

02-24-2021 Town Council Meeting Responses to Council Questions

ITEM #5: Adopt a Resolution of Intent to Issue Two-Thirds Bonds in April 2021

Council Question:

As part of the 2/3 bond issuance, the memo states the plan to finance street repairs at \$1,300,000 and sidewalk projects at \$200,000. Acknowledging that the final spending plan has not been determined, I am wondering if this is an opportunity for us to align our spending with our stated priorities and shift investment more heavily towards sidewalk and bike facilities rather than streets?

Staff Response:

We recognize that these dollars will not be enough to address all street resurfacing and sidewalk needs in Town and welcome feedback on how these projects align with Council priorities. The current recommendation is based on many years of deferred street maintenance, including multi-modal streets that serve as bike facilities and/or support our transit system. As the attached memo details, many of these streets have not been resurfaced in over 15, 20 or even 30 years. The cost of resurfacing increases as street conditions deteriorate, so the recommendation is also based on using these limited resources as efficiently as possible.

Other projects not funded in this bond issuance will be revisited when the Town moves forward with a Streets and Sidewalks bond issue scheduled for Spring 2022. A few of note:

- Estes Extension Bike-Ped is scheduled to begin design in FY22 and has a total local match of \$856,000. The local match for just the design phase is \$65,000.*
- The Fordham Blvd. Multiuse Path project is scheduled to begin design in FY23 and has a total local match of \$450,000. The local match for just the design phase is \$41,000.*
- The West Franklin Lane Reallocation will require local funding to implement elements that is not within NCDOT's scope – Merritt Mill/Franklin median redesign, bollards, green paint for bike lanes, other signage/markings (estimate ~\$100,000).*

NCDOT has been releasing funds for various projects. While staff does not have specific guidance on our two 'frozen' projects (Estes Extension Bike-Ped and Fordham Blvd Multiuse Path), our guess is that NCDOT would release the funds if the Town were ready to initiate the projects.

Council Question:

After this step of issuing the two-thirds bonds in 2021, what is the next step?

Staff Response:

If Council approves the preliminary resolution for two-thirds bonds on February 24th, the next steps in the process are as follows:

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<i>By March 8th</i>	<i>Town files an application with the Local Government Commission (LGC) for approval of the two-thirds bonds</i>
<i>March 10th</i>	<i>Introduction of the bond orders and a call for a public hearing</i>
<i>By March 14th</i>	<i>Town publishes notice of required public hearing</i>
<i>March 24th</i>	<i>Council holds the public hearing; recommendation to adopt the bonds orders to authorize the issuance of the two-thirds bonds</i>
<i>By March 28th</i>	<i>Town publishes required notice of the adoption of the bond orders</i>
<i>April 7th</i>	<i>Recommendation for Council to adopt the final approving resolution to issue the two-thirds bonds</i>
<i>April 13th</i>	<i>Local Government Commission scheduled to approve issuance of two-thirds bonds</i>
<i>April 27th</i>	<i>Sale of two-thirds bonds</i>

Between now and March 10th, Town staff will provide a detailed listing of the projects that we recommend funding as part of the two-thirds bond issuance.

STREET RESURFACING

Executive Summary

Street resurfacing was the #1 ranked need in 2019 and #3 ranked need of 116 projects in 2020 identified in the Town's capital project prioritization process. This ranking was completed by a cross-departmental group of Town staff, based on criteria including the following:

- According to the 2020 Community Survey, "maintenance of streets" was the top category of public facilities that respondents identified as needing the most emphasis from Town leaders.
- According to the 2017 Community Survey, resident satisfaction with maintenance of streets decreased by 17 points since 2009 - more than any other decrease in satisfaction with a service.
- Due to the insufficient operating budget, there is a significant backlog of about ~\$12 million of needed street maintenance based on a third-party engineering evaluation using standard rating criteria used by most other municipalities in NC. The recommendations in the report includes addressing the backlog of needs and establishing an annual funding allocation of over \$2 million.
- 63.5% (105 of the Town's 166 center line miles) of our streets need maintenance or resurfacing based on the most recent survey.
- The longer maintenance is deferred, the higher the street resurfacing and repair costs will be. As good stewards of taxpayer dollars in mind, there's an interest to avoid future significantly higher maintenance costs by catching up on street maintenance as soon as it is financially possible.

