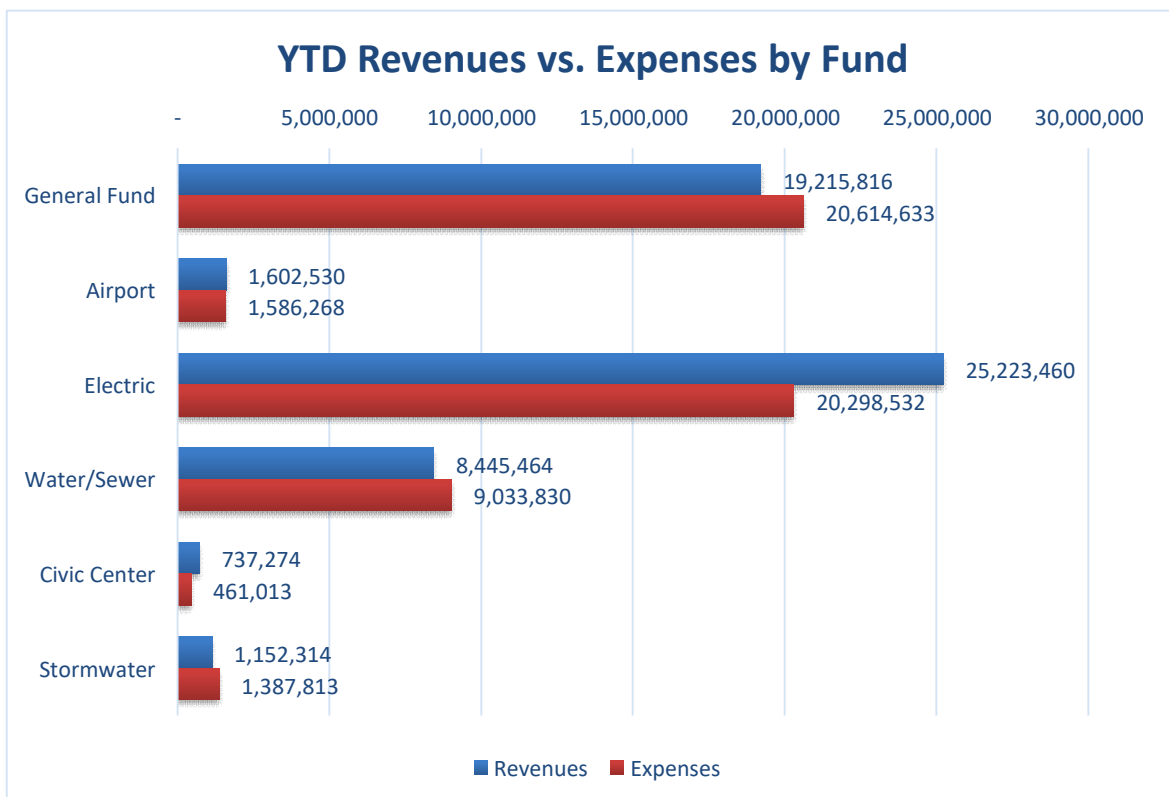


City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

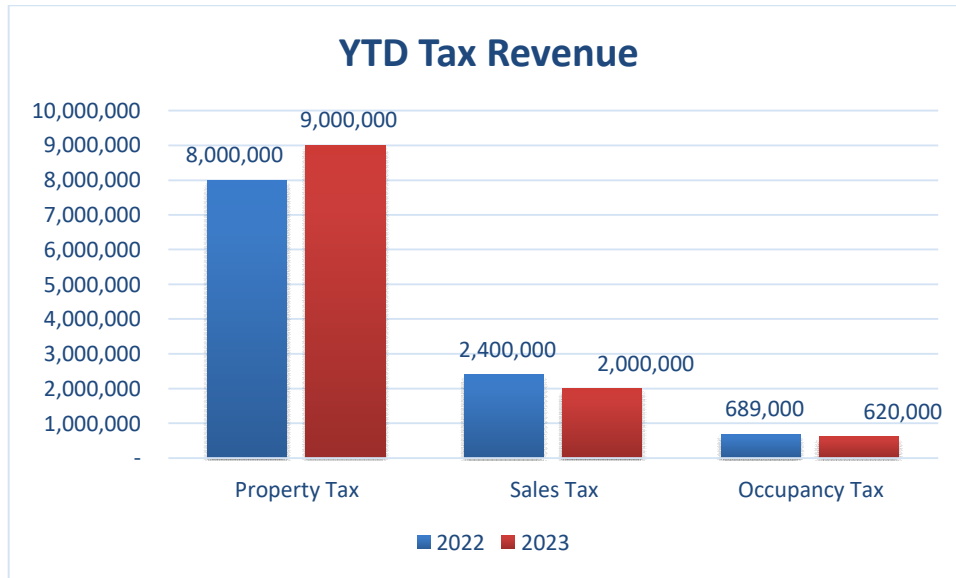
TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 20, 2022
SUBJECT: **Memo #2 –Revenues and Expenditures**

Michelle Holman has prepared an overview of the city’s revenues and expenditures, which is most often the place we start when developing trends for the next year. Included in this section is a review of where we are currently and what is forecasted for the upcoming year, including information specifically addressing the reappraisal and revenue neutral.

1. Year-to-date snapshot of revenues and expenditures – We have waited to get this information out to you until we got the most updated property and sales tax information. However, it did not come in and therefore shows higher expenditures over revenues. In reality, this will change, and we should have the most accurate numbers on

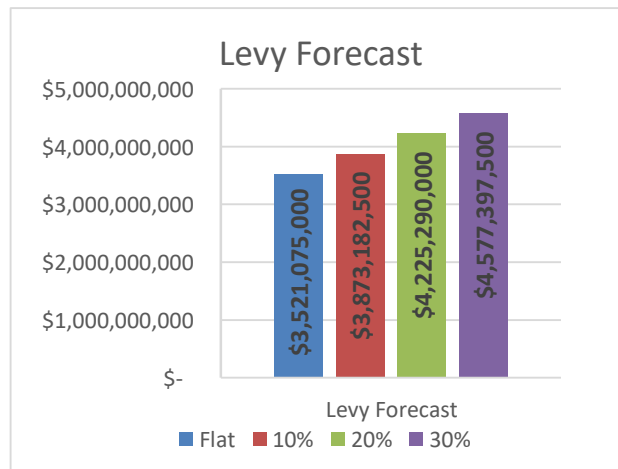


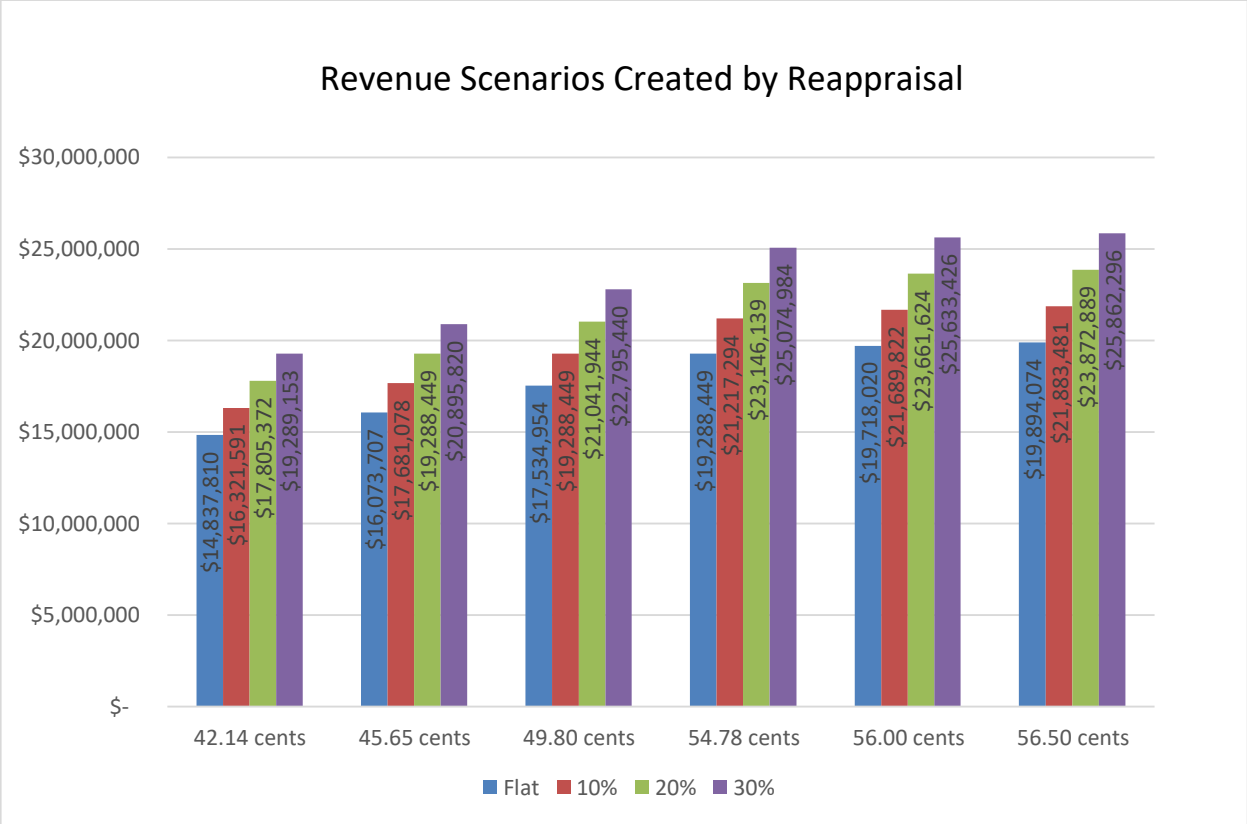
the day of the retreat. The same will apply to the second chart labeled Sales, Property, and Occupancy Tax. We expect sales tax numbers for 2023 ytd to be somewhere between 2,800,00 and 3,000,000 but do not have the final numbers to verify that.



2. Projections for FY2024

a. Countywide reappraisal – The city will benefit from the reappraisal in increased property tax revenue. As of today, there is not an official estimate of those increases, but we are being told by the county that it will likely be an increase of around 20%. This is a needed increase, as costs have risen dramatically. The following graph shows several scenarios for your consideration. One of the issues that may come up is whether to adjust the tax rate to mitigate the impact on residents. The graph below compares the revenues created by the tax rate, based on the level of new valuation. A flat growth rate at 54.78 cents is the baseline for consideration and we are showing scenarios between 10 and 30% growth.





b. Sales tax projections – We expect sales tax revenues to flatten out in the upcoming year. The city has experienced growth in this revenue stream ever since COVID hit in 2020.

Summary and Takeaways

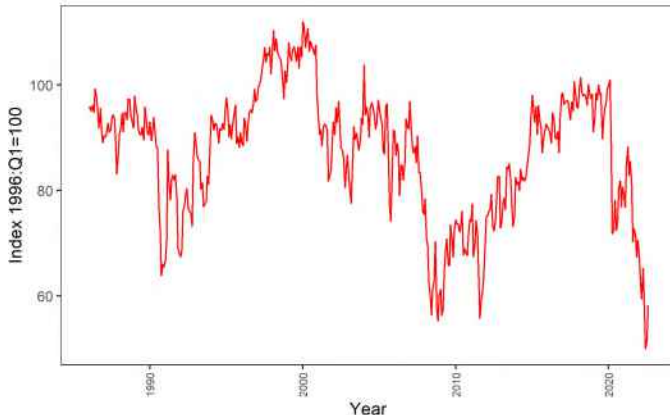
1. The city is tracking high in both property tax revenues and sales tax revenues for FY2023 (better numbers will be available on Thursday).
2. The economy is in a volatile state and consumer spending is likely going to level off or decrease, which will impact sales tax revenues. We will likely plan for the same amount in sales tax revenues as we receive in this year.
3. The countywide reappraisal will likely net the city between 10% and 30% higher property values.
4. Revenue neutral would mean decreasing the tax rate but will make it much more difficult to cover new costs (this will be discussed further through the retreat).
5. Enterprise funds are doing well.

Attachments

1. Economic trend information from Davenport
2. Financial Analysis – Rocky Mount

Sentiment and spending are telling different tales

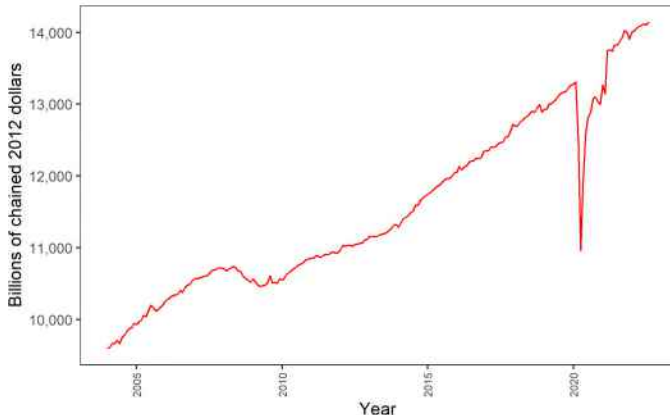
University of Michigan: Consumer Sentiment



Consumer sentiment has been very negative of late

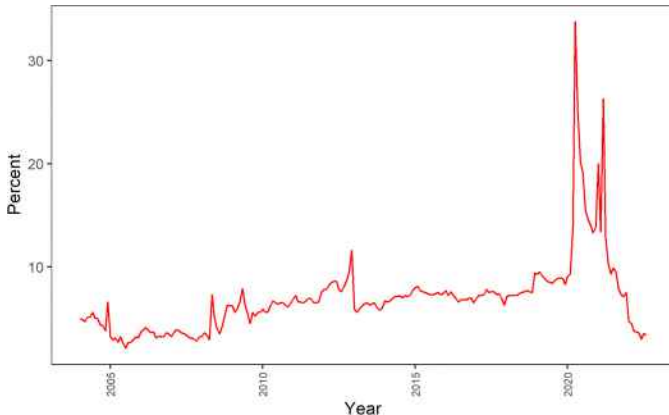
Spending is still strong

Real Personal Consumption Expenditures



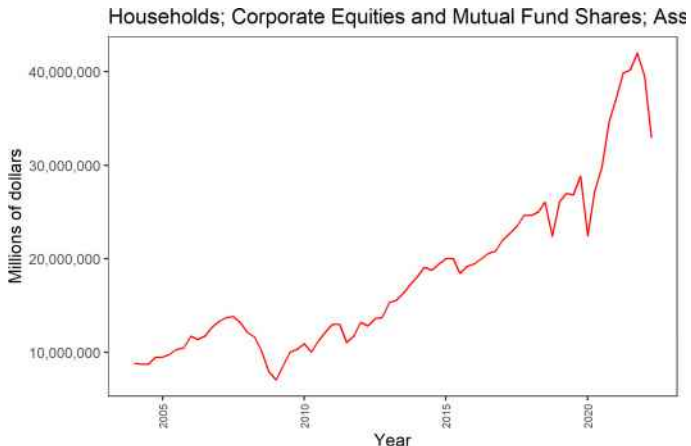
Spending is not cracking, YET?

Savings



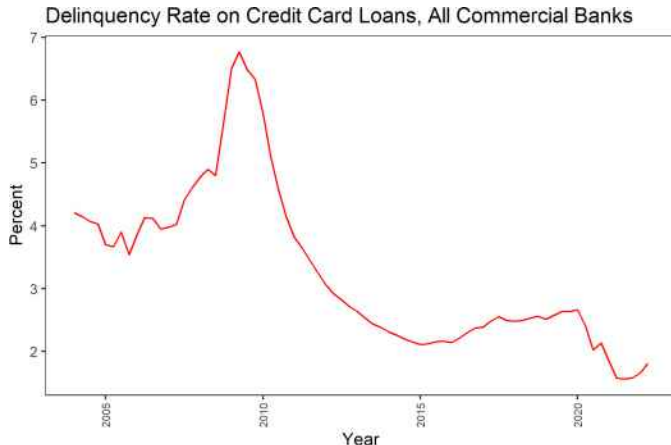
The personal savings rate is now only 3.5% which is well below the 9.1% in January 2020.

Wealth destruction



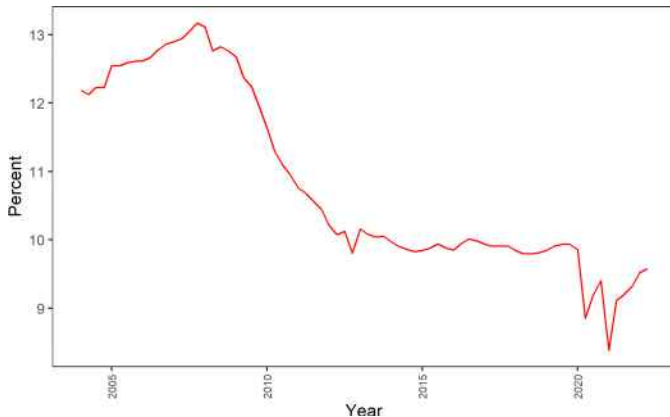
In the second quarter, households experienced a 9 trillion dollar fall in their equity holdings. The third quarter ended in September and was also very ugly.

On delinquencies



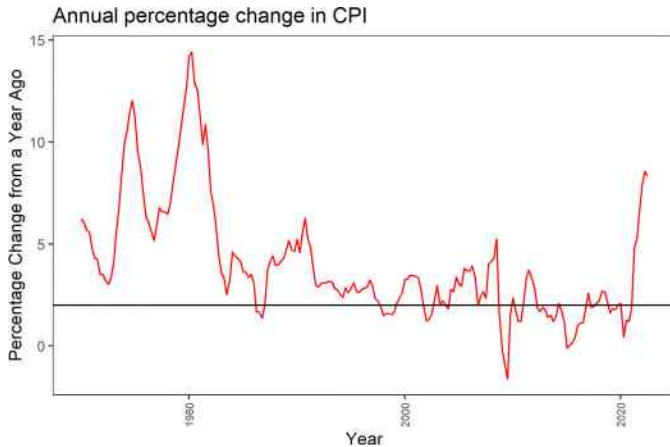
In the second quarter, the credit card delinquency rate was 1.66% which is 0.85 percentage points below the pandemic level.

Household Debt Service Payments as a Percent of Disposable Personal Income



Debt payments as a share of disposable income are now close to pre-pandemic levels

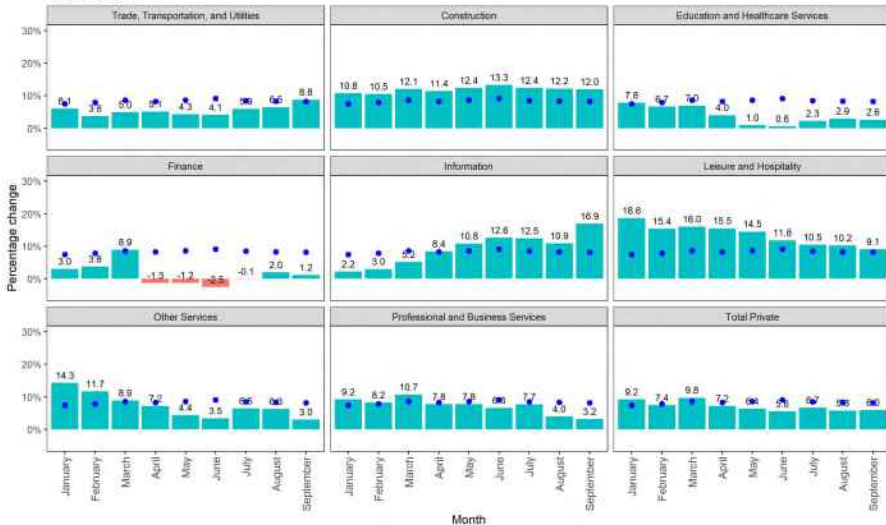
Inflation, inflation, and more inflation



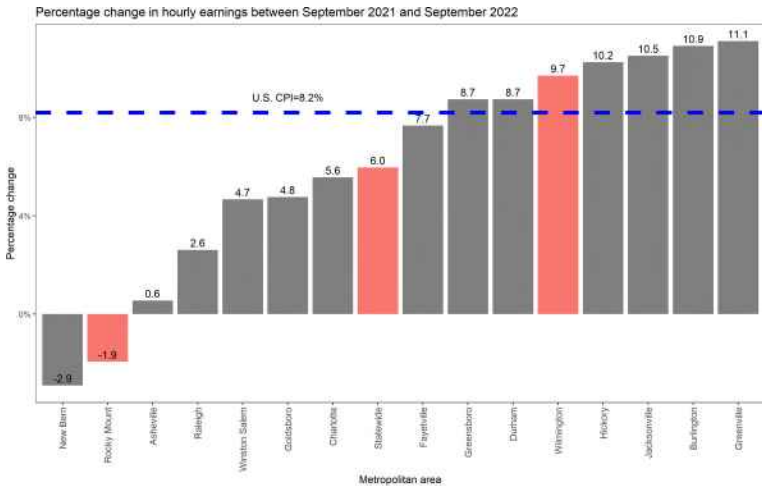
Inflation has proved to be much stickier than initially hoped

Who is falling behind at the state level?

Percentage change in hourly earnings in 2022 relative to the same month in 2021 and U.S. CPI

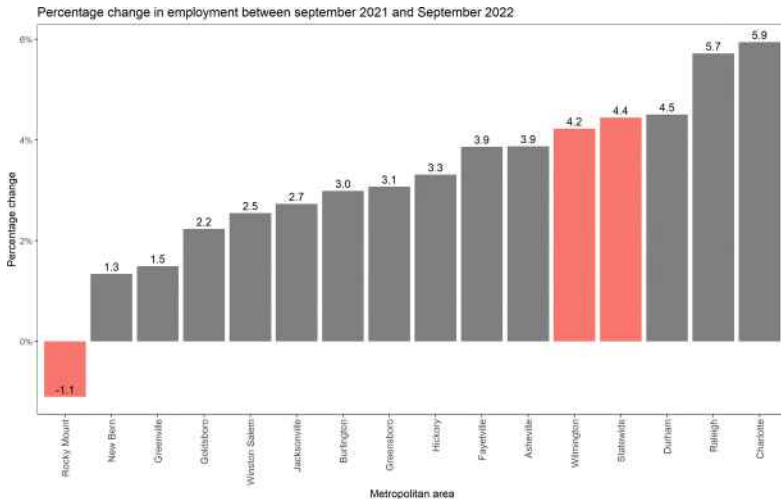


Where you live matters



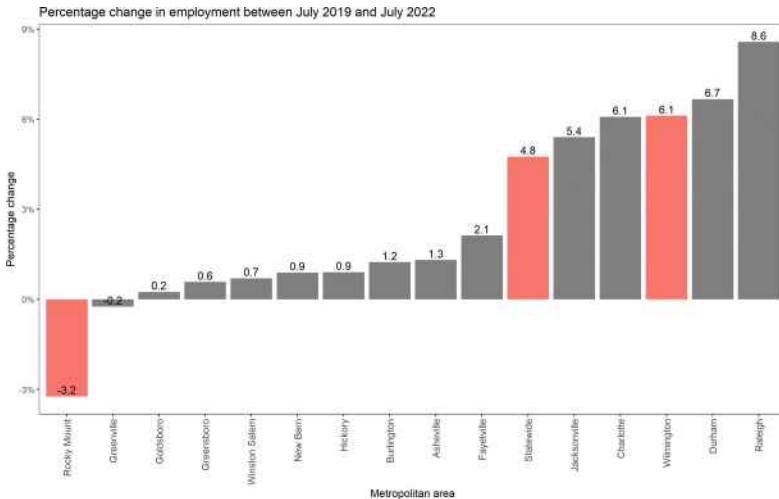
On average, hourly earnings at the state level grew by 6.0% between September 2021 and September 2022

Where do we stand relative to last year in terms of employment?



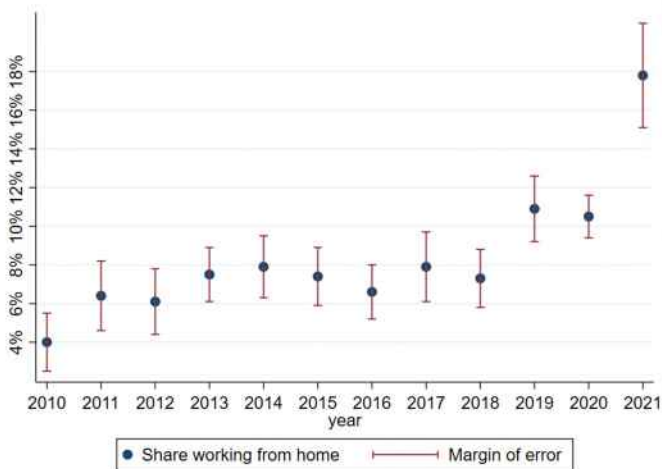
All metros, but one, experienced growth this past year.

Any COVID scars?



Considerable variation in the extent of the recovery across metros

Share of New Hanover County residents working from home has increased more than 4 fold since 2010



"Zoomification" and its economic implications

**Tech workers flooded Hawaii in the pandemic.
With remote work on the decline, what now?**



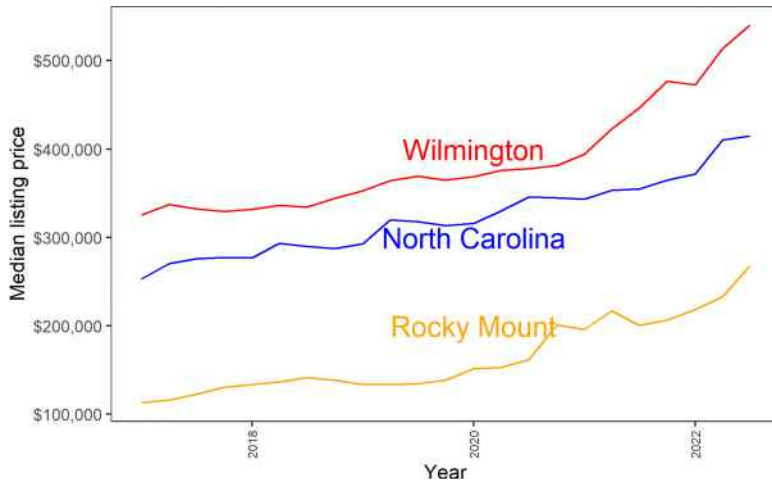
Bloomberg Work Shift @thefuture

Yesterday

Remote work drove over 60% of the house-price surge, Fed study finds

The shift to working from home drove more than half of the increase in house and

Hockey stick price appreciation



Thank You

Mouhcine Guettabi, PhD
Associate Professor of Economics

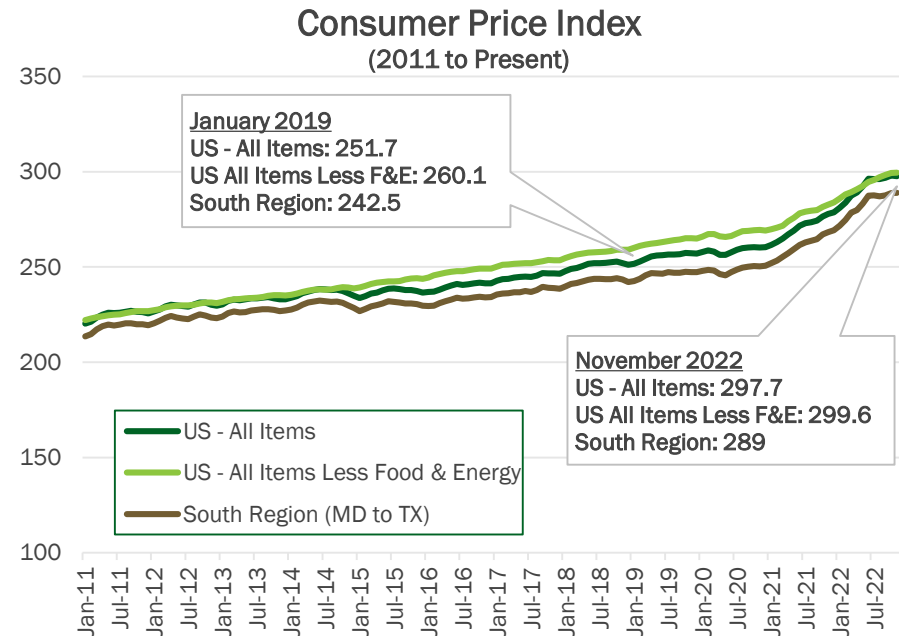
Email: guettabim@uncw.edu

Blog: <https://mouhcine1981.github.io/>

Consumer Price Index | Historical Growth

Since 2011

- The data reflected on this page from the United States Bureau of Labor Statistics is intended to provide perspective on the potential growth the County may realize in Additional Retail Sales Tax revenues as a result of the growth in prices over time.
- The Consumer Price Index (“CPI”) is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services.
 - Growth in the CPI, often referred to as “inflation”, reflects the amount that prices are changing over a given period of time.
 - The graph and table to the right reflect the growth in CPI for three (3) relevant regions/goods:
 1. United States CPI for all items
 2. United States CPI for all items less food and energy
 3. South Region CPI for all items
 - The South Region stretches from Maryland to Texas and includes North Carolina.
 4. South Atlantic Region CPI for all items
 - Note, data is also reported for the South Atlantic region. Information for this region is only available since 2018 and is not reflected in the chart to the right.
 - The South Atlantic Region stretches from Maryland to Florida and includes North Carolina.



Consumer Price Index	US All Items	US All Items Less Food and Energy	South Region
5-Year CAGR	3.83%	3.40%	3.88%
10-Year CAGR	2.60%	2.62%	2.61%
January 2019 CPI	251.7	260.1	242.5
November 2022 CPI	297.7	299.6	289.0
Percent Change (1/19 to 11/22)	18.3%	15.2%	19.1%

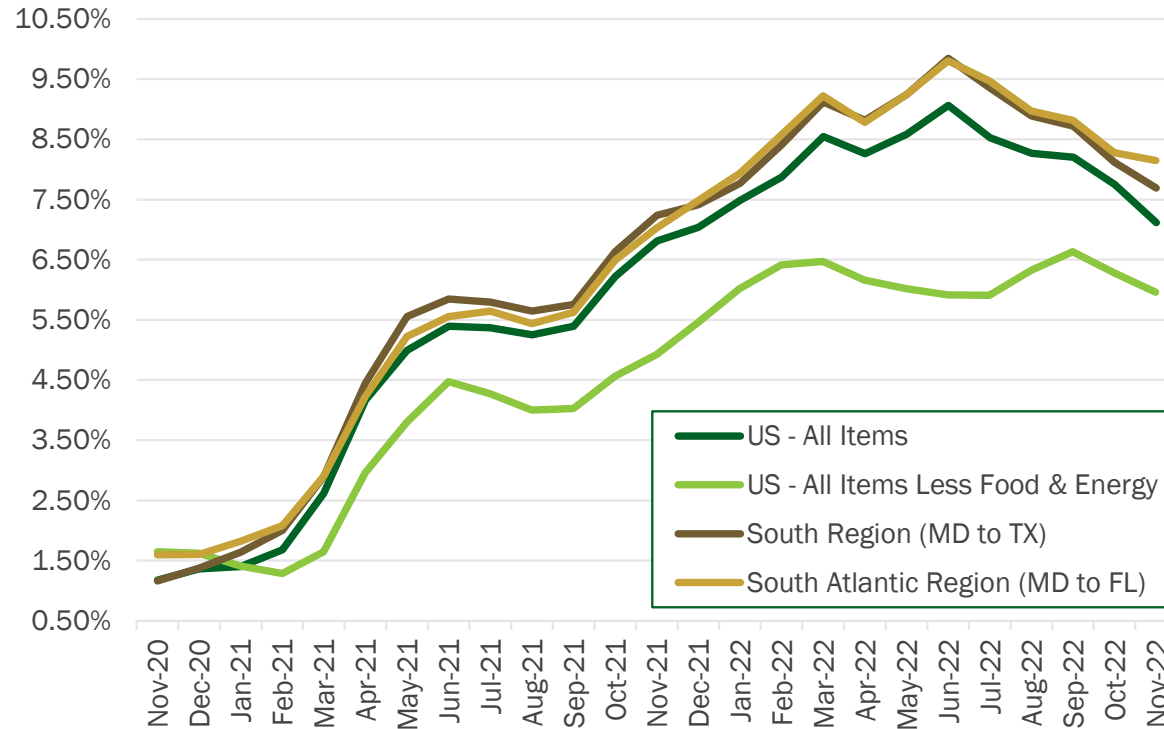
Note: Consumer price index units shown are in comparison to a starting base unit of 100 in the years 1982 – 1984.
Source: United States Bureau of Labor Statistics.

