

BOARD OF ALDERMEN

ITEM NO. D(2)

AGENDA ITEM ABSTRACT

MEETING DATE: August 19, 2003

TITLE: Introduction of Bond Orders and A Request to Set a Public Hearing on Advisability of Issuing Bonds for Sidewalks and Hillsborough Road Park

DEPARTMENT: Management Services & Planning Department	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: Attachment A - Introduction of Bond Order – Sidewalks & Greenway Trails Attachment B – Introduction of Bond Order - Park Attachment C – Resolution Setting Public Hearing and Authorizing Filing of Debt Statement Attachment D – Memo from Dale McKeel ref. Bolin Creek and Morgan Creek Greenway Trails Attachment E – Memo from Anita Jones-McNair on park cost estimates Attachment F – Park infrastructure and amenities cost estimates Attachment G – Memo from Dale McKeel on park connector road. Attachment H – Capital Needs Inventory Presented to Board on April 8, 2003	FOR INFORMATION CONTACT: Bing Roenigk, Assistant Town Manager 918-7300 Roy Williford, Planning Director, 918-7325 Dale McKeel, Transportation Planner, 918-7329

PURPOSE:

The Board of Aldermen, at its board meeting of June 17, 2003, asked town staff to proceed with the steps needed to pursue a bond referendum at the same time as the November election. The purpose of this item is to enable the town to “stay on course” and move forward to meet all of the necessary legal and administrative processes required to place the bond referendum on the November ballot. Specifically, the next steps are for the Board to (1) introduce a Bond Order authorizing the issuance of general obligation bonds for sidewalks and greenway trails, (2) introduce a Bond Order authorizing the issuance of general obligation bonds for recreational facilities (i.e. the development of the Hillsborough Road Park), and (3) adopt a resolution setting a public hearing for September 2, 2003 on the advisability of issuing bonds for sidewalks and greenways and for the Hillsborough Road Park, and authorizing the Finance Officer to file with the Town Clerk a sworn statement of the Town’s debt.

INFORMATION:

On June 17, 2003, the Board adopted a resolution stating its intent to proceed with a referendum on the issuance of general obligation bonds in the amount of \$4,600,000 for sidewalks and greenways, and in the amount of \$700,000 for parks and recreation facilities (for the development of the Hillsborough Road Park). In order to proceed with this process, the Board must take the next steps identified above.

The Bond Orders that need to be introduced are attached as Attachments A and B. In order to fulfill the statutory requirements, the Mayor will be required to read aloud the title of each Bond Order and ask for a motion introducing each Bond Order. No vote need be taken on the Bond Orders at this meeting. A vote on the approval of the Bond Orders will take place following the public hearing on September 2, 2003.

Introduction of the Bond Orders is one opportunity, but not the last opportunity, for the Board to decide whether to move forward with the bond referendum on either or both of the proposals, and if so whether the amount of the bond should be that stated in the Resolution of Intent adopted on June 17, 2003, or some lesser amount. The Board will have one more opportunity to make a decision on these matters following the September 2d public hearing.

The resolution that sets the public hearing and directs the Finance Officer to file a sworn statement of debt is attached as Attachment C.

The attached Bond Orders and Resolution have been prepared by the Town's Bond Attorney, Bob Jessup, who will be present to answer any questions the Board may have.

With respect to the sidewalk and greenways bond, it is anticipated that bond proceeds would be used to finance the construction of sidewalks and greenways to the extent of available funds, in the order of priority determined by the Board.

The greenways proposed for construction are the Morgan Creek Greenway from University Lake to Smith Level Road, and the Bolin Creek Greenway from Estes Drive to Homestead Road.

The development of these trail systems is proposed by the Carrboro Recreation and Parks Comprehensive Master Plan and supported by Carrboro Vision 2020. Through the DCHC Metropolitan Planning Organization project funding process, the Town has tentatively secured \$1,457,500 for these projects over the next several years using federal STP-DA (Surface Transportation Program – Direct Attributable) funds. The use of STP-DA funds would require a 20 percent match, \$291,400, from the Town. Additional information about the greenways is included as Attachment D.

The sidewalks proposed for construction are those described in Agenda Item D(1) of the Agenda for this meeting. Funds available from the sidewalks and greenways bond that are not used for the construction of greenways would be used to construct as many sidewalk projects as possible, according to the order of priority established by the Board.

With respect to the parks and recreational facilities bond, Attachments E, F, and G provide information regarding the possibilities for development of Hillsborough Road Park and the estimated costs of various improvements. Attachment E is a memorandum from Recreation and Parks Director Anita Jones-McNair that explains the cost estimates for the park development alternatives that are presented in Attachment F. Attachment G is a memorandum prepared by Transportation Planner Dale McKeel (with attachments) that discusses the issue of the extension of a collector road through the park and the costs of doing so.

As the Board is aware, decisions on the design of the proposed park and the types of recreational amenities that will be constructed there have not been made. Therefore, the list of possible amenities contained in Attachment F can be perceived as a type of "menu" that provides some indication of the kinds of improvements that may be constructed with the funds that may become available, either through the bond issue or from other sources over time, including grant funds.

The Board has voted to construct the Tripp Farm Road connector through the park property (see the resolution adopted January 23, 2001 in Attachment G), but no decision has been made on the precise design or location of that road. Nor has a decision been made as to the timing of the construction of that road in relation to the development of various amenities. It is certainly problematic that the total estimated cost of the infrastructure improvements (\$337,550) and the cost of constructing the connector road (\$422,000) exceeds the amount of the proposed bond issue (\$700,000). Clearly, in order to develop some recreational amenities with the bond funds, some type of phasing plan would need to be adopted for the infrastructure/connector road improvements as well as the recreational facilities.

Also included as additional information (Attachment H) is the Capital Needs Inventory presented to the Board on April 8, 2003.

FISCAL IMPACT : The estimated annual debt service payment per one million dollars borrowed would be between \$107,750 and \$124,000, depending on the loan amortization period (15 to 20 years), and assuming an annual interest rate of six percent. Therefore, the total annual debt service payment on a bond issue of \$4,600,000 would range from approximately \$495,650 to \$570,400, and on a bond issue of \$700,000 the payment would range from approximately \$75,425 to \$86,800. Each penny on the tax rate generates approximately \$109,223 in revenue. The actual tax increase needed to support the bond amortization payments would depend upon the extent to which the debt service payments could be covered by normal increases in general fund revenues. However, in the worst case scenario, i.e. assuming that all of the debt service payments for these two bond issues had to be covered by a tax increase, the amount of that increase would be approximately 4.5 to 5.2 cents for the sidewalks and greenways bond, and 0.7 to 0.8 cents for the parks and recreational facilities bond.

ADMINISTRATION'S RECOMMENDATION:

If the Board wishes to move forward with the referendum on the two proposed bond issues, the administration recommends that the Board introduce the two Bond Orders, (with any changes desired by the Board), and approve the resolution setting the public hearing on September 2d and authorizing the filing of the debt statement.