



County of Surry, Virginia

Fiscal Years 2011-2015

Adopted Capital Improvement Plan

FY2011-2015 Project Expenditures by Category

General Administration	\$	2,010,000
Maintenance of Public Facilities	\$	2,305,000
Public Safety	\$	6,310,000
Parks, Recreation & Culture	\$	9,500,000
Road Improvements	\$	<u>250,000</u>
Grand Total: Project Expenditures	\$	<u>20,375,000</u>

FY2011-2015 Revenue Sources

General Fund Operating Revenue	\$	505,000
Transfer from General Fund Balance	\$	<u>610,000</u>
Total General Fund Revenues	\$	1,115,000
Other Revenues		
General Obligation Bond Proceeds	\$	15,120,000
Lease Financing	\$	890,000
Intergovernmental-State Grant Funds	\$	1,000,000
Total Other Revenue Sources	\$	<u>2,250,000</u>
	\$	19,260,000
Grand Total: Project Revenues	\$	<u>20,375,000</u>

Surry County Planning Commission

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Introduction

Capital Improvement Programming is a method of planning for the effective and efficient provision of public facilities, infrastructure improvements, major maintenance requirements, and acquisition of property and equipment. The first year of the *Capital Improvement Program (CIP)* represents the County Administrator's proposal to the Board of Supervisor as the Capital Improvement Budget.

A five-year CIP allows the Board of Supervisors and citizens an opportunity to view both the five-year capital construction and infrastructure maintenance needs of the County and Surry County Public Schools. Viewing these needs enables the County to better plan a financing strategy for capital improvements and annual operating requirements. A five-year CIP also allows for programming of multi-year projects.

What is a CIP?

Each locality establishes its own criteria for capital improvement projects. For, the County of Surry, a capital improvement project has a cost in excess of \$30,000 and a life expectancy of at least five years. Although the CIP is a means of implementing the recommendations of the County's Comprehensive Plan, proposed projects are not limited to those listed in the plan. Projects pertaining to the renovation, maintenance and/or construction of public facilities, equipment purchases and land acquisition for public use are included in the capital improvement program. All projects included in the CIP are classified in six categories: General Government Administration, Public Works, Public Safety, Road Maintenance, Parks & Recreation Improvements and Education.

Guiding Principles

Basic principles are used to help shape the Capital Improvement Program. These principles include, but are not limited to developing a balanced capital plan that funds projects in a variety of program areas which meet the highest priority needs; ensuring the CIP will be the platform for development in the County and business community and preserving the existing tax base. To further guide the CIP decision-making process, projects to be included in the CIP are evaluated on the degree to which they meet the following objectives:

- ✓ Meet a legal obligation or federal or state mandate
- ✓ Outside funding is available through a match of federal or state funding
- ✓ Address health concerns, safety or emergency needs
- ✓ Produce positive community impact and garners broad community support
- ✓ Meet prior commitments
- ✓ Can be funded within the parameters of established debt financial policies

Benefits of Capital Improvement Programming

The principal benefit of Capital Improvement Programming is that it requires the County to plan its capital needs in concert with available financing over a five-year period. This process contributes to a responsible fiscal policy. Other benefits of Capital Improvement Programming include:

- ✓ Fostering a sound and stable financial program over a five-year period given a set of revenue and expenditure assumptions based on current economic trends;
- ✓ Coordinating various County improvements so that informed decisions can be made and joint programs initiated among County departments in an effort to avoid duplication;

- ✓ Enabling private businesses and citizens to have some assurances as to when certain public improvements will be undertaken so they can plan more efficiently and effectively;
- ✓ Focusing on the goals and needs of the community through the provision of new facilities and infrastructure improvements;
- ✓ Evaluating annually the infrastructure needs of the County to provide for the public health and safety of the citizens of the County; and
- ✓ Providing a logical process for assigning priorities to the various projects based on their overall importance to the County.