CPI Year over Year Change (Annual Inflation)

November 2020 to Present



CPI Year over Year Change (Annual Inflation)
(November 2020 to Present)



Year over Year Change in Consumer Price Index				
Category	Average Annual Change			
	Prior 6 Months	Prior 12 Months	Prior 18 Months	Prior 24 Months
US - All Items	8.15%	8.06%	7.28%	6.14%
US - All Items Less Food & Energy	6.17%	6.13%	5.55%	4.69%
South Region (MD to TX)	8.77%	8.61%	7.79%	6.59%
South Atlantic Region (MD to FL)	8.91%	8.73%	7.80%	6.60%

Municipal Advisor Disclosure



The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

Version 1.13.14 CW | MB | TC



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: January 6, 2023
SUBJECT: ***Memo #3 – Growth Update***

Sherry Ashley will lead a discussion about what growth impacts we will see in the upcoming year and where key projects are in the development process. This information is being compiled now but will be either sent out prior to Thursday or presented at the retreat.



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: January 10, 2023
SUBJECT: **Memo #3 – Growth Update**

Attached are three maps for your review, which will also be shown at the retreat. The first two show new addresses that have been created over the last three years, which shows the number of new homes that have been built. The second map shows the “preliminary” addresses, which means that the houses will be built relatively soon and shows how many we have coming in certain areas.

The third map you have seen before, which is our growth inquiry map. This shows properties being considered for development. This map is significant, as it shows that development inquiries over the last year continued to be robust and have started up already this year.

Finally, the table below show the number of new residential permits that have been issued by our Planning Department over the last several years. You can see the steady increase that has taken place over the last three (single family is going up, and big increases can be attributed to multifamily permits). The county’s data is close to these numbers, but measure certificates of occupancy (CO).

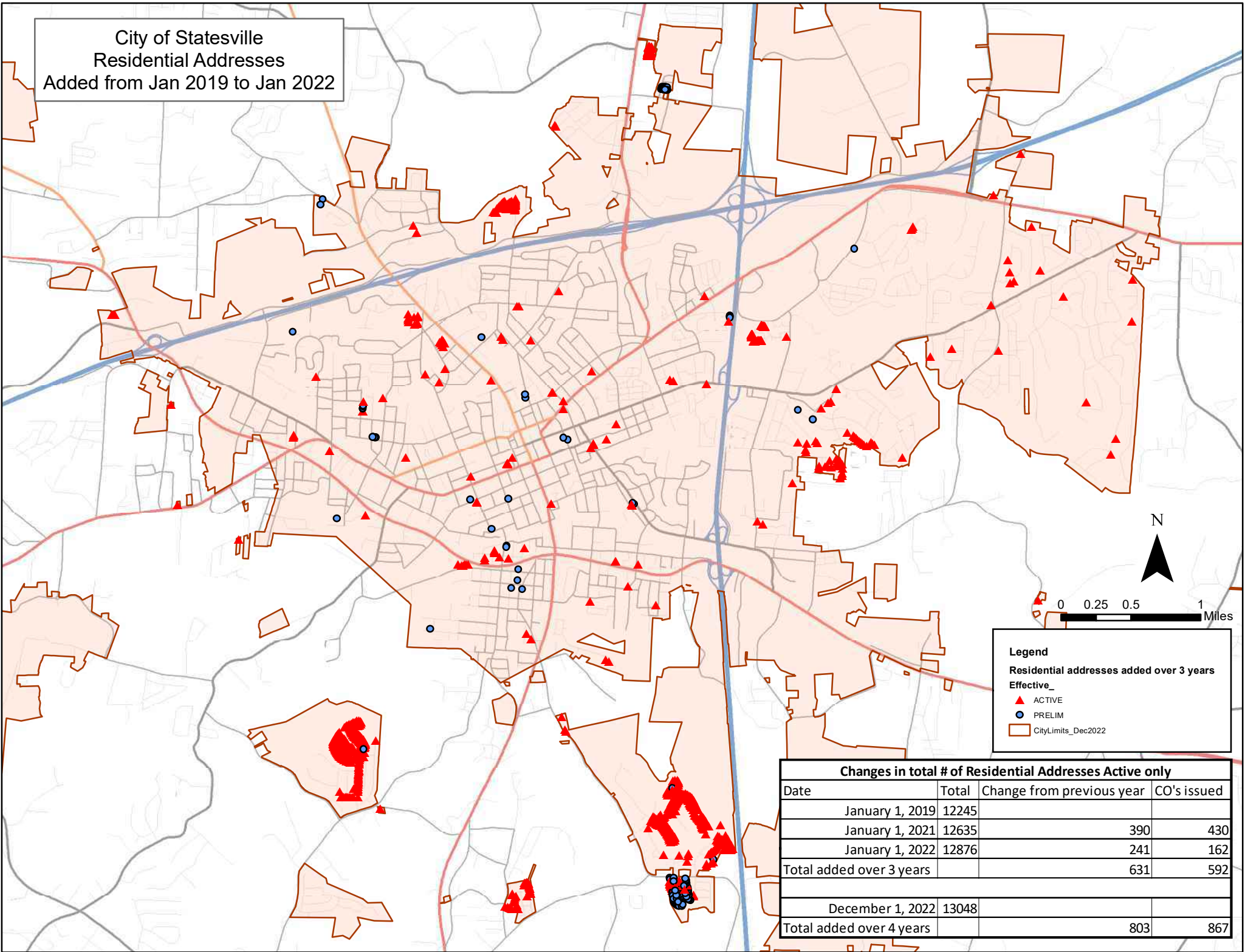
Year	City Zoning	County COs
2020	294	No data
2021	244	302
2022	629	394
2023	12	No data

Summary and Takeaways

1. Over the last four years there have been 867 certificates of occupancy issued in Statesville (based on mapping data). The persons per household in Statesville is 2.38, therefore we have seen a population increase of roughly 2,050 people during that time. If our permitting continues at its current rate, we will be adding roughly 350 residences per year, or 833 people, moving forward.

-
2. This is significant growth that will have an impact on the need for city services.

City of Statesville
Residential Addresses
Added from Jan 2019 to Jan 2022

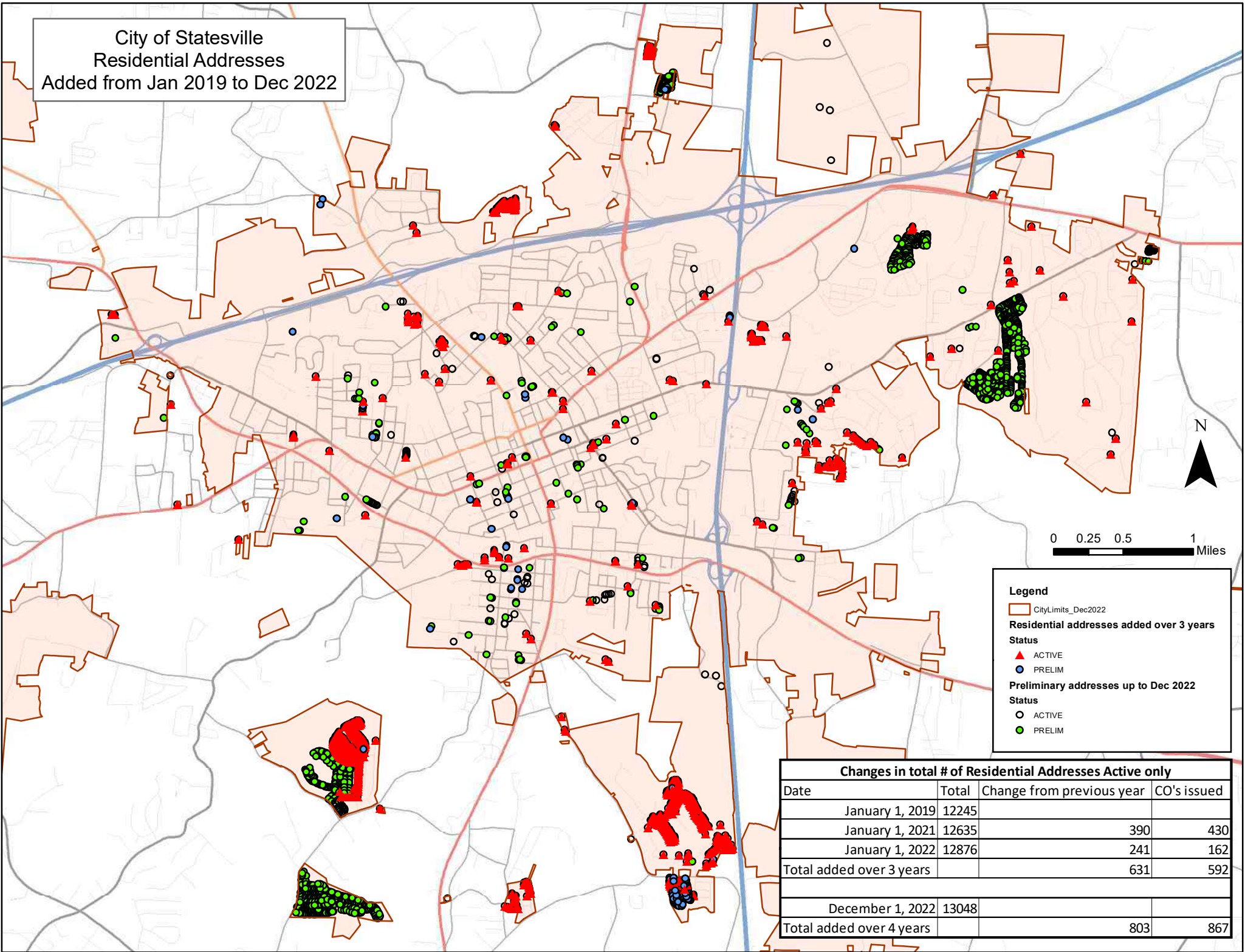


Legend
Residential addresses added over 3 years
Effective_

- ▲ ACTIVE
- PRELIM
- CityLimits_Dec2022

Changes in total # of Residential Addresses Active only			
Date	Total	Change from previous year	CO's issued
January 1, 2019	12245		
January 1, 2021	12635	390	430
January 1, 2022	12876	241	162
Total added over 3 years		631	592
December 1, 2022	13048		
Total added over 4 years		803	867

City of Statesville
Residential Addresses
Added from Jan 2019 to Dec 2022



Legend

- CityLimits_Dec2022
- Residential addresses added over 3 years**
- Status**
- ▲ ACTIVE
- PRELIM
- Preliminary addresses up to Dec 2022**
- Status**
- ACTIVE
- PRELIM

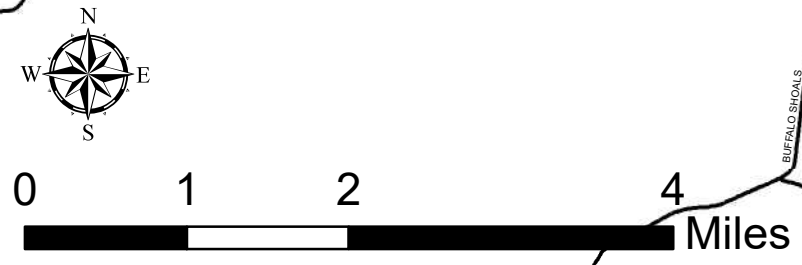
Changes in total # of Residential Addresses Active only			
Date	Total	Change from previous year	CO's issued
January 1, 2019	12245		
January 1, 2021	12635	390	430
January 1, 2022	12876	241	162
Total added over 3 years		631	592
December 1, 2022	13048		
Total added over 4 years		803	867

Development Inquiries

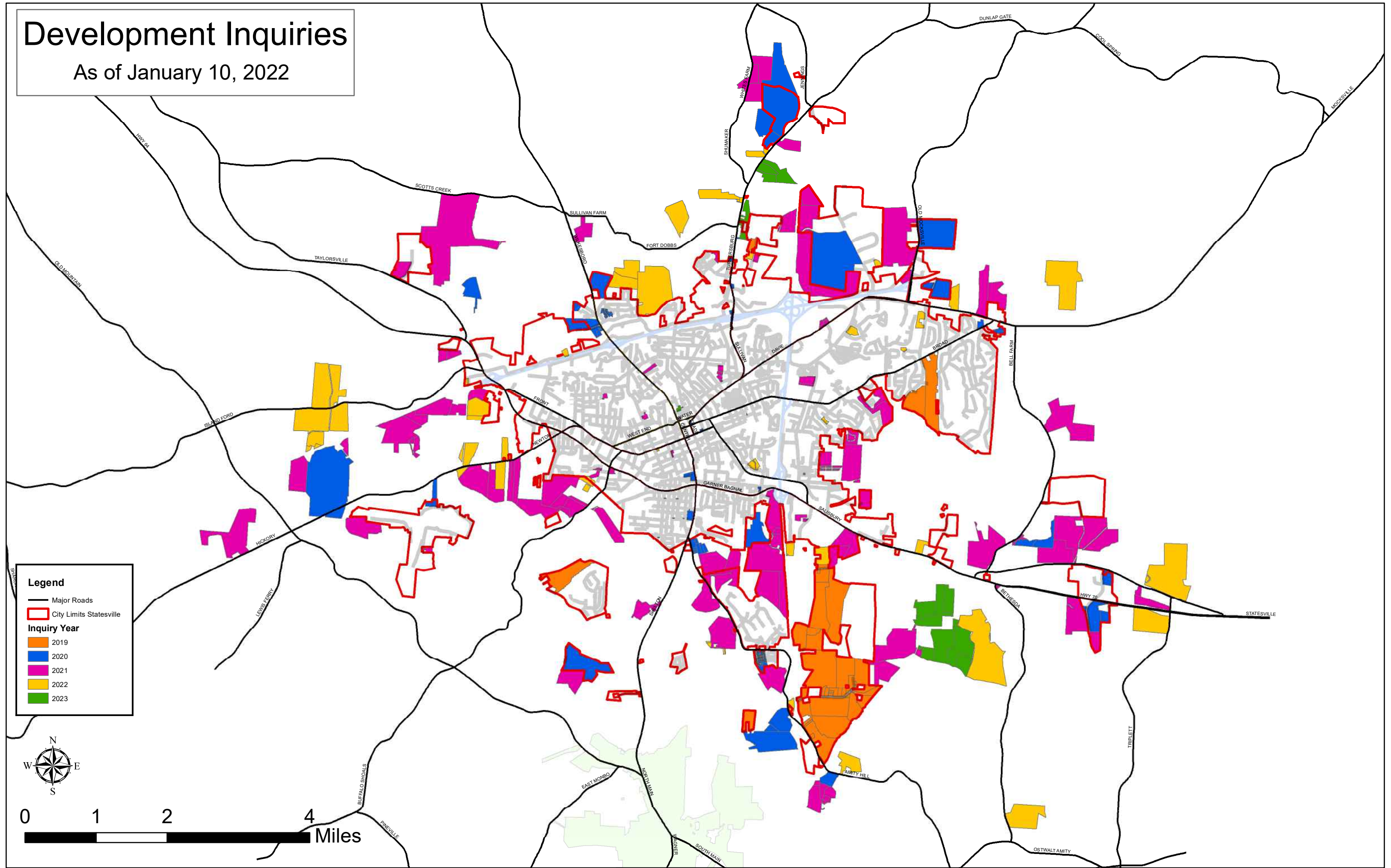
As of January 10, 2022

Legend

- Major Roads
- City Limits Statesville
- Inquiry Year**
- 2019
- 2020
- 2021
- 2022
- 2023



0 1 2 4 Miles





City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 20, 2022
SUBJECT: ***Memo #4 – Projected Expenditure Influences***

Although the city is likely to see a major increase in revenues, there are already several financial influences in place that will lessen the positive impact of that increase. The following will examine the costs that we have already accounted for in the FY2024 and what kind of impact that will be on the revenue projections mentioned in Memo #2.

1. **Police Salary Increases** – During this fiscal year Council made the significant decision to adopt a pay certification and compensation plan for the Police Department. At the time, the PD was down approximately 25% in personnel and the primary issue was retention. The move was successful and if the current cohort of recruits successfully completes BLET we will be at or near full staff. During the discussions the Council was aware that this cost carries forward into subsequent budgets. The estimated impact for FY2024 will be roughly \$1,000,000.
2. **Pay Study Implementation** – The city is in the final year of a three year pay study. The studies have all been completed in one fiscal year and then implemented (employees would see an increase) in the next fiscal year. The last study is currently being finalized and will be implemented in FY2024. The estimated impact will be \$300,000.
3. **Solid Waste Fee Removal** – During the last four year’s budget reviews there was significant discussion about the elimination of the solid waste fee. The Council decided to eliminate one half of the fee and take it from \$120/year to \$60/year. The revenue lost from that decision was roughly \$600,000, which was “absorbed” into this year’s budget.

The second part of that discussion was how to continue the elimination of the fee, either in the following one or two years. The final decision was to eliminate the fee over the next two years, with a strong preference to eliminating the fee in one year. That one year is FY2024 and the estimated impact of that action will be roughly \$600,000.

There are also issues that are on the horizon that are going to be of an impact to either costs or the ability to accomplish projects, recruitment and retention of staff, the need for additional staff, and potentially health insurance cost increases.

1. **Inflation and Staff Raises** – The CPI has continued to rise, and the 2% that was given to all employees was not enough to keep up. To help our employees cover the costs of inflation, it will likely take an increase of somewhere around 8%. This would amount to roughly \$1.5mm. Stacey Everette has analyzed the reasons our employees are leaving, which is Attachment 3.

As was mentioned when the police raises were given, we have received a request and proposal from the Fire Department for a similar adjustment to pay. This is something we will need to take into consideration as we move through the budget process.

2. **New Staffing Requests** - As of today, it appears there will be 22 new personnel requests. Not all these positions will be funded, but many are related to growth. As you have already heard, the city population has grown by approximately ten percent over the last few years. Largely, staffing has not grown during that time. It will be difficult to keep up service provision if we do not increase staff.
3. **Cost Increases** – As mentioned earlier, the CPI has been around 8% this year, and it has shown in our bids/projects. A study of random city projects shows increases across the board based on our estimated and budgeted costs. The result will be that we either must budget more or complete fewer projects. Attachment 2 shows the projects we reviewed for this discussion.
4. **Health Insurance** – We are working with our third-party insurance broker to hopefully offset a potential increase in the next year. If we are not successful, the projected amount appears to be approximately \$575,919. Attached to this memo is a list of options for your information that we are working through to try to keep our costs down.

The following table shows the cumulative impact of the items described above.

Action Item	Monetary Impact	Priority
Police Salary Increases	\$1,000,000	High/Required
Pay Study Implementation	\$300,000	High
Solid Waste Fee Removal	\$600,000	High
Staff Raises	?	High
New Staffing	?	Medium
Operational Cost Increases	?	Medium
Health Insurance Costs	\$575,919	High
Total Impact	\$3,000,000+	

Summary and Takeaways

1. There are three previous actions taken this year that are of a high priority that will impact the upcoming budget.
2. There are other influences, that if the Council chooses to implement, will have a significant impact on the upcoming budget.

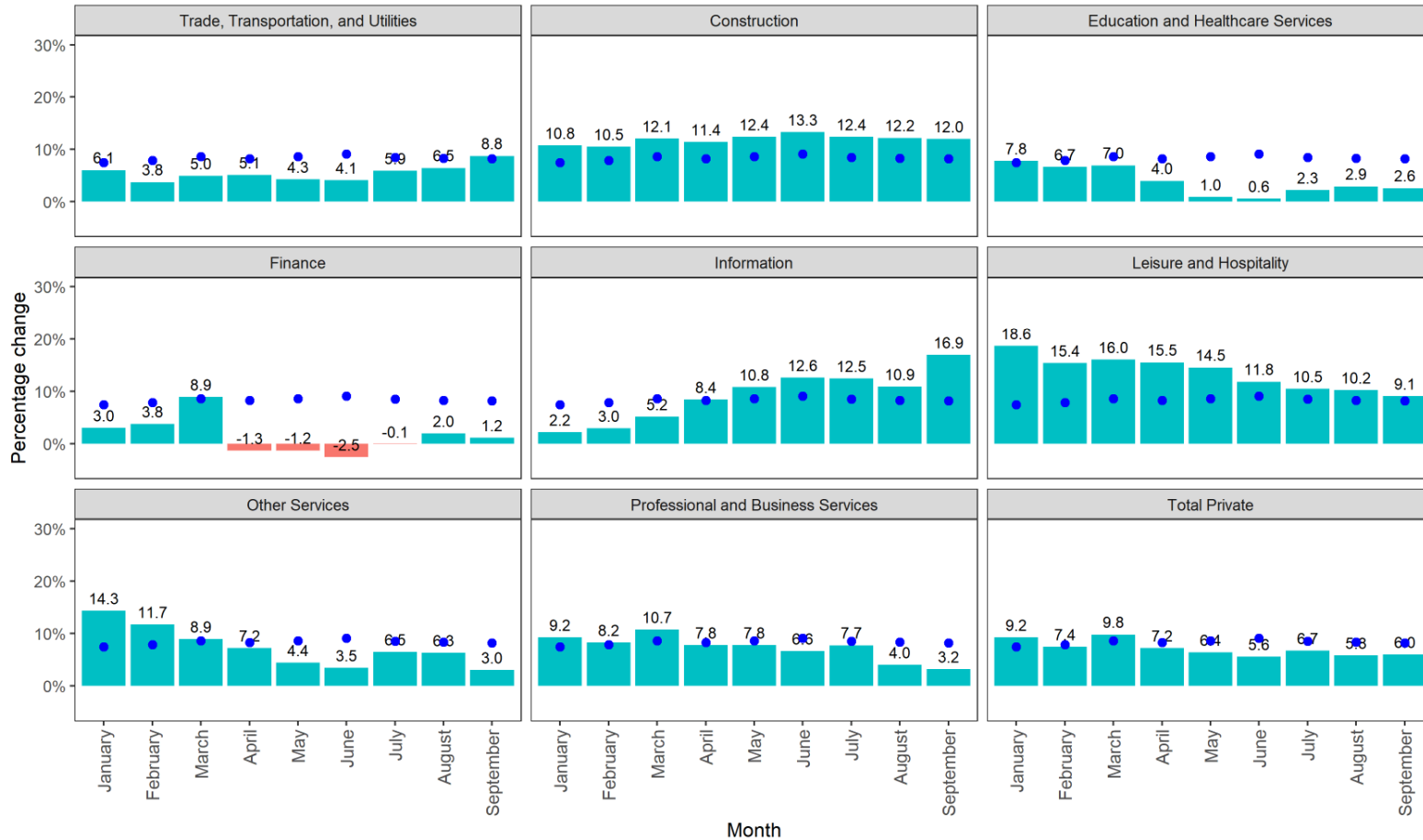
3. All these actions will be taking away from the growth experienced through the county reappraisal.

Attachments:

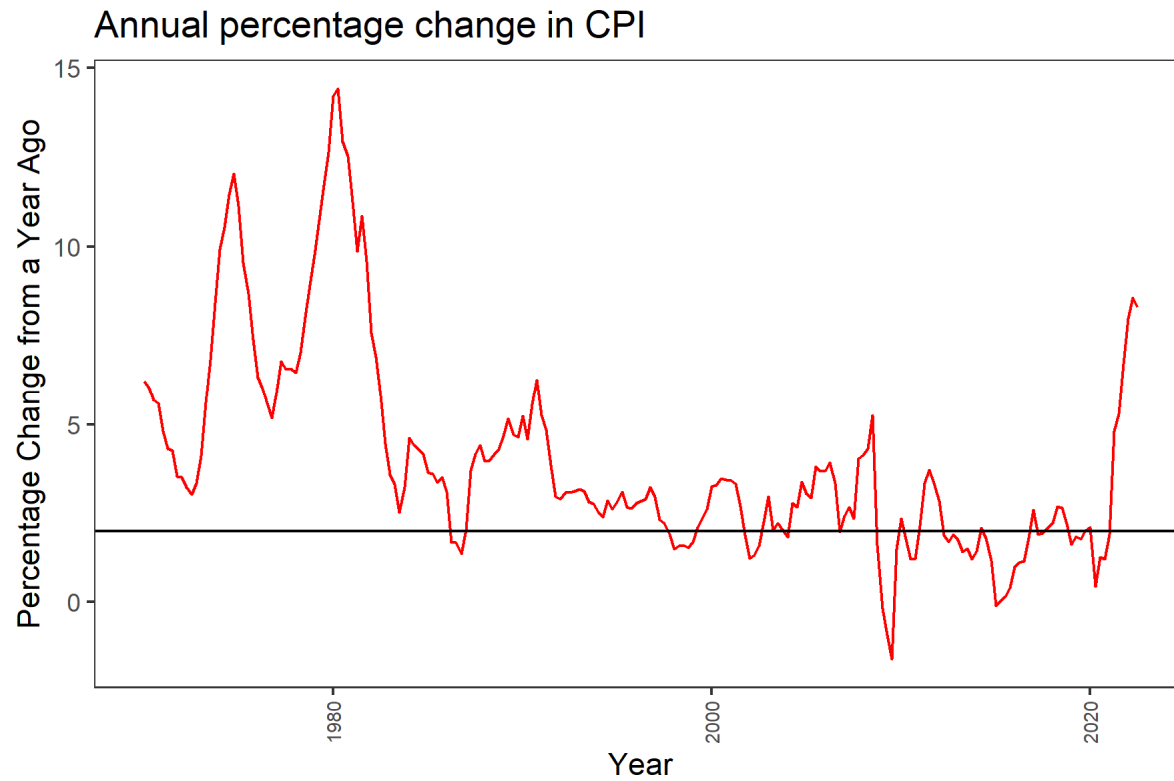
1. CPI Analysis
2. Cost Analysis
3. Turnover Rate and Reasons for Leaving
4. Health Insurance Information

Who is falling behind at the state level?

Percentage change in hourly earnings in 2022 relative to the same month in 2021 and U.S. CPI



Inflation, inflation, and more inflation

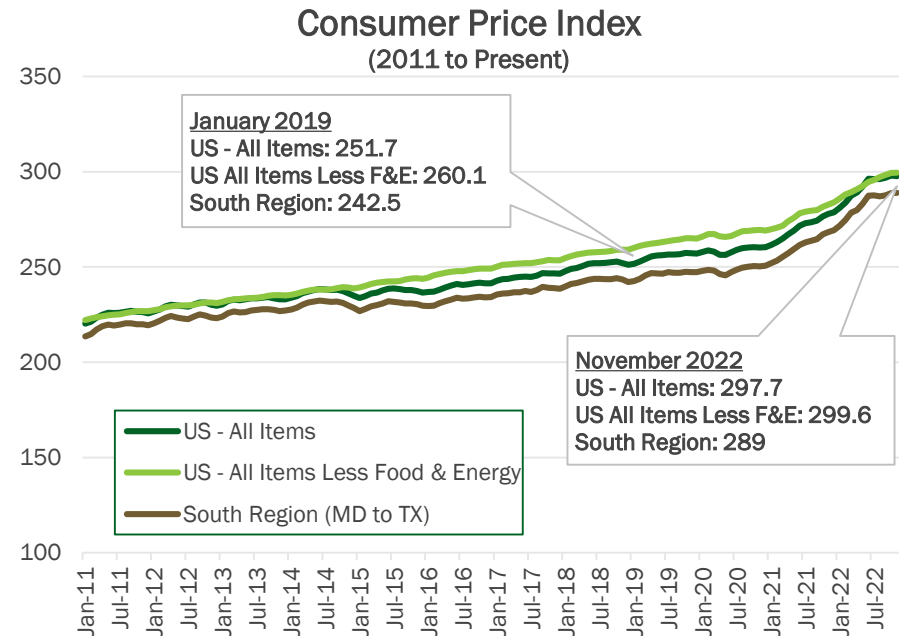


Inflation has proved to be much stickier than initially hoped

Consumer Price Index | Historical Growth

Since 2011

- The data reflected on this page from the United States Bureau of Labor Statistics is intended to provide perspective on the potential growth the County may realize in Additional Retail Sales Tax revenues as a result of the growth in prices over time.
- The Consumer Price Index (“CPI”) is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services.
 - Growth in the CPI, often referred to as “inflation”, reflects the amount that prices are changing over a given period of time.
 - The graph and table to the right reflect the growth in CPI for three (3) relevant regions/goods:
 1. United States CPI for all items
 2. United States CPI for all items less food and energy
 3. South Region CPI for all items
 - The South Region stretches from Maryland to Texas and includes North Carolina.
 4. South Atlantic Region CPI for all items
 - Note, data is also reported for the South Atlantic region. Information for this region is only available since 2018 and is not reflected in the chart to the right.
 - The South Atlantic Region stretches from Maryland to Florida and includes North Carolina.



Consumer Price Index	US All Items	US All Items Less Food and Energy	South Region
5-Year CAGR	3.83%	3.40%	3.88%
10-Year CAGR	2.60%	2.62%	2.61%
January 2019 CPI	251.7	260.1	242.5
November 2022 CPI	297.7	299.6	289.0
Percent Change (1/19 to 11/22)	18.3%	15.2%	19.1%

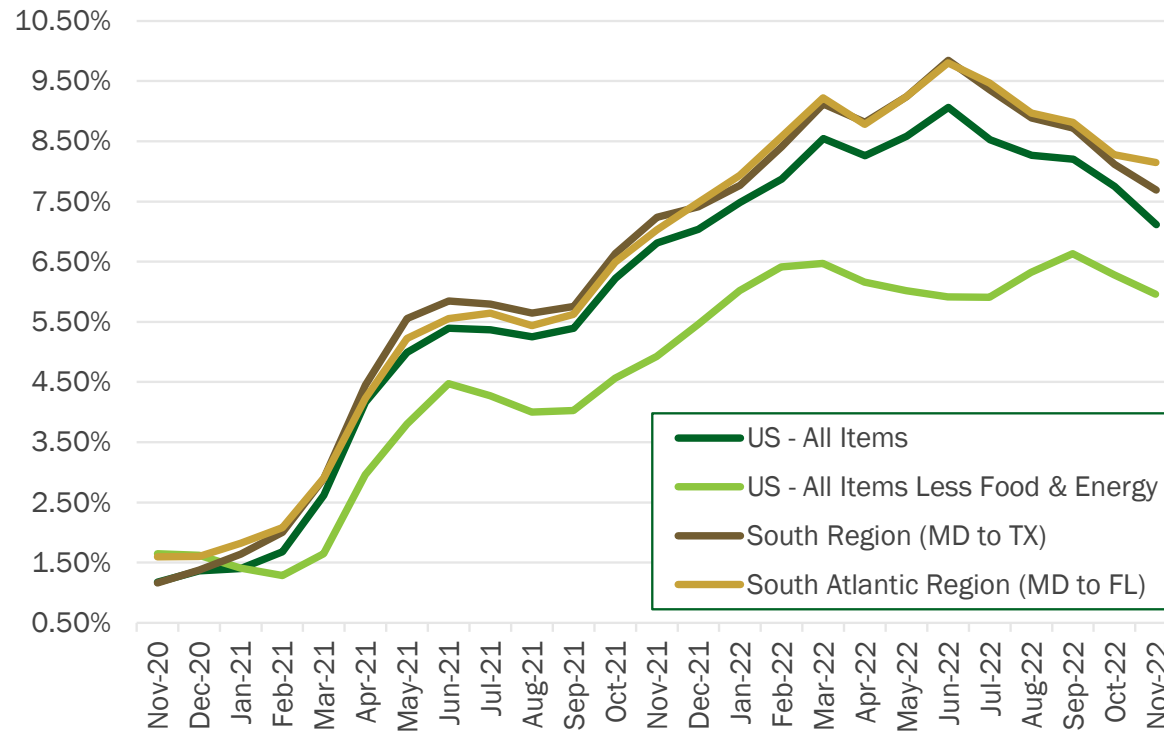
Note: Consumer price index units shown are in comparison to a starting base unit of 100 in the years 1982 – 1984.
Source: United States Bureau of Labor Statistics.