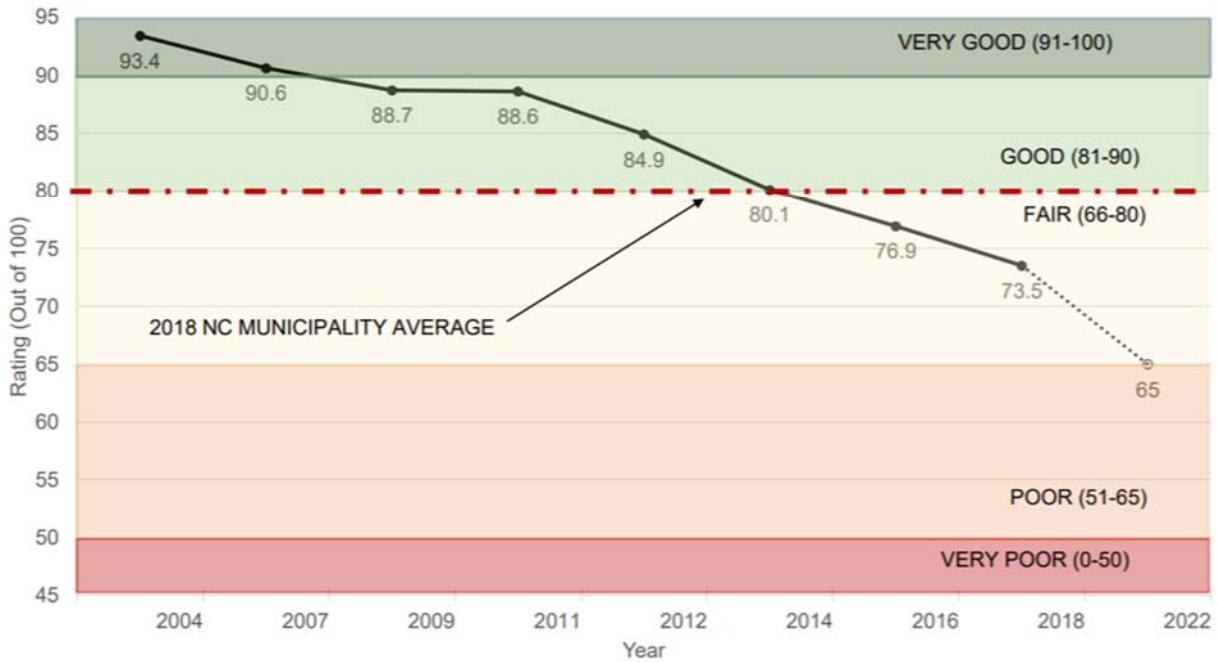
The requested two-thirds bonds will be a major benefit but are still insufficient to cover the funding gap.

The below information and attached slides include details on the Town's overall pavement condition, the impact on our multi-modal street system, the funding amount needed to return streets to favorable condition, and the Town's funding history for street resurfacing.

Pavement Condition

Every other year, the Town hires a third-party engineering firm to conduct a Pavement Condition Survey of all town-maintained paved streets (approximately 750 paved streets, or 160 center line miles). The most recent survey was completed in the fall of 2020, and Public Works staff is reviewing the draft report. Based on a preliminary review, the backlog of needed maintenance has increased, while the overall pavement condition rating has remained the same.

The below graph shows the Town's overall Pavement Condition Rating (PCR) each year the survey was completed through 2018.



The overall Pavement Condition Rating (PCR) in 2018 was 73.5, considered in the “Fair” category. The firm that conducted the survey projected that the Town of Chapel Hill’s PCR will reach the “Poor” Category by FY 2022. This projection assumed that the operating budget would remain stable and accounted for planned use of remaining 2015 bond funds for resurfacing.

Resurfacing or other pavement maintenance activities typically are recommended when a street is in “Good” to “Fair” condition. Postponing recommended maintenance activities until a street is in “Poor” or “Very Poor” condition typically leads to pavement failures and subsequently higher cost for major rehabilitation or reconstruction.

The following projects are the top priorities for the Town to begin addressing the backlog:

