

**ORANGE COUNTY BOARD OF COMMISSIONERS
CHAPEL HILL TOWN COUNCIL**

AGENDA

BOCC/Chapel Hill Town Council Joint Meeting

March 26, 2015

Meeting Time – Immediately Following 7:00 pm Assembly of Governments Meeting

Southern Human Services Center

2501 Homestead Road

Chapel Hill, NC

Welcome and Opening Remarks (Mayor Mark Kleinschmidt and
BOCC Chair Earl McKee)

1. Bond Referendum Updates
 - a) Town of Chapel Hill November 2015 Bond Referendum
 - b) Potential November 2016 Orange County Bond Referendum
2. Discussion on Town and County Properties
 - a) Town Hall/Visitors Bureau/Skills Development Center
 - b) Joint Parks and Recreational Opportunities
3. Update on Rogers Road Project
4. Economic Development Potential for Ephesus/Fordham Development Project Update

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**ORANGE COUNTY BOARD OF COMMISSIONERS
CHAPEL HILL TOWN COUNCIL
JOINT MEETING**

AGENDA ITEM ABSTRACT

Meeting Date: March 26, 2015

SUBJECT: Joint Meeting Discussion Items

DEPARTMENT: County Manager/Town
Manager/Town Finance/
County Finance/County Solid
Waste/County & Town Park
and Recreation/County Asset
Management/Town Economic
Development

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):
As noted in "Background" section

INFORMATION CONTACT:
Bonnie Hammersley, 245-2300; Roger
Stancil, 968-2743; Ken Pennoyer, 968-
2706; Paul Laughton, 245-2550; Jason
Damweber, 968-2844; David Stancil, 245-
2510; Jim Orr, 968-2784; Gayle Wilson,
968-2885; Jeff Thompson, 245-2650

PURPOSE: To discuss topics of mutual interest between the governing boards of Orange County and the Town of Chapel Hill.

BACKGROUND:

1. Bond Referendum Updates

a) Town of Chapel Hill November 2015 Bond Referendum

The Town of Chapel Hill is planning a General Obligation Bond Referendum for November of 2015. The planned referendum will be about \$40.3 million and will include streets & sidewalks, trails and greenways, recreation facilities, a solid waste transfer station and stormwater improvements. The Town finances its long-term capital improvement through its Debt Management Fund. The Debt Fund uses a dedicated portion of the property tax that, along with other revenues such as transfers from enterprise funds, is used to fund debt service payments. Based on our projections, the proposed referendum bonds can be paid using the existing capacity in the Debt Management Fund. In other words, it is expected that the Town will not need to increase taxes in order to pay the debt service on the planned referendum debt.

The Town's last general obligation bond referendum was in 2003 and the issuance authority was exhausted in 2010. Since that time, Town debt financing activity has been limited to refunding existing debt, two-thirds bonds and parking enterprise debt.

Bond Orders

The planned bond orders (categories of projects that will be presented on the ballot) include projects that have been prioritized through the Town's internal review process. Among other things, this process took into consideration the following:

- Priority in various Master Plans, including the Parks & Greenways, Stormwater, Streetscape, Bike and Sidewalks Master Plans.
- Whether the project was contemplated in the Town's 2020 planning process.
- The project's importance score in the Community Survey.

Streets & Sidewalks **\$ 16,200,000**

This category includes road improvements for bicycle and pedestrian safety, new sidewalk construction, street infrastructure improvements, bridge replacement and Downtown Streetscape improvements. In the latest Community Survey "overall flow of traffic and congestion" ranked 1st in overall importance out of 17 ranked service categories.

- Bike and pedestrian safety projects include high-intensity activated crosswalk signals, bicycle lanes, sharrows, road diet and shared lane markings in areas of high traffic identified in the Bicycle Master Plan and consistent with the Town's Complete Streets Policy.
- Street infrastructure improvements include resurfacing and reconstructing streets with an emphasis on facilitating multi-modal transportation. This will help restore Town street conditions to pre-2008 levels.
- The Downtown Streetscape Project provides for safe sidewalks, pedestrian amenities, adequate pedestrian lighting and compliance with ADA standards. Improvements include those identified in the Streetscape Master Plan and improvements recommended in the Downtown Audit.