CPI Year over Year Change (Annual Inflation)

November 2020 to Present



CPI Year over Year Change (Annual Inflation)
(November 2020 to Present)



Year over Year Change in Consumer Price Index				
Category	Average Annual Change			
	Prior 6 Months	Prior 12 Months	Prior 18 Months	Prior 24 Months
US - All Items	8.15%	8.06%	7.28%	6.14%
US - All Items Less Food & Energy	6.17%	6.13%	5.55%	4.69%
South Region (MD to TX)	8.77%	8.61%	7.79%	6.59%
South Atlantic Region (MD to FL)	8.91%	8.73%	7.80%	6.60%

Municipal Advisor Disclosure



The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

Version 1.13.14 CW | MB | TC

2021 v. 2022 prices for Chemicals and Equipment used at Treatment Plants

Date	ABC	Requisition	Acct	Description	Programmed	Increase	Final Cost	% Increase	Type	Average By Type
FY 23		Quotes	33.04	Sodium hypochlorite				10%	Supplies (wastewater treatment)	25%
FY 23		Quotes	33.04	Dewatering polymer				25%		
FY 23		Quotes	33.04	Lime kiln dust	71.40	28.69	100.08	40%		
FY 23		Quotes	33.04	Alum				124%	Supplies (water treatment)	80%
FY 23		Quotes	33.04	Caustic				111%		
FY 23		Quotes	33.04	Flouride				30%		
FY 23		Quotes	33.04	Bleach				54%		
FY 23		Quotes	33.06	Laboratory reagents				12%	Reagent grade chemicals	12%
30-Jun-22	200868		45.01	Synagro (June invoice)	79300	4000	83300	5%	Services	10%
17-May-22	200756		45.01	Synagro services increase	61200	5200	66400	8%		
29-Mar-22	200698		45.01	Synagro services increase	53200	8000	61200	15%		
01-Feb-22		221643, 221644	73.00	Aerator equipment replacement	310000	41190	351190	13%	Equipment (repair/replace)	8%
29-Nov-22	200930		74.00	Bid quote above FEMA reimbursement	50742	3703	54445	7%		
16-Sep-22	200613		74.00	Equipment replacement	360000	12191	372191	3%		
28-Oct-22	200918		74.00	Price increase: John Deere tractor	25000	7900	32900	32%		
28-Mar-22	200696		33.01	Carport	2500	768.22	3268.22	31%	Capital asset	31%

Compares 2019 prices to 2022 prices for electric and water/sewer materials.

Product	UOM	2019	2022	%Increase
37.5 KVA pad mount transformer - most common used	EACH	\$1,435.72	\$8,703.00	506.18%
2500 KVA pad mount transformer - we need of 4 for maintenance stock.	EACH	\$28,039.00	\$126,060.00	349.59%
1/0 Aluminum underground primary wire	FT	\$2.39	\$4.62	93.31%
4/0 Aluminum underground Triplex wire	FT	\$1.27	\$2.89	127.56%
5 FT Fire Hydrant	EACH	\$2,057.00	\$3,764.88	83.03%
8-inch Ductile Iron Pipe 18 FT	EACH	\$162.75	\$296.37	82.10%
4-Inch PVC Sewer pipe 10 FT	EACH	\$21.20	\$45.80	116.04%

Waterline Cost Estimating								
Project	Programmatic ⁽¹⁾		Construction					
	Cost	\$/LF	Final Construction Cost	LF of Project	Cost/LF	Award FY	Contractor	Notes
Larkin Development Water Supply Project	\$2,387,029.32	142.68	\$1,962,433.15	16,730	\$117.30	2021	Fuller & Co. Construction, LLC	
I-77 bore			\$156,562.56	280	\$559.15	2021	Fuller & Co. Construction, LLC	
Creek crossing (bore)			\$119,410.00	500	\$238.82	2021	Fuller & Co. Construction, LLC	
w/o bores, creek crossing			\$1,686,460.59	16,730	\$100.80	2021	Fuller & Co. Construction, LLC	
12-in WL w/ appurtenances			\$225,786.86	4798	\$47.06	2021	Fuller & Co. Construction, LLC	Material only - no related/overhead costs
16-in WL w/appurtenances			\$853,576.15	11,930	\$71.55	2021	Fuller & Co. Construction, LLC	Material only - no related/overhead costs
Glenway Drive Waterline Extension	\$1,155,872.69	239.01	\$1,155,872.69	4836	\$239.01	2022	State Utility Contractors	A/E design costs by Doosan
24-in WL w/appurtenances			\$910,503.00	4836	\$188.28	2022	State Utility Contractors	

Notes

1. Programmatic cost includes all associated costs for project (engineering, construction, easements, etc.)

2 Compares prices for the Larkin waterline extension and the Doosan waterline. The most relevant cells to compare are F4 vs. F11 (overall project cost per LF). The projects aren't quite "apples to apples," with different overall lengths and pipe diameters.

Compares materials prices 2019 – 2023, as well as Stormwater estimates vs. bid prices on three projects

Materials												
Price Increases			2019		2020		2021		2022		2023	
			Cost	% Change	Cost	% Change	Cost	% Change	Cost	% Change	Cost	% Change
Asphalt	per ton		\$101.00	N/A	\$101.00	0.0%	\$88.50	-12.4%	\$118.50	33.9%	\$118.50	0.0%
Sand	per ton				\$18.75	N/A	\$19.00	1.3%	\$21.00	10.5%	\$23.00	9.5%
ABC Stone	per ton		\$19.75	N/A	\$19.75	0.0%	\$20.00	1.3%	\$22.00	10.0%	\$24.00	9.1%
Rip Rap	per ton				\$25.00	N/A	\$26.00	4.0%	\$29.00	11.5%	\$32.00	10.3%

Projects						
742 St Cloud Dr Pipe Replacement (Emergency)		\$19,250				These are the same failures same constuction style different Contractors
612 St. Cloud Dr. pipe Replacement (2021 Bid)			\$44,000	128.6%		
Lucille Street (2023 Bid)			\$90,000	(Est.)	\$ 168,650	87.4% (Actual)
Sink Hole Center Street			\$100,000	(Est)	\$ 150,000	50.0% (Actual)

Staffing & Turnover


15.1% Annual Turnover Rate (doesn't include seasonal employees or internal promotions)

- 80 Resignation/Terminations
 - 12 Retired
 - 52 Resigned
 - 15 Involuntary Terminations
 - 1 Death

Top 3 Reasons employees are leaving

- Salary (raises, benefits)
- Working Conditions (workload, lack of staff, equipment, etc)
- Immediate Supervisor

Vacancies

- 38 Full-time positions
 - 24 Posted (14 budgeted, but not posted)
- 

Human Resources Department

HEALTH INSURANCE PROJECTION

We are doing everything right, if our plan was running perfectly the increase would be 8%, but since we have 2 high claimants the projection for FY2023/2024 is 12% increase.

Options for cost avoidance in FY2023/2024

1. Employee Contribution Increases – 12%
2. Plan Design Changes (Recommend)
3. Eliminate Wellness Credit/Spending (**Highly Recommend**)
4. Offer Dual Choice w/Health Savings Account plan option (**Highly Recommend**)
 - If 30% of employees elected, savings would be \$346,000 claims/EE contributions.
 - The HSA is another way for employees to reduce their taxable income and save for future medical expenses. No use it or lose it like an FSA.
5. Carving out specialty Rx considerations (**Do not recommend**)
 - Most disruptive
 - Unknown cost avoidance
 - Must change insurance provider

We continue to hear that other cities charge less for health insurance, but a quick comparison to Mooresville our employees pay.

1. \$468 less a year for EE Only coverage
2. \$1,157 less a year for EE/Children coverage
3. \$1880 **more** a year for EE/Spouse coverage
4. \$234 **more** a year for EE/Family coverage



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 20, 2022
SUBJECT: ***Memo #5 – Capital Improvement Plan***

Over the last year, we have been working with Davenport Public Finance to develop a Capital Improvement Plan (CIP) for your consideration. In late November we discussed a draft of the plan with you in small groups. At those meetings there were no expectations of decisions, they were meant to provide a baseline for the discussion that will happen at the retreat. Because there are two major construction projects just about to be underway (Warehouse Operations Center and Fire Station #1) and the fact that there are other large projects under consideration it is necessary for the Council to understand and be able to plan for financing the projects you want to do. As we currently handle things, on a year-to-year basis, it will be difficult to program these projects into the budget, especially as we see more demand on service provision due to growth, staff recruitment and retention issues, and other budget pressures.

Davenport will walk you through the plan and provide you with scenarios for funding. You are not being asked to adopt the plan, but to give us guidance on how much you are willing to take on to execute the projects chosen by the Council. There are multiple scenarios being provided, but ultimately it is up to you to tell us about your appetite for these scenarios.

To assist in the discussion, staff has developed “project sheets” for all expenditures included in the plan valued at \$100,000 or more. Most of these projects are programmed into the plan, but the bigger decisions packages are specifically called out at the end of the document. Those are projects of much higher costs, generally over \$1,000,000.

Summary and Takeaways

1. Davenport will walk you through the proposed plan.
2. Council will be asked to weigh in on “decision package” projects and provide guidance on the level of funding you are comfortable with allocating over the next five years.
3. This information is being presented after other operating budget influences to help you gain a big picture perspective on capital requests versus operational requests.

Attachments:

1. Draft CIP
2. Project Sheets

General Fund Discussion Materials

City of Statesville, North Carolina



January 12, 2023



Member NYSE | FINRA | SIPC

Goals and Objectives

1. Discuss information related to potential financial policies and receive guidance from Council on potential policy levels/considerations.
2. Review funding approach for FY 2023 Projects:
 - a) Cash Funded Projects
 - b) Debt Funded Projects
3. Review regular/recurring capital and consider a long-term funding strategy.
4. Analyze funding capacity and affordability for larger / non-recurring capital projects and discuss preferred funding levels.
5. Establish a framework to prioritize projects and refine amounts/timing within preferred funding levels.
6. Discuss debt financing options and considerations.

2 Goals and Objectives

A: Financial Policy Information

5 General Fund Balance

11 Tax-Supported Debt

B: Capital Planning Information

17 Existing Tax Supported Debt

20 FY 2023 Capital Funding

25 Capital Planning – Base Case

31 Additional Capital Funding Capacity / Affordability

34 Overview of Debt Funding Options

Financial Policy Information

Financial Policy Overview

- Financial Policies that are adopted, adhered to, and regularly reviewed are recognized as a cornerstone of sound financial management.

- Effective Financial Policies:
 - Contribute to the City's ability to insulate itself from fiscal crisis;
 - Enhance access to short term and long term financial credit by helping to achieve the highest credit ratings possible;
 - Promote long-term financial stability by establishing clear and consistent guidelines;
 - Direct attention to the total financial picture of the City rather than single issue areas;
 - Promote the view of linking long-run financial planning with day-to-day operations, and;
 - Provide the City Staff, the City Council and the City citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

- Financial Policies should be reviewed periodically by City staff and any recommended changes should be presented to the Governing Body for formal approval / adoption.

- Priority Policy areas to consider:
 - Reserve Policies
 - Debt / Contingent Liabilities Policies

- Other Potential Polices
 - Cash and Investments
 - Capital Improvement Planning
 - Financial Reporting

Rating Agency Financial Policies Commentary

Standard and Poor's



- “The rigor of a government’s financial management practices is an important factor in Standard & Poor’s Ratings Services analysis of that government’s creditworthiness. Managerial decisions, policies, and practices apply directly to the government’s financial position and operations, debt burden, and other key credit factors. A government’s ability to implement timely and sound financial and operational decisions in response to economic and fiscal demands is a primary determinant of near-term changes in credit quality.”
- S&P measures the strength of governmental financial management through seven key factors as part of their Financial Management Assessment (“FMA”):
 - Revenue and expenditure assumptions
 - Budget amendments and updates
 - Long term financial planning
 - Long term capital planning
 - Investment management policies
 - **Debt management policies**
 - **Reserve and liquidity policies**
- Specifically related to Reserve and Liquidity Policies, S&P’s FMA considers:
 - “Has the organization established a formalized operating reserve policy, which takes into account the government’s cash flow/operating requirements and the historic volatility of revenues and expenditures through economic cycles?”
 - **Strong:** A formal operating reserve policy is well defined. Reserve levels are clearly linked to the government’s cash flow needs and the historic volatility of revenues and expenditures throughout economic cycles. Management has historically adhered to it.
 - **Standard:** A less defined policy exists, which has no actual basis but has been historically adhered to it.
 - **Vulnerable:** Absence of basic policies or, if they exist, are not followed.
- Specifically related to Debt Management Policies, S&P’s FMA considers:
 - “Has the organization established policies pertaining to the issuance of debt, such as projects that may or may not be funded with debt (including economic development projects); maturity and debt service structure; use of security and pledges, credit enhancement, and derivatives; and debt refunding guidelines?”
 - **Strong:** Debt policies exist and are well defined; strong reporting and monitoring mechanisms exist and are functioning. If swaps are allowed, a formal swap management plan that follows S&P’s guidelines (see the DDP) has been adopted.
 - **Standard:** Basic policies exist; policies are widely communicated and followed. If swaps are allowed there is a swap management plan in place, but it does not follow S&P’s guidelines.
 - **Vulnerable:** Absence of basic policies or clear evidence that basic policies are followed. Swaps are allowed but there is no swap management plan in place, and/or here is no local (non-FA) knowledge about the swap.

Credit Rating Overview and Peer Comparative Introduction

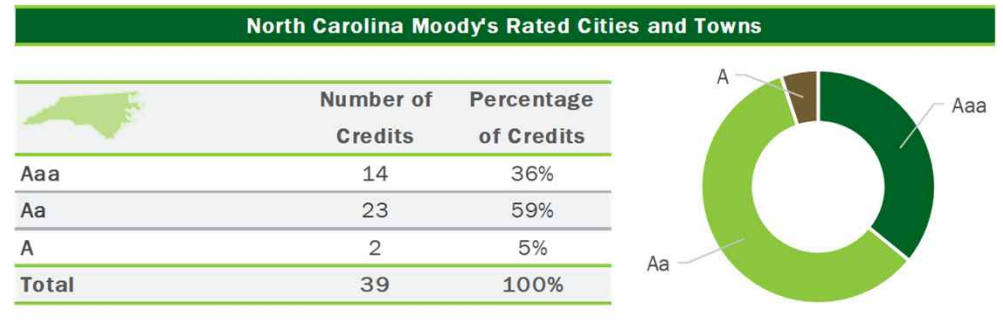
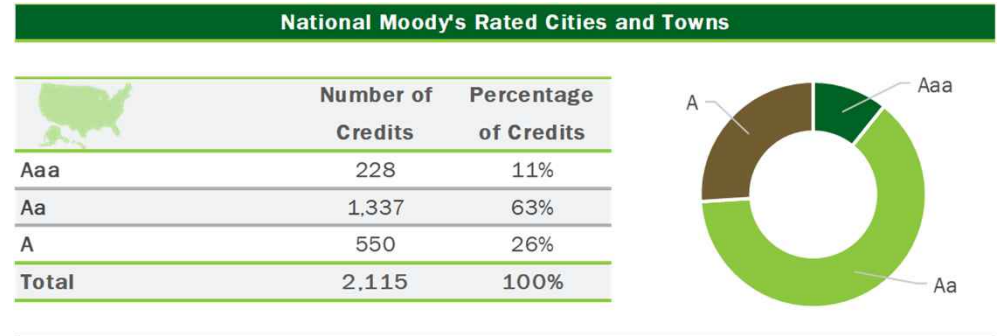
Credit Rating Overview

- The City is currently not rated by Moody's, S&P and Fitch.
- The City has not needed a credit rating since they do not have any outstanding public debt.

Moody's Investor Services	Standard & Poor's	Fitch Ratings
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BB+	BB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Non Investment Grade		

Rating Peer Comparatives

- The following pages contain peer comparatives based on the below Moody's rating categories as shown below:



NC 'Aaa': Apex, Asheville, Cary, Chapel Hill, Charlotte, Durham, Greensboro, Huntersville, Mooresville, Morrisville, Raleigh, Wake Forest, Wilmington, Winston-Salem

NC 'Aa': Carrboro, Clayton, Concord, Davidson, Fayetteville, Fuquay-Varina, Garner, Gastonia, Greenville, Hickory, High Point, Holly Springs, Indian Trail, Jacksonville, Kannapolis, Matthews, Monroe, Mount Holly, Rocky Mount, Sanford, Thomasville, Wilson, Zebulon

NC 'A': River Bend, Stanley

Note: The data shown in the peer comparatives is from Moody's Municipal Financial Ratio Analysis database. The figures shown are derived from the most recent financial statement available as of November 1, 2022 (FY 2021 figures in most cases).

Peer Comparative – North Carolina Peer Group



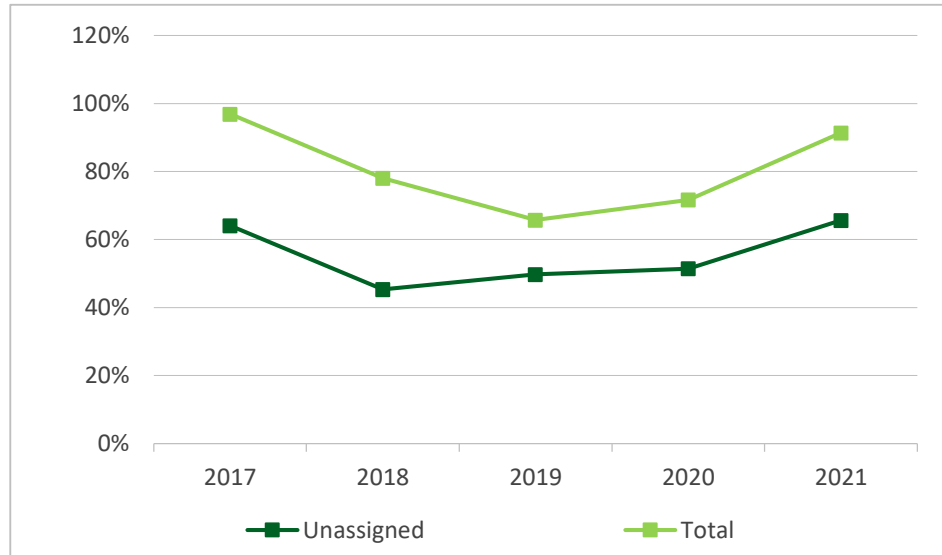
- In order to provide additional perspective on potential financial policies for the City of Statesville, Davenport has compiled a more specific North Carolina peer list. This list includes all 'Aa' Rated Cities/Towns in North Carolina with populations ranging between 25,000 and 50,000. Additionally, other select municipalities have been noted as additional comparatives due to their relative location and/or other similarities to Statesville:

North Carolina Peer Group	A	B	C	D	E
	City/Town	Population	Credit Rating		
			Moody's	S&P	Fitch
	Statesville	28,567	n/a	n/a	n/a
	'Aa' Rated Cities and Towns with 25,000 - 50,000 Population				
	Clayton	26,517	Aa1	AA+	n/a
	Fuquay-Varina	34,604	Aa1	AAA	n/a
	Garner	31,306	Aa1	AAA	n/a
	Goldsboro	34,156	n/a	AA	n/a
	Hickory	43,578	Aa1	AA+	n/a
	Holly Springs	41,711	Aa1	AAA	n/a
	Indian Trail	40,167	Aa1	AAA	n/a
	Matthews	29,506	Aa1	AA+	n/a
	Monroe	34,715	Aa2	AA	n/a
	Sanford	30,398	Aa2	n/r	AA
	Thomasville	27,223	Aa2	n/a	n/a
	Wilson	47,769	Aa2	AA	AA+
	Additional Peer Cities and Towns				
	Gastonia	80,647	Aa2	AA	AA
	Kannapolis	53,429	Aa3	AA-	n/a
	Lexington	19,660	n/r	n/r	n/r
	Salisbury	36,215	n/r	n/r	n/r

General Fund Balance Policy Considerations



General Fund Balance as a % of Budget



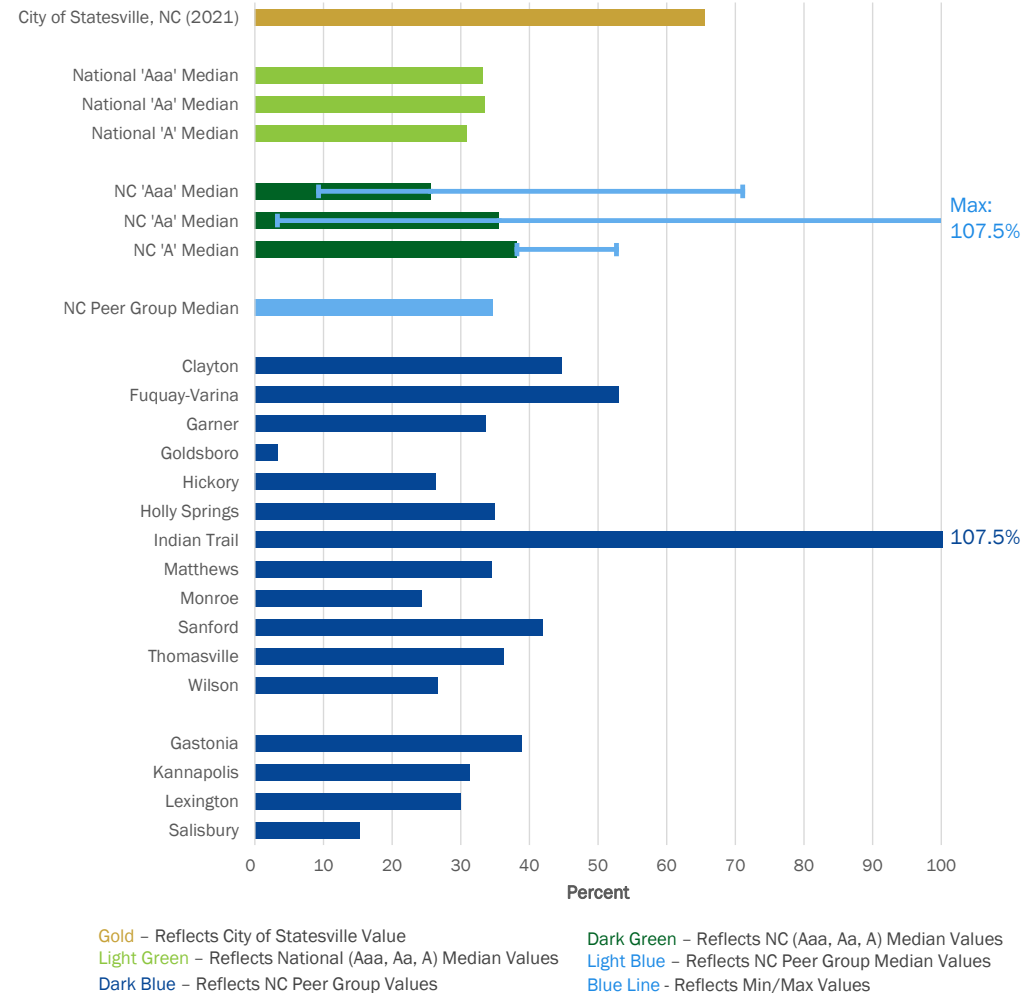
Definition: Unassigned General Fund Balance divided by annual General Fund Budget.

	A	B	C	D	E
	Potential Policy (% of GF Expenditures)	FY 2021 General Fund Expenditures	Potential Policy Requirement	FY 2021 Unassigned Fund Balance	Excess Fund Balance (D - C)
1	25%	35,328,927	8,832,232	23,189,923	14,357,691
2	30%	35,328,927	10,598,678	23,189,923	12,591,245
3	35%	35,328,927	12,365,124	23,189,923	10,824,799
4	40%	35,328,927	14,131,571	23,189,923	9,058,352
5	45%	35,328,927	15,898,017	23,189,923	7,291,906
6	50%	35,328,927	17,646,799	23,189,923	5,543,124

Note: For purposes of this analysis, Statesville's General Fund Budget amount is shown as total expenditures (not including transfers). Moody's peers' are shown as a % of total revenue as calculated by Moody's.



Unassigned Fund Balance as a % of Budget Peer Comparatives



Note: Certain accounting and categorization practices can impact a Cities and Town's Unassigned General Fund Balance, such as establishing separate funds (e.g. Debt Service Fund, Capital Reserve Fund) and designating fund balance for specific purposes (i.e. Assigned, Committed).

Reserve Policies

Potential Policy Recommendations

■ Key Considerations:

- Establish a minimum reserve level that provides ample liquidity based on historical expenditure levels and cash flows and that provides an allowance for unforeseen one time events.
- Provide flexibility for the use of reserves in excess of the policy level, if justified. Provide flexibility for the use of reserves that may result in a breach of the policy limit provided that a plan is established to restore compliance within a specified period of time.

■ Potential Policy Language:

- In accordance with State statute, appropriated fund balance in any fund will not exceed the sum of cash and investments less the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.
- The City will maintain a minimum General Fund Unassigned Fund Balance, as defined by the Governmental Accounting Standards Board, at the close of each fiscal year equal to ___% of General Fund Budget [with a targeted Unassigned Fund Balance equal to ___% of General Fund Budget].
 - a) Purpose of Reserve: These funds will be used to avoid cash flow interruptions, generate interest income and sustain operations during unanticipated emergencies and disasters.
 - b) Reserve Drawdowns: The fund balance may be purposefully drawn down below the target percentage for emergencies. Fund balance percentages in excess of ___% may be drawn down for nonrecurring expenditures, such as capital projects.
 - c) Reserve Replenishment: If the fund balance falls below the target percentage for two consecutive fiscal years, the City will:

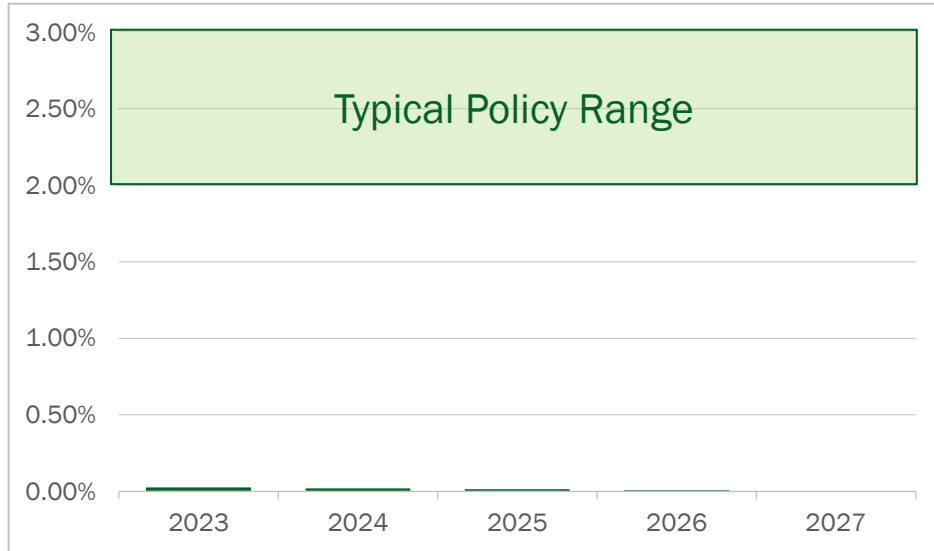
[replenish funds by direct appropriation beginning in the following fiscal year. In that instance, the City will annually appropriate ___% of the difference between the target percentage level and the actual balance until the target level is met. In the event appropriating ___% is not feasible, the City will appropriate a lesser amount and shall reaffirm its commitment to fully replenish the fund balance over a longer period of time]

or

[establish a plan to replenish reserves to rebuild the General Fund Balance to the minimum policy within a reasonable period of time].

Debt to Assessed Value and Policy Considerations

Debt to Assessed Value

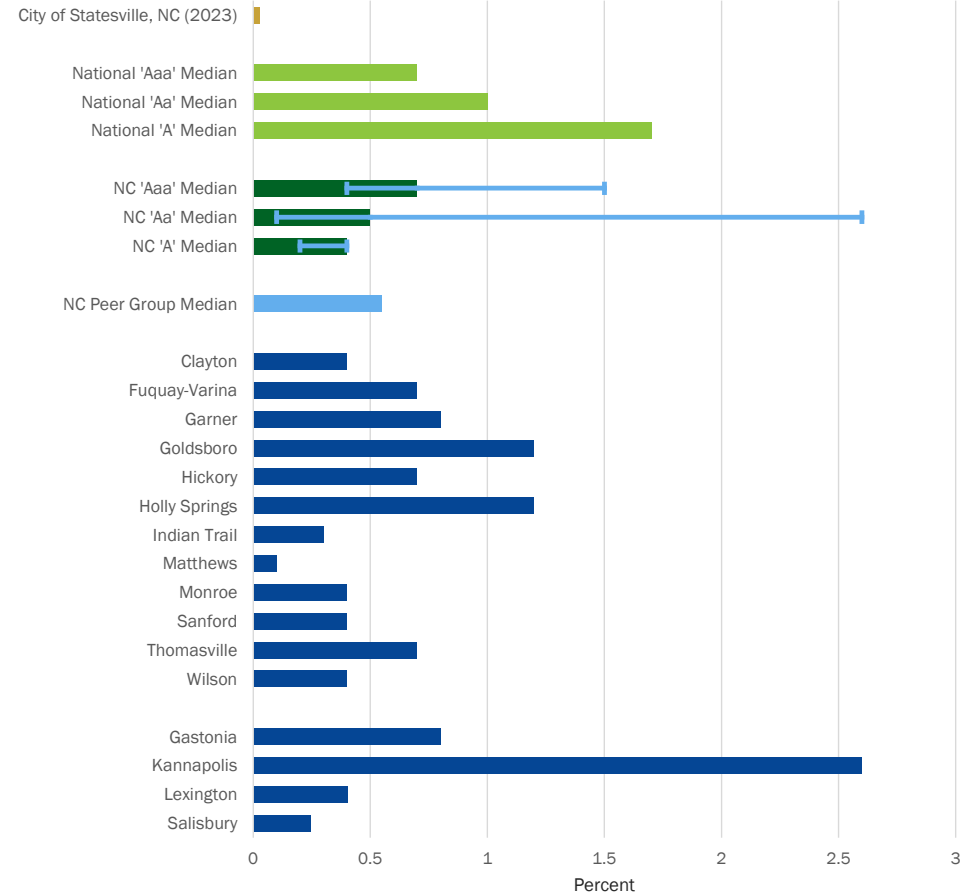


Definition: Tax-supported Debt Outstanding as a % of Total Assessed Value.

	A	B	C
	Potential Policy	FY 2023 Budgeted Assessed Value	Maximum Debt Outstanding
1	2.00%	3,486,100,000	69,722,000
2	2.50%	3,486,100,000	87,152,500
3	3.00%	3,486,100,000	104,583,000

Note: The City currently has \$1,049,618 of tax-supported debt outstanding.

Debt to Assessed Value Peer Comparatives

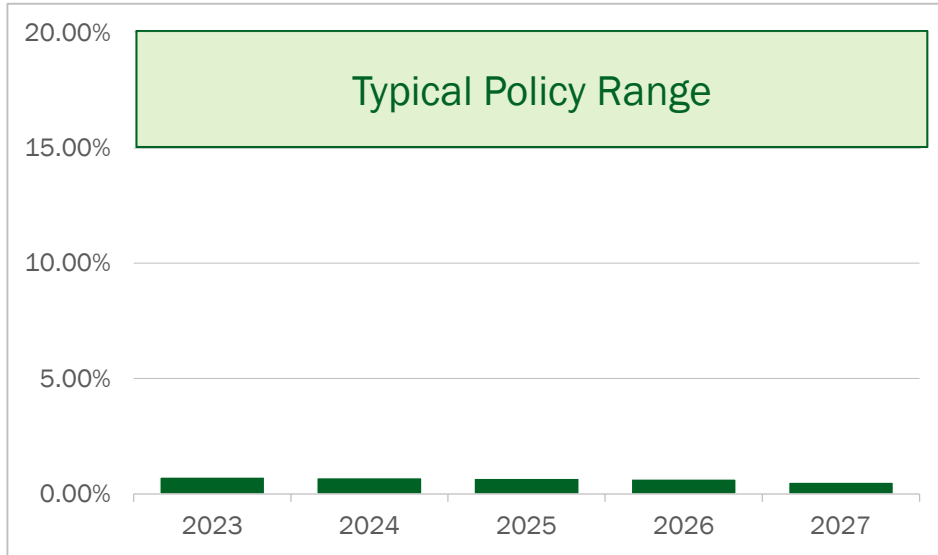


Gold – Reflects City of Statesville Value
 Dark Green – Reflects NC (Aaa, Aa, A) Median Values
 Light Green – Reflects National (Aaa, Aa, A) Median Values
 Light Blue – Reflects NC Peer Group Median Values
 Dark Blue – Reflects NC Peer Group Values
 Blue Line – Reflects Min/Max Values

Debt Service vs. Expenditures and Policy Considerations



Debt Service vs Governmental Expenditures

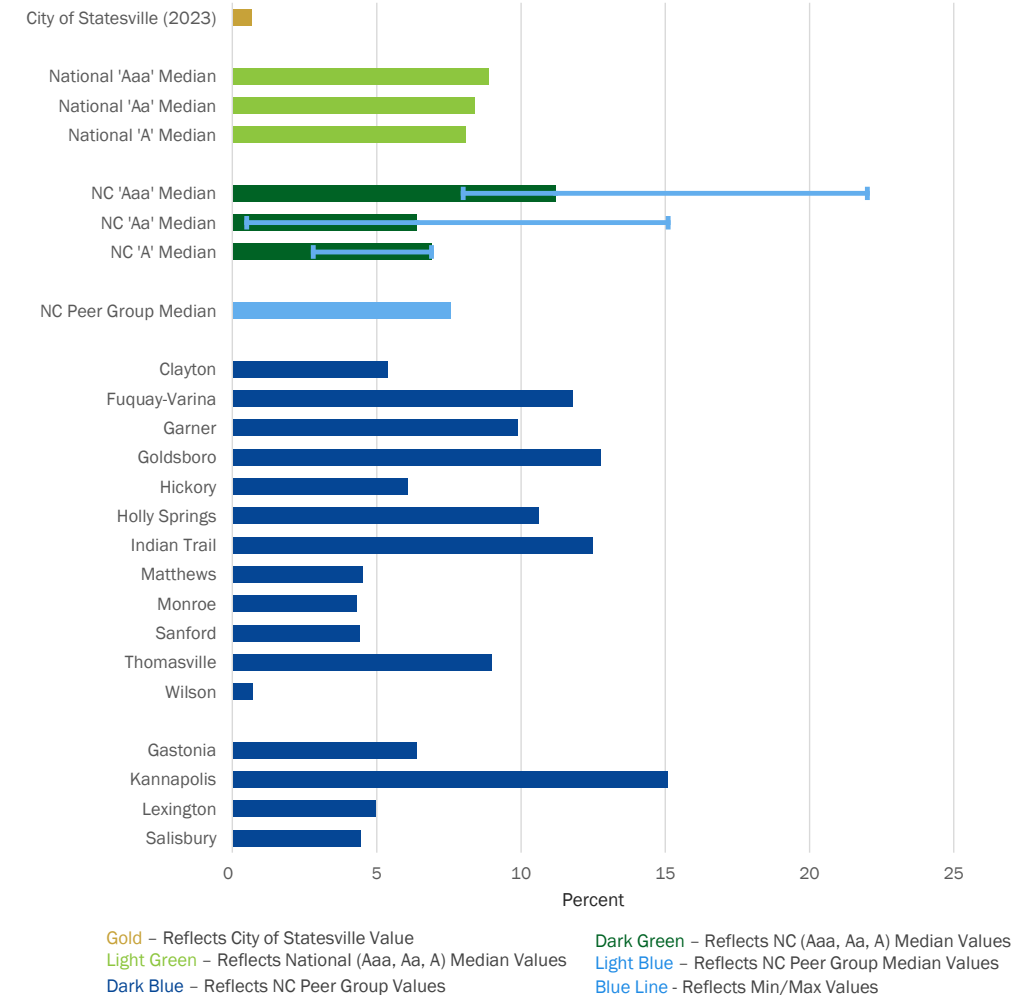


Definition: Tax-Supported Debt Service as a % of Adjusted Governmental Expenditures¹ plus Debt Service.