Multi-Modal

Collector

Coordination with OWASA

STREET (YEARS SINCE REPAVING)	FROM	TO	RATING		EST. COST
Country Club Rd. (13)	Raleigh St.	Gimghoul Rd.	32	Very Poor	451,688
Country Club Rd. (14)	Gimghoul Rd.	Raleigh Rd.	58	Poor	140,488
Hooper Ln. (23)	Battle Ln.	Boundary St.	64	Poor	23,542
Senlac Rd. (24)	Battle Ln.	Boundary St.	21	Very Poor	25,508
Bolinwood Dr. (23)	MLK Blvd.	Whistling Tree Ct.	54	Poor	47,072
Bolinwood Dr. (28)	Whistling Tree Ct.	Hillsborough St.	0	Very Poor	64,086
Burning Tree Dr. (23)	NC 54	Pinehurst Dr.	46	Very Poor	198,619
Cameron Ave. (20)	Merritt Mill Rd.	Pittsboro St.	27	Very Poor	216,291
Francis St. (29)	Ephesus Church Rd.	Cul-de-Sac	8	Very Poor	40,095
Cooper St. (15)	Garden St.	Old Durham Rd.	42	Very Poor	31,532
Legion Rd. Ext. (16)	Scarlett Dr.	Cooper St.	39	Very Poor	29,746
New Castle Dr. (27)	Lancaster Dr.	Galway Dr.	23	Very Poor	70,213
Caswell Rd. (32)	Cumberland Rd.	Estes Dr.	47	Very Poor	63,745
Caswell Rd. (24)	Estes Dr.	Cumberland Rd.	64	Poor	52,249
Europa Dr. (29)	Legion Rd.	End Maintenance	22	Very Poor	55,977
Heather Ct. (30)	Clover Dr.	Circle	19	Very Poor	20,402
Legion Rd. (16)	Ephesus Church Rd.	Scarlett Dr.	16	Very Poor	231,268
Oakwood Dr. (25)	Raleigh Rd.	Cleland Rd.	31	Very Poor	209,950
Brookside Dr. (29)	Hilltop St.	McCauley St.	46	Very Poor	45,331
Catesby Ln. (28)	Collinson Dr.	Cul-de-Sac	80	Fair	19,735
Colburn Pt. (27)	Marin Dr.	Cul-de-Sac	44	Very Poor	21,897
Collinson Dr. (27)	Piney Mountain Rd.	Cul-de-Sac	28	Very Poor	51,262

Crest Dr. (19)	Merritt Mill Rd.	Johnson St.	19	Very Poor	41,975
Nuttal Pl. (28)	Collinson Dr.	Cul-de-Sac	48	Very Poor	18,607
Pinehurst Dr. (20)	Burning Tree Dr.	Ephesus Church Rd.	41	Very Poor	335,064
Ridgecrest Dr. (19)	Lake Shore Dr. (S)	Old Oxford Rd.	46	Very Poor	59,440
Riggsbee Rd. (29)	Brookview Dr.	Piney Mountain Rd.	36	Very Poor	28,448
Tenney Cir. (23)	Glenburnie St.	Tenney Cir.	18	Very Poor	33,171
Woodleaf Dr. (25)	Seawell School Rd.	Cul-de-Sac	28	Very Poor	45,970
TOP PRIORITY PROJECTS					\$ 2,673,371

Note: Sequencing of the street resurfacing list will be adjusted to ensure resurfacing projects are coordinated with utility work, other agencies' projects, and opportunities to leverage other funding sources.

Multi-Modal (Bike-Ped and Transit) Impacts

Bike-Ped

The street resurfacing budget includes funding to fully restore the street, including funding for installing any needed pedestrian curb cuts, and for pavement markings, including restriping roads to add bike lanes, as street width allows (sometimes including travel lane or parking lane reductions).

Public Works staff reviews the resurfacing plan each year with the Town's Bike-Ped Champion's Team to identify connections between the resurfacing plan and the Mobility and Connectivity Plan. Mobility Plan recommendations are completed as part of resurfacing when feasible to complete within the budget (typically smaller projects or projects that leverage outside funding sources) and when Mobility project prerequisites are completed (i.e., road diet studies, traffic studies, etc.). Some recommended improvements require significant infrastructure changes and/or coordination with other agencies. These projects are also typically higher cost and require another funding source outside of the annual operating budget allocation, such as federal or state grants.

Bus Routes

A strong street maintenance program is critical for the Town's transit system to operate safely and efficiently. Many of the Town's roads were not originally constructed to carry heavy bus loads. As the Town resurfaces roads, multi-modal streets (which include bus routes) are prioritized to

ensure that street condition is maintained for safe and efficient travel by bus. These streets cost more to resurface because more asphalt is required for streets that carry regular bus traffic.

Funding History

The Town of Chapel Hill completes road maintenance projects from the allocated operating budget, supplemented by other capital funding sources, including general obligation bonds, federal grant funds, and contributions from UNC or other agencies.

The Town's annual street resurfacing budget has averaged ~\$665,000 per year over the last 12 years. The FY21 operating budget allocation for street resurfacing was \$368,000, a reduction related to the Town's financial challenges due to COVID-19.