Trails and Greenways **\$ 5,000,000**

This category includes the expansion of the Town's Greenway System including the acquisition of property consistent with the Greenway Master Plan. Specific elements of the expansion of the Greenway System include the following projects:

- Design, easement acquisition and permitting for the final section of the Morgan Creek Trail
- Construction of the Bolin Creek Trail/Tanyard Branch Trail from Pritchard Avenue Ext. to Jay St.
- Construction of the final segments of Morgan Creek Trail

Recreation Facilities **\$ 8,000,000**

This category includes a new Parks and Recreation administration building to replace the facility at Plant Road, a new cultural arts building, and renovations to various parks. The administration building and the cultural arts facilities could potentially be combined into one facility. Total planned square footage

for a combined facility would be 24,000 square feet. These projects are priorities in the Parks Master Plan.

Solid Waste Transfer Station \$ 5,200,000

With the closure of the Orange County Landfill the Town began transporting solid waste to a facility in Durham. This arrangement significantly increased the costs of waste disposal including increased fuel consumption and wear and tear on vehicles. Construction of a Transfer Station on Town owned property on Millhouse Road is consistent with the Solid Waste Collection and Disposal Option Report.

Stormwater Improvements \$ 5,900,000

This category includes high priority Stormwater Projects identified in the Town's Stormwater Master Plan. Priorities will be further refined based on the subwatershed studies. Debt issued for these projects would be repaid from the Stormwater Enterprise Fund. Repayment of \$5.9 million of debt would require a rate increase of about \$5.00 per ERU which is a 20% increase on the current rate. In the Community Survey, quality of the stormwater runoff/management system ranked as the most important maintenance service.

Schedule

The Town Council is scheduled to take its first official action for the planned referendum on April 27th when they take up the preliminary findings resolution. Other important milestones in the referendum process include introduction of bond orders and setting of the public hearing scheduled for May 27th and holding the public hearing, adoption of bond orders and setting of ballot questions on June 22nd.

Debt Affordability

The Town has manageable debt levels as evidenced by its low debt per capita and debt to assessed value benchmarks compared to its triple A rated municipal peer group. The Town's debt pay-out ratio (amount of debt service payable in the next ten years) is 77.9%, which is considered very strong. In addition, the Town's annual debt service as a percent of governmental revenues is currently about 9.2%, which is well below historic levels.

Other Capital Financing

In addition to the projects the Town is planning for the referendum, we are also planning on financing certain high priority projects, including a new police headquarters and replacement fire stations, using installment financings. The decision to use installment financing for these projects is based on their essential nature and the ongoing planning process for Town facilities. The essentiality of the projects helps to ensure adequate collateral will be created by the project to support the financing. The planning process for the projects includes the potential for co-location of multiple facilities and the possibility of swapping properties with other land owners. Installment financing provides the flexibility of determining the specifics of the project when the planning stage is completed. The preliminary estimate for the cost of public safety facilities is about \$30 million.

The Town is also working on an installment financing that includes Town Hall renovations and public improvements (streets and stormwater) in the Ephesus Fordham renewal area. The Ephesus Fordham portion of the financing is structured as a "synthetic tax increment financing" with the incremental increase in property taxes used to pay debt service for the public improvements. The total amount for the combined financing is about \$11.7 million.

The Town is also contemplating the issuance of up to \$1.7 million in two-thirds bonds in the current fiscal year to pay for public safety equipment and improvements to public facilities.

Staff will provide any other information at the meeting, and the governing boards can discuss issues related to this item as necessary.

No Attachments

b) Potential November 2016 Orange County Bond Referendum

In several meetings during the past year, the Board of Commissioners has discussed the possible scheduling of a bond referendum to address County and School capital needs. A large part of the incentive for going forward with a potential General Obligation bond referendum is the repair, renovation, and upgrading of existing older school facilities. Both school systems have completed facilities assessments of their older schools, and reflect needs totaling approximately \$330 million.

At the Board's January 30, 2015 Retreat, the Board directed staff to develop materials for Board consideration regarding the Board formally expressing its intent to schedule a November 2016 Bond Referendum, including a total bond package amount of approximately \$125 million. The Board also directed staff to move forward with the development of a process for a November 2016 Bond Referendum similar to the process utilized during the County's 2001 Bond Referendum.

