

11-18-2020 Town Council Meeting Responses to Council Questions

ITEM #7: Blue Hill Semiannual Report #12

Council Question:

Can staff include the Council questions and answers that were made for this item, when it was originally set to be presented earlier this fall?

Staff Response:

Please find attached the Council questions and staff responses that were compiled for the September 30, 2020 meeting.

Council Question:

Could you provide more detail about the status of the TIF and new tax revenue - am I reading the material accurately that the Town will be gaining new revenue starting next year, even with the debt payments? Is there any reason to pay off the debt early? Will the increased revenues go into the General Fund?

Staff Response:

Based on the estimated completion dates of ongoing projects, there will be a significant increase in the incremental tax revenue in the Blue Hill district in FY 2022 and again in FY 2023. These estimates assume the projects (Trilogy Apartments, the Elliott, Tru Hotel, and Park Apartments Phase I) will be completed as originally projected. Projections show the district with positive cash flow for the first time in FY 2021 and with growing net positive cash flows in future years.

The increases in projected tax revenues will help offset the additional debt service payment for the Elliott Road Extension that the Town is tentatively scheduled to borrow in Spring 2021 with an annual debt service payment of around \$462K in the first year and slightly decreasing in subsequent years.

Council could consider several options with the excess cash flows: 1) prepayment of the original debt; 2) shorter term for the Phase II borrowing (scorecard projected 20 year term – could consider a 10 year term with annual debt service of around \$792K in the first year and slightly decreasing in subsequent years); or 3) building capacity in the debt service fund for other projects as the incremental tax revenue from the general fund is transferred annually to the debt service fund.

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Council Question:

Could you provide more details on the shift to the Town managing construction of Park Apartments?

Staff Response:

The Town will now be managing construction of Elliott Road Extension. This project will only include the public improvements associated with the new roadway. The private developer will continue to manage construction of the buildings and site amenities that are part of the Park Apartments project.

The shift to having the Town manage road construction is related to the fact that the Town handled the re-advertising for construction bids over the summer, and then elected to be the party executing the contract with the selected general contractor. The Town had already committed to funding most of the Elliott Road project (the developer will still be providing some funding).

Council Question:

Do we have any information about what effect the addition of all this new housing stock is having on the prices of existing rental stock? Can we track this statistic as the thousands of projected units come on line?

Staff Response:

Staff can look into what rent data is available. We will follow up with information on how rents may be changing over time – in and around Blue Hill and/or for the town as a whole. It should be noted that rents for existing stock in the Blue Hill area are subject to change for a variety of reasons. It may be challenging to isolate the specific effect of new housing construction in Blue Hill.

Council Question:

What are the town's plans for getting more granular cost of services information? Given the very large number of new units projected, what increased costs are we likely to see, and are we likely to remain revenue positive in the area?

Staff Response:

The Town uses a standard methodology (proportional share of service cost calculations – based on per capita, overhead, calls for service, etc.) for fiscal impact studies for new developments. These costs are estimates and do not represent actual costs incurred since we know that Town residents do not consume Town services equally. It can be challenging to tie actual costs to a new development or to tie the need for additional resources to one development.

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If there were changes in service demand in this area as a result of the new development, discussions about the addition of personnel or operating expenditures could be requested as part of the annual budget process and would be part of a larger conversation about the budgetary needs of the organization.

We have reached out to the School of Government and other neighboring organizations to research how others address this challenge. Staff is also considering developing a Request for Proposal to seek consulting services for this effort.

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ITEM #16: Blue Hill Semiannual Report #12

Council Question:

How will the recreational trail connect to Booker Creek Greenway?

Staff Response:

The recreational trail system for Booker Creek Basin Park will have multiple connections to Booker Creek Greenway. Access points will be on Elliott Rd near Fordham Blvd, behind Elliott Square shopping center, and via an overlook behind Gateway Commons shopping center. The recreational trails will also offer connections to Fordham Blvd through the new apartments site.

Council Question:

What is the expected completion date for the replacement of water and sewer mains along Dobbins Drive?

Staff Response:

Based on the most recent information we have available, the Dobbins Drive Water and Sewer Line Replacement project will be complete in November. This includes all work from Erwin Rd to E Franklin St.