

BOARD OF ALDERMEN

ITEM NO. D(2)

AGENDA ITEM ABSTRACT

MEETING DATE: June 3, 2008

TITLE: A Request to Consider Reissuing Bond Anticipation Notes (BANs) Upon Expiration at Unchanged Amount of \$2,590,000 and an Update on Status of Sidewalk and Greenway Projects

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Budget Amendment	FOR INFORMATION CONTACT: L. Bingham Roenigk, Assistant Town Manager, 918-7439 George Seiz, Public Works Director, 918-7427

PURPOSE

The Board is requested to consider re-issuing bond anticipation notes (BANs) that are due to expire August 27, 2008 and approve a staff recommendation to renew the amount of BANs issued to remain unchanged at \$2,590,000 so that work on the sidewalk and greenway bond projects may continue in a timely fashion. A budget amendment is requested for approval to reallocate remaining funds from completed projects to the Phase IB projects that are underway and to allocate additional BAN funds as needed for proposed spending over the next nine months. This item is also intended to provide the Board an update on the status of various sidewalk and greenway projects.

INFORMATION

A referendum was held on November 4, 2003, whereby Carrboro voters authorized the issuance of up to \$4,600,000 of Town general obligation bonds for sidewalks and greenway trails. The Board approved a third round of bond anticipation notes totaling \$2,590,000 in November 2007 to provide continued funding for sidewalk projects in anticipation of the later issuance of a portion of the Bonds. These notes will expire August 27, 2008, allowing the Town an opportunity to re-issue the amount needed for upcoming projects. The administrative process handled by the Local Government Commission is such that the BANs will be put up for "sale" on August 12th, with a closing on August 26th. Upon board approval on re-issuing the bond anticipation notes and with agreement on the amount to be borrowed, staff will submit a formal resolution for board approval on June 17, 2008. This resolution signifies that the Town will issue the Notes to provide preliminary financing for sidewalk and greenways projects in anticipation of the later issuance of a portion of the previously-authorized Bonds.

As noted in earlier reports, Phase IA projects (10 projects over 3 contracts) were completed by July of 2007. One NCDOT Sidewalk Enhancement project was completed in summer of 2007 by city forces. Three other NCDOT Sidewalk Enhancement projects were completed in January of 2008. Two Phase IB projects (Cheek, Pleasant) and part of an earlier Phase IA project (in front of Fitch Lumber) were completed in March of 2008. Design work has continued on other Phase IB projects. Rolling over the BAN will provide a nine-month cash flow period for the following: purchase of right-way and easements for (Phase IB) sidewalk bond projects, finishing the design of the remaining Phase IB projects (8 projects), and construction of four (4) Phase IB projects. It is anticipated that additional BANs will be issued in May 2009 to finish construction of the remaining four (4) Phase IB projects, and depending on

BAN spending to that point may include funding to begin design on additional projects. The May 2009 BAN issue will be contingent upon the amount of anticipated work completed thru February 2009.

A presentation will be given by staff that will provide additional information on the status of sidewalk and greenway projects.

FISCAL IMPACT

The current BANs shall mature in August 2008 at an interest cost of approximately \$75,400 which is already budgeted. Actual interest cost associated with the upcoming BAN will not be known until August 12, 2008 when the Local Government Commission receives sealed bids. Closing of the notes is scheduled for August 26th. Sufficient funds are available to pay for bond counsel fees and administrative fees incurred by the Local Government Commission.

A budget amendment, increasing overall project spending by \$150,626 is presented. The budget amendment transfers unexpended funds from completed projects, appropriates all of the BAN proceeds earned to date, and acknowledges interest earnings to support the increased costs associated with moving forward with the Phase IB projects. The BAN amount to be issued will be sufficient to pay project costs over the nine-month life of the new note.

STAFF RECOMMENDATION

Approve resolution accepting the staff recommendation to re-issue the bond anticipation notes at the current amount, allowing the Town to borrow \$2,590,000 for an additional 9-month period. The board is also requested to approve the budget amendment allocating project funding related to the BAN proceeds.