As was the case in 2001, the Board may wish to consider retaining the services of an external facilitator to assist the Capital Needs Advisory Task Force. The Task Force could receive assistance from the Dispute Settlement Center, the UNC School of Government or other resources that may be worthwhile again for the 2016 process.

At the March 3, 2015 Regular meeting, the Board discussed its intent to schedule a November 2016 Bond Referendum to address County and School capital needs; discussed the proposed creation of, structure, and charge for a proposed Capital Needs Advisory Task Force; and discussed the potential needs for the services of a qualified facilitator for the Task Force. The Board requested additional information from staff and the two school systems for continued discussion at a future meeting.

Based on an initial staff suggested timeframe, the Board could likely appoint Task Force members at an April 2015 regular Board meeting. This would permit the Task Force to hold its initial meeting in May and continue meeting in May, June and through the summer break. Staff's initial proposal is that the Task Force be directed to complete its work and provide its recommendations to the Board of Commissioners by October 6, 2015, if not before. The Board would then consider

establishing potential bond categories and amounts and consider staff's initial estimate of the potential tax rate impacts from the debt service of approximately \$125 million for the total bond package.

Staff will provide any other information at the meeting, and the governing boards can discuss issues related to this item as necessary.

No Attachments

2. Discussion on Town and County Properties

a) Town Hall/Visitors Bureau/Skills Development Center

Beginning in 2012, the Town of Chapel Hill began exploring its real property holdings to determine if there were any properties that could be used differently to meet a community need or were potentially disposable. One of the properties identified was the former Town Hall located at 100 W. Rosemary Street. Town staff has explored a variety of options for how the property could be repurposed when its current tenants, the Inter-Faith Council, relocated its shelter and community kitchen. Options included selling the property to a developer, engaging a private sector partner to potentially redevelop the property and surrounding properties for public and/or private use, or repurposing the building to serve other community functions and making the building a "destination point."

The Chapel Hill Town Council expressed interest in determining what other potential community purposes the building might serve, specifically discussing the possibility of partnering with Orange County and to use a portion of the building to house the Visitors Bureau. The idea is that a more central downtown location in the historic building might be a more attractive and easy to find destination for visitors to Chapel Hill and Orange County.

If the County and Town decide to pursue partnering in this way and the Visitors Bureau relocated, the County and Town would also have an opportunity to rethink how the vacated space at the Skills Development Center could be used. One possibility that has been discussed is using the space to expand LaUNCH, the downtown start-up accelerator. The County's Space Study Work Group is assessing its properties in part to inform the ongoing Capital Investment Planning process, including the Visitor's Bureau and Skills Development properties. It will present its findings and recommendations to the Board of County Commissioners in April of this year.

Staff will provide any other information at the meeting, and the governing boards can discuss issues related to this item as necessary.

No Attachments

b) Joint Parks and Recreational Opportunities

The County and Town had a long history of working together as partners on parks, recreation, open space and land conservation. The attached memorandum outlines a current example of this collaboration – the Hollow Rock Access Area along New Hope Creek – and lists a number of other past efforts and at least one potential future project.

Staff will provide any other information at the meeting, and the governing boards can discuss issues related to this item as necessary.

Attachment 2-b – Memorandum Regarding Joint Parks and Recreation Opportunities

3. Update on Rogers Road Project

The preliminary engineering work for sanitary sewer service for the Historic Rogers Road Area (HRRRA) has been completed on time and within budget. The purpose of the preliminary engineering work was to conduct field investigations in the project area to inform the sewer alignment and provide a budget level cost estimate. In completing this work, the Orange Water and Sewer Authority (OWASA) consultant (URS Corporation) performed preliminary field investigations; met with Rogers Road area leaders; reviewed OWASA's 2012 Sewer Concept Plan; made adjustments to the Concept Plan based on field conditions; and identified alternative sewer alignments.

Based on the findings from the preliminary engineering study, the consultant has estimated the project costs to install 3.5 miles of sewer lines at \$5.7 million to include engineering design, permitting, bidding, construction, construction administration, construction observation and contingency. It does not include costs for private plumbing installation, easement acquisition or OWASA connection fees. OWASA will work with the County, Towns and consultant to develop estimates for these costs as the project proceeds. OWASA estimates it will take no less than two years to design, permit, bid and construct the sewer lines (the easement acquisition process can impact the schedule).

