



## Legislation Text

File #: [23-0012], Version: 1

### Open the Public Hearing: Issuance of Two-Thirds Bonds to Fund Public Safety Equipment.

**Staff:**

Amy Oland, Director

**Department:**

Business Management

**Overview:** The Town is pursuing the issuance of \$1.98 million of “two-thirds” bonds to fund public safety equipment. On December 7, 2022, the Council formally introduced the Bond Order and set a public hearing for January 11, 2023. Staff applied to the Local Government Commission (LGC) for the issuance of the two-thirds bonds and has taken other actions necessary to meet statutory requirements. The two-thirds bonds would be sold on February 14, 2023 in conjunction with the final issuance of the 2018 referendum general obligation bonds for affordable housing and the final issuance of the 2015 referendum general obligation bonds for streets and sidewalks.



**Recommendation(s):**

That the Council:

1. Holds the public hearing on the bond order authorizing the issuance of general obligation bonds in the maximum amount of \$1,980,000 for public safety.
2. Adopts the resolution for the bond order authorizing the issuance of two-thirds general obligation bonds in the maximum amount of \$1,980,000 for public safety.
3. Adopts the resolution for Public Notice of Adoption of Bond Order

**Key Issues:**

### Two-Thirds Bonds Background

- Under the Local Government Bond Act, the “two-thirds rule” authorizes local governments to issue general obligation bonds without a referendum under certain circumstances.
- Two-thirds bonds are restricted to two thirds of the net reduction in general obligation bond principal for the previous fiscal year. The Town’s reduction in principal for FY 2022 was \$2,977,000. Two-thirds of which is approximately \$1,984,667. Two-thirds bonds must be issued in the fiscal year immediately following the year for which the principal reduction is calculated.
- Two-thirds bonds are also restricted to certain uses including streets, parks, public facilities, and public safety. All other allowable purposes are listed under [Section 159-48](https://www.ncleg.net/enactedlegislation/statutes/html/bysection/chapter_159/gs_159-) [<https://www.ncleg.net/enactedlegislation/statutes/html/bysection/chapter\\_159/gs\\_159-](https://www.ncleg.net/enactedlegislation/statutes/html/bysection/chapter_159/gs_159-) of NC General Statute, Chapter 159, Article 4 (the Local Government Bond Act).

### Two-Thirds Bonds Recommended Use

- The availability of two-thirds bonds and the current cost of borrowing provide an opportunity to fund the replacement of the Town’s public safety radio equipment. The Town does not currently have alternate funding opportunities for this high priority need.
- Effective, July 1, 2025, all radios active on the state’s Voice Interoperability Plan for Emergency Responders (VIPER) system and all future radios added to the system must be P25 Phase 2 ready

(Time Division Multiple Access (TDMA) capable). The Town's current radios are not P25 Phase 2 ready. The move to P25 Phase 2 provides for greater spectrum efficiency by allowing twice as much radio traffic on the same bandwidth as the old system. As the system continues to grow and to maintain VIPER's current level of service, the NC Department of Public Safety (NCDPS) decided that a move to TDMA operation is the most cost-effective manner to address future growth and system health.

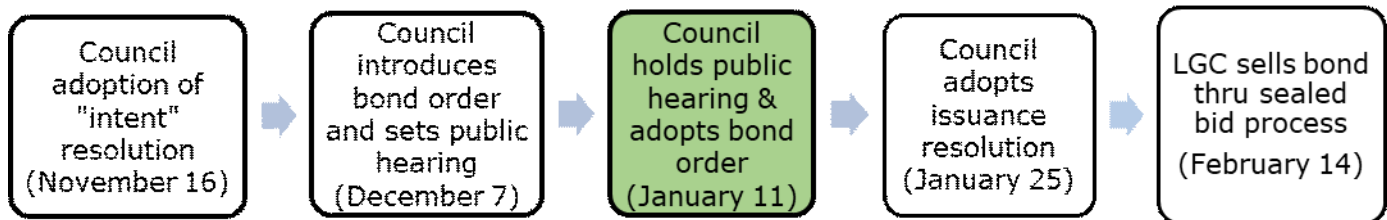
- The Town's current radios (140 handhelds and 83 car radios for Police and 45 handhelds, 12 car radios, and 3 repeaters for Fire) are no longer supported by Motorola. Their end-of-life was December 31, 2019, and NCDPS requires that all radios being added to VIPER after January 1, 2023, must be P25 Phase 2 ready, meaning that the Phase 2 function must be installed in the radio at purchase. The estimate to replace the radios and required accessories is \$1,959,847 for police and \$535,705 for fire.
- The Town would need to allocate \$515,552 in additional funds to address the funding gap between the total cost of the radios and the two-thirds bonds funding. These funds could come from FY 2022 excess fund balance or pay-go capital funds in the FY 2024 budget.
- If the Town proceeds with the two-thirds bonds issuance, funds would be available in March to move forward with the purchase. It will take 12-18 months to receive the radios.