	A	B	C	D
	Potential Policy	FY 2023 Adjusted Expenditures ¹	Annual Debt Service Limit	Potential Debt Issuance ²
1	15.00%	32,748,396	5,757,713	53,978,559
2	18.00%	32,748,396	7,187,213	67,380,122
3	20.00%	32,748,396	8,151,459	76,419,928

Note: The City's current maximum annual debt service is \$241,385, which equates to \$2,262,984 of potential debt issuance under the assumptions utilized in column D.

Debt Service vs. Expenditures Peer Comparatives

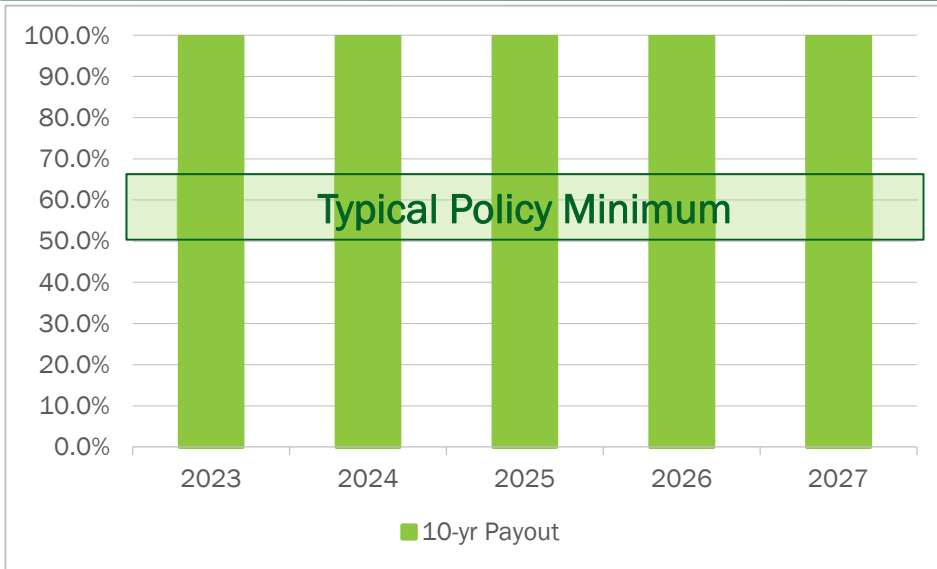


¹ Adjusted Expenditures represent the ongoing operating expenditures of the City minus debt service and capital outlay expenditures.

² Potential debt issuances are calculated utilizing an assumed 15-year level principal debt issuance at a 4.0% interest rate.

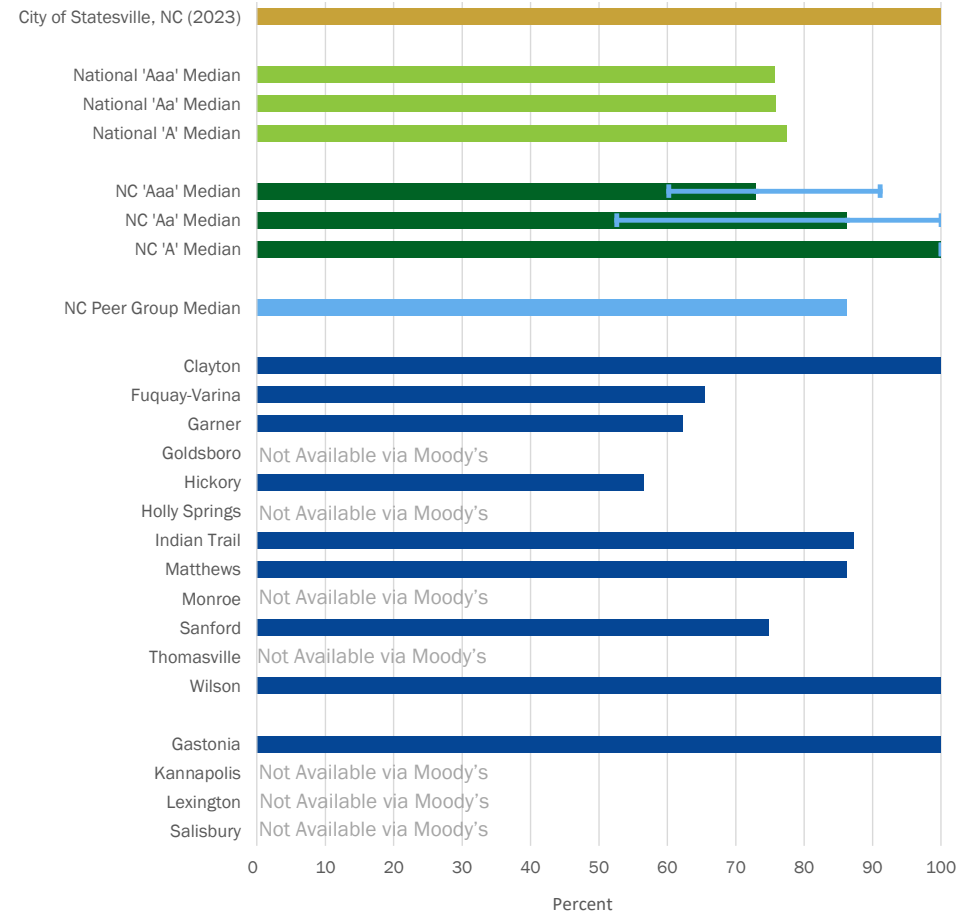
Tax Supported Payout Ratio and Policy Considerations

10-Year Payout Ratio



Definition: The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10-years.

10-Year Payout Ratio Peer Comparatives



Gold – Reflects City of Statesville Value
Light Green – Reflects National (Aaa, Aa, A) Median Values
Dark Blue – Reflects NC Peer Group Values
Dark Green – Reflects NC (Aaa, Aa, A) Median Values
Light Blue – Reflects NC Peer Group Median Values
Blue Line - Reflects Min/Max Values

Note: Moody's MFRA did not include 10-Year Payout Ratio data for several of the municipalities within the peer group.
 Source: City Audits and Moody's MFRA

Debt and Contingent Liability Policies

Potential Policy Recommendations

- Key Considerations:
 - Establish meaningful policy levels that provide the City with the flexibility to fund future projects.
 - Consider including language that allows the City to breach policies for a period of time provided that the Governing Body is notified and approves of the non-compliance period.
 - Establish a framework to monitor policy calculations on an annual basis and report findings to the City Council.
- Potential Policy Language:
 - Debt to Assessed Value
 - Net debt as a percentage of estimated assessed value of taxable property shall not exceed __%. Net debt is defined as any and all debt that is tax-supported. Should Debt to Assessed Value exceed __%, staff must request an exception from City Council stating the justification and expected duration of the policy exception.
 - Debt Service to Expenditures
 - “Debt Service expenditures as a percent of total governmental fund expenditures shall not exceed __%. Should this ratio exceed __%, staff must request an exception from City Council stating the justification and expected duration of the policy exception.”
 - 10 Year Payout Ratio
 - “Payout of aggregate outstanding tax-supported debt principal shall be no less than __% repaid in 10 years. Should this be projected to fall below the minimum policy of __%, Staff must request an exception from City Council stating the justification and expected duration of the policy exception.”
 - Other Debt and Contingent Liability Policies
 - The City will take a balanced approach to capital funding utilizing debt financing, capital reserves and pay-as-you-go funding that will provide the least financial impact on the taxpayer.
 - When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project.
 - Other Post Employment Benefits (“OPEB”) Liability Funding Considerations.

Peer Financial Policy Summary



A	B	C	D	E	F	
Peer City/Town	General Fund ("GF") Balance Policy Amount	10-Year Payout	Debt to Assessed Value	Debt Service to Expenditures	Source	
Peer Cities and Towns: 'Aa' Rated Cities with 25,000 - 50,000 Population	1 Clayton	At least 30% Unassigned GF balance as a % of GF Budget.	> 55%	< 2.50%	< 15%	Adopted/Amended Fiscal Policies as of 11/4/2013
	2 Fuquay-Varina	At least 25% [Unassigned] GF balance as a % of GF Budget.	> 55%	< 2.50%	< 15%	Adopted Fiscal Policies as of 5/3/2010
	3 Garner	Target: 30% [Unassigned] GF balance as a % of the GF Budget. Minimum: 25% [Unassigned] GF balance as a % of the GF Budget.	> 50%	< 2.00%	< 15%	Adopted Fiscal Policies as of 5/6/2010
	4 Goldsboro	Target: 15% [Unassigned] GF balance as a % of the GF Budget. Minimum: 10% [Unassigned] GF balance as a % of the GF Budget.	> 55%	< 2.50%	< 15%	Adopted Fiscal Policies as of 4/19/2010
	5 Hickory	Target: 25% Unassigned GF Balance as a % of GF Budget.	> 50%	< 2.00%	< 15%	Adopted Fiscal Policies as of 6/12/2018
	6 Holly Springs	Target: 20%-25% [Unassigned] GF balance as a % of the GF Budget. Minimum: 20% [Unassigned] GF balance as a % of the GF Budget.	> 55%	< 2.50%	< 15%	Adopted Fiscal Policies as of 7/1/2019
	7 Indian Trail	At least 30% Unassigned GF balance as a % of GF Budget.	> 50%	< 2.00%	n/a	Adopted Fiscal Policies as of 9/13/2011
	8 Matthews	Target: At least 34% Unassigned GF Balance as a % of GF Budget.	n/a	n/a	n/a	Town Website; Finance Department
	9 Monroe	At least 25% Unassigned GF balance as a % of GF Budget.	n/a	n/a	n/a	Sent from City Staff.
	10 Sanford	At least 30% Unassigned GF balance as a % of GF Budget.	n/a	n/a	n/a	FY 2023 Budget
	11 Thomasville	At least 24% Unassigned GF balance as a % of GF Budget.	n/a	n/a	n/a	Adopted/Amended Fiscal Policies as of 2/21/22
	12 Wilson	At least 25% Unassigned GF balance as a % of GF Budget.	n/a	< 2.50%	< 15%	Adopted Fiscal Policies as of 4/21/22
Additional Peer Cities	13 Gastonia	Target: 25% Unassigned GF Balance as a % of GF Budget.	n/a	n/a	n/a	FY 2023 Budget
	14 Kannapolis	Target: 25%-33% [Unassigned] GF balance as a % of the GF Budget.	> 60%	< 2.00%	< 15%	Adopted Fiscal Policies as of 6/25/2012
	15 Lexington	At least 30% Unassigned GF balance as a % of GF Budget. (informal)	n/a	n/a	n/a	5/24/16 Moody's Credit Opinion
	16 Salisbury	At least 24% Unassigned GF balance as a % of GF Budget.	n/a	n/a	n/a	FY 2023 Budget

Financial Policy Discussion – Recommendations

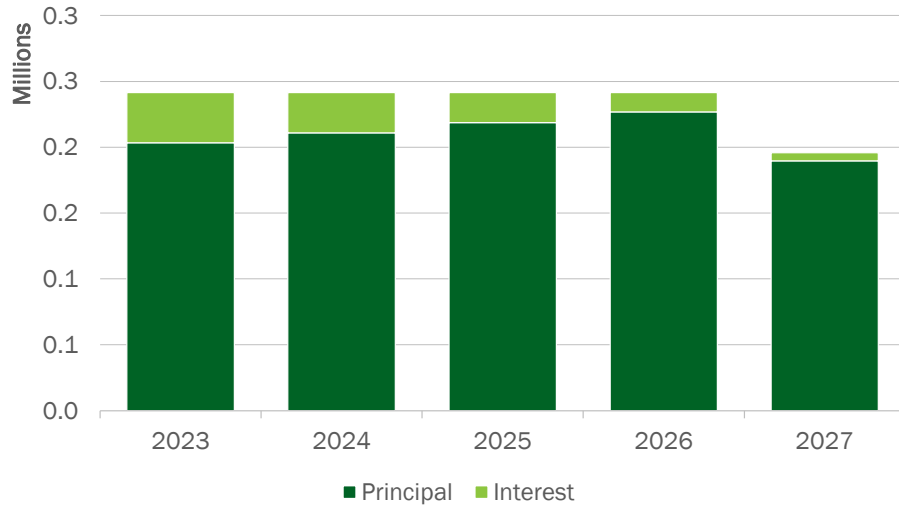
- Based upon discussions with City Staff, Davenport offers the following recommendations on financial policy levels for City Council consideration and discussion:
 1. General Fund Balance as a % of Budget:
 - The City will maintain a minimum General Fund Unassigned Fund Balance as the close of each fiscal year equal to **30%** of General Fund Budget with a targeted Unassigned Fund Balance equal to **35%** of General Fund Budget.
 - Reserve Drawdowns: The fund balance may be purposefully drawn down below the target percentage for emergencies. Fund balance percentages in excess of 35% may be drawn down for nonrecurring expenditures such as capital projects.
 2. Debt to Assessed Value:
 - Net debt as a percentage of estimated assessed value of taxable property shall not exceed **2.50%**.
 3. Debt Service to Expenditures:
 - Debt Service expenditures as a percent of total governmental fund expenditures shall not exceed **18.0%**.
 4. 10 Year Payout Ratio:
 - Payout of aggregate outstanding tax-supported debt principal shall be no less than **50.0%** repaid in 10 years.

Capital Planning Information

Existing Tax Supported Debt



Tax Supported Debt Service



Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	1,049,618	111,824	1,161,442	
2023	203,485	37,900	241,385	100.0%
2024	210,955	30,429	241,385	100.0%
2025	218,716	22,669	241,385	100.0%
2026	226,780	14,604	241,384	100.0%
2027	189,681	6,222	195,903	100.0%

Par Outstanding – Estimated as of 6/30/2022

Type	Par Amount
Long Term Debt	\$0
Fire Apparatus Debt	\$915,353
Equipment Debt	\$0
Vehicle Debt	\$134,265
Total	\$1,049,618

Debt Affordability Analysis

Existing Debt and FY 2023 Pay-Go



A	B	C	D	E	F	G	H	I	J	K	L	M
Debt Service and Capital Requirements							Revenue Available for DS				Debt Service Cash Flow Surplus (Deficit)	
FY	Existing Debt Service	Rolling Stock Lease Program Payment ¹	CIP Debt Service ²	CIP Pay-Go ³	Operating Impact	Total	FY 2023 General Fund Budget ⁴	Fund Balance Appropriation ⁵	Additional Revenues Required	Total Revenues Available	Surplus/ (Deficit)	Undesignated General Capital Reserve Fund Balance ⁶
												11,186,553
2023	241,385	-	-	10,893,809	-	11,135,194	1,410,661	10,299,532	-	11,710,193	575,000	11,761,552
2024	241,385	-	-	-	-	241,385	1,410,661	-	-	1,410,661	1,169,276	12,930,829
2025	241,385	-	-	-	-	241,385	1,410,661	-	-	1,410,661	1,169,277	14,100,105
2026	241,384	-	-	-	-	241,384	1,410,661	-	-	1,410,661	1,169,277	15,269,382
2027	195,903	-	-	-	-	195,903	1,410,661	-	-	1,410,661	1,214,758	16,484,141
2028	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	17,894,802
2029	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	19,305,464
2030	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	20,716,125
2031	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	22,126,786
2032	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	23,537,448
2033	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	24,948,109
2034	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	26,358,771
2035	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	27,769,432
2036	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	29,180,093
2037	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	30,590,755
2038	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	32,001,416
2039	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	33,412,078
2040	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	34,822,739
2041	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	36,233,400
2042	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	37,644,062
2043	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	39,054,723
2044	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	40,465,385
2045	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	41,876,046
2046	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	43,286,707
2047	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	44,697,369
2048	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	46,108,030
2049	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	47,518,692
2050	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	48,929,353
Total	1,161,442	-	-	10,893,809	-	12,055,251						

¹Rolling Stock Lease Program assumed to be \$800,000 per year. Financing assumptions include 5 year term with Level monthly Debt Service, at 5.0% interest payments.
²CIP Debt Service Includes Long-Term Debt Service and Vehicle/Equipment Debt Service. Equipment / Vehicle Debt Service in FY 2028 and beyond assumed to be equal to the maximum annual Equipment / Vehicle debt service in FY 2029.
³Equipment/Vehicles Pay-Go in FY 2023 shown from CIP with future years assuming an ongoing annual amount of \$700,000. CIP departmental pay-go in FY 2023 shown from CIP with future years assuming an ongoing annual amount of \$1,000,000.
⁴The City budgeted an additional \$158,000 of pay-go projects and an additional \$417,000 of fund balance projects in FY 2023. With adjustments made to the funding sources/amounts of certain projects, a surplus of \$575,000 is assumed in FY 2023.
⁵Fund Balance Appropriation includes \$7,200,000 of ARPA Funds dedicated to the Fire Station #1 Project and \$600,000 from the Fire Station #1 Capital Project Fund, in FY 2023.
⁶Undesignated General Capital Reserve Fund Balance is assumed to be \$361,754 as of FYE 2022 plus \$10,824,799 of unassigned fund balance, per City's 2023 Budget and City Staff.

Assumes \$10,824,799 of unassigned fund balance is made available for capital projects. This would leave approximately 35% of the unassigned fund balance as a percentage of expenditures based on audited FY 2021 results.

FY 2023 Capital Funding

FY 2023 Capital Funding



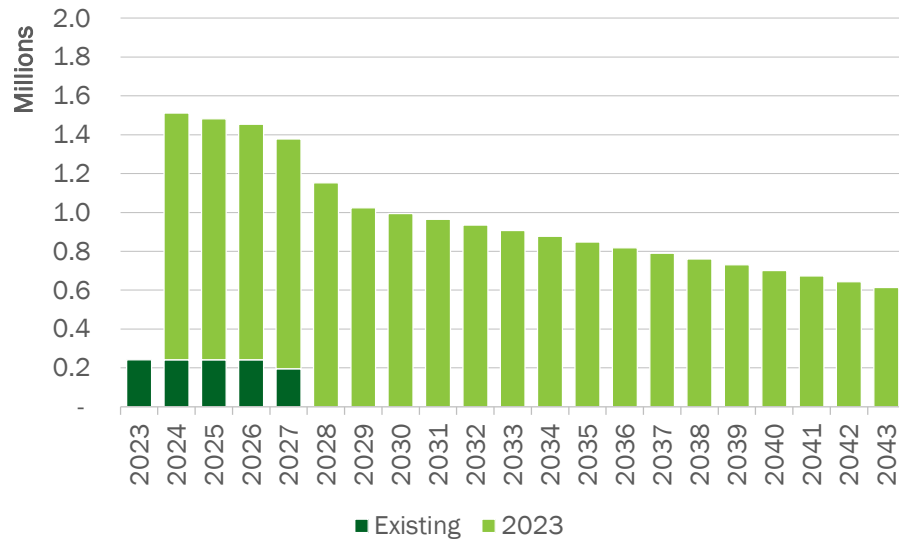
A	B
Uses of Funds	FY 2023
1 Rolling Stock Lease Program	723,991
2 Equipment / Vehicles	1,641,809
3 Departmental CIP Pay-Go	1,899,000
4 Streets / Sidewalks (Powell Bill)	850,000
5 Operations Center Rebuild (General Fund Portion)*	6,000,000
6 Fire Station 1	13,497,833
7 Total Capital Improvement Plan	24,612,633
Sources of Funds	FY 2023
8 Debt - Short Term	447,000
9 Debt - Long Term (Operations Center)	6,000,000
10 Debt - Long Term (Fire Station 1)	5,697,833
11 Subtotal: Debt	12,144,833
12 Pay/Go	1,011,277
13 Fund Balance - Committed	2,082,532
14 Fund Balance - Fire Station #1 ARPA Revenues	7,200,000
15 Fund Balance - Fire Station #1 Capital Project Fund	600,000
16 Subtotal: Pay-Go/Fund Balance	10,893,809
17 Rolling Stock Lease Program	723,991
18 Powell Bill	850,000
19 Total	24,612,633

* Electric Fund component (\$16 million) is expected to be funded with cash.

Existing and Proposed Debt Service

Existing and Proposed Debt Service – FY 2023 Capital Funding

Proposed Tax Supported Debt Service



Summary

- Financing Assumptions
 - Long-Term Financing:
 - Term: 20 Years
 - Interest Rate: 5.00%
 - Amortization: Level Principal
 - First Interest: FY Following Issuance
 - First Principal: FY Following Issuance
 - Short-Term Financing:
 - Term: 5 Years
 - Interest Rate: 4.00%
 - Amortization: Level Debt Service
 - First Interest: FY Following Issuance
 - First Principal: FY Following Issuance

Proposed Principal

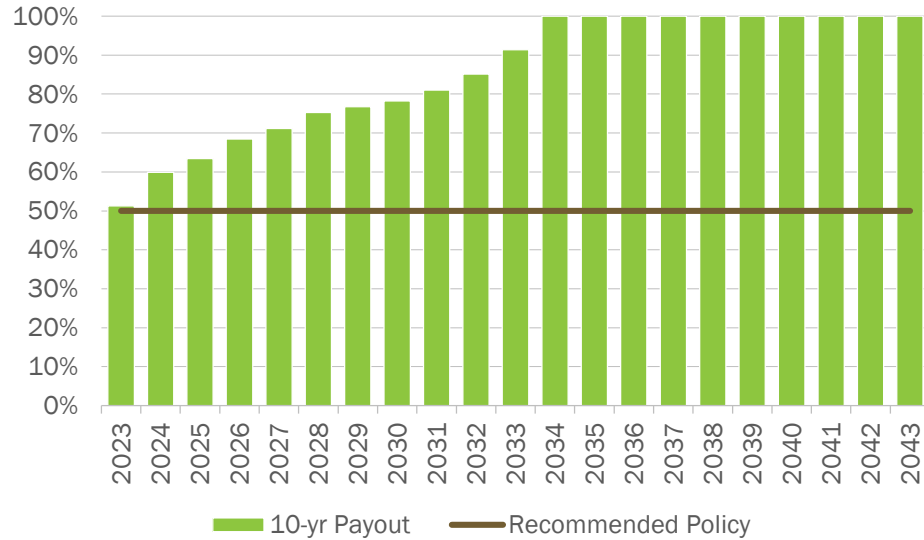


Debt Issued:	Short-Term	Long-Term	Total
– FY 2023	\$447,000	\$11,697,833	\$12,144,833
– FY 2024	\$0	\$0	\$0
– FY 2025	\$0	\$0	\$0
– FY 2026	\$0	\$0	\$0
– FY 2027	\$0	\$0	\$0
– FY 2028	\$0	\$0	\$0
– Total	\$447,000	\$11,697,833	\$12,144,833
■ Debt Service:	\$502,042	\$17,839,195	\$18,341,237

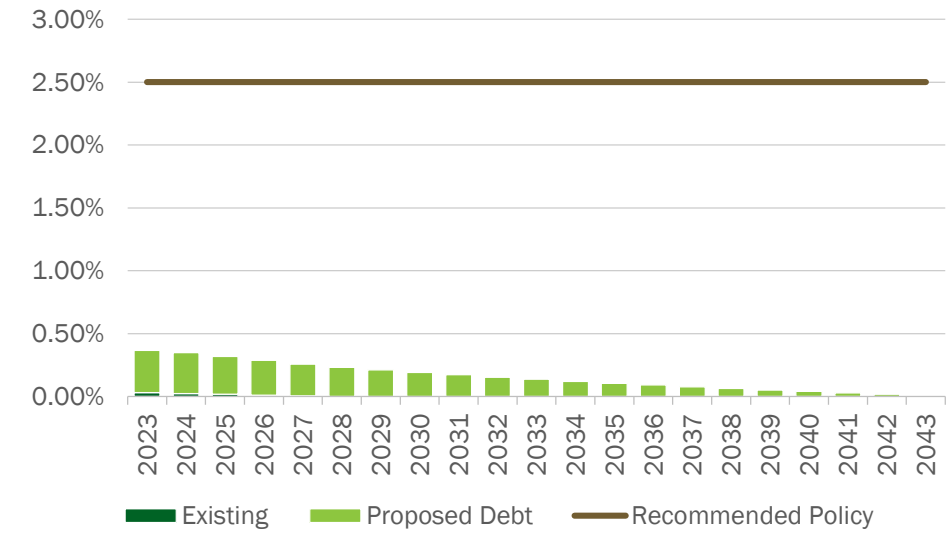
Key Debt Ratios

Existing and Proposed Debt Service – FY 2023 Capital Funding

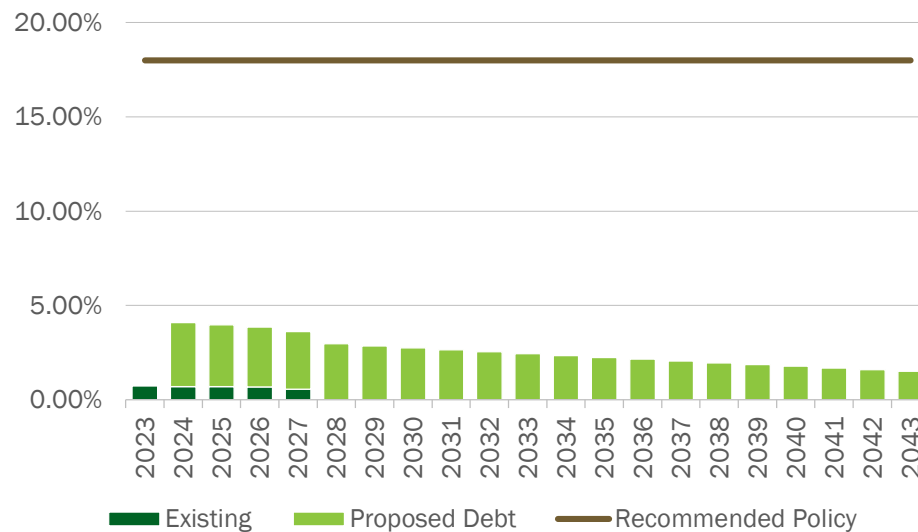
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Note: Proposed debt shown does not include assumed Enterprise Rolling Stock Lease Program and associated payments.

Debt Affordability Analysis

Existing and Proposed Debt Service – FY 2023 Capital Funding



A	B	C	D	E	F	G	H	I	J	K	L	M
Debt Service and Capital Requirements							Revenue Available for DS				Debt Service Cash Flow Surplus (Deficit)	
FY	Existing Debt Service	Rolling Stock Lease Program Payment ¹	CIP Debt Service ²	CIP Pay-Go ³	Operating Impact	Total	FY 2023 General Fund Budget ⁴	Fund Balance Appropriation ⁵	Additional Revenues Required	Total Revenues Available	Surplus/ (Deficit)	Undesignated General Capital Reserve Fund Balance ⁶
												11,186,553
2023	241,385	81,976	-	10,893,809	-	11,217,169	1,410,661	10,299,532	-	11,710,193	493,024	11,679,576
2024	241,385	163,951	1,270,192	-	-	1,675,528	1,410,661	-	-	1,410,661	(264,866)	11,414,710
2025	241,385	163,951	1,240,947	-	-	1,646,283	1,410,661	-	-	1,410,661	(235,622)	11,179,088
2026	241,384	163,951	1,211,702	-	-	1,617,038	1,410,661	-	-	1,410,661	(206,377)	10,972,712
2027	195,903	163,951	1,182,458	-	-	1,542,312	1,410,661	-	-	1,410,661	(131,651)	10,841,061
2028	-	81,976	1,153,213	-	-	1,235,189	1,410,661	-	-	1,410,661	175,472	11,016,534
2029	-	-	1,023,560	-	-	1,023,560	1,410,661	-	-	1,410,661	387,101	11,403,635
2030	-	-	994,316	-	-	994,316	1,410,661	-	-	1,410,661	416,346	11,819,980
2031	-	-	965,071	-	-	965,071	1,410,661	-	-	1,410,661	445,590	12,265,570
2032	-	-	935,827	-	-	935,827	1,410,661	-	-	1,410,661	474,835	12,740,405
2033	-	-	906,582	-	-	906,582	1,410,661	-	-	1,410,661	504,079	13,244,485
2034	-	-	877,337	-	-	877,337	1,410,661	-	-	1,410,661	533,324	13,777,808
2035	-	-	848,093	-	-	848,093	1,410,661	-	-	1,410,661	562,569	14,340,377
2036	-	-	818,848	-	-	818,848	1,410,661	-	-	1,410,661	591,813	14,932,190
2037	-	-	789,604	-	-	789,604	1,410,661	-	-	1,410,661	621,058	15,553,248
2038	-	-	760,359	-	-	760,359	1,410,661	-	-	1,410,661	650,302	16,203,550
2039	-	-	731,115	-	-	731,115	1,410,661	-	-	1,410,661	679,547	16,883,097
2040	-	-	701,870	-	-	701,870	1,410,661	-	-	1,410,661	708,791	17,591,888
2041	-	-	672,625	-	-	672,625	1,410,661	-	-	1,410,661	738,036	18,329,924
2042	-	-	643,381	-	-	643,381	1,410,661	-	-	1,410,661	767,281	19,097,205
2043	-	-	614,136	-	-	614,136	1,410,661	-	-	1,410,661	796,525	19,893,730
2044	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	21,304,391
2045	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	22,715,053
2046	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	24,125,714
2047	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	25,536,376
2048	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	26,947,037
2049	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	28,357,698
2050	-	-	-	-	-	-	1,410,661	-	-	1,410,661	1,410,661	29,768,360
Total	1,161,442	819,756	18,341,237	10,893,809	-	31,216,244						

¹ Rolling Stock Lease Program assumed to be \$800,000 per year. Financing assumptions include 5 year term with Level monthly Debt Service, at 5.0% interest payments.

² CIP Debt Service Includes Long-Term Debt Service and Vehicle/Equipment Debt Service. Equipment / Vehicle Debt Service in FY 2028 and beyond assumed to be equal to the maximum annual Equipment / Vehicle debt service in FY 2029.

³ Equipment/Vehicles Pay-Go in FY 2023 shown from CIP with future years assuming an ongoing annual amount of \$700,000. CIP departmental pay-go in FY 2023 shown from CIP with future years assuming an ongoing annual amount of \$1,000,000.