Understanding the importance of keeping the project moving, Orange County and OWASA are working on a new interlocal agreement to continue OWASA's management of the next phase of the project (engineering design and permitting) to begin in July 2015. OWASA estimates the cost of design and permitting at about \$370,000 (not including easement acquisition) and it will take about a year to complete.

Staff will provide any other information at the meeting, and the governing boards can discuss issues related to this item as necessary.

No Attachments

4. **Economic Development Potential for Ephesus/Fordham Development Project Update**

The Town of Chapel Hill has provided the attached memorandum detailing information on the Ephesus Fordham project as well as noting some of the status of development and improvements occurring as part of the project.

Staff will provide any other information at the meeting, and the governing boards can discuss issues related to this item as necessary.

Attachment 4-a – Memorandum Regarding Ephesus Fordham Renewal Information

FINANCIAL IMPACT: There is no direct financial impact associated with discussion of these topics. There are no action items requiring formal decisions.

RECOMMENDATION(S): The Managers recommend the governing boards discuss the topics listed and provide appropriate direction to the respective staffs.

MEMORANDUM

TO: Bonnie M. Hammersley, Orange County Manager
Roger Stancil, Chapel Hill Town Manager

FROM: Jim Orr, Town of Chapel Hill Parks and Recreation Director
David Stancil, Orange County Environment, Agriculture, Parks and
Recreation Director

DATE: March 26, 2015

RE: Joint Parks and Recreation Opportunities

As the Board of Commissioners and Town Council discuss past and potential future collaboration efforts in the area of parks, recreation and open space, this memorandum is provided to serve as a discussion starter:

1. Hollow Rock Public Access Area (Part of the New Hope Preserve)

First designated as a future public access area along New Hope Creek in the early 1990's, the Hollow Rock Public Access Area consists of 72 acres owned by Orange County, Durham County and the Town of Chapel Hill on the east side of New Hope Creek south of Erwin Road straddling the Durham-Orange county line. The site is part of a larger New Hope Preserve that continues downstream of New Hope Creek into Durham. A Master Plan committee developed a plan for the site in 2009 (approved by all jurisdictions in 2010). Using funds from both counties and a \$200,000 grant, work is underway for trails and bridge construction in both jurisdictions consistent with the master plan (attached).

A draft interlocal agreement for the operation of the 72-acre access area has been created and has been shared with each of the owning parties, along with the City of Durham (an original participant in the property acquisition). The interlocal agreement has been reviewed by the Durham-Chapel Hill-Orange County Work Group. Once the interlocal agreement is completed and signed, plans for construction of the parking area and other initial facilities will follow.

2. Other Past and Potential Future Collaboration Projects

The Town of Chapel Hill and Orange County have a long history of working together on parks and open space projects, including the above mentioned Hollow Rock Access Area as well as such diverse efforts as:

- Homestead Park
- Southern Community Park
- Homestead Aquatics Center
- Bolin Creek Greenway, and

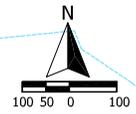
- Cedar Falls Artificial Turf Field, among others.

As noted in both the Town and County Parks and Recreation Master Plans, opportunities for increased partnership and collaboration will continue to exist. One project noted in both plans as a possible collaboration is the potential **Millhouse Road Park**. This 79-acre site was acquired by Orange County and is located on Millhouse Road across from the Town Operations Center and adjoining the former Orange County Landfill.

We will be glad to elaborate or provide further information as desired.

