

## **CAPITAL IMPROVEMENTS FUND**

CAPITAL IMPROVEMENTS FUND – This fund accounts for significant, long-term improvements to the County’s infrastructure and also for capital asset improvements for the purpose of increasing economic and community development opportunities.

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**CAPITAL IMPROVEMENT FUND (Fund 60)**

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**FUND TYPE: CAPITAL FUND**

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**DESCRIPTION:** This fund provides monies for significant, long-term improvements to the County's infrastructure, either its major upgrade or its expansion, and also provides monies to improve the capital assets of "the County", for the purpose of increasing economic development and community development opportunities.

**HISTORY:** The fund was initiated in FY93-94. Projects are identified and highlighted because of their high dollar impact and the long-term benefits that they reap. The Board votes publicly on all projects; and also votes on award of design and construction contracts.

**OUTLOOK:** Exclusive of Bonds & Grants, **for the next (5) years**, including this fiscal year \$12,784,000 in General Fund tax moneys total is projected for this fund. Excluding "carry over" funded projects, this represents an average appropriation of \$2,556,800 per year. This represents approximately 6.08 cents of the County's proposed tax rate, which will become a **consistent yearly amount** and it will become non-reducible as indicated by the forecast. This amount has increased since last year's projection of \$8,557,000 over five years, equating to an average annual appropriation of \$1,711,400 and equating to 4.5 cents of the County's proposed tax rate, due to the newly added "Burgaw Sewer" project.

**OPERATIONAL IMPACT:** Projects which **expand the County's infrastructure** generally **increase operational costs**; projects which **renovate or rehabilitate existing facilities** tend to **decrease annual maintenance costs**. For example, building or expanding new park and/or water or wastewater plants **will increase recurring** departmental costs; beach nourishment will not increase recurring costs. The economic development (recruitment/retention) projects listed require minimal additional operating costs because industries/businesses generally pay more in taxes than the services they require.

**FUTURE:** We continue to be concerned that the Board realize the annual transfer from the General Fund to this fund is a recurring obligation. The Capital Improvement Plan supports the mission of improving and upgrading Pender County's assets. We are incurring contractual (mandatory) long-term commitments to stimulate economic development, tax base growth, and jobs creation. These commitments **require recurring revenues**. Certainly they must be performance-driven in that the benefits of securing or retaining private enterprises must be in excess of the costs.

**RESPONSIBLE DEPARTMENT: COUNTY MANAGER**