⁴ The City budgeted an additional \$158,000 of pay-go projects and an additional \$417,000 of fund balance projects in FY 2023. With adjustments made to the funding sources/amounts of certain projects, a surplus of \$575,000 is assumed in FY 2023.

⁵ Fund Balance Appropriation includes \$7,200,000 of ARPA Funds dedicated to the Fire Station #1 Project and \$600,000 from the Fire Station #1 Capital Project Fund, in FY 2023.

⁶ Undesignated General Capital Reserve Fund Balance is assumed to be \$361,754 as of FYE 2022 plus \$10,824,799 of unassigned fund balance, per City's 2023 Budget and City Staff.

After funding the FY 2023 Capital Projects, affordability available for future CIP funding includes \$10,824,799 of General Capital Reserve Balance and Annual cash flow surplus FY 2028 and beyond.

Note: FY 2023 Value of a Penny is \$348,310 per the City's FY 2023 Budget. The assumed growth rate is 10.0% in FY 2024 and 3.00% thereafter.

Note: Powell Bill Fund Projects are not shown in this analysis, as expenditures (\$850,000 annually) are assumed to be equal to annual revenue.

Capital Improvement Plan Introduction

Capital Improvement Plan Overview

- The City has historically maintained a Capital Improvement Plan. The most recent FY 23 – 28 version of the CIP was adopted as part of the FY 2023 Budget Process. While the CIP includes projects over a 5-year period, the focus has typically been on current fiscal year projects.
- In preparation for the FY 2024 Budget, the City is considering a comprehensive review and update of the Capital Improvement Plan, with the following goals:
 - Establishing the City’s capital funding capacity and affordability.
 - Developing an achievable long-term funding plan with identified funding sources.
 - Implementing a long-term strategy to address capital needs moving forward.
- When developing the Capital Improvement Plan, updated CIP projects have been separated into two different categories:
 - Category 1: Regular / Recurring Capital Projects**
 - Rolling Stock, Equipment / Vehicles, Fire Engine Replacement, Departmental CIP Pay-Go Capital Funding, etc.
 - Category 2: Major Decision Package Projects**
 - Larger / infrequent projects (e.g. Fire Station Construction, Operations Center Rebuild, Parks & Recreation Facilities, Police Station Construction etc.)



Base Case Capital Improvement Plan Summary

FY 2023 Capital Funding and Category 1 CIP Projects



A	B	C	D	E	F	G	H	I
Department	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total (FY 23-28)	FY 2029 +
1 Category 1: Regular/Recurring Capital Projects								
2 Rolling Stock Lease Program	723,991	800,000	800,000	800,000	800,000	800,000	4,723,991	800,000/year
3 Equipment / Vehicles*	1,641,809	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	8,641,809	1,400,000/year
4 Fire Engine Replacement	-	900,000	-	900,000	-	900,000	2,700,000	
5 Departmental CIP Pay-Go	1,899,000	2,265,000	1,017,500	1,540,000	700,000	585,000	8,006,500	1,000,000/year
6 Streets / Sidewalks (Powell Bill)	850,000	850,000	850,000	850,000	850,000	850,000	5,100,000	850,000/year
7 Subtotal: Recurring Capital Projects	5,114,800	6,215,000	4,067,500	5,490,000	3,750,000	4,535,000	29,172,300	4,050,000/year
8 Category 2: Major Decision Capital Projects								
9 Operations Center Rebuild (General Fund Portion)	6,000,000	-	-	-	-	-	6,000,000	-
10 Fire Station 1	13,497,833	-	-	-	-	-	13,497,833	-
11 Subtotal: Major / Decision Package Projects	19,497,833	-	-	-	-	-	19,497,833	-
12 Total Capital Improvement Plan	24,612,633	6,215,000	4,067,500	5,490,000	3,750,000	4,535,000	48,670,133	4,050,000/year
13								
14 Sources of Funds	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total (FY 23-28)	FY 2029 +
15 Debt - Short Term	447,000	1,600,000	700,000	1,600,000	700,000	1,600,000	6,647,000	700,000/year
16 Debt - Long Term	11,697,833	-	-	-	-	-	11,697,833	-
17 Subtotal: Debt	12,144,833	1,600,000	700,000	1,600,000	700,000	1,600,000	18,344,833	
18 Pay/Go	1,011,277	2,415,000	1,327,500	2,240,000	1,400,000	1,285,000	9,678,777	1,700,000/year
19 Fund Balance - Committed	2,082,532	550,000	390,000	-	-	-	3,022,532	1,700,000/year
20 Fund Balance - Fire Station #1 ARPA Revenues	7,200,000	-	-	-	-	-	7,200,000	1,700,000/year
21 Fund Balance - Fire Station #1 Capital Project Fund	600,000	-	-	-	-	-	600,000	-
22 Subtotal: Pay-Go/Fund Balance	10,893,809	2,965,000	1,717,500	2,240,000	1,400,000	1,285,000	20,501,309	-
23 Rolling Stock Lease Program	723,991	800,000	800,000	800,000	800,000	800,000	4,723,991	800,000/year
24 Powell Bill	850,000	850,000	850,000	850,000	850,000	850,000	5,100,000	850,000/year
25 Total	24,612,633	6,215,000	4,067,500	5,490,000	3,750,000	4,535,000	48,670,133	4,050,000/year

* Equipment / Vehicles in FY 2024 + is assumed to have \$700,000 of annual pay-go and approximately \$700,000 of annual debt projects.

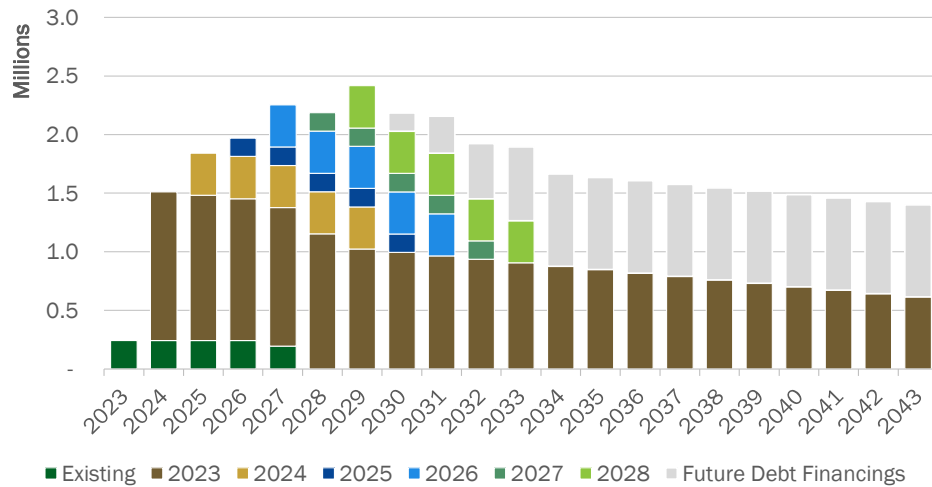
Note: Base Case shown above includes FY 2023 Projects and Category 1 Regular/Recurring Capital Outlay in FY24 - 28. The Base Case does not include any category 2 Major Decision Package Projects in FY 24 - 28.

Existing and Proposed Debt Service

Base Case



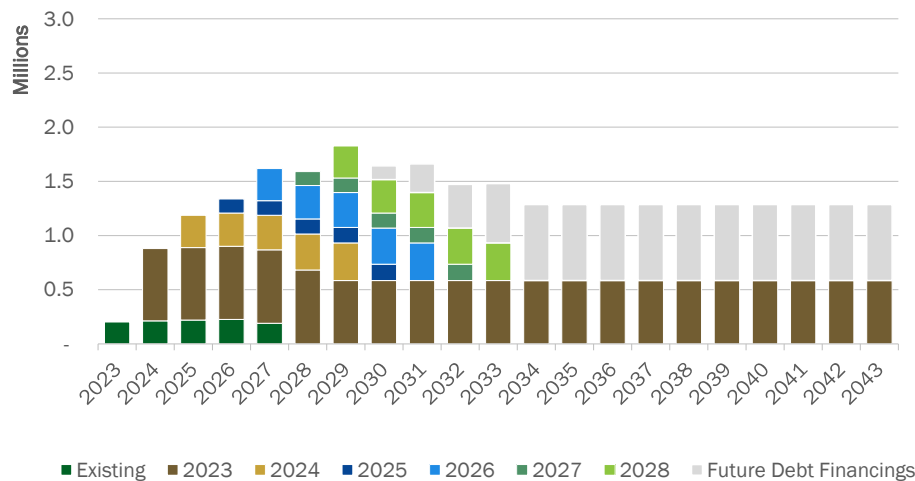
Proposed Tax Supported Debt Service



Summary

- Financing Assumptions
 - Long-Term Financing:
 - Term: 20 Years
 - Interest Rate: 5.00%
 - Amortization: Level Principal
 - First Interest: FY Following Issuance
 - First Principal: FY Following Issuance
 - Short-Term Financing:
 - Term: 5 Years
 - Interest Rate: 4.00%
 - Amortization: Level Debt Service
 - First Interest: FY Following Issuance
 - First Principal: FY Following Issuance

Proposed Principal



Debt Issued:	Short-Term	Long-Term	Total
— FY 2023	\$447,000	\$11,697,833	\$12,144,833
— FY 2024	\$1,600,000	\$0	\$1,600,000
— FY 2025	\$700,000	\$0	\$700,000
— FY 2026	\$1,600,000	\$0	\$1,600,000
— FY 2027	\$700,000	\$0	\$700,000
— FY 2028	\$1,600,000	\$0	\$1,600,000
— Total	\$6,647,000	\$11,697,833	\$18,344,833

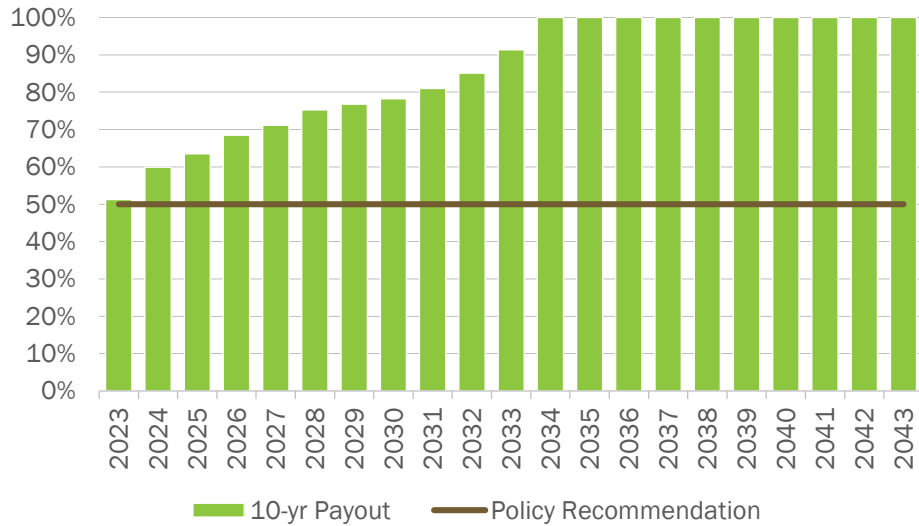
Note: Proposed debt does not include assumed lease program debt service Future FY 2028 – 2043 debt issuances are shown in the charts in gray. These projects amounts are not listed above.

Key Debt Ratios

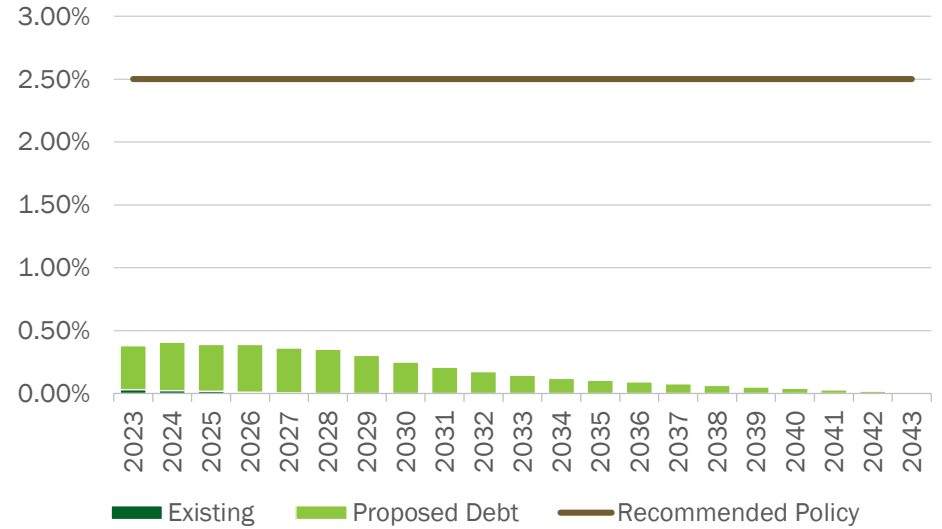
Base Case



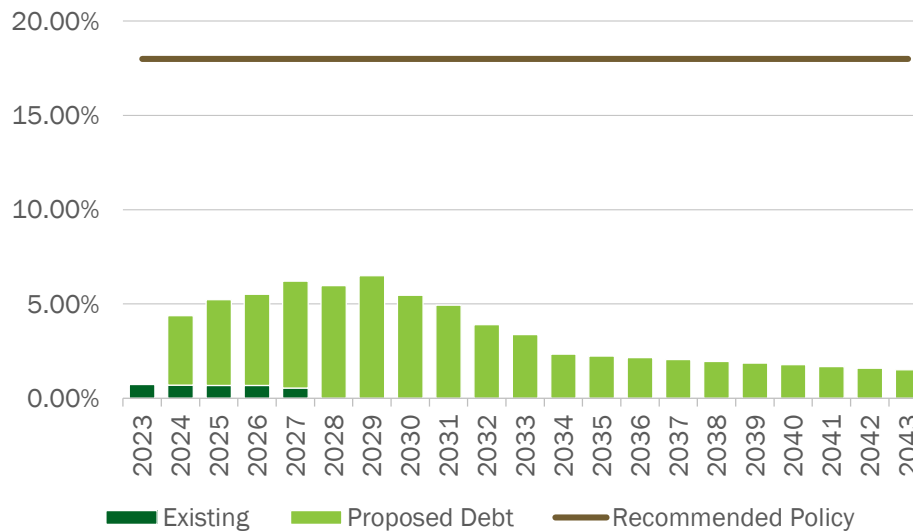
10-Year Payout



Debt to Assessed Value



Debt Service to Expenditures



Note: Proposed debt does not include assumed lease program debt service.

Debt Affordability Analysis

Base Case



FY	Debt Service and Capital Requirements						Revenue Available for DS				Debt Service Cash Flow Surplus (Deficit)	
	Existing Debt Service	Rolling Stock Lease Program Payment ¹	CIP Debt Service ²	CIP Pay-Go ³	Operating Impact	Total	FY 2023 General Fund Budget ⁴	Fund Balance Appropriation ⁵	Additional Revenues Required	Total Revenues Available	Surplus/ (Deficit)	Undesignated General Capital Reserve Fund Balance ⁶
2023	241,385	81,976	-	10,893,809	-	11,217,169	1,410,661	10,299,532	-	11,710,193	493,024	11,186,553
2024	241,385	254,533	1,270,192	2,965,000	-	4,731,110	1,410,661	550,000	1,293,000	3,253,661	(1,477,448)	11,679,576
2025	241,385	435,697	1,600,350	1,717,500	-	3,994,932	1,410,661	390,000	1,293,000	3,093,661	(901,271)	10,202,128
2026	241,384	616,861	1,728,345	2,240,000	-	4,826,590	1,410,661	-	1,293,000	2,703,661	(2,122,928)	9,300,857
2027	195,903	798,025	2,058,504	1,400,000	-	4,452,431	1,410,661	-	1,293,000	2,703,661	(1,748,770)	7,177,929
2028	-	897,213	2,186,498	1,285,000	-	4,368,711	1,410,661	-	2,586,000	3,996,661	(372,050)	5,429,159
2029	-	905,819	2,416,248	1,700,000	-	5,022,068	1,410,661	-	2,586,000	3,996,661	(1,025,406)	4,031,703
2030	-	905,819	2,184,840	1,700,000	-	4,790,659	1,410,661	-	2,586,000	3,996,661	(793,997)	3,237,706
2031	-	905,819	2,155,595	1,700,000	-	4,761,414	1,410,661	-	2,586,000	3,996,661	(764,753)	2,472,953
2032	-	905,819	1,924,186	1,700,000	-	4,530,005	1,410,661	-	2,586,000	3,996,661	(533,344)	1,939,609
2033	-	905,819	1,894,941	1,700,000	-	4,500,761	1,410,661	-	2,586,000	3,996,661	(504,099)	1,435,510
2034	-	905,819	1,663,532	1,700,000	-	4,269,352	1,410,661	-	2,586,000	3,996,661	(272,690)	1,162,820
2035	-	905,819	1,634,288	1,700,000	-	4,240,107	1,410,661	-	2,586,000	3,996,661	(243,446)	919,374
2036	-	905,819	1,605,043	1,700,000	-	4,210,862	1,410,661	-	2,586,000	3,996,661	(214,201)	705,173
2037	-	905,819	1,575,799	1,700,000	-	4,181,618	1,410,661	-	2,586,000	3,996,661	(184,956)	520,217
2038	-	905,819	1,546,554	1,700,000	-	4,152,373	1,410,661	-	2,586,000	3,996,661	(155,712)	364,505
2039	-	905,819	1,517,309	1,700,000	-	4,123,129	1,410,661	-	2,586,000	3,996,661	(126,467)	238,038
2040	-	905,819	1,488,065	1,700,000	-	4,093,884	1,410,661	-	2,586,000	3,996,661	(97,223)	140,815
2041	-	905,819	1,458,820	1,700,000	-	4,064,640	1,410,661	-	2,586,000	3,996,661	(67,978)	72,837
2042	-	905,819	1,429,576	1,700,000	-	4,035,395	1,410,661	-	2,586,000	3,996,661	(38,734)	34,103
2043	-	905,819	1,400,331	1,700,000	-	4,006,150	1,410,661	-	2,586,000	3,996,661	(9,489)	24,614
2044	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	629,262
2045	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	1,233,909
2046	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	1,838,556
2047	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	2,443,204
2048	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	3,047,851
2049	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	3,652,498
2050	-	905,819	786,195	1,700,000	-	3,392,014	1,410,661	-	2,586,000	3,996,661	604,647	4,257,145
Total	1,161,442	50,186,903	63,828,228	108,901,309	-	224,077,882						

Under this approach, additional revenues of \$1,293,000 will be required in FY 2024 and FY 2028 to avoid any further budget impacts.

Under alternative General Fund Balance Policy Target Levels, the additional revenues required in FY 24 and 28 would be:

- 40% : \$1,350,000
- 30% : \$1,244,000
- 25% : \$1,195,000

¹ Rolling Stock Lease Program assumed to be \$800,000 per year. Financing assumptions include 5 year term with Level monthly Debt Service, at 5.0% interest payments.

² CIP Debt Service Includes Long-Term Debt Service and Vehicle/Equipment Debt Service. Equipment / Vehicle Debt Service in FY 2028 and beyond assumed to be equal to the maximum annual Equipment / Vehicle debt service in FY 2029.

³ Equipment/Vehicles Pay-Go in FY 2023 shown from CIP with future years assuming an ongoing annual amount of \$700,000. CIP departmental pay-go in FY 2023 shown from CIP with future years assuming an ongoing annual amount of \$1,000,000.

⁴ The City budgeted an additional \$158,000 of pay-go projects and an additional \$417,000 of fund balance projects in FY 2023. With adjustments made to the funding sources/amounts of certain projects, a surplus of \$575,000 is assumed in FY 2023.

⁵ Fund Balance Appropriation includes \$7,200,000 of ARPA Funds dedicated to the Fire Station #1 Project and \$600,000 from the Fire Station #1 Capital Project Fund, in FY 2023.

⁶ Undesignated General Capital Reserve Fund Balance is assumed to be \$361,754 as of FYE 2022 plus \$10,824,799 of unassigned fund balance, per City's 2023 Budget and City Staff.

Debt Capacity and Debt Affordability Analysis – Decision Package Projects

Debt Capacity and Debt Affordability Analysis

Overview and Funding Assumptions



Debt Capacity and Debt Affordability Analysis Overview

- In order to provide perspective on the City’s additional Debt Capacity and Debt Affordability through FY 2028 for Category 2 (Major Decision Package) CIP Projects, the following cases have been analyzed.

Debt Capacity Cases:

- Case 1** Maximize Debt to Assessed Value Ratio at 2.50%
- Case 2** Maximize Debt Service to Governmental Expenditures Ratio at 18.0%

Debt Affordability Cases:

- Case 3** Maximize with \$500,000 of Additional Revenue In FY 24 and 28
- Case 4** Maximize with \$1,000,000 of Additional Revenue In FY 24 and 28
- Case 5** Maximize with \$1,500,000 of Additional Revenue In FY 24 and 28
- Case 6** Maximize with \$2,000,000 of Additional Revenue In FY 24 and 28

Capital Funding Assumptions

- Base Case CIP Assumptions:
 - FY 2023 – 2028:
 - Pay-Go / Reserves: \$20,501,309
 - Powell Bill: \$5,100,000
 - Rolling Stock Lease Program: \$4,723,991
 - Short Term Debt: \$6,647,000
 - Long Term Debt: \$11,697,833
 - **Total FY 23 – 28 Capital Funding: \$48,670,133**
 - FY 2029 and Beyond:
 - Pay-Go / Reserves: \$1,700,000 Annually
 - Powell Bill: \$850,000 Annually
 - Rolling Stock Lease Program: \$800,000 Annually
 - Short-Term Debt: \$700,000 Annually
 - **Total FY 2029 & Beyond: \$4,050,000 Annually**
- Debt Capacity / Affordability Financing Assumptions:
 - Issuances: Annually FY 2024 - 2028
 - Amounts: Maximum Level Issuances
 - Term: 20 Years
 - Amortization: Level Principal
 - Interest Rate: 5.00%
 - First Principal Payment: FY After Issuance
 - First Interest Payment: FY After Issuance

Debt Capacity and Debt Affordability Analysis

Summary of Results







A	B	C		D				E				
		Debt Capacity		Debt Affordability								
		Case 1	Case 2	Case 3	Case 4	Case 5	Case 6					
	Base Case	Maximize Debt to Assessed Value Ratio (2.50%)	Maximize Debt Service to Expenditures Ratio (18.0%)	Maximize with Additional Revenue of \$500,000 in FY 24 and 28	Maximize with Additional Revenue of \$1,000,000 in FY 24 and 28	Maximize with Additional Revenue of \$1,500,000 in FY 24 and 28	Maximize with Additional Revenue of \$2,000,000 in FY 24 and 28					
1	Base Case Capital Projects											
2	FY 2023 - 2028	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	\$48,670,133	
3	FY 2029 and Beyond	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	4,050,000/year	
4												
5	Additional Debt Issued											
6	FY 2024	\$0	\$18,500,000	\$10,980,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000
7	FY 2025	\$0	\$18,500,000	\$10,980,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000
8	FY 2026	\$0	\$18,500,000	\$10,980,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000
9	FY 2027	\$0	\$18,500,000	\$10,980,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000
10	FY 2028	\$0	\$18,500,000	\$10,980,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000	\$2,580,000	\$5,100,000	\$7,600,000	\$10,100,000
11	Total Debt Issued	\$0	\$92,500,000	\$54,900,000	\$12,900,000	\$25,500,000	\$38,000,000	\$50,500,000	\$12,900,000	\$25,500,000	\$38,000,000	\$50,500,000
12												
13	Debt Ratios (Worst Shown)¹											
14	Projected 10-Year Payout	51.24%	51.24%	51.24%	51.24%	51.24%	51.24%	51.24%	51.24%	51.24%	51.24%	51.24%
15	Projected Debt to AV	0.38%	2.50%	1.63%	0.65%	0.94%	1.24%	1.53%	0.65%	0.94%	1.24%	1.53%
16	Projected Debt Service vs. Exp.	5.15%	24.37%	18.00%	9.48%	12.22%	14.77%	17.19%	9.48%	12.22%	14.77%	17.19%
17												
18	Equivalent Budget Impact											
19	FY 2024 - Revaluation Year	\$1,293,000	\$4,982,000	\$3,470,000	\$1,793,000	\$2,293,000	\$2,793,000	\$3,293,000	\$1,793,000	\$2,293,000	\$2,793,000	\$3,293,000
20	FY 2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	FY 2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	FY 2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	FY 2028 - Revaluation Year	\$1,293,000	\$4,982,000	\$3,470,000	\$1,793,000	\$2,293,000	\$2,793,000	\$3,293,000	\$1,793,000	\$2,293,000	\$2,793,000	\$3,293,000
24	Total	\$2,586,000	\$9,964,000	\$6,940,000	\$3,586,000	\$4,586,000	\$5,586,000	\$6,586,000	\$3,586,000	\$4,586,000	\$5,586,000	\$6,586,000
25												
26	Fund Balance Sensitivity											
27	40% FY 2024/2028 Impact	\$1,350,000	\$5,072,000	\$3,552,000	\$1,862,000	\$2,368,000	\$2,870,000	\$3,375,000	\$1,862,000	\$2,368,000	\$2,870,000	\$3,375,000
28	40% Total Impact	\$2,700,000	\$10,144,000	\$7,104,000	\$3,724,000	\$4,736,000	\$5,740,000	\$6,750,000	\$3,724,000	\$4,736,000	\$5,740,000	\$6,750,000
29												
30	30% FY 2024/2028 Impact	\$1,244,000	\$4,904,000	\$3,395,000	\$1,735,000	\$2,227,000	\$2,722,000	\$3,220,000	\$1,735,000	\$2,227,000	\$2,722,000	\$3,220,000
31	30% Total Impact	\$2,488,000	\$9,808,000	\$6,790,000	\$3,470,000	\$4,454,000	\$5,444,000	\$6,440,000	\$3,470,000	\$4,454,000	\$5,444,000	\$6,440,000
32												
33	25% FY 2024/2028 Impact	\$1,195,000	\$4,825,000	\$3,325,000	\$1,682,000	\$2,166,000	\$2,655,000	\$3,150,000	\$1,682,000	\$2,166,000	\$2,655,000	\$3,150,000
34	25% Total Impact	\$2,390,000	\$9,650,000	\$6,650,000	\$3,364,000	\$4,332,000	\$5,310,000	\$6,300,000	\$3,364,000	\$4,332,000	\$5,310,000	\$6,300,000

¹ Debt ratios do not include enterprise rolling stock lease program and associated payments.

North Carolina Financing Options

Credit/Security Types

Credit Option	Security Overview	Considerations
 <p>General Obligation Bonds</p>	<p>Pledge of the taxing power and full faith and credit of the Issuer.</p>	<ul style="list-style-type: none"> - Lowest Cost of Funds. - No pledge of assets required. - Failed referendum can hinder project funding. - Timing for referenda.
 <p>Installment Financing, LOBs, COPs</p>	<p>Pledge of an asset and subject to annual appropriation by the Governing Body.</p>	<ul style="list-style-type: none"> - Does not require referendum. - Collateral Requirements - Ability to utilize a master indenture.
 <p>Revenue Bonds</p>	<p>Pledge of a specific enterprise revenue stream.</p>	<ul style="list-style-type: none"> - Does not require referendum. - No collateral requirements. - Requires financial covenants.
 <p>Special Obligation Bonds</p>	<p>Pledge of any available sources of revenues, to the extent the generation of the revenues does not constitute a pledge of taxing power.</p>	<ul style="list-style-type: none"> - Does not require referendum. - Limitations on revenue sources and project eligibility.

Category 2: Major Decision Package Projects and Key Capital Planning Decision Points



Category 2 Projects (FY 2024 – 2028)

■ Operations / Administration	
– Operations Center Rebuild (General Fund Portion):	\$15,700,000
– <u>City Hall Roof Replacement:</u>	<u>\$1,500,000</u>
– Operations / Administration Subtotal:	\$17,200,000
■ Public Safety	
– Replace Fire Station #2:	\$8,000,000
– Fire Station #5:	\$6,500,000
– Quint Truck (for Fire Station #5):	\$1,500,000
– Fire Training Grounds:	\$500,000
– <u>Police Station (with Parking Deck):</u>	<u>\$16,000,000</u>
– Public Safety Subtotal:	\$32,500,000
■ Parks and Recreation	
– Swimming Pool:	\$3,200,000
– Land Acquisition:	\$2,000,000
– Reconfigurations of McClure Park:	\$750,000
– City Hall Roof Replacement:	\$1,500,000
– <u>Absher Park Street Extension:</u>	<u>\$3,200,000</u>
– Parks and Recreation Subtotal:	\$10,650,000
■ Grand Total:	\$60,350,000

Key Capital Planning Discussion and Decision Points

1. Confirm Funding Levels and Plan for Category 1 (regular / recurring) Capital Projects.
2. Consider additional budgetary funding levels for Category Capital Projects and financing options / approaches.
3. Prioritize Category 2 Capital Projects.

Next Steps

1. Davenport to provide the City with a draft Financial Policy Document.
2. City Council considers adoption of formal Financial Policies.
3. Davenport and City Staff begin the debt funding process for FY 2023 CIP Projects.
 - a) Operations Center Rebuild (General Fund Portion)
 - b) Fire Station #1
 - c) Automated Garbage Truck
4. Davenport and City Staff update Capital Funding Plan as directed by City Council.
5. Final Capital Funding Plan approved by City Council.

Municipal Advisor Disclosure



The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

Version 1.13.14 CW | MB | TC



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

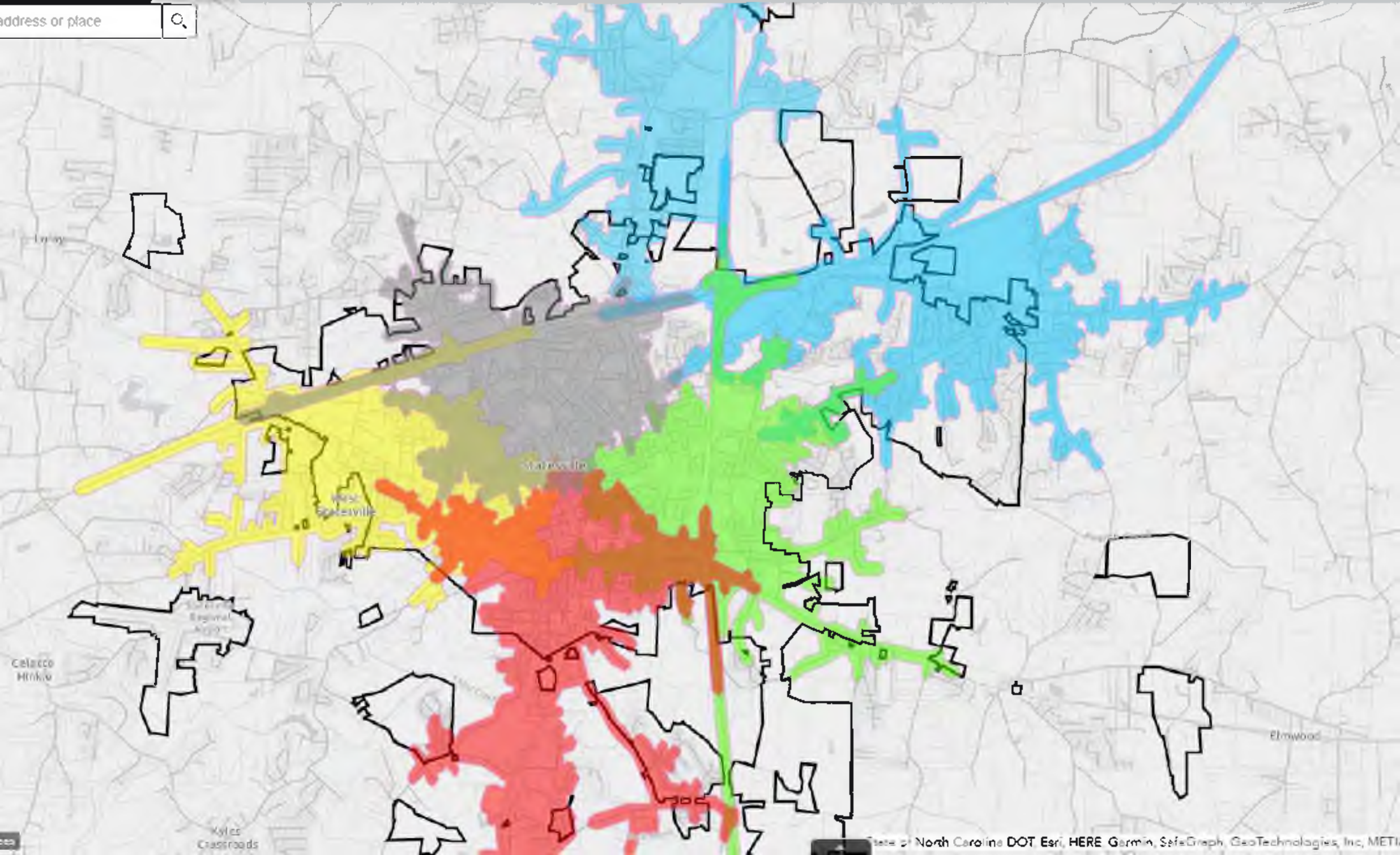
PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:

Address or place





CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



CITY of
Statesville
NORTH CAROLINA
CAPITAL REQUEST PROJECT SHEET

DEPARTMENT:

REQUEST:

COST:

FY:

PROPOSED FUNDING METHOD:

STRATEGIC PLANNING OBJECTIVE:

DESCRIPTION OF THE REQUEST:

NEED AND JUSTIFICATION:



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 20, 2022
SUBJECT: ***Memo #6 – Bond Referendum Information***

If the City Council intends to fund a majority of the Capital Improvement Plan, the sheer number of projects, and their associated costs, may cause you to want to consider other funding options, such as a possible bond referendum.

