

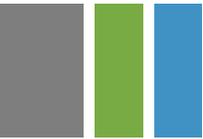
**DURHAM
COUNTY**

DCO
NC

★ ★ ★ 1881 ★ ★ ★

**DURHAM
COUNTY
GOVERNMENT**

CIP Update Presentation
March 2nd Work-session



CIP Planning Update

- CIP Process Overview
- Steps involved with Capital Planning
- Key Upcoming Dates
- Board Discussion

Capital Planning Elements

Capital planning essential elements

- › Multi-year essential - for up to ten years
- › Prioritization by importance, essential and long-term need
- › Strong emphasis on the timing of improvements - matching available capital sources with timing alternatives
- › Blending borrowed and pay-as-you-go sources as a means to diversify – perceived as strong credit-wise
- › Target improvements that improve operating efficiencies and improved service delivery

Utilize dedicated capital-only resources and affordability modeling

- › Separating operating and capital resources is essential to large CIP – Durham was one of the first to move to this method
- › Debt affordability modeling defines the ability to pay – the most efficient use of capital resources
- › Using a comprehensive debt model is a means of “managing” the constant change in CIP—project timing, change in cost, etc.

Steps Involved With Capital Planning

1. Facility Needs Assessment
2. Project Prioritization and Sequencing
3. Complete detailed cash flow projections
4. Evaluate Affordability
5. Update Capital Improvement Plan

Capital Project Plan Development

Phase I

Project Request, Project Prioritization

Facility Needs Assessment

Phase II

Complete Cash-flow projections.

Shovel Readiness Assessment, Refine Cash Flow Scenarios,
BOCC Reviews Preliminary CIP Request

Phase III

Evaluate Affordability.

Financial Advisor Reviews CIP, Staff Refines Project Sequencing,
Public Input, Board Review

Phase IV

Capital Improvement Plan Adopted.



Next Steps – Phases II and III Highlights

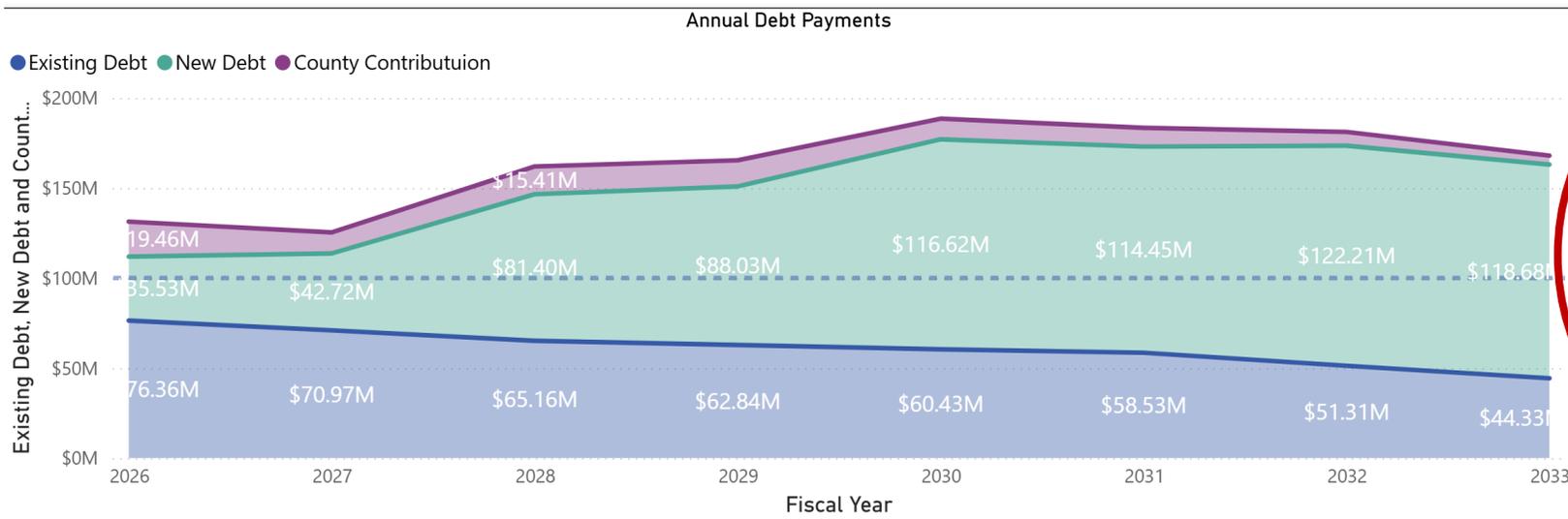
- March – July 2026 **Continued Capital Project List Review**
- BOCC and Staff review project lists for completion.
 - Budget, Finance, and Senior Leadership vet projects sequencing and cash flow scenarios
 - Financial Advisor Evaluates Draft CIP