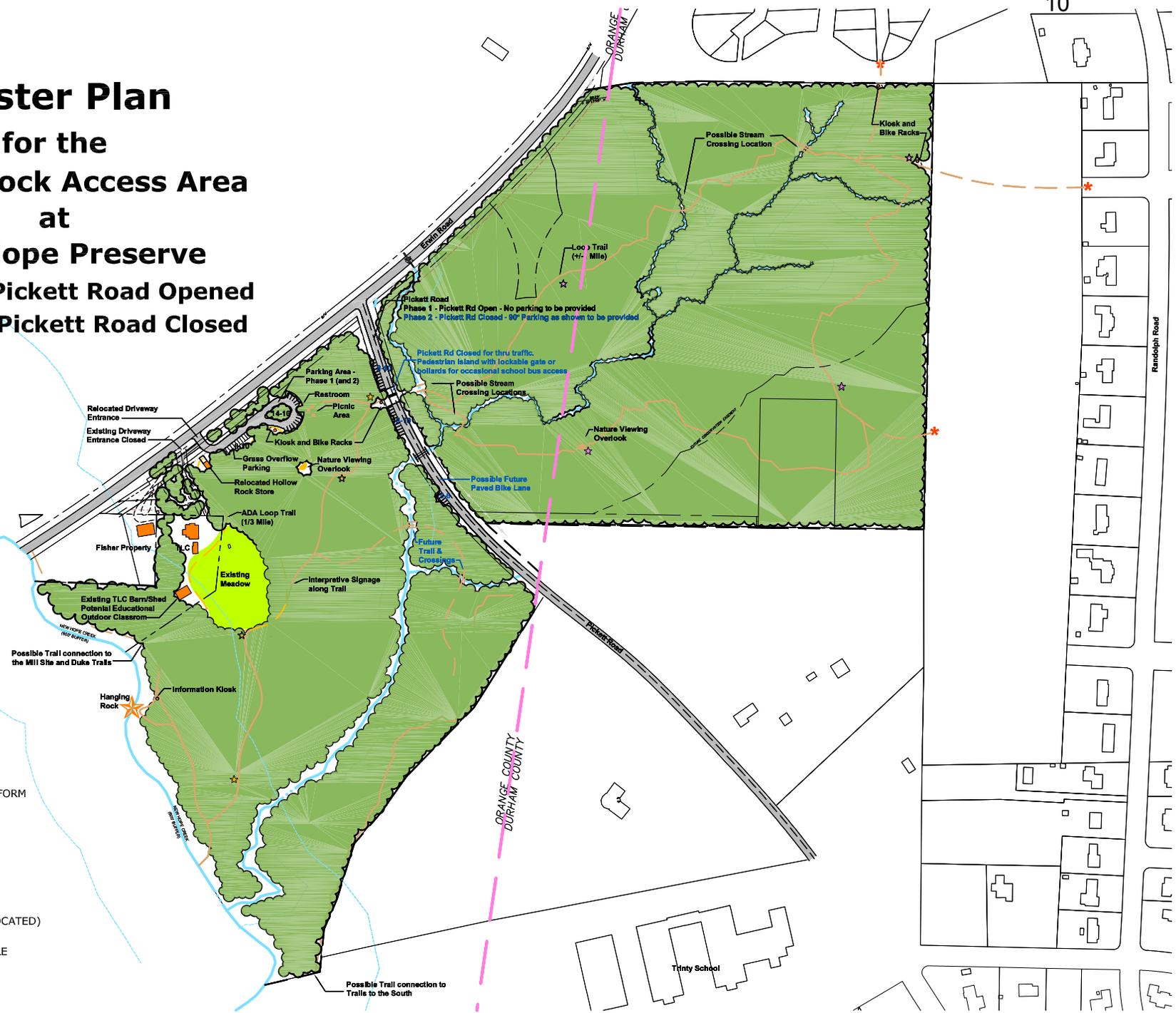
Master Plan for the Hollow Rock Access Area at New Hope Preserve

Option 1 - Pickett Road Opened
Option 2 - Pickett Road Closed



3/04/2009
Rev Trails 10/17/2012

- LEGEND**
- POSSIBLE ACCESS POINT
 - EXISTING BENCH LOCATIONS
 - PROPOSED BENCH LOCATIONS (TO BE FIELD LOCATED)
 - PROPOSED BIRD WATCHING PLATFORM (TO BE FIELD LOCATED)
 - STREAM CENTERLINE
 - STREAM BUFFER LIMIT
 - EXISTING TRAIL
 - PROPOSED TRAIL (TO BE FIELD LOCATED)
 - PROPOSED ADA SLOPE ACCESSIBLE TRAIL (TO BE FIELD LOCATED)





TOWN OF CHAPEL HILL NORTH CAROLINA

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: Kenneth C. Pennoyer, Business Management Director
Dwight Bassett, Economic Development Officer

SUBJECT: Ephesus Fordham Renewal Information

DATE: **March 19, 2015**

Summary

The Town is proposing that the County partner with the Town in the Ephesus Fordham Renewal Project by pledging support for the project and considering, on an annual basis, financial participation based on the performance of the project in meeting mutually agreed upon goals.