A bond referendum is a voting process that gives citizens the power to decide if a local government should be authorized to raise funds through the sale of bonds. Generally, the city would ask for a tax increase to pay back this debt. A referendum must be held during a general election and the ballot must include specifics about the projects. The city must stick with the projects on the ballot.

There are four primary areas that could be considered by the city, although more could qualify:

1. **Recreation** - You have read that the city's Route 2 Recreation Plan (R2R) has high aspirations for future parks improvements in Statesville (see the project list after Memo 5). The R2R was developed to serve as a guide for planning, acquisition, development, and operations of parks, trails, facilities, and recreation programs. Faced with these types of improvements and investments, many communities look to bond referenda to seek public approval for the expenditures.

According to the North Carolina Board of Elections, 22 cities in the last four years have used a bond referendum to expand and improve their recreation and parks services. Only 1 city in our research did not approve the bond (it was 55% disapproval of the bond). The average bond amount is \$53.7 million.

2. **Transportation** – There are few transportation infrastructure projects in the city CIP. However, the Mobility Plan calls for many sidewalk connections, which could be reasonable for referendum inclusion.
3. **Public Safety** – The CIP is heavy with public safety projects, from fire trucks and fire stations to a police department expansion. Part of the discussion when a fire station is

constructed should be staffing. It takes fifteen fire personnel to staff a station. If a bond were to be proposed, that may also be a way to establish a funding stream to cover those staff members.

4. **Housing** – The attached information largely shows issues in big cities. However, I can foresee that with the across-the-board concerns about affordable housing, smaller cities may be interested in this option.

Summary and Takeaways

1. A bond referendum may be an option to fund major projects.
2. The bond referenda have largely (almost totally) been approved in NC over the last four years.
3. There are multiple options/projects that will qualify.
4. The bond referendum must be held on a general election ballot.
5. You must stick with the projects that are on the ballot.
6. One should always consider what the alternative may be if the referendum fails and base the project list at least partially on that line of thinking.

Attachments - Bond List

Parks and Rec Bonds

Community	Year	Bond Amount	Project Discription	Voting Results
Concord	2022	\$ 60,000,000.00	9 park projects- 4 new parks and renovating 5 existng parks and 8 miles of greenway	Approved
Raleigh	2022	\$ 275,000,000.00	20 projects at existing parks and greenways	Approved
Wake Forest	2022	\$ 24,400,000.00	Parks- Restroom install, outdoor sports complex, lighting	Approved
Wake Forest	2022	\$14,350,000	Greenway- to acquire, construct, improve and equip various greenways inside and outside the corporate limits of Wake Forest, including any related land, easements, and rights of way.	Approved
Matthews	2022	\$ 14,000,000.00	Complete 93 acre park, Downtown loop, amphitheater, and splashpad	Approved
Charlotte	2022	\$ 226,000,000.00	transportation, housing and neighborhood improvements.	Approved
Charlotte	2020	\$ 197,200,000.00	transportation, housing and neighborhood improvements.	Approved
Garner	2021	\$ 7,150,000.00	Dog park, soccer field fencing, mobile stage for events	Approved
Greensboro	2022	\$ 70,000,000.00	joint rec center/library and improve Science Center	Approved
Fuquay-Varina	2021	\$ 185,000,000.00	to build the Community Center North offering a broad spectrum of programs and amenities for all ages with a dedicated space to accommodate an expanded slate of activities for active adults (ages 55+).	Approved

Parks and Rec Bonds

Morrisville	2021	\$ 17,000,000.00	Crabtree Creek nature park, Morrisville Community Park phase 3 and future park land acquisition	Approved
Fayetteville	2022	\$ 25,000,000.00	Pedestrian friendly, bike baths, recreation	Approved
Sanford	2018	\$ 2,000,000.00	Kiwanis Family Park	Approved
Cary	2019	\$ 112,000,000.00	Phase 2 of downtown park, 2 parks, playground upgrades, historic preservation	Approved
Clayton	2019	\$ 18,000,000.00	Park Improvements	Approved
Sanford	2019	\$ 4,000,000.00	Greenways and trails	approved
Mount Holly	2021	\$ 13,555,000.00	providing parks and recreation facilities, including without limitation the acquisition, construction and improvement of parks and recreation facilities, acquisition of land for current and future parks and recreation uses and development of greenways and pedestrian crossin	Disapproved
High Point	2019	\$ 21,500,000.00	replace Senior Center and Renovate City Lake Park	Approved
Winston-Salem	2018	\$ 31,000,000.00	renovate and upgrade parks	Approved
Davidson	2019	\$ 17,000,000.00	community center and outlines of six park projects, one greenway link and one mobility network upgrade expenditure expected to require, combined, a town investment of around \$4.7 million.	Approved
Gastonia	2022	\$ 10,000,000.00	safety around schools and parks	Approved

Transportation Bonds

Community	Year	Bond Amount	Project Discription	Voting Results
Wake Forest	2022	\$ 12,500,000.00	acquire, construct and equip public parking and appurtenant facilities	Approved
Wake Forest	2022	\$ 23,720,000.00	to construct, extend, widen, resurface, install and improve streets and sidewalks inside and outside the corporate limits of said Town, including, without limitation, bridges, grade separations, traffic and pedestrian signals, bus shelters, street lighting and other streetscape improvements and any related land, easements, rights of way and utility improvements	Approved
Morrisville	2021	\$ 11,700,000.00	improvements to pedestrian and transportation related infrastructure, such as major thoroughfares; sidewalk and streetscape improvements; bridges; bicycle lanes; curbs and drains; traffic controls; greenways; bus/train station and shelter improvements; and the acquisition of any related land, rights of way and equipmen	Approved
High Point	2019	\$22,000,000	Streets, sidewalks, and connectivity: adding sidewalks, curbs, gutters, bike lanes, turn lanes, and improving drainage, specifically at Triangle Lake Road, Washington Street, and Burton Avenue.	Approved

Transportation Bonds

Cary	2019	\$ 113,000,000.00	traffic improvement, resurfacing, intersection improvements, streetscape improvements, new traffic signal system software, sidewalks, and road widening.	Approved
Raleigh	2017	\$ 206,700,000.00	include street, sidewalk, and streetscape improvements, bridges, bike lanes, curb, drains, traffic controls, greenways, bus and train station and shelter improvements, and the acquisition of land /right away	Approved
Charlotte	2022	\$ 29,800,000.00	Neighborhood improvement: trees, sidewalks, greenways and bike lanes to better connect neighborhoods with major employment, institutional and retail areas.	Approved
Charlotte	2022	\$ 146,200,000.00	increase overall mobility by providing transportation choices, promoting access to transit and major transportation routes and improving connectivity within and between communities. With that in mind, the Capital Investment Plan will continue investing in transit access, bridges, trails, sidewalks and streets.	Approved
Fayetteville	2022	\$ 25,000,000.00	sidewalk improvements, street repair, intersection improvements and bike paths and lanes, among others.	Approved
Winston-Salem	2018	\$ 43,700,000.00	Streets and Sidewalks	Approved
Gastonia	2022	\$ 75,000,000.00	streets, sidewalks, safety improvements, manhole covers, I-85 widening	Approved
Greensboro	2022	\$ 15,000,000.00	improve and add sidewalks, streets and bus infrastructure	Approved

Transportation Bonds

Matthews	2022	\$ 21,000,000.00	improvements along Trade Street that enhance the safety, walkability, and accessibility for residents and visitors, filling sidewalks gaps across town, extension of Greylock Ridge Road for improved connectivity, and improvements at John Street and 485, and E. Charles Street and Crestdale Road	Approved
Garner	2021	\$ 14,566,000.00	street and sidewalk improvement	Approved
Cherryville	2020	\$ 3,300,000.00	Downtown beautification- streets and sidewalks	Approved

Housing Bonds

Community	Year	Bond Amount	Project Description	Voting Results
Raleigh	2020	\$ 80,000,000.00	Transit-Oriented site acquisition, public-private partnerships, LIHTC gap financing, owner-occupied home rehab and downpayment assistance	Approved
Durham	2019	\$ 95,000,000.00	increase the city's quantity of affordable housing, building at least eighteen hundred new affordable units and preserving or replacing more than eight hundred others. That would swell the number of income-restricted, subsidized homes in Durham by at least a third. About half of these units would be on Durham Housing Authority property. (Another four hundred or so affordable units are already in the pipeline between city- and county-backed projects).	Approved
High Point	2019	\$ 6,500,000.00	100 new affordable housing units.	Approved
Chapel Hill	2018	\$ 10,000,000.00	developing 400 new affordable housing units and preserve 300 existing affordable units over the next five years. The Town anticipates using the bond funding to support several large-scale affordable housing projects including public housing redevelopment and development on Town-owned parcels.	Approved
Charlotte	2022	\$ 50,000,000.00	new construction, it also helps preserve existing housing through rehabilitation of both single- and multifamily housing units. This funding leverages other public, private and nonprofit dollars to increase the supply and accessibility of housing in the community.	Approved

Housing Bonds

Fayetteville	2022	\$ 12,000,000.00	housing trust fund, homeownership programs, new housing initiatives and innovative solutions to meet the critical housing needs of the community.	Approved
Housing Authorities				
Winston Salem	2018	\$ 11,700,000.00	housing rehabilitation and multi-family housing development	Approved
Greensboro	2022	\$ 30,000,000.00	to build, buy and improve affordable housing and increase homeownership	Approved

Public Safety Bonds

Community	Year	Bond Amount	Project Discription	Voting Results
Morrisville	2021	\$ 8,000,000.00	new fire station and land acquisition for new stations	Approved
Davidson	2019		Sale of Continuum	Approved
Fayetteville	2022	\$ 60,000,000.00	land acquisition, relocation, and construction of new fire stations, the construction of a logistics center, renovation of existing fire stations and a police department call center.	Approved
Winston-Salem	2018	\$ 2,110,000.00	New fire station, training facility, and new communication system	Approved
Winston-Salem	2018	\$ 14,500,000.00	strategic focus on promoting economic vitality and diversity	Approved
Greensboro	2022	\$ 14,000,000.00	improve and renovate fire stations	Approved
Greensboro	2022	\$ 6,000,000.00	improve and renovate police facilities	Approved
Garner	2021	\$ 2,000,000.00	redevelopment of historic down town	Approved
Garner	2021	\$ 12,000,000.00	Public Safety Bonds	Approved



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 23, 2022
SUBJECT: **Memo #7 – City Council Agenda Requests**

City Council was asked to provide any topics of interest that you would like to include on the retreat agenda. The following is a list of those topics, which will be led by the requesting council member, with assistance from various departments.

1. **Airport Needs and Revenues – Steve Johnson** – John Ferguson has been asked to go through an analysis of the financial status of the airport and project out over the next five years.
2. **Greenways – Joe Hudson** – As part of the Route2Recreation (R2R) Master Plan there is a component for greenways. The city already has an extensive system which is being added to by new development. Councilman Hudson would like to discuss a plan for moving forward on a city-initiated expansion/upgrade to the system. Greenways are one recreation amenity available to all and which is relatively low cost versus parks and other facilities. Richard Griggs has been asked to assist with this discussion.
3. **Schools in Statesville – Amy Lawton** – Councilwoman Lawton would like to discuss the possibility of furthering the relationship with Iredell Statesville Schools (ISS) through better communication (and possible reporting) and potentially ways to assist the Statesville High School in some way.
4. **Fire Station #5 – Joe Hudson and Frederick Foster** – This discussion is based on a desire to move this station up on the priority list based on the current gap in service. This discussion may be best placed under the CIP or prioritization sections.
5. **Violent Crime, Code Enforcement, and Streets and Sidewalks – Kim Wasson**
6. **Civic Center – Multiple** – Recently there was a series of discussions about the best way in which to merge the Statesville Convention and Visitor’s Bureau (SCVB) with the Civic Center, primarily for marketing purposes. The attached plan was discussed with members of the SCVB and some members of City Council. Part of that discussion was that the Council really needs to determine the future intentions of the Civic Center regarding its financial stability and usage.

Attachments:

1. Airport Information

2. Greenway Master Plan (excerpt from R2R)
3. Maps and Fire Station Information
4. Civic Center Memo

ESTIMATED 5 YEAR REVENUE PROJECTION

	2022-23	2023-24	2024-25	2025-26	2026-27
Rent - Site Lease					
Airport Rent	\$119,000	\$121,380	\$123,808	\$126,284	\$128,809
Fueling Flow Fees	\$180,000	\$183,600	\$187,272	\$191,017	\$194,838
FF Fee JE	\$10,000	\$60,000	\$80,000	\$120,000	\$150,000
Jet A Fuel Sales	\$2,350,000	\$2,420,500	\$2,493,115	\$2,567,908	\$2,644,946
AVGAS Fuel Sales	\$320,000	\$324,800	\$329,672	\$334,617	\$339,636
Hanger Rental	\$475,000	\$500,000	\$520,000	\$550,000	\$600,000
New Hangar			\$300,000	\$300,000	\$300,000
Beam			\$20,000	\$20,000	\$20,000
CAP				\$20,000	\$20,000
Echo Charlie					\$32,000
Tie-Downs	\$15,000	\$15,500	\$15,750	\$16,000	\$16,000
Office Rent	\$3,500	\$3,500			
Terminal			\$20,000	\$22,000	\$25,000
Catering Sales	\$500	\$500	\$500	\$500	\$500
Misc. Revenue	\$20,000	\$30,000	\$35,000	\$40,000	\$55,000
SALES AND SERVICES	\$3,493,000	\$3,659,780	\$4,125,117	\$4,308,327	\$4,526,729

ESTIMATED 5 YEAR EXPENSE PROJECTION

	2022-23	2023-24	2024-25	2025-2026	2026-2027		2022-23	2023-24	2024-25	2025-2026	2026-2027
Salaries-Permanent	\$320,869	\$330,495	\$378,410	\$389,762	\$439,455						
Add Full Time Employee	\$20,000	\$38,000		\$38,000		Gasoline	\$2,200	\$2,310	\$2,426	\$2,547	\$2,674
Salaries-Overtime	\$8,500	\$12,750	\$19,125	\$28,688	\$37,294	Diesel Fuel	\$5,442	\$5,714	\$6,000	\$6,300	\$6,615
Salaries-Temporary	\$106,600	\$111,930	\$117,527	\$123,403	\$129,573	Communications	\$2,000	\$2,200	\$2,500	\$2,700	\$3,000
FICA Expense	\$34,530	\$36,257	\$38,069	\$39,973	\$41,971	IT-Communications	\$0				
Group Life	\$1,387	\$1,456	\$1,529	\$1,606	\$1,686	Travel and Training	\$3,000	\$4,000	\$4,500	\$4,500	\$4,500
Retirement	\$48,823	\$51,264	\$53,827	\$56,519	\$59,345	Maint and Repair - Bldgs & Grnds	\$14,000	\$20,000	\$30,000	\$40,000	\$45,000
Group Health	\$79,200	\$97,952	\$103,829	\$124,059	\$131,502	Maint & Repair - Equipment	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000
Add employee	\$7,000					Maint & Repair - Auto & Truck	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000
Christmas Bonus	\$15,420	\$800	\$800	\$850	\$850	Groundskeeping Expense	\$25,000	\$35,000	\$40,000	\$50,000	\$60,000
SALARIES AND BENEFITS:	\$642,329	\$680,904	\$713,116	\$802,859	\$841,676	Departmental Supplies-General	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500
						Uniforms	\$800	\$1,000	\$1,000	\$1,000	\$1,000
Contingency	\$45,000	\$50,000	\$55,000	\$60,000	\$45,000	Contracted Services - General	\$60,000	\$65,000	\$68,000	\$70,000	\$72,000
Contingency - Capital	\$3,000	\$10,000	\$15,000	\$20,000	\$20,000	OSHA-Safety	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Professional Services	\$20,000	\$25,000	\$30,000	\$30,000	\$30,000						
Gasoline	\$2,500	\$3,500	\$4,000	\$5,000	\$5,000	OPERATING EXPENSES:	\$3,174,768	\$3,410,534	\$3,649,225	\$3,985,706	\$4,212,845
Diesel Fuel	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500						
Jet A Fuel	\$1,200,000	\$1,296,000	\$1,399,680	\$1,511,654	\$1,632,587	REVENUE	\$3,493,000	\$3,659,780	\$4,125,117	\$4,308,327	\$4,526,729
Aviation Gasoline	\$250,000	\$262,500	\$275,625	\$289,406	\$303,877	Diff	\$318,232	\$249,246	\$475,891	\$322,621	\$313,884
Communications	\$7,000	\$7,200	\$9,000	\$10,000	\$12,000						
IT-Communications	\$0					Capital Outlay-Buildings and Grounds NPE	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
Utilities	\$49,000	\$51,450	\$60,000	\$90,000	\$90,000	Capital Outlay-Vehicles & Equipment	\$49,000	\$70,000	\$50,000	\$50,000	\$50,000
Travel and Training	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	FAA Projects		\$60,000	\$45,000		
Maint and Repair - Bldgs & Grn	\$57,000	\$60,000	\$65,000	\$65,000	\$65,000	Fuel Farm	\$55,000		\$650,000		
Add VA Hangar		\$3,000	\$4,000	\$5,000	\$6,000	Taxiway B SW					
Add DEI Hangar		\$4,000	\$5,000	\$6,000	\$8,000	Apron Expansion				\$90,000	
Maint and Repair - Equipment	\$16,000	\$18,000	\$22,000	\$28,000	\$30,000						
Maint & Repair - Vehicles	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	TOTAL CAPITAL:	\$112,333	\$138,333	\$753,333	\$148,333	\$58,333
Groundskeeping Expense	\$0										
Advertising	\$2,000	\$4,000	\$4,000	\$5,000	\$5,000	DIFF	\$205,899	\$110,913	-\$277,442	\$174,288	\$255,551
Promotion	\$2,000	\$4,000	\$4,000	\$5,000	\$5,000						
Departmental Supplies	\$8,500	\$9,000	\$13,000	\$20,000	\$25,000						
Non-Depreciable	\$0										
IT - Non-Depreciable	\$0										
Uniforms	\$3,000	\$4,000	\$4,500	\$5,000	\$5,500						
Reimbursement	\$170,400	\$175,000	\$180,000	\$190,000	\$200,000						
Contracted Serv-General	\$27,759	\$30,000	\$35,000	\$40,000	\$45,000						
Credit Card Bank Fees	\$40,000	\$42,000	\$45,000	\$48,000	\$52,000						
Catering	\$500	\$1,000	\$1,000	\$1,000	\$1,000						
Dues & Subscriptions	\$2,040	\$2,500	\$2,500	\$2,500	\$2,500						
Insurance & Bonds	\$35,800	\$40,000	\$42,400	\$44,944	\$47,641						
Miscellaneous Expense	\$8,000	\$12,000	\$15,000	\$20,000	\$25,000						
Inside Charges- Water	\$1,320	\$1,500	\$3,000	\$6,000	\$5,000						
Inside Charges- Sewer	\$1,650	\$1,800	\$3,800	\$5,500	\$6,500						
Inside Charges - Stormwater	\$32,815	\$34,456	\$36,179	\$39,796	\$43,776						
Airport Commission	\$4,000	\$4,500	\$5,000	\$5,000	\$5,000						
Bad Debt Expense	\$0										
Closing Cost	\$0										
Debt Expenditures	\$325,713	\$320,000	\$315,000	\$310,000	\$305,000						
Transfers To Risk Management Fund	\$0										
Internal Pilot	\$36,000	\$40,000	\$42,000	\$44,000	\$48,000						

STATESVILLE REGIONAL AIRPORT TERMINAL BUILDING





Mobility + Development Plan

Bicycle and Pedestrian Element | **Chapter 4**



Introduction

Communities with successful transportation networks balance multimodal accommodations for different types of trips – recreational and utilitarian. To take a closer look at multimodal elements that would enhance the region’s overall livability, the *Statesville Mobility and Development Plan (MDP)* used a transportation planning process that took a closer look at the movement of people regardless of chosen mode. This active transportation focus embodies how local decisions can enhance the overall mobility and safety for bicyclists and pedestrians.

The recommended plan incorporates information from previous plans, discussions with stakeholders, and feedback from the community. According to these sources, demand for bicycle and pedestrian facilities by users of all levels and types in the Statesville area is growing. Underlying concepts of modal integration, livability, and connectivity are consistent themes in the strategies that follow. The plan for bicyclists and pedestrians coordinates closely with other elements, notably through an emphasis on incidental projects tied to roadway recommendations presented in Chapter 3.

The E’s of Bicycle and Pedestrian Planning

Successful bicycle and pedestrian planning requires consideration of five interrelated components: Engineering, Education, Encouragement, Enforcement, and Evaluation/Planning.

ENGINEERING | Refers to the design and planning of on-road and off-road facilities. To create a successful, well-integrated pathway network, design and route choices must be established and properly implemented so as to create a safe and enjoyable experience.

EDUCATION | Refers to the resources available for all users, including cyclists and motorists. Cyclists and motorists, new and experienced, need to know how to ride safely in all networks (from off-road multi-use paths to congested arterials) as well as how to share multimodal facilities with other pedestrians, cyclists, or motorists.

ENCOURAGEMENT | Refers to various ways to promote bicycling and walking. Cyclists and pedestrians need access to programs and a cycling or walking culture that comes by focusing planning efforts on specific facilities suitable for cyclists or pedestrians. This can be as simple as providing the means for desirable, attractive destinations that people want to visit.

ENFORCEMENT | Refers to intentional actions that protect the safety of all users. It includes the cycling and pedestrian communities. Targeted enforcement can encourage cyclists and motorists to more safely use multimodal facilities.

EDUCATION/PLANNING | Refers to the periodic review of existing and planned facilities. The friendliest communities for cyclists and pedestrians have a system in place to assess existing programs and outline steps for future expansion. The facilities recommended as part of the Statesville MDP should be supplemented with coordinated programs and policies that instruct and encourage cyclists and pedestrians in the full and proper use of the non-motorized transportation network.



Benefits of Cycling and Walking

Cycling and walking are key elements to a healthy community's transportation system. When an environment is conducive to active transportation, these modes offer a practical transportation choice that provides benefits for both individuals and their communities. The potential for increased walking, in particular, is large since 25% of all trips in the United States are less than one mile in length.

Features that contribute to making transportation more active include a healthy mix of land uses, appropriately sized and located facilities, accessibility features such as curb ramps, buffers between vehicular traffic and non-motorized modes (where suitable), and trees to shade walking routes where possible. Slowing traffic, reducing unnecessary exposure to vehicles, and incorporating active transportation features (i.e., signage, crosswalks, and adequate pedestrian phasing at signals) into future roadway design plans also enhance bikeability and walkability.

The bicycle and pedestrian recommendations shown in figures 4.1 and 4.2 at the end of the chapter, place an emphasis on physical features, destinations, and barriers. This focus recognizes the variety of benefits of active transportation and how it contributes to the community. These benefits include:

- **Health benefits** – Regular physical activity helps prevent or reduce the risk of heart disease, obesity, high blood pressure, type 2 diabetes, osteoporosis, and mental health problems such as depression.
- **Transportation benefits** – Many streets carry more traffic than they were designed to handle, resulting in gridlock, wasted time and energy, pollution, and driver frustration. Many of the trips that Americans make every day are short enough to be accomplished on foot, by bike, or via wheelchair.
- **Environmental/Energy benefits** - Motor vehicles create substantial air pollution. According to the EPA, transportation is responsible for nearly 80% of carbon monoxide and 55% of nitrogen oxide emissions in the U.S.
- **Economic benefits** – Car ownership consumes a major portion of many family incomes. When safe facilities are provided for cyclists and pedestrians, people can bike or walk more and spend less on transportation, meaning they have more money to save or spend on other things.
- **Quality of life benefits** – The walkability and bikeability of a community is an indicator of its livability, which helps grow tourism-related activity and attract businesses. By providing appropriate bicycle and pedestrian facilities and amenities, communities enable the interaction between neighbors and other citizens that can strengthen relationships and contribute to a healthy sense of identity and sense of place.
- **Social justice** – Perhaps the most important factor in non-motorized travel and social justice is choice. When providing bicycle and pedestrian facilities such as sidewalks and bike lanes, communities allow people to choose how they want to travel. For those who do not have the option to drive, such as adolescents, elderly, those unable to afford a car, and people with certain disabilities, this lack of choice in transportation creates an inconvenient and socially unjust barrier to mobility.

Resources on the topic of walking and biking and their benefits may be found here: www.bikewalk.org/ncbw_pubs.php.



Types of Users

To integrate the bicycle and pedestrian network into the overarching vision for the transportation system, the types of users and facilities must be understood. Types of users can be described in terms of trip purpose and skill level. Different reasons for traveling by bike or foot, combined with the varying levels of skill, require a flexible and responsive approach to bicycle and pedestrian planning.

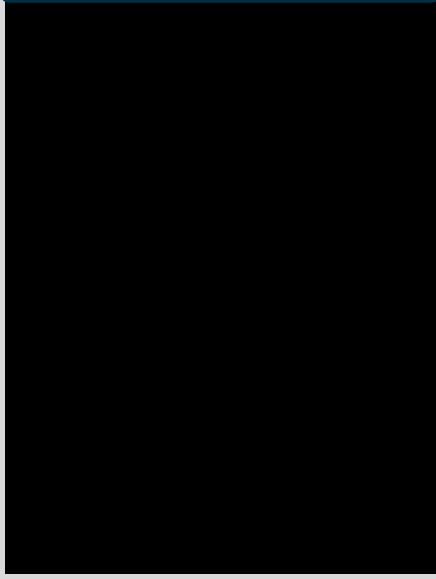
Skill Level



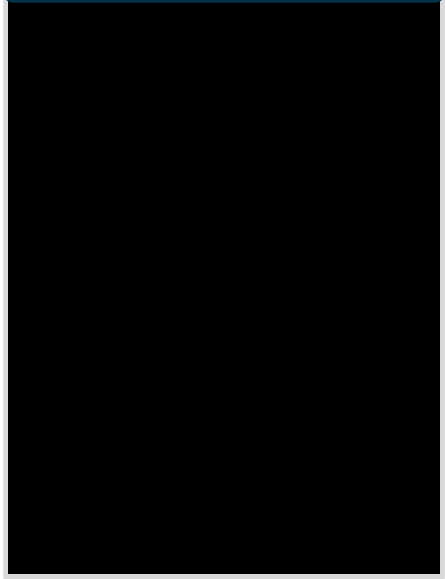
Advanced Cyclists



Basic Adult Cyclists

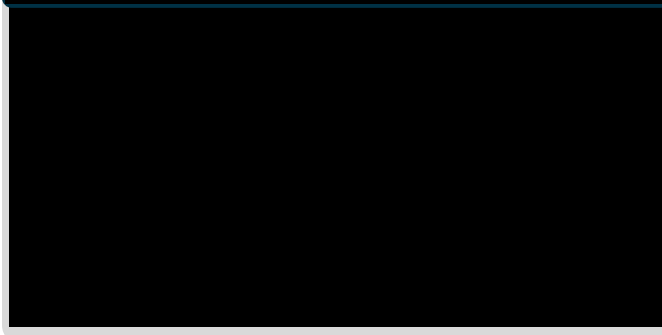


Child Cyclists

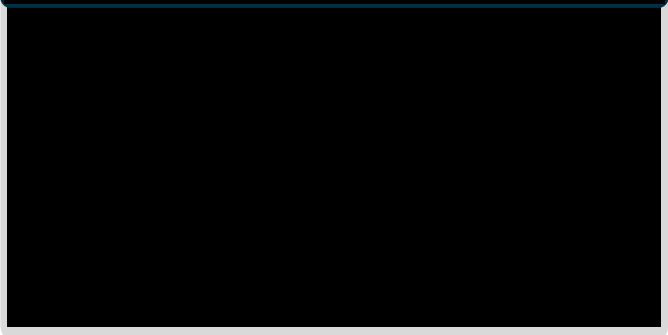


Trip Purpose

Utilitarian







Recreational




Types of Facilities

Careful attention must be given to each facility type, particularly how each type and its users fit into the overall system-wide multimodal transportation network.

On-Street

Striped Bike Lane	Wide Outside Lane/ Paved Shoulder	Sharrows	Sidewalk
<p>Description</p> <ul style="list-style-type: none"> • Exclusive-use area adjacent to the outer most travel lane • Typical width: 4' to 5' (preferred) <p>Target User</p> <ul style="list-style-type: none"> • Basic and Intermediate Cyclists <p>Estimated Cost</p> <ul style="list-style-type: none"> • \$2,000 per mile (striping only) 	<p>Description</p> <ul style="list-style-type: none"> • Extra width in outermost travel lane • Best on roadways with speed limits of 35 mph or higher and moderate to high daily traffic volumes • Typical width: 14' outside lane preferred <p>Target User</p> <ul style="list-style-type: none"> • Advanced Cyclists <p>Estimated Cost</p> <ul style="list-style-type: none"> • \$2,000 per mile (striping only) 	<p>Description</p> <ul style="list-style-type: none"> • Delineate space for bicyclists • Used in lanes shared by bicyclists and motorists without sufficient width for a bicycle lane • Typically placed 4 feet from edge of pavement if no on-street parking is present • Typically placed every 150' <p>Target User</p> <ul style="list-style-type: none"> • All Cyclists <p>Estimated Cost</p> <ul style="list-style-type: none"> • \$300 each 	<p>Description</p> <ul style="list-style-type: none"> • Dedicated space within right-of-way for pedestrians • Should include a landscaped buffer from roadway • Typical width: 5' preferred <p>Target User</p> <ul style="list-style-type: none"> • Pedestrians <p>Estimated Cost</p> <ul style="list-style-type: none"> • \$150,000 per mile 

Off-Street Multiuse Path

<p>Description</p> <ul style="list-style-type: none"> • Separated from traffic and located in open space (greenway) or adjacent to road with more setback and width than sidewalks (sidepath) • Typical width: 10' preferred; 8' in constrained areas • Existing Greenways are 10' – 12' 	<p>Target User</p> <ul style="list-style-type: none"> • All Cyclists; Pedestrians 	<p>Estimated Cost</p> <ul style="list-style-type: none"> • \$220,000 per mile 	
--	---	---	---



Existing Conditions

The City of Statesville has fairly extensive sidewalk and greenway networks. With funding availability and regional partnerships in place for these two facility types, the City is in a great position to further invest in these networks. While Statesville does not currently have a network of bicycle facilities, the level of investment in sidewalk and greenway infrastructure provides the framework to create a well-connected bicycle network.