**Fiscal Impact/Resources:**

Based on the reduction in general obligation debt principal in FY 2022, the Town can issue up to \$1,980,000 in two-thirds bonds in FY 2023. We propose that this capacity be used to replace the public safety radio system.

The two-thirds bonds will have a 20-year term and debt service will be paid from the Debt Management Fund. The estimated average annual debt service for the two-thirds issuance will be \$218,000 per year. There are adequate resources in the Debt Fund to support this borrowing.

**Where is this item in its process?**



 **Attachments:**

- Resolution for Public Safety Bond Order Adoption
- Resolution for Public Notice of Adoption of Bond Order
- Draft Staff Presentation

**A RESOLUTION FOR BOND ORDER AUTHORIZING THE ISSUANCE OF CHAPEL HILL GENERAL OBLIGATION PUBLIC SAFETY BONDS IN THE MAXIMUM AMOUNT OF \$1,980,000 (2023-01-11/R-5)**

**Introduction -**

The Town Council of the Town of Chapel Hill, North Carolina, has stated its proposal to issue general obligation bonds to pay capital costs of public safety projects.

The Town has applied to the North Carolina Local Government Commission for its approval of such bonds, and the Commission has accepted the Town's application.

**BE IT ORDERED** by the Town Council of the Town of Chapel Hill, North Carolina, as follows:

1. There are hereby ordered to be issued general obligation bonds of the Town to pay capital costs of public safety projects, including acquisition of equipment and more particularly costs of replacing the Town's public safety radios and related equipment.
2. The maximum aggregate principal amount of the bonds issued for such purpose will be \$1,980,000.
3. Taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds so issued.
4. A sworn statement of debt prepared by the Town's Finance Officer has been filed with the Town Clerk and is open to public inspection.
5. This Bond Order shall take effect 30 days after its publication following adoption, unless it is petitioned to a vote of the people, as provided in Section 159-60 of the North Carolina General Statutes, and in that event the order will take effect when approved by the voters.

This the 11<sup>th</sup> day of January, 2023.

**A RESOLUTION REGARDING PUBLIC NOTICE OF ADOPTION OF THE BOND ORDER (2023-01-11/R-6)**

**WHEREAS**, there has been adopted at this meeting a Bond Order entitled as follows:

BOND ORDER AUTHORIZING THE ISSUANCE OF CHAPEL HILL GENERAL OBLIGATION PUBLIC SAFETY BONDS IN THE MAXIMUM AMOUNT OF \$1,980,000

**AND WHEREAS**, the General Statutes require certain additional actions to complete the process of authorizing the bonds;

**BE IT THEREFORE RESOLVED** by the Town Council of the Town of Chapel Hill, North Carolina, that the Town Clerk is directed to publish a notice of the adoption of this Bond Order, in the form provided for in Section 159-58 of the General Statutes, one time in a newspaper having general circulation in the Town.

This the 11<sup>th</sup> day of January, 2023.

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**The Agenda will reflect the text below and/or the motion text will be used during the meeting.**

PRESENTER: Amy Oland, Business Management Director

- a. Introduction and recommendation
- b. Comments from the public
- c. Questions and comments from the Mayor and Town Council
- d. Motion to close the Public Hearing
- e. Motion to Consider adopting bond order
- f. Motion to direct the notice of the adoption of this Bond Order.

RECOMMENDATION: That the Council: 1) holds the public hearing on the bond order authorizing the issuance of general obligation bonds in the maximum amount of \$1,980,000 for public safety; 2) adopts the resolution for the bond order authorizing the issuance of general obligation bonds in the maximum amount of \$1,980,000; and 3) adopts the resolution regarding public notice of the bond order.