CIP Process & Discussions

The annual CIP process commences during the normal budget proceedings. Suggested projects normally come from county departments, administrative staff and the Board of Supervisors. A CIP committee is composed of the County Administrator, Assistant County Administrator, Director of Finance & Information Technology, Parks & Recreation and Planning & Community Development. These positions are inclusive to the areas of economic development, public works, public safety and information technology which are integral departments to the CIP process. A preliminary planning session is conducted to review the current year's Capital Budget and Five Year CIP; subsequent meetings follow. Adjustments may be necessary based on priority, funding, legal requirements and other factors. Newly requested projects are reviewed and placed in the proposed CIP in accordance with established criteria.

Once a consensus has been reached on a recommended list of projects, an annual schedule for the current and next four fiscal years is developed for each project along with the proposed funding sources. This is the County's first year in which the proposed list will be forwarded to the Surry County Planning Commission for review, approval and recommendation to the Board of Supervisors.

The Board of Supervisors conducts a public hearing at which time the recommended CIP is presented. After all public comments have been received and discussion satisfied, the CIP is then adopted. This is normally done in conjunction with the hearing and adoption of the annual operating budget. The first year of the CIP is incorporated into the County Administrator's Recommended Budget as the Capital Improvement Budget for the upcoming fiscal year.

Capital Improvement Program Timeline

Month	Subject
January ~ February	CIP Process Begins; CIP Committee Meeting
March	CIP Planning Session with Board of Supervisors (BOS)
April	Planning Commission Reviews and Approves CIP; Recommendation sent to BOS
May	Public Hearing is Held on the Proposed CIP
May ~ June	Adoption by the BOS

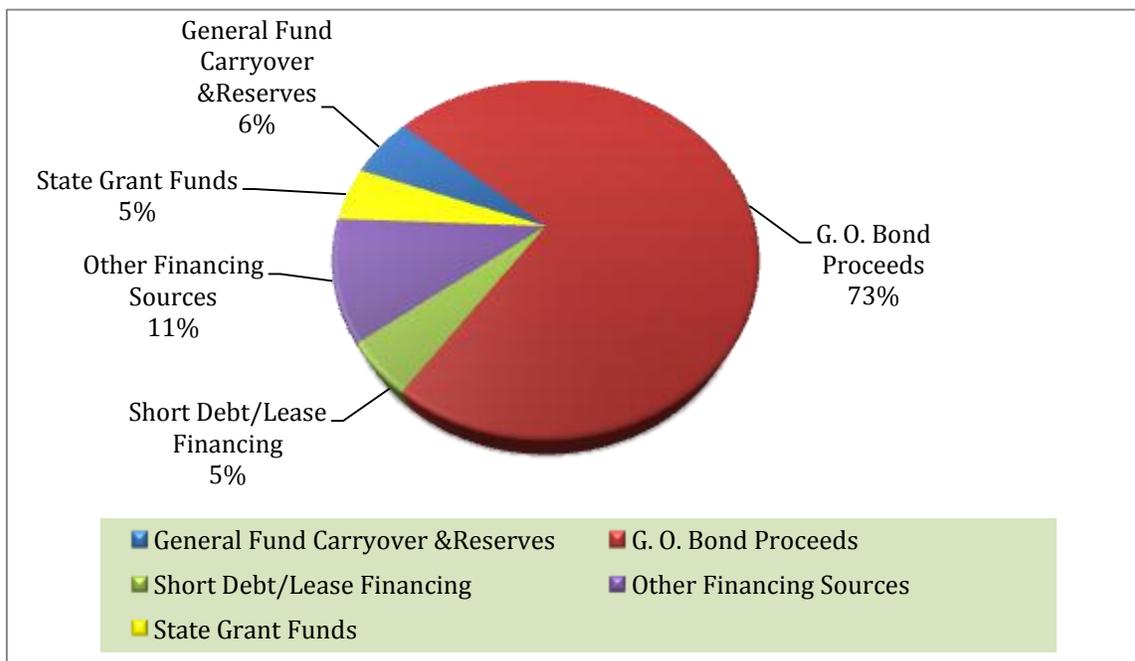
The Board of Supervisors holds budget planning work sessions for the specific purposes of identifying capital project needs in the County. This CIP is a document dedicated to a process designed to identify both the capital improvement needs and priorities of the County over a five-year period in conjunction with projected funding levels and the Board of Supervisor's vision and principles. Actual programming of projects is dependent upon the financial resources available. Funding constraints may preempt the actual inclusion of projects in the current CIP but may be listed as priorities for funding should resources become available. While every need is not addressed, the CIP intends to serve as a critical planning tool and a good foundation for future decision making.