Sidewalks

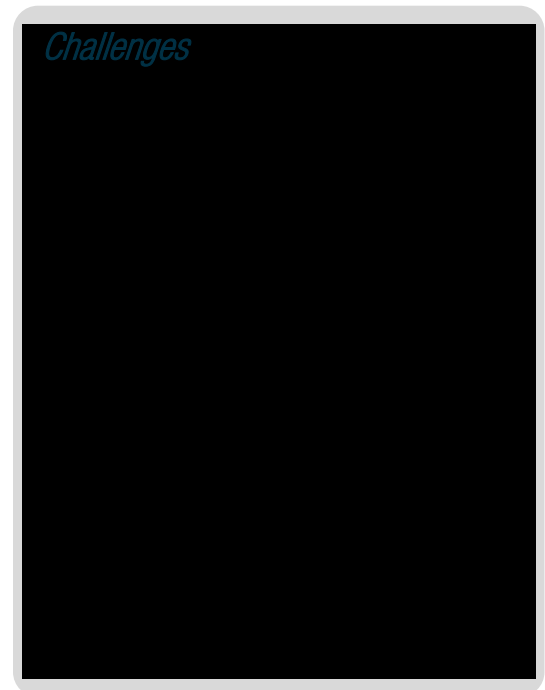
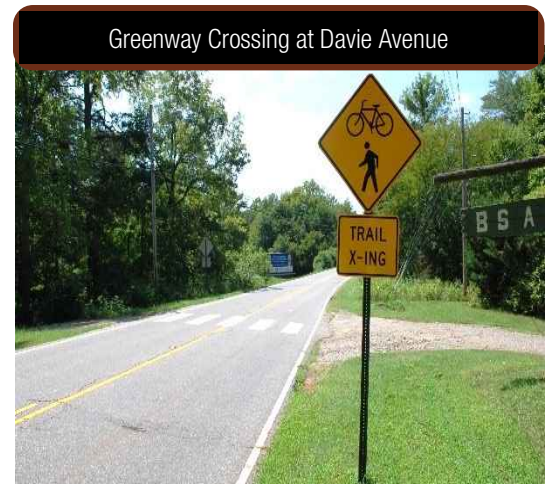
The City of Statesville has approximately 230 total miles of sidewalks. According to the Statesville Unified Development Ordinance (UDO), developers building new residential or commercial properties along public streets in Statesville must build curbs, gutters, and sidewalks or pay a fee to the city. This equates to approximately 100 miles of roadways that will require pedestrian facilities on both sides. Smaller secondary roads only require sidewalks on one side. The Statesville MDP notes where current pedestrian connections are needed and where future pedestrian connections may be required based on future development potential.

Bikeways

Statesville does not currently have an extensive network of bicycle facilities and routes. However, the extensive sidewalk network and number of lower volume streets, plus historic investments in park and greenway facilities offer opportunities for Statesville to begin growing their bikeways. The recommendations that are provided in the Statesville MDP include a consideration for a system that utilizes a variety of bicycle facilities to connect major activity centers.

Greenway

Statesville currently has 5.8 miles of greenways. Although the greenway trail currently exists as separate sections, the trails will eventually connect to become one continuous trail system. Plans for a more extensive greenway system for Statesville include consideration for the Carolina Thread Trail, which plans to utilize existing greenway facilities in Statesville to provide a regional greenway connection for the Carolinas.



Recommendations (Figure 4.1)

Bicycling and walking are available to people of all ages and socioeconomic backgrounds. In urban areas such as downtown Statesville, the modes are more efficient and convenient options. Throughout the study area, recreational bicycling is gaining in popularity as expert and novice cyclists take to the scenic rural roads. Regardless of the trip purpose, bicycling and walking provide a high level of independence, flexibility, and freedom of choice relative to where you want to go and when you want to get there. A complete network of bicycle and pedestrian facilities as well as programs that educate and encourage current and future users is necessary for cycling and walking to reach its potential as a transportation alternative in the region. The challenge is overcoming physical and manmade barriers that inhibit the flow of cyclists and pedestrians.

The recommended bicycle and pedestrian facilities will provide additional connections to a variety of destinations:

- Schools
- Commercial nodes, particularly along Broad Street, US 64, US 70 and in the downtown area
- Parks and recreation centers
- Public facilities (e.g. libraries and museums)

Connections to Destinations

Establishing additional connections to existing greenways and filling gaps in the sidewalk network within the city limits are key considerations. These improvements will improve access to key destination points. The recommendations should make biking and walking to activity centers safer and more attractive. As roads become more congested, it is important to identify better ways to move people from place to place. Because roads cannot be expanded infinitely, bikeways and sidewalks are important and critical ways to provide transportation choices. A complete network of bicycle and pedestrian facilities as well as programs that educate and encourage current and future users is necessary for bicycling and walking to reach its potential as a transportation alternative in Statesville and the surrounding area.

Upon completion, the bicycle and pedestrian network in the Statesville area will include approximately 228 miles of sidewalks, 98 miles of multiuse paths, and 49 miles of on-street bicycle facilities (bicycle lanes, sharrows, and wide outside lanes). Nearly 181 miles of paved shoulders (minimum 4 feet wide) are recommended, mostly in rural areas. The majority of the bicycle and pedestrian network likely would be constructed as incidental enhancements associated with larger improvements to the roadways and through development.

Bicycle Network

North Carolina law considers bicycles as vehicles and therefore lawful for cyclists to ride on any public road unless it is designated as a limited or controlled-access highway. However, some roads are more suitable than others for bicyclists. To address overall pedestrian needs for the Statesville area, several prevailing themes emerged.



1. Focus on connectivity between residences and destinations.
2. Create a coordinated network that matches facility types with the anticipated user profile and context of the corridor.
3. Perform regular maintenance of on- and off-street bicycle facilities to maximize safety and encourage the full use of the investment.

The recommended bicycle network for the *Statesville MDP* includes both on- and off-street facilities. The planning process vetted previous plans (e.g. corridor studies and small area plans) with the updated roadway recommendations. This emphasis was necessary given the limited funds available for standalone bicycle and pedestrian projects.

The facility recommendations shown in Figure 4.1 are coordinated with the roadway recommendations that are provided in Chapter 3.

Priority Corridors

Broad Street | Greenbriar Road to Tradd Street

Garner Bagnal Boulevard (US 70)

Broad Street

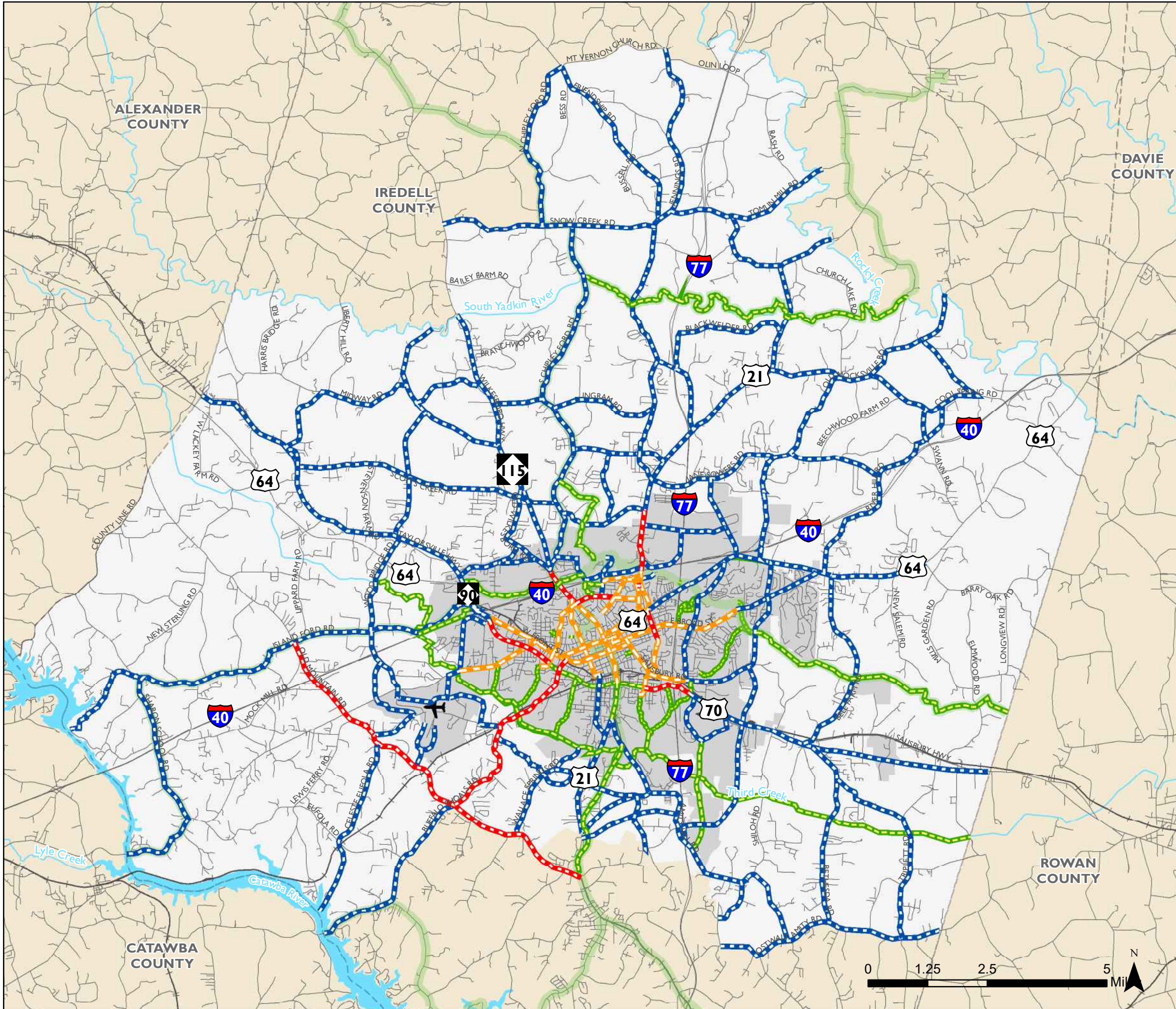


Garner Bagnal Boulevard at Salisbury Road



Bicycle Recommendations

Figure 4.1a



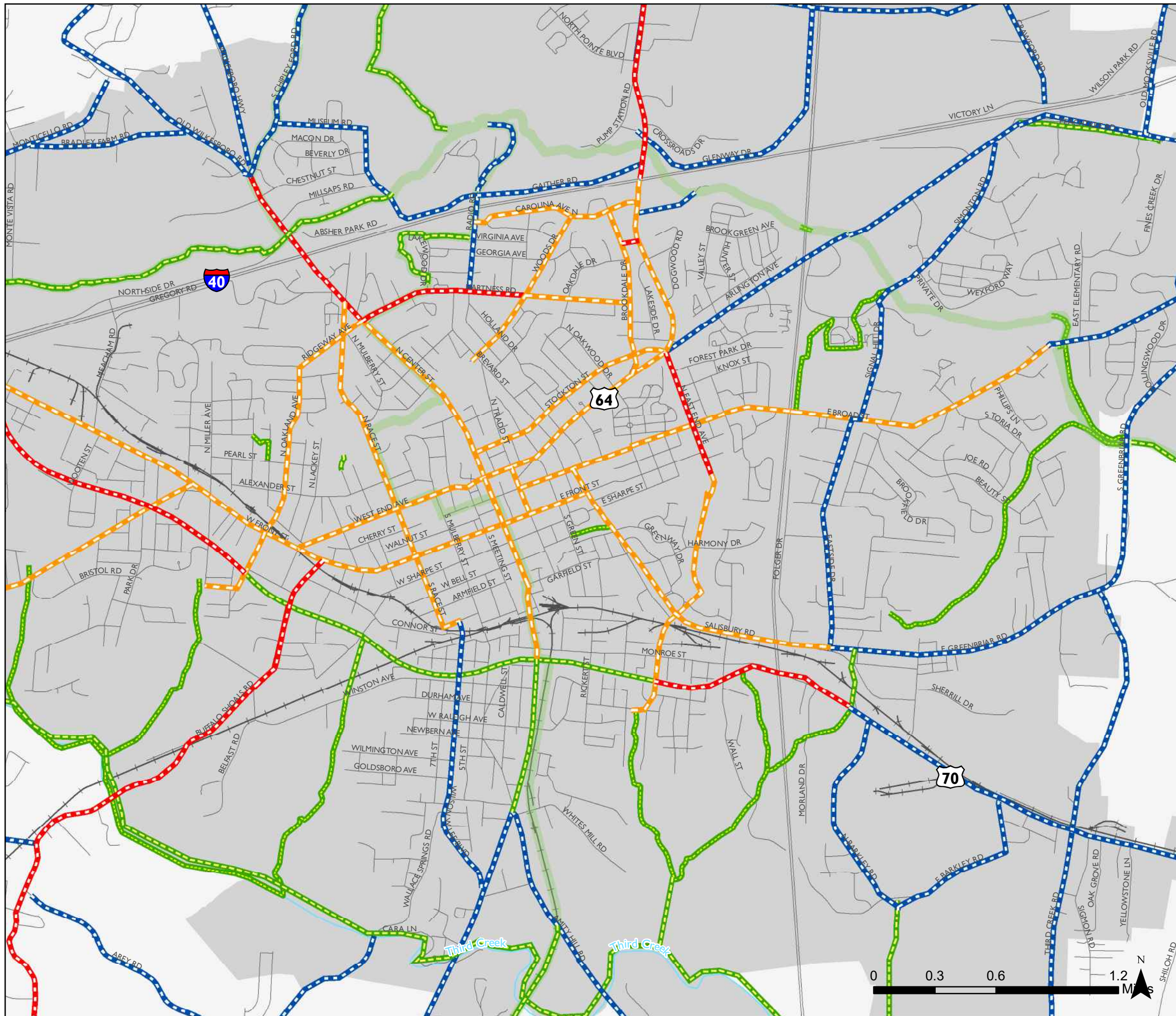
Proposed Facilities

- - - Bike Lane
- - - Paved Shoulder
- - - Sharrow
- - - Multi-Use Path
- Proposed Carolina Thread Trail
- Statesville Municipal Airport
- City of Statesville
- Study Area
- County Boundary






Bicycle Recommendations

Figure 4.1b



Proposed Facilities

-  Bike Lane
-  Paved Shoulder
-  Sharrow
-  Multi-Use Path
-  Proposed Carolina Thread Trail
-  Statesville Municipal Airport
-  City of Statesville
-  Study Area
-  County Boundary



Pedestrian and Greenway Network (Figure 4.2)

Sidewalks

Walking is a key element to a healthy community's transportation system. Every trip begins and ends as a walking trip; yet walking often remains a lower priority mode. When a proper pedestrian environment exists, walking offers a practical transportation choice with benefits for individuals and their communities. The availability of pedestrian facilities and amenities plays an important role in encouraging the use of alternative modes of travel to the automobile. To address overall pedestrian needs for the Statesville area, several prevailing themes emerged.

1. Close gaps in the pedestrian network to promote greater use of the existing network.
2. Enhance pedestrian access to activity centers from residences or other activity centers.
3. Perform regular maintenance of existing and future pedestrian facilities to maximize the effectiveness of the infrastructure.

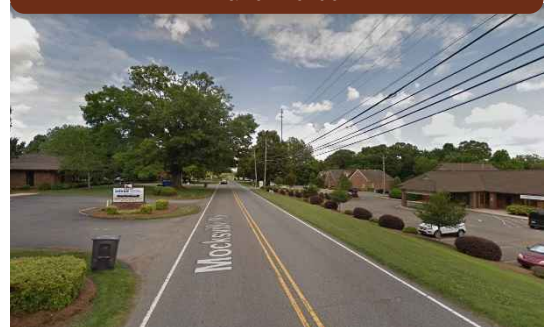
In total, approximately 132 miles of new sidewalks are recommended. The recommended network assumes pedestrians will be served by paved shoulders in unincorporated rural areas where construction and maintenance funds are less available.

Priority Corridors

Davie Avenue |

Shelton Avenue |

Davie Avenue



Shelton Avenue



Multi-Use Paths and Greenways

Multi-use trails (or greenways) bridge both recreation and transportation. They offer practical ways to safely and efficiently move between destinations in an enjoyable way that protects users from the vehicle traffic of a normal roadway. These trails provide crucial opportunities to bikers who may not be comfortable using on-road bike facilities as well as an enjoyable, natural experience for joggers, walkers, and dog-walkers. Trails and greenway systems are traditionally designed to connect parks with surrounding neighborhoods, increasing the population's overall access to active recreational opportunities, as well as safe transportation options.

Carolina Thread Trail

The Carolina Thread Trail is a regional network of greenways, trails, and blueways that reaches 15 counties in North Carolina's south-central piedmont and the north-central portion of South Carolina. The Thread Trail preserves natural areas and provides a place for exploring nature, culture, science, and history. More than 220 miles of trails currently are open to the public and link people, places, cities, towns, and attractions. The Thread Trail provides a variety of public and community benefits, including enhancing the local and regional economy. In Statesville and greater Iredell County, the Thread Trail is a central component of a broader strategy to encourage people to take trips on foot or on bike.

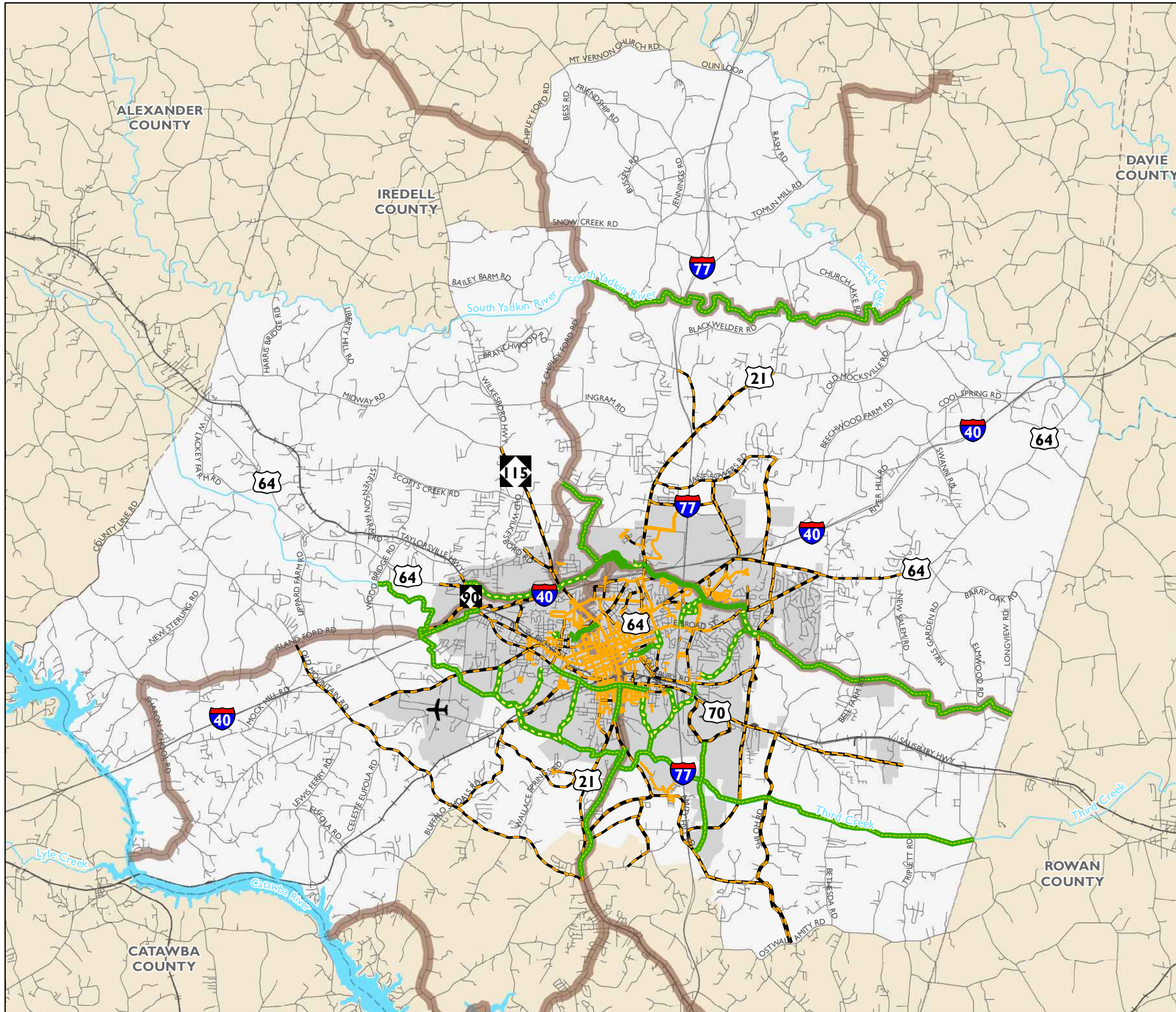
The Statesville area already is home to the Fourth Creek branch of the Carolina Thread Trail system on the city's north side. Other small sections in Mulberry Park and Statesville Middle School bring the total mileage of existing greenway in Statesville to approximately 6.25 miles.

In total, an additional 67 miles of multi-use trail are included in the *Statesville MDP* recommendations. This includes a local system of greenways to connect local parks and neighborhoods, as well as a comprehensive expansion of the Carolina Thread Trail system, which would link Statesville with the surrounding communities.



Pedestrian & Greenway Recommendation

Figure 4.2a

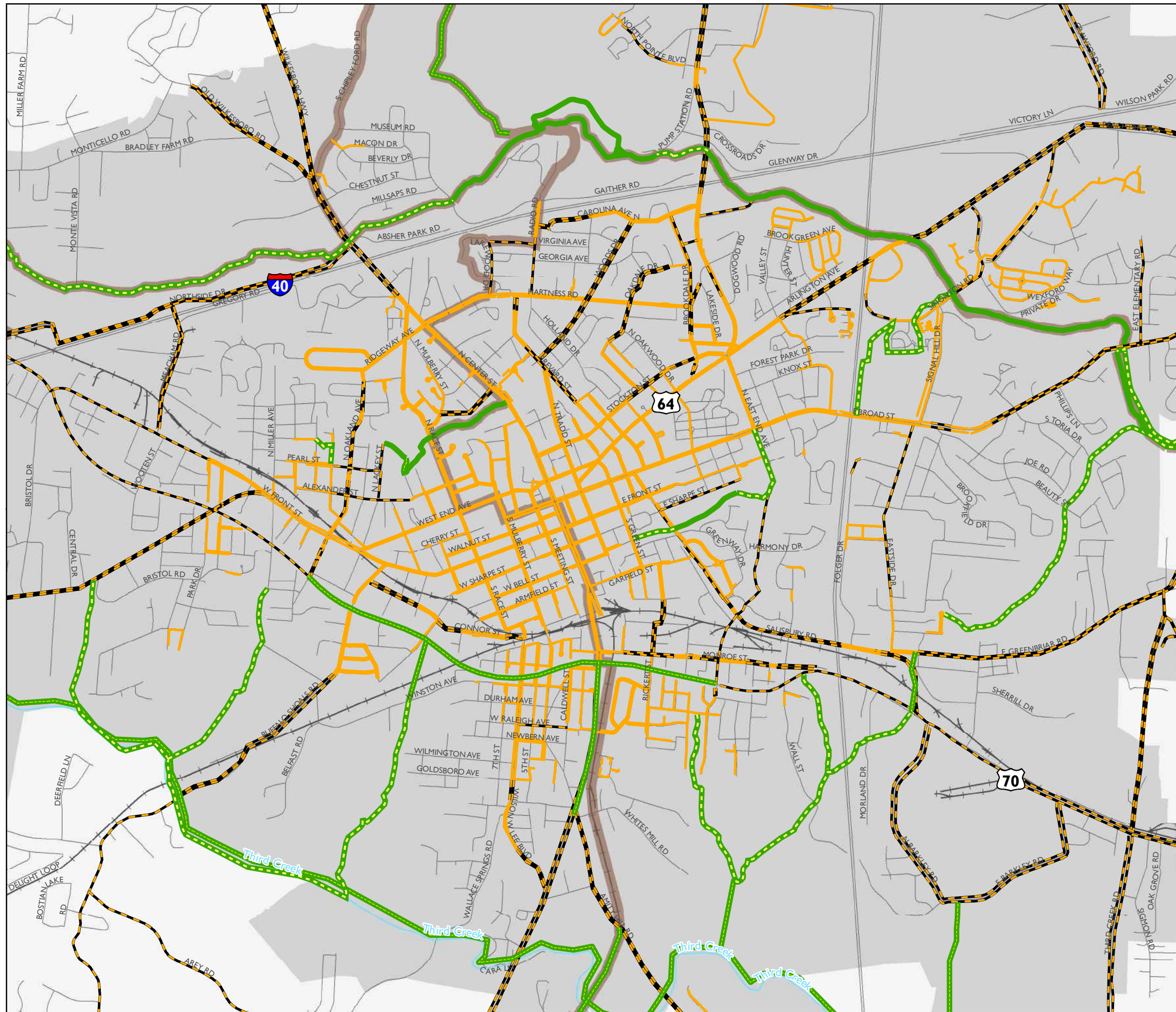


- Existing Multi-Use Path
- - - Proposed Multi-Use Path
- Existing Sidewalk
- - - Proposed Sidewalk
- Carolina Thread Trail (Proposed)
- Statesville Municipal Airport
- City of Statesville
- Study Area
- County Boundary



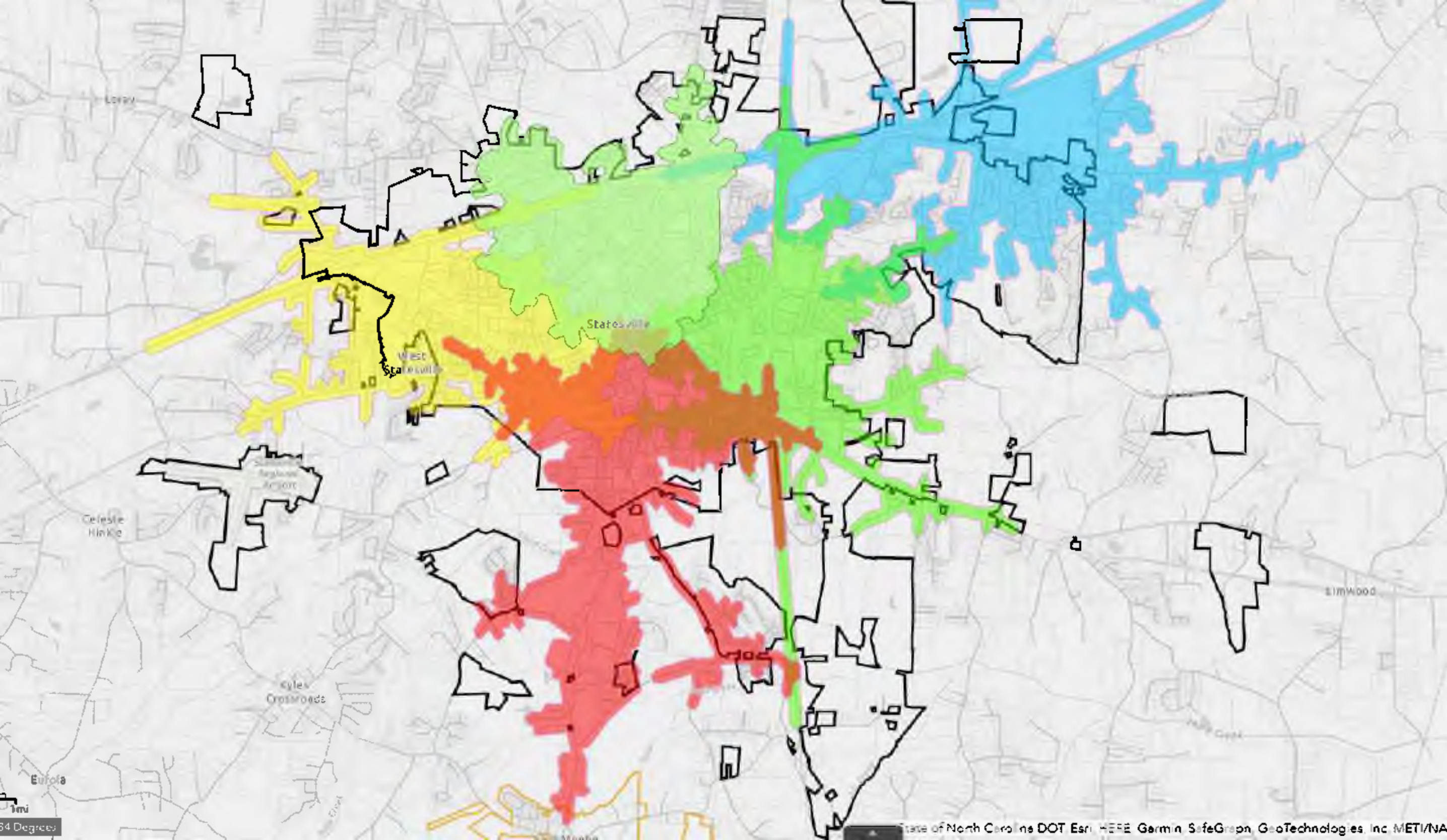
Pedestrian & Greenway Recommendation

Figure 4.2b



- Existing Multi-Use Path
- - - Proposed Multi-Use Path
- Existing Sidewalk
- - - Proposed Sidewalk
- Carolina Thread Trail (Proposed)
- + Statesville Municipal Airport
- City of Statesville
- Study Area
- County Boundary





Loray

Statesville

West Statesville

Spartanburg Airport

Celeste Hinkle

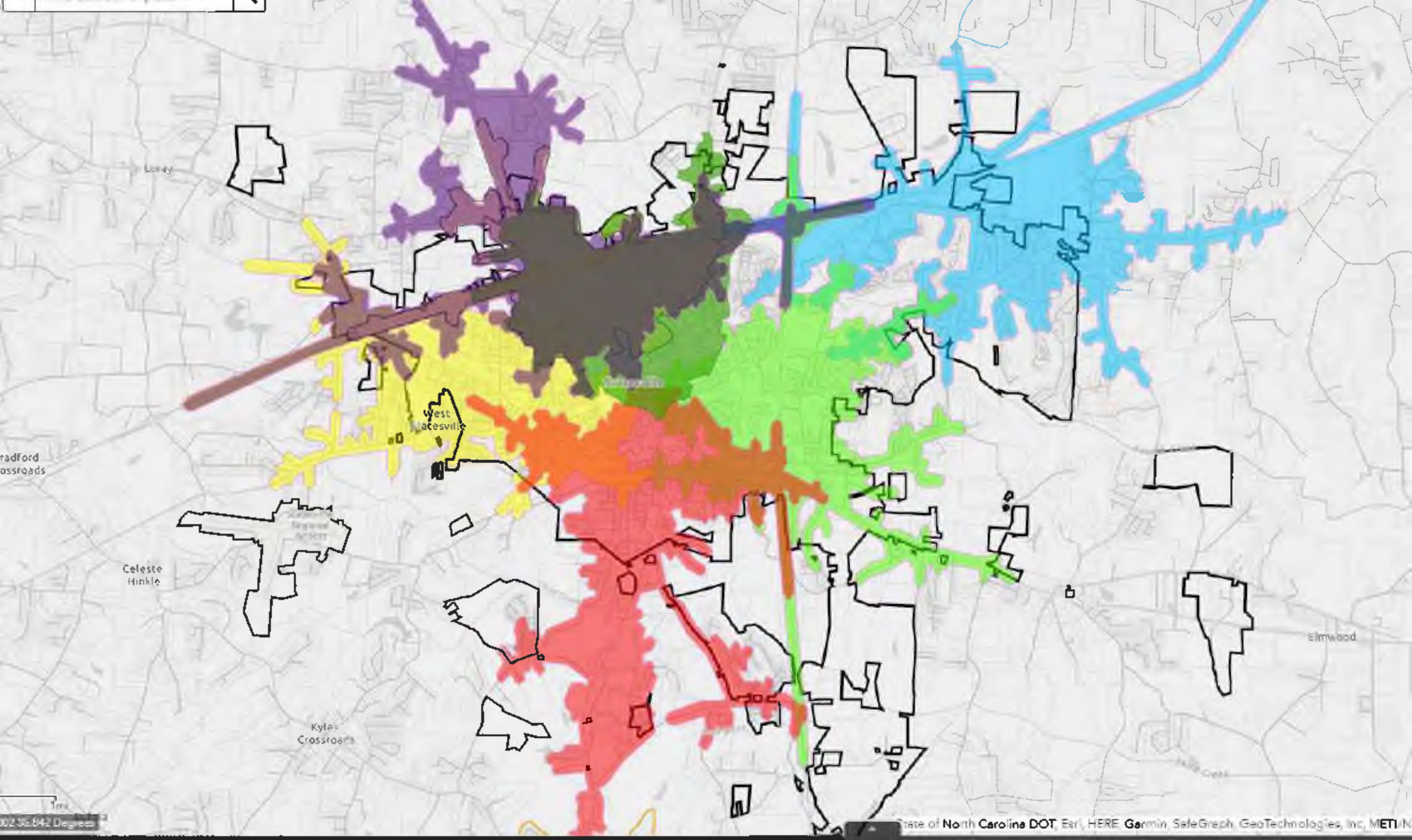
Sylva Crossroads

Euola

Spartanburg

1mi
64 Degrees

State of North Carolina DOT Esri HERE Garmin SafeGraph GeoTechnologies Inc MET/NA



