

# BOARD OF ALDERMEN

ITEM NO. B(4)

## AGENDA ITEM ABSTRACT

MEETING DATE: Feb 4, 2003

**TITLE: A Request to Set a Public Hearing on the Financing of the Parking Lot and to Approve a Budget Amendment**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: YES ____ NO <u>x</u></b>
<b>ATTACHMENTS:</b> <b>Attachment A: Resolution</b> <b>Attachment B: Budget Amendment</b> <b>Attachment C: Proposed Timeline for Financing Parking Lot</b> <b>Attachment D: Notice of Public Hearing</b>	<b>FOR INFORMATION CONTACT:</b> <b>L. Bingham Roenigk, 918-7300</b>

### PURPOSE

The Board, on December 12, was notified of an opportunity to purchase a parking lot and authorized staff to secure an option to purchase the Town's share of the parking lot parcel located at the intersection of Sunset and Rosemary Streets. The town currently leases this property. The owner has accepted the offer extended through the option and the Town will need to finance the purchase of this parking lot through installment financing. The Board is requested to set a public hearing for March 4, 2003 as required by law.

### INFORMATION

The purchase of the parking lot is one that has been planned as part of the Town's capital improvement plan and fits into the Town's goal of finding adequate parking space in the downtown area that will be permanently owned by the Town. The purchase of the parking lot and associated closing costs (taxes and fees) will require the Town to finance \$114,100. An additional \$1,500 will be transferred from the capital reserve fund to the capital projects fund to conduct an environmental Phase I assessment on the parking lot. Banks, when financing property, generally require this assessment.

The Board of Aldermen has set aside \$48,438 in reserves to fund the first year's debt service payment for parking lot purchases. At the time the reserves were set aside, it was stated that these reserves could enable the purchase of approximately \$500,000 in land purchases for parking lots based on loan terms and interest rate projections at that time. Based on a rough estimate of current interest rates and financing terms, it is anticipated that the annual debt service payments for the cost of purchasing the Rosemary Street Parking Lot may range from \$11,500 per year for a ten-year loan to \$23,000 per year for a five-year loan. The financing terms will be confirmed through results of a financing request-for-proposal that will be recommended to the Board at a later date.

Establishing the capital budget will allow the environmental assessment to be done prior to financing.

State law (NC Statutes 160A-20(g)) requires that the Town conduct a public hearing when funds are borrowed to purchase real estate. A notice of the public hearing must be published once at least 10 days before the date fixed for the hearing. Thus, the Board is requested to set a public hearing on March 4, 2003.

#### ADMINISTRATION'S RECOMMENDATION

The Board of Aldermen is requested to approve a budget amendment establishing the capital budget for the parking lot purchase and to set a public hearing for March 4, 2003 as required by state statute to finance the purchase of the parking lot.