Financial Advisor

The Board of Supervisors retained a financial advisor in FY 05-06 to work with County staff to 1) review, make recommendations for changes and/or develop fiscal policies for the County, 2) develop a long range funding plan that addresses the County's capital needs and 3) prepare the County for anticipated debt levels and ratios over the life of the CIP and beyond.

FY 2011-2015 Funding Sources

Each project in the FY 2011-2015 Capital Improvement Plan is coupled with one or more funding sources. Revenues that the County utilizes come from the following sources: proceeds from general obligation bonds, general fund reserves, federal and state government grants and lease financing agreements.



General Obligation Bonds

The issuance of bonds is a method used by many localities to fund capital projects. Bond issuances are governed by state laws and regulations. A loan is issued to the County on the basis of credit worthiness by demonstrating the current level of debt, revenue and savings or county reserves in exchange for the promise to repay the loan with interest. The repayment of the bond is usually long-term, 15 or 20 years. Typically, government regulations require that the proceeds from bonds issues be expended on one-time capital projects within a certain time frame after the issuance. Bond proceeds have been used to finance school projects such as the renovation to the high school. The level of debt that the County incurs is governed by Board approved financial policies.

Contributions from the General Fund

The General Fund receives taxes and fees including real estate and personal property taxes which are collected to

support the general operation of the County. Where current financial policies do not dictate a certain percentage of use of estimated General Fund revenues each year for the Capital Budget, a certain amount of funds are allotted based on the availability of prior year reserves. In other words, funds that remain unspent from the operating budget from year to year may be used to finance certain capital projects on a pay as you go basis. This has enabled the County to pay for certain projects as solid waste management facilities, landfill closure activities, technology improvements, governmental studies and planning related updates.