Lacey

West Lacesville

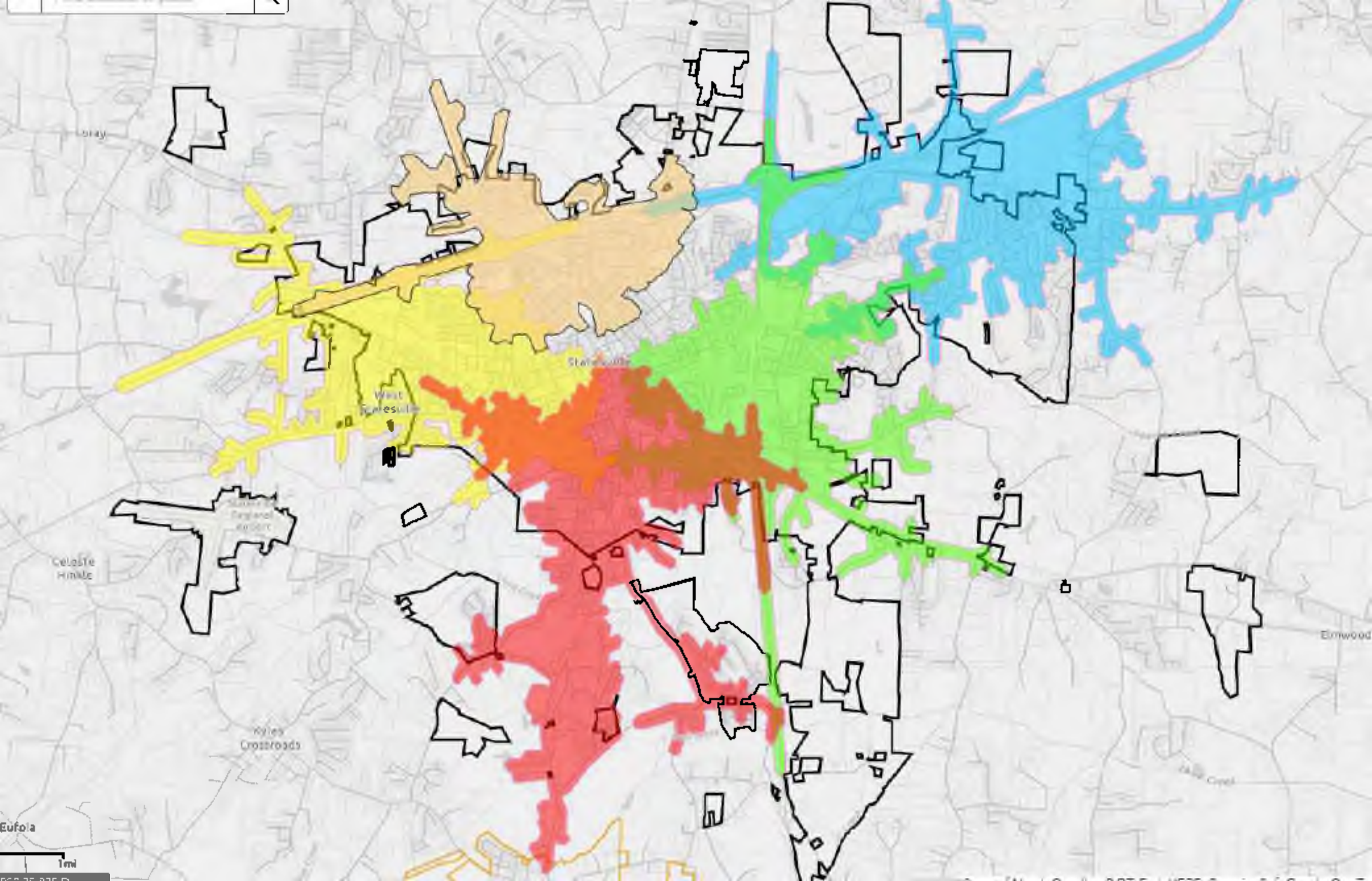
Celeste Hinkle

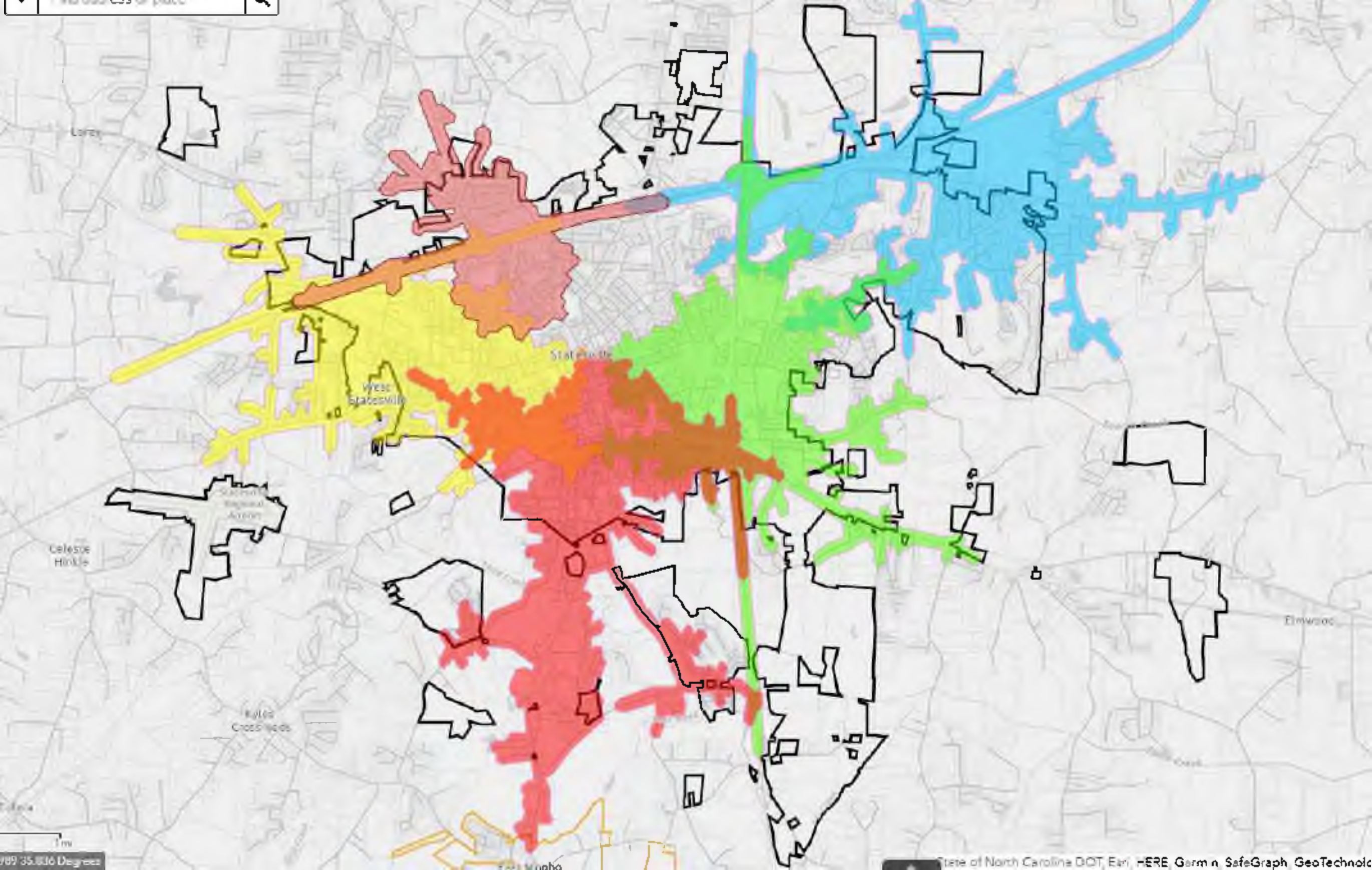
Kyle Crossroads

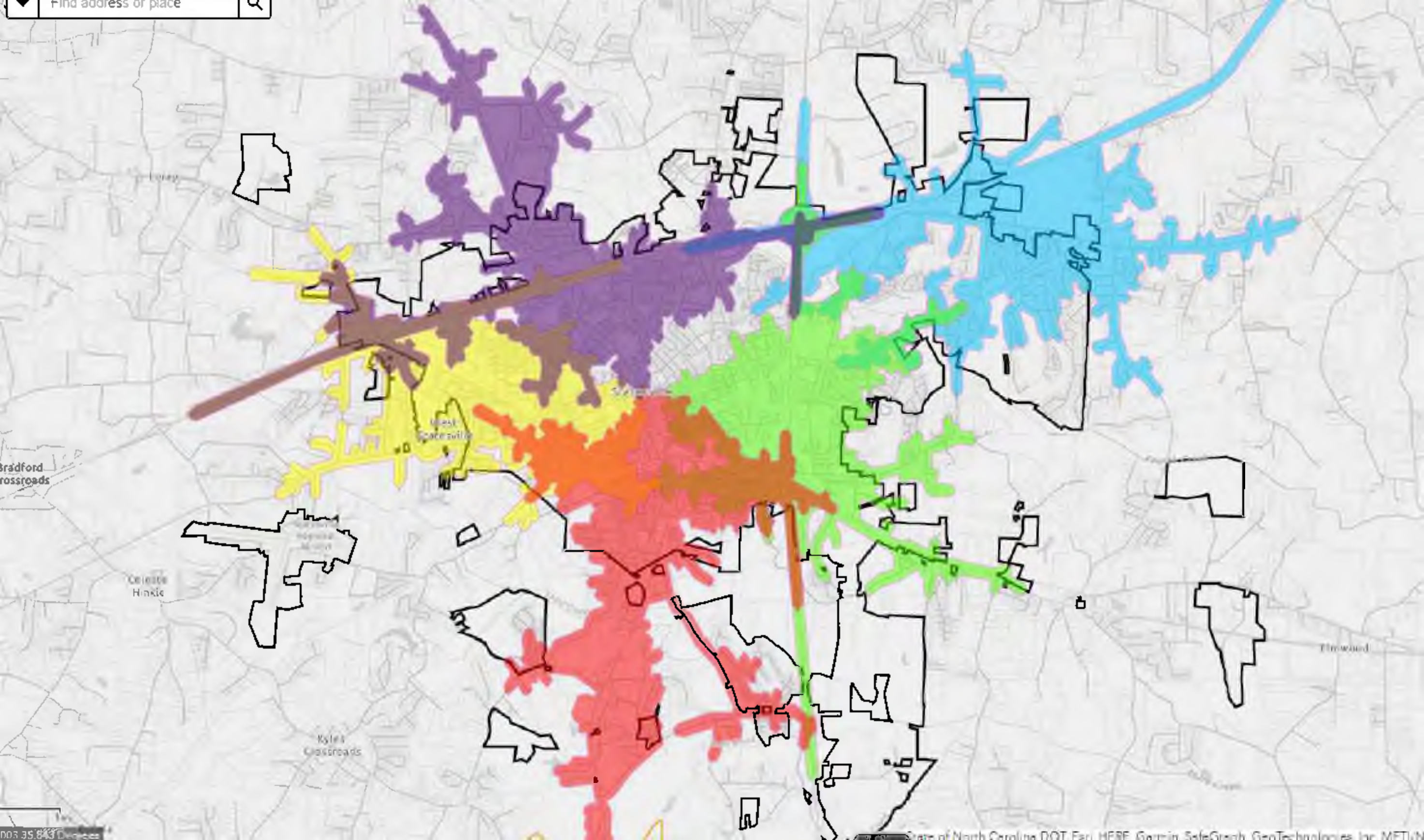
Elmwood

1 mi
0.00235842 Degrees

State of North Carolina DOT, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/M





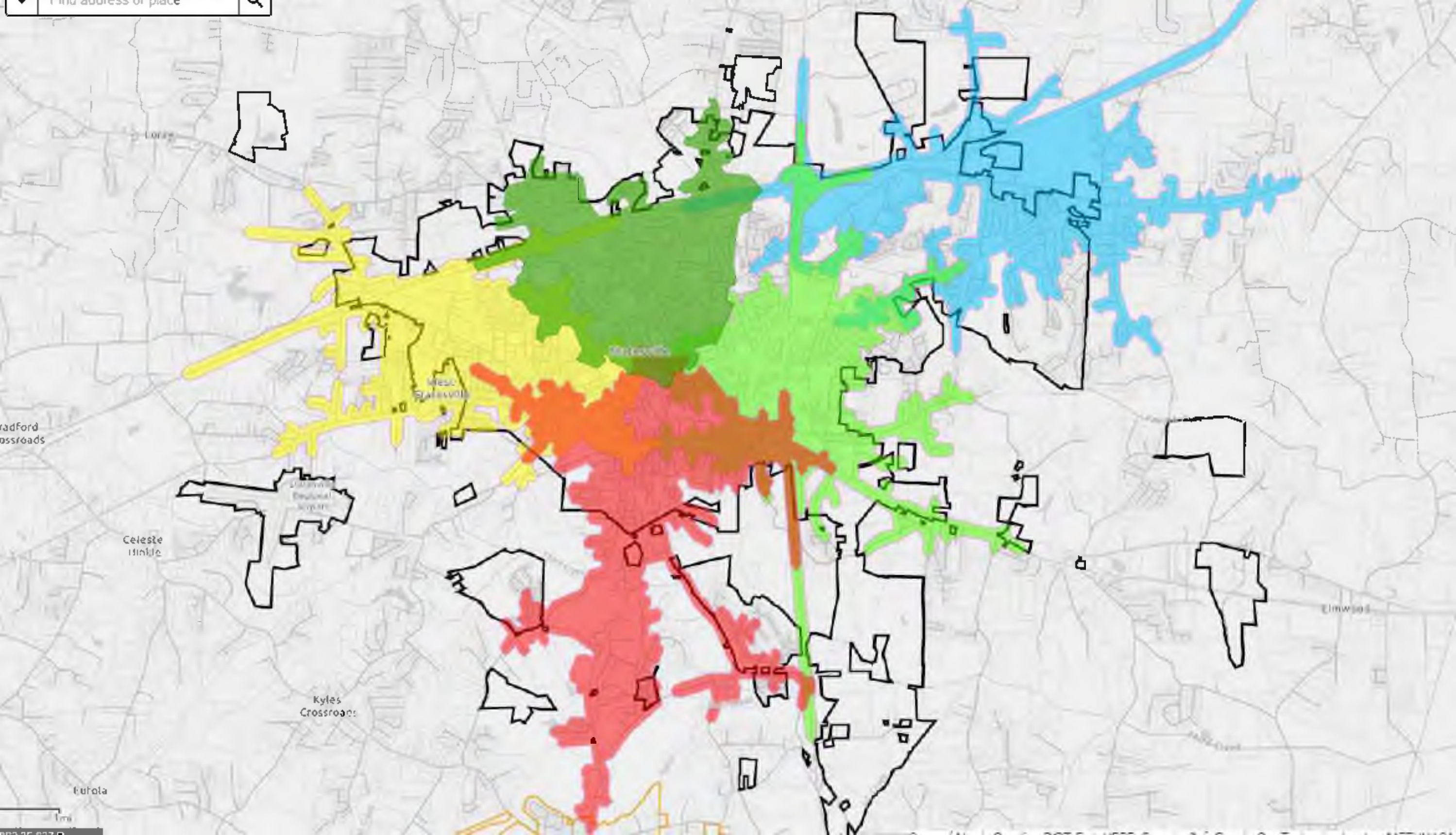


Bradford
Crossroads

Celeste
Hinkle

Kyle's
Crossroads

Ethrowood



Statesville Convention and Visitor's Bureau/Civic Center Proposal

Year 1

- Pay \$27k to SCVB for marketing (already in CC budget)
- Pay \$43k to SCVB, from OT proceeds, for additional marketing efforts in alignment with their Strategic Plan. Apply benchmarks to measure success. This additional funding would either come from cuts to the civic center budget, revenue growth based on rates, or from growth in the OT revenue.
- Marketing funds to the SCVB to be used to engage meeting/conference planners to choose the Statesville Civic Center as the destination for their groups. Marketing efforts would include conferences, social media, paid digital media and print.
- Office space for free.
- Review with City Council the intent of the Civic Center. What is their goal for this facility?
 - If the Council determines that the current services provided are meeting the need of a true Civic Center, focus on how to build more business under that cost structure.
 - If the Council determines that they are interested in migrating away from a true civic center model, hire an outside agency to provide a gap analysis, potential projections on what the Civic Center could look like as a dual-purpose Conference Center to give the Council something to consider.

Year 2

- Pay \$27k to SCVB for marketing (already in CC budget)
- Pay \$60-70k to SCVB, from OT proceeds, for marketing if they are accomplishing their goals and meeting benchmarks from the previous year. This additional funding would either come from cuts to the civic center budget, revenue growth based on rates, or from growth in the OT revenue. Theoretically, efforts from the SCVB under this scenario can help generate more OT.
- Marketing funds to the SCVB to be used to engage meeting/conference planners to choose the Statesville Civic Center as the destination for their groups. Marketing efforts would include conferences, social media, paid digital media and print.
- Office space for free.
- Implement the results of the Council review.

Year 3

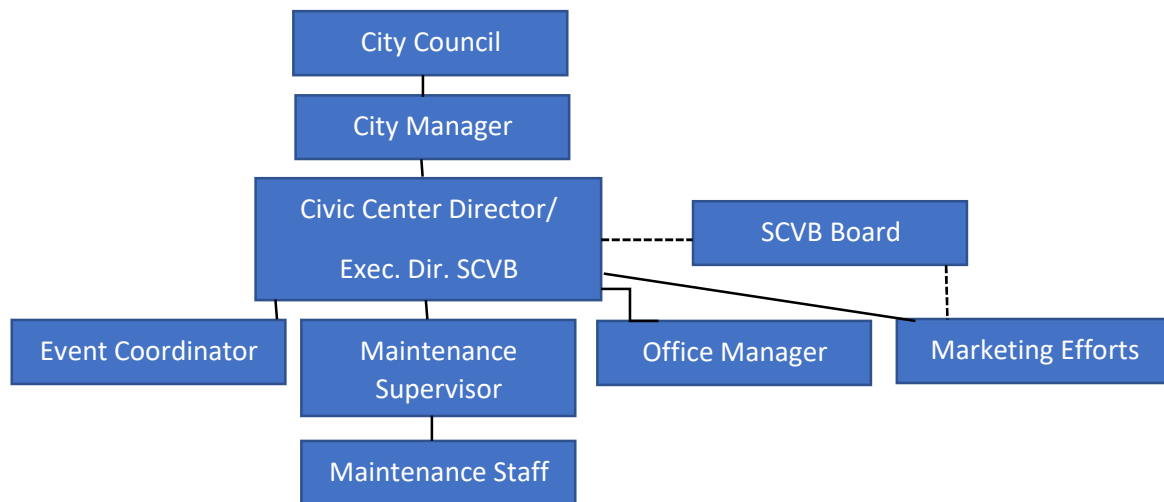
- Hire a new Executive Director/Civic Center Manager at ~\$120k to run the CC and offset the need for the SCVB to pay an ED.
- Continue allocating money to/for the SCVB to market as done previously. Funding to be reviewed annually based on growth in OT collections and the proposed marketing plan.
- Potentially transition the money the city has been allocating for marketing into an employee of the CC/SCVB (although could continue to stay as a contract with Spokeology).
- Net effect would be that the SCVB would end up with a higher budget for marketing (for both CC and SCVB efforts) by eliminating the need to pay an ED. Ultimately, the city gains a more influential seat at the table and the SCVB gets a direct connection to the city and more marketing funds.

Narrative:

The city will pay the SCVB for marketing and give them office space for free. City staff can work with Spokeology to market both entities as a value to both and we are not out any additional funds. Spokeology would still be a contractor.

The city would use the \$27k we currently have in the budget for marketing to pay the SCVB to take on those efforts. In addition, there could be a direct allocation of Occ Tax to the SCVB to cover an amount up to \$70k, including the \$27k. Any additional growth in OT would be on the top of that number. Benchmarks would be established to measure effectiveness of the increased efforts of marketing both entities. If successful, the amount would be increased in the next year, and so on building to a more reasonable amount.

Ultimately, the city plays a bigger role in the SCVB and eventually the ED could become a joint position with the CC Director. This would allow the city to take on more of the administrative costs while the marketing would be performed by a staff member or on a contract basis. A joint CC/SCVB Director could be hired upon successful execution of the first two years, with the SCVB board being part of that hiring process.





City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

To : Ron Smith, City Manager
Mayor and City Council
From: Matthew L. Pierce, Assistant to the City Manager
CC: Brittany Marlow, Director, DSDC
Date: January 10, 2023
Re: Downtown Parking

Summary

The availability of parking remains a concern for some businesses in downtown Statesville. The sale of the Vance Hotel (30+ parking spots) as well as the potential development of the municipal parking lot on E. Sharpe (60+ spaces) will further constrain supply on the southern end of downtown.

Council Member David Jones requested that Downtown Statesville Development Corporation (DSDC) to analyze current conditions and recommend both policy and capital improvements. City staff (Pierce (CM), Schmahl and Williams (GIS)) are providing technical support to the analysis.

Process

The analysis of current conditions in downtown parking includes an analysis of the current parking supply and demand downtown. Staff began by identifying the study area for the analysis. The attached map, Downtown Parking Supply 2023, shows the boundaries of the study area, which primarily includes those parcels zoned Central Business.

Staff (Schmahl, Williams) have begun an analysis of available parking spots (supply) downtown. Using a combination of Google Earth and Nearmap, the supply analysis will identify all parking spots within the study area. Staff will then identify parking as a) on-street, time-limited parking; b) off-street public parking; and c) off-street private parking.

Beginning on Tuesday, January 10th, DSDC will launch a parking survey to identify current demand as well as problem areas within downtown.

DSDC has also reached out to Kimley Horn, a planning and engineering firm that performs parking analyses. Kimley Horn noted that their recent parking studies ranged from \$60,000 (Tuscaloosa, AL) to \$300,000 (Greensboro, NC) based upon the scope and final deliverables.

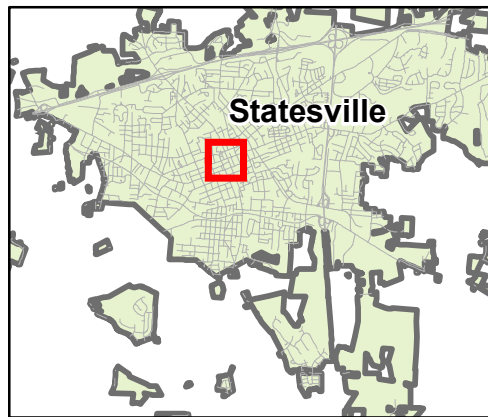
Kimley Horn has made access to those studies available here (<https://kimley-horn.securevdr.com/share/getinfo/s4b3f86d5701c444c90340f5abdbbb7e1>) . DSDC and CoS staff will review these documents along with others for policy suggestions after the supply and demand analyses have been performed.

Staff will also work with DSDC to create a new map of parking availability downtown.

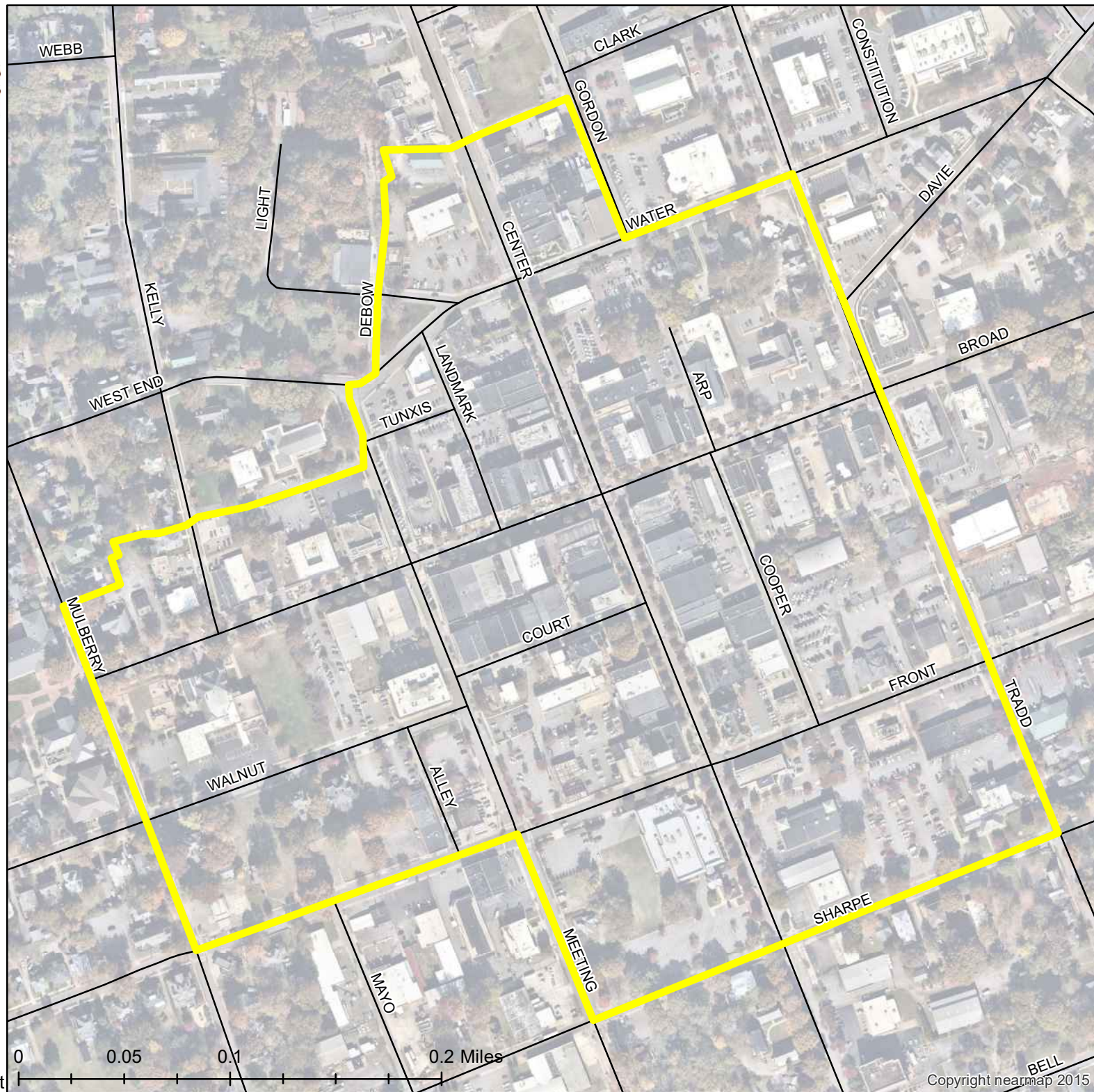
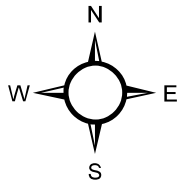
Attachments:

1. Downtown Parking Supply 2023

Downtown Parking Supply 2023



 Study Area Boundary



Date: January 9, 2023

Source: City of Statesville GIS Department

Copyright nearmap 2015



Ron Smith, City Manager
P.O. Box 1111
Statesville, North Carolina 28687
(704) 878-3584
rsmith@statesvillenc.net

MEMORANDUM

TO: Mayor and City Council

FROM: Ron Smith, City Manager

DATE: January 10, 2023

RE: Parking Deck Proposal

Since our last conversation with David E. Looper Company (Delco) staff has been identifying funding mechanisms and options to potentially build a new parking deck. The parking deck in question, as proposed, would be somewhere near \$9mm. The deck could be scaled back, and the architectural additions could be removed/changed, which would result in a lower cost, but for the purpose of this discuss I would stay at the high end. The deck would benefit the city office building, police department, residents of the proposed 126-unit development, and the public.

****Addendum - We are working through an exercise that might decrease the number of necessary spaces for the Police Department, at least for the next 10 years. In this scenario, the deck could be built, but with more spaces dedicated to public parking. If the time comes when the PD needs more space in the deck, accommodations could be made to regain some of the original spaces.****

It is likely the deck would have to be financed. I have used a 20-year term as the benchmark, assuming that the police station expansion would be included. Therefore, I have also looked at the revenue stream on a 20-year payback, or at least close to that. The individual actions/mechanisms are detailed below and summarized in a table for your reference. At this point, I need to get some guidance on your willingness to 1. Make some of these moves, and/or 2. Determine if there are other options or funding streams you would like to pursue, so we can continue the discussion and planning for the deck and PD expansion.

One Time Revenues

1. **Main Street Rural Grant, \$950,000** – There is a recurring \$950k grant that the city can apply for, and which this project we think will qualify. Because the deck is in a distressed census tract and would be a benefit to downtown, it may have a good chance of being funded.
2. **Occupancy Tax Allocation, \$1,000,000** – Previously, there was a movement of money to be spent on the parking deck proposed behind the Vance Hotel, which ultimately did not get spent. The logic behind using this money was that it would benefit the Civic Center and that it would not hit the General Fund. I believe this same logic would apply in this case, as the deck would be roughly 500 feet from the front of the Civic Center and could certainly be used as overflow parking.

3. **Property Sale, \$400,000** – We are currently in the process of getting the property appraised, this number may be high.
4. **State Capital Infrastructure Funds, \$1,000,000** – We have been awarded roughly \$3.5mm in SCIF funds over the last two years. We have some projects that would be eligible, but it would be possible to shift some of this money to this project. The downside is that there are other projects that could benefit from these funds as well.

Ongoing Revenues

1. **Property Tax, \$107,000/year or \$2,140,000 over 20 years** – This is based on a \$20mm investment. If the project begets other projects, that property tax will only go higher.
2. **Sales Tax, \$45,000/year or \$900,000 over 20 years** – This is calculated on a per capita basis based on what we collected last year. This number could be higher based on the residents, and the same would apply as in #1 if another project is developed.
3. **Downtown Property Tax, \$24,000/year or \$432,000 over 18 years** – Assuming the value increase does not hit for two years, if you adjust the downtown rate (which I understand has never been done) and apply it to the debt service on the deck, this could be an additional funding stream. The deck will benefit the downtown overall. Property values may also be increased through the reappraisal, and growth will inevitably happen over the next 20 years downtown, translating to more funding.
4. **Parking Proceeds, \$68,000/year or \$1,000,000 over 15 years** – Delco has asked for a stay of five years on parking fees, but after that time the city would receive almost \$70k/year for parking of the residents of the apartments. *Option – do not allow the stay on the first five years. This would increase the revenue to \$13.6mm.*

Revenue Stream	One-Time	Yearly	20 Year Total
Main Steet Grant	\$950,000		\$950,000
Occupancy Tax	\$1,000,000		\$1,000,000
Property Sale	<i>\$400,000</i>		<i>\$400,000</i>
SCIF Funds	\$1,000,000		\$1,000,000
Property Tax		\$107,000	\$2,140,000
Sales Tax		\$45,000	\$900,000
Downtown Tax		\$24,000	\$432,000
Parking		\$68,000	\$1,000,000
Totals	<i>\$3,350,000</i>	\$244,000	<i>\$7,822,000</i>

Variables

There are some other questions that can be answered as we move forward, that could move the needle on this discussion, as listed below.

1. Would it be reasonable to assume that the police department portion of the deck should be factored out of the total cost, from a payback perspective? *We are currently working through this question, but will be dependent upon the Council's decision.*

2. Limit the investment in the deck to \$8mm by value engineering and removing architectural additions. *This should be possible.*
3. Is the number of police parking spaces accurate? Do we need that many? *Working through this question.*
4. Is there additional grant funding we can pursue? *Probably, but there are no guarantees.*



City Council
Winter Planning Retreat
Kinsleeshop Farm
January 12-13, 2023

TO: Mayor and City Council
FROM: Ron Smith, City Manager
DATE: December 20, 2022
SUBJECT: ***Memo #8 – Budget Prioritization***

At this point you will have spent a day hearing about and discussing many of the biggest needs of the city. There is not going to be enough revenue coming into fund everything you heard, and it is necessary to make some key decisions on what requests or influences take priority. The suggested path would be to deal with the operating side first and the capital side second, as the operations tend to be the more necessary requests.

Questions and clarifications that will be asked at the end of Thursday:

1. Does anyone need more information on what has been presented?
2. Did we miss anything, or do you need any more information to make a decision?
3. Think about your priorities based on what you have heard throughout the day and be prepared to discuss on Friday.

Summary and Takeaways

1. Revenues are expected to be between 10 and 30% higher than this year based on the county reappraisal.
2. Sales tax revenues may finally level out.
3. There are \$2.5mm worth of decisions that have already been made that will impact the budget, with more potential increases to come.
4. Growth is happening and has only slowed by a small degree.
5. Subjects/Items where staff needs guidance from Council:
 - a. Preliminary thoughts on revenue neutral or any movement on the tax rate
 - b. Employee salary increases to cover inflation and recruitment and retention efforts
 - c. Capital Improvement Plan, including traditional financing v. leasing
 - i. What projects are necessary?
 - ii. Bond referendum a reasonable option?
 - d. Solid Waste Fee in one year or two

We will take time on Friday to prioritize and talk through the information you received on Thursday, as well as anything we missed in the discussion or that needs to be addressed.