March 2026 **Assess the shovel readiness of capital projects to determine the approach for project financing.**

April 2026 **If a general obligation bond is recommended for 2026, then a market assessment will occur to gauge public support. Limited obligation bonds can be used to finance the higher capital projects.**

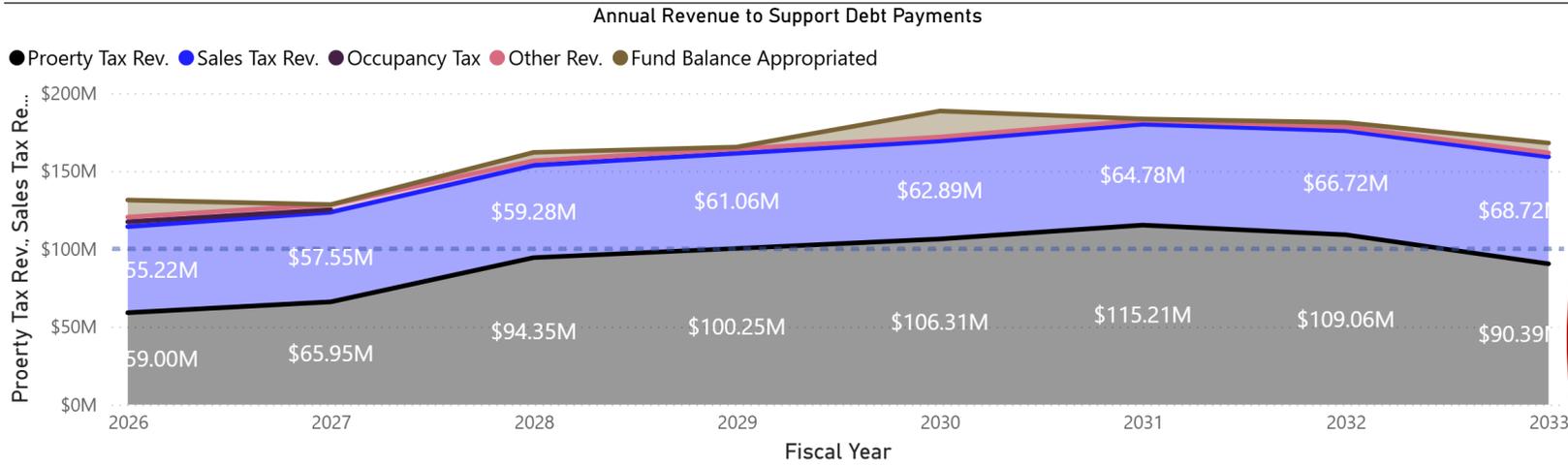


Estimated Capital Financing Over the Next 8 Years



Capital Financing Plan

FY	Expenditures	Revenue
2026	\$131,351,146	\$131,351,146
2027	\$125,343,755	\$128,410,142
2028	\$161,969,929	\$161,969,929
2029	\$165,395,908	\$165,395,908
2030	\$188,511,162	\$188,511,162
2031	\$183,447,002	\$183,447,002
2032	\$181,143,816	\$181,143,816
2033	\$167,971,093	\$167,971,093
Total	\$1,305,133,811	\$1,308,200,198



FY	Prop Tax %	Sales Tax %	Occp. Tax %
2026	44.92%	42.04%	2.41%
2027	51.36%	44.82%	1.27%
2028	58.25%	36.60%	
2029	60.62%	36.92%	
2030	56.40%	33.36%	
2031	62.81%	35.31%	
2032	60.21%	36.83%	
2033	53.81%	40.91%	
Total	56.61%	37.93%	0.37%

Growing Debt Expenditures Means...

Growing Dependency on Property Tax



Important Reminders

- > A balanced, affordable CIP supports political desires, reinforces triple A debt designation, limits property tax pressure on Durham County residents, and promotes realistic project implementation and completion. Management and the Board will have to decide how all these pieces fit together to create an approved CIP.
- > Once a Recommended CIP is finalized it will be vetted by our financial consultant to ensure the County's financial capability and stewardship, through its bond ratings, while also keeping a close eye on the regional economic and political factors that may also influence willingness and ability to support annual capital debt service. Once the CIP passes this stringent financial vetting process it will be sent to the Board for more intense review and consideration.
- > It should be noted that a loss of occupancy tax revenue over the next three years, per state legislature changes, will amount to well over \$5 million a year after the third year. At that time, such a loss is estimated to be 2/3rd to 3/4th of a cent of property tax revenue



Key Upcoming Dates

- March – July 2026 Continued capital project evaluation to evaluate shovel readiness and affordability
- March 10, 2026 CIP Overview at Joint BOCC-BOE Meeting
- April 6, 2026 BOCC Worksession - CIP Financing Update

Questions