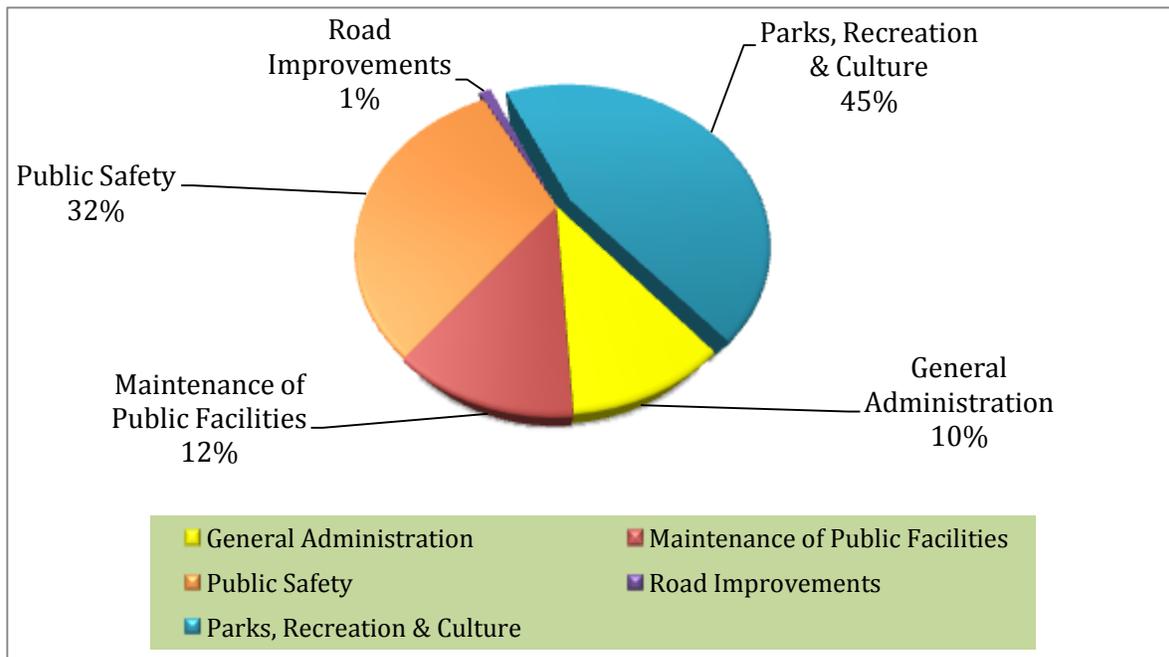
Federal and State Government

The federal and state government provide funding primarily in the arena of state and federal supported grants. In Surry's case, for example, state funds will be used to support the broadband initiative. In the past, state and/or federal funds have been used to support community improvement programs and enterprise activities (i.e. water and sewer improvements). It is important to note that funding received from these sources *may* require a local match from the County.

Lease Financing Agreements

Leasing Financing is a solution that is used when cost effective financing is sought for equipment and other fixed assets. This alternative allows the lessee, in this case, Surry County, to preserve capital and reduce borrowing capacity because it offers (1) 100% financing, (2) favorable tax treatment, (3) low to no closing costs and (4) lower monthly payments than traditional borrowing. This financing alternative is subject to all the local and state laws and regulations. The County has recently utilized lease financing agreements to acquire funding for public safety equipment and for the renovation of the government center and circuit courthouse.

FY2011-2015 EXPENDITURE CATEGORIES



Capital Budget for Fiscal Year 2011

FY2011 Project Expenditures by Category

Broadband Project	\$	900,000
Solid Waste Management Collection	\$	255,000
Solid Waste Equipment Purchase	\$	150,000
Recreation Center Improvements	\$	50,000
Sanitary System Improvements	\$	600,000
Public Safety-E911 Center Upgrades	\$	640,000

Grand Total: Project Expenditures **\$ 2,595,000**

FY2011 Revenue Sources

General Fund Operating Revenue

Assigned Fund Balance	\$	505,000
Total General Fund Revenues	\$	505,000

Other Revenues

State Grant	\$	850,000
Federal Grant	\$	600,000
Other Financing Source	\$	640,000
Total Other Revenue Sources	\$	2,090,000

Grand Total: Project Revenues **\$ 2,595,000**

Capital Budget Descriptions for Fiscal Year 2011

Broadband Project..... \$900,000

Supports funding for the County's current Broadband initiative to deploy high speed internet to Surry County. The Surry County Middle Mile Broadband Initiative seeks to connect the community to an existing Network Virginia source of internet access carried over an all fiber network servicing multiple municipal buildings, schools, two health care providers, emergency medical providers, and local businesses. Funds will engineer and build the proposed fiber infrastructure and towers and connect facilities. It would also allow for high speed communications between schools, municipal facilities and other users or wide area networks independent of the Internet.

Solid Waste Management Collection..... \$255,000

The initial scope of this projection included the construction of three solid waste convenience collection centers to be located strategically throughout the County. The Pineview Site off of Route 40 was completed in FY09. The sites are used by the general public for disposal of household waste, bulky waste, tires and recyclable materials. As a result many of the unmanned, green box sites have been removed. FY11 funding includes the addition of a third site in the County at a location to be determined. Included in this amount is \$30,000 to improve the sanitary infrastructure at the Pineview Site.

Solid Waste Equipment..... \$150,000

Due to the acquisition and development of a third manned solid waste convenience site, a roll off truck is needed to accommodate this project. The current truck is 10 years old and is costly to repair and maintain.