Project Description

The Town has made a commitment to the renewal of the Ephesus Fordham project area and has begun a process of renewal that addresses many issues and interests, including:

- Stormwater
 - The Town is in the process of planning \$1.2 million of Town financed stormwater improvements designed to mitigate longstanding stormwater issues the area.
 - The Town Council has created a Stormwater municipal service district to fund ongoing costs of stormwater management in and around the district.
- Roadway Improvements
 - The Town is in the process of planning \$8.8 million of Town financed and much needed roadway improvements to be completed in 4 phases to correct existing transportation problems, expand connectivity and minimize impact on future traffic conditions.
- Affordable Housing
 - The Town Council established a public-private partnership and donated 8.5 acres of land for an affordable housing complex within the Ephesus Fordham project area.
- Energy Efficiency
 - The Town is working on a pilot rebate program that incentivizes developers to maximize the energy and water efficiency of new buildings.
- Transportation
 - This project addresses transportation connectivity and congestion issues that, according to the Town's most recent Community Survey, represents the area that should receive the most emphasis over the next two years.
- Rezoning

- The Town Council created the Ephesus/Fordham Form District. The use of form based zoning provides highly prescriptive requirements that will help to ensure development compatible with community standards and also streamlines the approval process.
- Financing
 - In order to Finance this project the Town is using a combination of two-thirds bonds and an installment financing secured by the Town Hall building. By combining Ephesus Fordham public improvements with the Town Hall project, the Town can efficiently use a tax increment financing approach, without going through the additional cost and time involved with a statutory (Amendment One) TIF. Although this approach is faster, less expensive and more flexible, it does by-pass official County approval that would be needed for a statutory TIF.

Project Benefits

Recognizing that the benefits of the project will accrue both to the Town and the County and that the Town and the County share many of the same interests with regard to the successful completion of this project, we are seeking County support to solidify the public financial underpinnings of the renewal process.

Using a TIF approach to financing, with the Town issuing the debt and taking the risk of any tax increment shortfall, we feel there is opportunity for the County to support the project financially using only a portion of tax revenues that, if not for the Town's public investment, would not otherwise exist.

Suggested Approach to County Investment in Project

While the Town is committed to paying for the public improvements, regardless of the outcome of the project, we believe that the County and Town have shared interests, described above, that would best be served with a long-term partnership that recognizes both the rewards and costs associated with an economic development project of this scale.

We understand the multiple demands on new tax dollars and the need to prioritize those demands on an annual basis through the budget process. Therefore we are suggesting that the County consider an approach to investment in the Ephesus Fordham project based on project performance using criteria both the Town and the County agree on. The Town would provide an annual Ephesus Fordham project performance report during the County's budget deliberations that would include the following:

- Additions to the tax base
- Status of public improvements
- Status of private improvements, including progress toward meeting affordable housing, energy efficiency and transportation goals
- Economic impact analysis

The first Ephesus Fordham performance report would be submitted during the first budget cycle in which an actual tax increment from the project was expected in the next fiscal year. In other words, we will not ask for funding until the tax benefits become measurable.

Current status of development and improvements

We are in the 90% comment stage for Phase I improvements and are negotiating right-of-ways and public access agreements for the projects. We anticipate going to bid in either June or September of 2015.

The Town has issued one permit for Village Plaza Apartments which include 266 multi-family units and 15,000SF of retail.

The Town has pending applications on two additional projects at Ram's Plaza for a 13,000SF CVS retail operation and a 3,000SF retail/restaurant operation.

We have been in talks about the Phase II road improvements and in particular the extension of Elliott Road through The Park Apartments. If The Park is redeveloped it would add roughly 500,000SF of multi-family to the commercial tax base.

There are several smaller projects in consideration and design stage but only three pending applications.