



Legislation Text

File #: [20-0445], Version: 1

**Authorize the Town Manager to Finalize Arrangements for Construction of the Elliott Road Extension Project.**

**Staff:**

Lance Norris, Director  
Bergen Watterson, Transportation Planning Manager  
Chris Roberts, Manager of Engineering and Infrastructure

**Department:**

Public Works  
Planning  
Public Works

**Overview:** On [February 12, 2020](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4327810&GUID=26AA1466-65BA-40FE-AD07-A9C9D8418960&Options=&Search=>) <<https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4327810&GUID=26AA1466-65BA-40FE-AD07-A9C9D8418960&Options=&Search=>>> staff provided an update on the Elliott Road Extension design and plans for construction. The roadway plans are nearly complete, and staff has negotiated a not-to-exceed cost for the road construction with BR Chapel Hill, LLC. Staff is seeking guidance on funding options for the increased cost.

★ **Recommendation(s):**

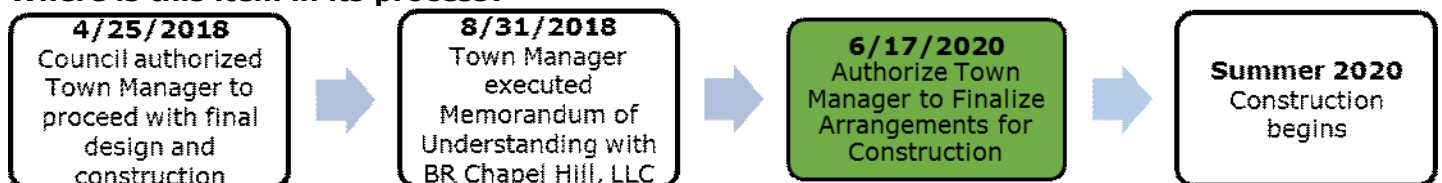
That the Council approve a reimbursement resolution and authorize the Town Manager to execute a reimbursement agreement with The Park at Chapel Hill JV, LLC to construct the road.

**Key Issues:**

- The construction cost estimate is now higher than it was when Council authorized staff to proceed with construction in 2018.
- The total cost to construct the road is estimated to be \$7,531,000.
- Additional funding is needed to construct the road.
- Construction is expected to begin in summer 2020.

**Fiscal Impact/Resources:** The original funding plan allocated \$5 million to the Elliott Road Extension (Phase II). Due to a combination of project cost increases and project budget decreases that were discussed at the February 12, 2020 Council work session, there is a funding gap of \$4.5 million. The Town is expecting an additional \$434K from the North Carolina Department of Transportation (NCDOT) but we do not know the timeline for receipt of funds. If we receive these funds, the funding gap would be \$4.1 million.

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





**Attachments:**

- Resolution
- Reimbursement Resolution
- Draft Staff Presentation
- Staff Memorandum

**A RESOLUTION AUTHORIZING THE TOWN MANAGER TO SIGN A REIMBURSEMENT AGREEMENT WITH THE PARK AT CHAPEL HILL JV, LLC TO CONSTRUCT ELLIOTT ROAD EXTENSION (2020-06-17/R-6)**

WHEREAS, Elliott Road Extension is Phase II of the Blue Hill transportation improvements in the adopted 2011 Ephesus-Fordham Small Area Plan; and

WHEREAS, the Chapel Hill Town Council authorized borrowing for the Blue Hill transportation projects on January 28, 2014; and

WHEREAS, the Chapel Hill Town Council authorized the Town Manager to proceed with final design and construction of Elliott Road Extension on April 25, 2018; and

WHEREAS, roadway costs have increased since the original estimate in 2016; and

WHEREAS, the budget available for the construction has decreased due to other capital project needs; and

WHEREAS, there is an estimated funding gap of \$4.5million that is needed to construct the road.

NOW, THEREFORE BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes use of installment financing to provide the remaining funds to construct the road.

BE IT FURTHER RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Town Manager to execute a reimbursement agreement with The Park at Chapel Hill JV, LLC to construct the road.

This the 17<sup>th</sup> day of June, 2020.

**A RESOLUTION REIMBURSING THE TOWN FOR ELLIOTT ROAD EXTENSION PROJECT EXPENDITURES (2020-06-17/R-7)**

WHEREAS, the Town of Chapel Hill intends to undertake the Project (as described below), use its own funds to pay initial Project costs, and then reimburse itself from financing proceeds for these early expenditures; and

WHEREAS, the Business Management Director has advised Council that it should adopt this resolution to document the Town's plans for reimbursement, in order to comply with certain federal tax rules relating to reimbursement from financing proceeds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill, North Carolina, as follows:

1. The project is the Elliott Road Extension Project.
2. The Town intends to advance funds for initial Project costs and then reimburse itself from financing proceeds. The Town expects that the financing will take the form of an installment financing under Section 160A-20 of the General Statutes, including the possible use of certificates of participation or limited obligation bonds.
3. The Town currently expects to borrow up to \$7,250,000 for the Elliott Road Extension Project which includes the \$2.6 million originally borrowing amount, the \$4.5 million funding gap and \$150K for financing costs. The amount of financing that will actually be issued is subject to further Council approval.
4. Funds for the early Project expenditures may come from the Town's General Fund, or any Town enterprise fund.
5. The Town intends for the adoption of this resolution to be declaration of its official intent to reimburse itself from financing proceeds for Project cost expenditures.

This the 17<sup>th</sup> day of June, 2020.

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

PRESENTER: Bergen Watterson, Transportation Planning Manager  
Lance Norris, Director of Public Works

RECOMMENDATION: That the Council approve a reimbursement resolution and authorize the Town Manager to execute a reimbursement agreement with The Park at Chapel Hill JV, LLC to construct the road.