

BOARD OF ALDERMEN

ITEM NO. E(4)

AGENDA ITEM ABSTRACT MEETING DATE: December 9, 2003

TITLE: Declaration of Bond Referendum Results and Reimbursement Resolutions and a Presentation of the Steps Involved in Issuing Bonds and Implementing Sidewalk and Greenway Projects

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: <ul style="list-style-type: none">A. Resolution Certifying and Approving Election ResultsB. Statement of Referendum ResultsC. Reimbursement ResolutionD. Resolution – Board Direction on Bond Issuance and Project ImplementationE. Impact of Bond Issues on Debt Service Costs and Tax RateF. Memo from Bond Counsel - Steps Involved in Issuing BondsG. Ranking Reviewed and Approved by the Board on September 2, 2003H. Ranking Based on “Availability of Right-of-Way” and “Ease-to-Build”	FOR INFORMATION CONTACT: L. Bingham Roenigk, Assistant Town Manager, 918-7315 Dale McKeel, Transportation Planner, 918-7329

PURPOSE

The Board is requested to officially accept the report of the Board of Elections regarding the results of the November 2, 2003 Bond Referendum and to adopt reimbursement resolutions authorizing the Town to reimburse itself for bond project expenditures incurred prior to the actual sale of bonds.

In addition, the Board is requested to make a decision on the amount of bonds to issue and to decide on sidewalk and greenways priorities. A resolution is also included for Board approval that identifies a specific amount of bonds to issue and a list of targeted projects for implementation.

INFORMATION

The Board of Elections has officially determined the results of the November 4, 2003 bond referendum. Approval of the declaration of results is another required step in the bond referendum process. The necessary documents have been prepared by Bob Jessup, bond counsel.

In addition, the Board is requested to approve a reimbursement resolution that will allow the Town to incur expenditures, if needed, prior to the actual sale of the authorized bonds. In these instances, the Board will reimburse itself from bond proceeds. The sale of bonds and receipt of proceeds takes approximately 90 days. This process involves a significant amount of interaction between town staff, Bond Counsel, and the Local Government Commission (LGC) as well as significant bond issuance costs. These factors are present regardless of the amount of bonds sold. Because of the timeframes and costs, it

in the Town's best interest to schedule bond sales only when significant amounts of funds are needed for the projects involved or to take advantage of market conditions.

As indicated by Bond Counsel, Bob Jessup, Jr., it is another question as to what it takes for the LGC to agree to schedule a bond sale for the Town. The LGC wants to schedule a bond sale for a point at which the Town will need money, and at which point the Town can tell how much money is needed. Bond Counsel expects that LGC will want to hold off on a sale until the Town is ready to bid the first set of projects, and will want to set the size of the sale to an amount that the Town can reasonably spend within about two years.

Mr. Jessup also recommends that the Board approve a reimbursement resolution to allow the Town to proceed with planned projects while providing flexibility on the scheduling of bond sales. The regulations of the Internal Revenue Service require the governing board to adopt resolutions stating its intent to reimburse itself with bond proceeds for capital project expenses incurred with local funds. Bond Counsel has prepared the required resolution for the sidewalk and greenways bond projects. The opportunities provided by the reimbursement resolution should be considered as an additional tool available to the Town, and exercising it will be at the Board of Aldermen's discretion when timing and financial conditions dictate.

The second set of steps for the Board of Aldermen to consider is moving forward with implementing sidewalk and greenway projects. The Board may wish to consider one of the following three options:

1. The first option is to move forward with the sidewalk priority list that was reviewed by the Board of Aldermen in August and September (Attachment F). The following criteria were used for this list:
 - Speed limit
 - Quality of existing pedestrian facilities
 - Proximity to schools
 - Proximity to other pedestrian generators (including parks and retail centers)
 - Street classification (arterial, collector, local)

When the Board of Aldermen reviewed this priority list in August and September, it was noted that the list is preliminary and subject to change. It was also noted that there are many other factors to be considered before final decisions are made about when and where to build sidewalks. These other factors include public comments, reports from public safety officials, engineering costs, construction costs, availability of right-of-way, and topography.

2. The second option is to consider first building sidewalks in locations where there appears to be adequate right of way and construction would likely be easiest. Attachment G is a list that ranks sidewalks based on "available right-of-way" and "ease to build" criteria. Note that the Board of Aldermen specifically asked the TAB not to use these two criteria when they were working on the priority matrix in August in order to focus on need rather than cost or ease to build. However, this option might allow for sidewalk construction to move along more quickly, both to show results and to take advantage of relatively low interest rates.
3. The third option is for the Board of Aldermen to establish an alternative process for determining the locations where sidewalks should be built.

Regardless of which option is taken, the Board should also consider the following:

- The Town has made a commitment to build sidewalks in some locations, such as along Autumn Drive and Barrington Hills Road.
- Funds from the first bond issue should also be set aside for anticipated greenway trail design and construction. These funds would include approximately \$130,000 for design (FY 04) and construction (FY 06) of a greenway trail along Morgan Creek and approximately \$14,000 (FY 06) for design of a greenway trail along Bolin Creek. These funds provide the 20 percent local match to federal funds set aside for these projects by the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization.

Also note that the sidewalk cost estimates are based on typical costs per linear foot of other sidewalk construction projects in Carrboro but are not engineer's project-specific estimates and may not fully capture the total cost of building any particular sidewalk segment.

FISCAL IMPACT:

To give the Board an understanding of the debt service costs and associated tax impact of issuing the authorized bond funds approved by voters on November 4th, two scenarios regarding the timing of bond issuances have been developed. This analysis acknowledges the net impact of adding new debt while existing debt retires as time progresses.

The more costly scenario (scenario #1), whereby two issues of \$2.3 million dollars occur two years apart, the increase in net debt service spikes in FY04-05 and then in FY06-07.

The least costly scenario (Attachment D – scenario #2) shows three bond issues of \$1.53 million dollars over a six year period, with a new issue occurring every two years. The net debt service cost in FY04-05 approximates 1.01 cents on the tax rate (One cent on the property tax generates \$109,223). In FY06-07, the increase in debt service cost equates to 1.35 cents on the tax rate. The third round of debt issuance, in FY08-09, shows additional debt service costs equating to 1.27 cents on the tax rate.

ADMINISTRATION'S RECOMMENDATION: The Board is requested to adopt resolutions to perform the following: (1) Adopt resolution certifying the bond referendum results and authorizing the Town Clerk to publish the results; (2) Adopt resolution of statement of results that will be published; and (3) Adopt resolution that specifies amount of bonds to be issued and sidewalk and greenway projects for implementation.