

07-29-2020 Town Council Meeting Responses to Council Questions

ITEM #5: Authorize the Town Manager to Finalize Arrangements for Construction of the Elliott Road Extension Project

Council Question:

What factors does the NC DOT use in how much reimbursement to give the town?

Staff Response:

Typically any roadway project that requires a local match is 80% non-local (state or federal) and 20% local.

Council Question:

What other funding sources were explored for financing the funding gap?

Staff Response:

When considering what resources were available to fund this capital investment, we evaluated whether 1) we can pay for the capital project from our own resources (the Town does not maintain a large enough cash surplus (fund balance) to cover the existing funding gap), 2) we can accumulate savings in our current budget through pay-go-financing (we do not have the available revenue sources or fund balance to cover the existing fund gap), or 3) we borrow money for the additional cost of the project.

Financing was the only viable option to cover the funding gap between the original and revised cost for the Elliott Road project. Since the Municipal Services Center project is delayed (we were scheduled to borrow July 2020), we have the available debt capacity to cover the funding gap. Important to note that by choosing to cover this overage, we are not able to fund other Town capital project needs.

Council Question:

How has the project's timeline been affected by this change in cost and by the pandemic?

Staff Response:

When the Park at Chapel Hill JV, LLC (formerly BR Chapel Hill) first bid the project in January 2020, the bids and overall project costs were higher than expected. Staff spent significant time in discussions with The Park at Chapel Hill about the costs, then COVID hit and changed the manner and frequency of the meetings. COVID has changed the construction market and the Town made the decision to rebid and manage the project. That bid process took a month and we hope to award the bid on Wednesday.