Communication Center Equipment Upgrade..... \$640,000

Projects include the replacement of E911 Dispatch equipment (radio and computer aided dispatch/CAD system). The current equipment is outdated and is no longer support by Verizon and Motorola. Of this amount, \$190,000 is for the replacement of the phone system.

Sanitary/Wastewater Improvements..... \$600,000

Project includes the upgrade of the County's current wastewater treatment facility. It is anticipated that the current facility will exceed the required wastewater treatment limits.

Road Improvements..... \$ 50,000

Funding is allocated in the amount of \$50,000 to fund a portion of the Route 31 Ferry Project or other projects as recommended by the Board of Supervisors.

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY

CAPITAL IMPROVEMENT PROGRAM
FISCAL YEARS 2011 through 2015

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Grand Total	Total ST/LT Debt	Total Local	Grants & Other Sources
GENERAL GOV'T ADMINISTRATION									
Technology Improvements			\$ 250,000	\$ 200,000	\$ 100,000	\$ 550,000	\$ 250,000	\$ 300,000	
Broadband Project	\$ 900,000	\$ 500,000				\$ 1,400,000	\$ 500,000	\$ 200,000	700,000
Comprehensive Plan Update		\$ 60,000	\$ -	\$ -		\$ 60,000		\$ 60,000	
Total General Administration	\$ 900,000	\$ 560,000	\$ 250,000	\$ 200,000	\$ 100,000	\$ 2,010,000	750,000	560,000	700,000
FACILITY MAINTENANCE									
WasteManagement Collection	\$ 255,000		\$ -	\$ -	\$ -	\$ 255,000	\$ -	\$ 255,000	
Solid Waste Equipment	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ -	
Surry Sewer Expansion	\$ 600,000	\$ 650,000		\$ -	\$ -	\$ 1,250,000			1,250,000
Facility Restoration/Stabilization		\$ 150,000				\$ 150,000		\$ 150,000	
Warehouse Garage			\$ 500,000		\$ -	\$ 500,000	\$ 500,000	\$ -	
Total Public Works	\$ 1,005,000	\$ 800,000	\$ 500,000	\$ -	\$ -	\$ 2,305,000	\$ 650,000	\$ 405,000	\$ 1,250,000
ROAD IMPROVEMENTS									
Highway Revenue Sharing	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000	-	\$ 150,000	100,000
Total Road Improvements	\$ 50,000	\$ 250,000	\$ -	\$ 150,000	\$ 100,000				
PUBLIC SAFETY									
Communication Center Upgrade	\$ 640,000					\$ 640,000	\$ 490,000		\$ 150,000
Building Improvement		\$ 100,000				\$ 100,000	\$ 100,000		
Equipment		\$ 525,000	\$ 1,195,000	\$ 1,250,000	\$ 2,600,000	\$ 5,570,000	\$ 5,670,000		
Total Public Safety	\$ 640,000	\$ 625,000	\$ 1,195,000	\$ 1,250,000	\$ 2,600,000	\$ 6,310,000	\$ 6,260,000	\$ -	\$ 150,000
PARKS, RECREATION & CULTURE									
Visitor & Welcome Center	\$ -	\$ -	\$ -		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000		
Surry Library Expansion	\$ -		\$ 2,500,000	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000		
James River Waterfront Access					\$ 1,000,000	\$ 1,000,000			\$ 1,000,000
Recreation Center Improvements		\$ -	\$ 2,500,000	\$ 2,500,000	\$ -	\$ 5,000,000	4,950,000	50,000	\$ 50,000
TOTAL PARKS & RECREATION	\$ -	\$ -	\$ 5,000,000	\$ 2,500,000	\$ 2,000,000	\$ 9,500,000	8,450,000	50,000	\$ 1,050,000
EDUCATION									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			-
TOTAL ALL PROJECTS	\$ 2,595,000	\$ 2,035,000	\$ 6,995,000	\$ 4,000,000	\$ 4,750,000	\$ 20,375,000	\$ 16,110,000	\$ 1,165,000	\$ 3,250,000

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