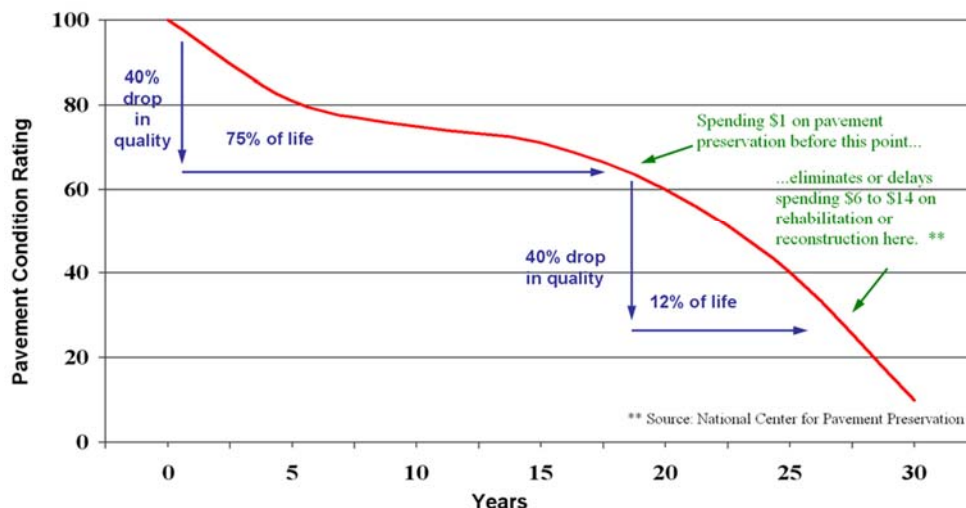
Funding Need

Without additional ongoing funding for maintenance, streets will continue to deteriorate until larger problems arise, with potential safety and transportation impacts.

Based on the 2020 survey, the total resurfacing backlog is \$12.16 million (\$7.6 for resurfacing, \$4.5 for other routine maintenance, and excluding other related costs like admin costs, milling etc.), and **the study identified an annual funding need of \$2.93 million.** This would allow Chapel Hill to implement the recommended 15-year resurfacing cycle, resurfacing 11 miles of streets per year.

Good stewardship practices address maintenance needs as they are identified. Deterioration accelerates over time, and deferred maintenance is now pushing the Town to perform major and expensive sub-base repairs or reconstruct streets at a significantly higher cost than standard street maintenance and resurfacing. Examples include the upcoming Country Club Road reconstruction, and past street reconstructions on Friday Center Drive, Ridge Road, and Rosemary Street.

Typical Pavement Deterioration Curve



SUMMARY

Based on the known need, the recommended bond issuance for street resurfacing is highly recommended at this time.

The requested two-thirds bonds will be a major benefit but are still insufficient to cover the funding gap. The remaining funding gap will need to be addressed in the future along with the need to have phased annual operating increases to reach the recommended sustainable annual funding level in order to promote a safe, efficient transportation network and properly maintain Town assets.

Public Works and Bike-Ped Team staff will continue to work together to identify bike and pedestrian improvements that can be implemented through the street resurfacing program.

SIDEWALK PRIORITY PROJECTS

Status of Sidewalk Construction Projects

In October 2016, the Council prioritized the Town's top ten sidewalk construction projects, and five of the sidewalk projects were funded. Status updates for these five projects are listed below:

- Rosemary Street (from Henderson Street to S. Merritt Mill Road)
 - Completed in 2016 as part of the Rosemary Street Streetscape Improvements project
- Willow Drive (from Bank of America to Conner Drive)
 - Completed in 2017
- Homestead Road (from Weaver Dairy Road Ext. to Seawell School Road) and Seawell School Road (from Homestead Road to existing sidewalk)
 - Homestead Road and Seawell School Road sidewalks were combined into one project.
 - Construction plans are at 100% and all right-of-way property acquisition is completed.
 - Construction is tentatively scheduled to begin in Summer 2021.
 - About half of the funding (~\$1 million) for this project is coming from federal/ state grant funds.
- Ephesus Church Road Sidewalk Construction (East of Pinehurst to Colony Woods; Sharon Road to Pope Road)

- This project is at 90% design plans and property acquisition is complete.
- Due to increasing costs for other bond projects, construction for this project was put on hold while staff worked to identify any alternate funding opportunities. Staff has pursued but not received alternate funding opportunities at this time. This project is currently being completely funded by the Town. Waiting on this project allows us to continue to pursue possible state/ federal funding opportunities to offset the local cost to taxpayers.
- Because this project is planned for bond funds in Spring 2022, there will not be a significant delay.
- Proceeding with this project at a later date will be more accommodating to current staff capacity to manage the multiple construction.
- Given the above considerations, staff recommended the use of two-thirds bonds for other streets and sidewalks needs that have insufficient to no planned funding at this time.

Sidewalk Maintenance Needs

- Staff has compiled a long list of high priority sidewalk repair needs throughout town representing a current backlog of \$200,000.
- The Town recently received a request from one neighborhood that identified about 350 locations of sidewalk maintenance concerns.
- Addressing sidewalk repair needs also has a positive impact related to ADA requirements.
- Bond funds have been unavailable due to being prioritized for new sidewalk construction projects.