



# TOWN OF CHAPEL HILL

Town Hall  
405 Martin Luther King Jr.  
Boulevard  
Chapel Hill, NC 27514

## Legislation Details (With Text)

**File #:** [22-0912] **Version:** 1 **Name:**  
**Type:** Discussion Item **Status:** Passed  
**File created:** 11/29/2022 **In control:** Town Council  
**On agenda:** 12/7/2022 **Final action:** 12/7/2022  
**Title:** Introduction of Bond Orders for Two-Thirds Bonds and Call for a Public Hearing for the Issuance of Two-Thirds Bonds.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Bond Order - Public Safety Bonds, 2. Draft Staff Presentation, 3. Staff Presentation, 4. A RESOLUTION SETTING A PUBLIC HEARING FOR JANUARY 11, 2023 AND AUTHORIZING THE FILING OF DEBT STATEMENTS (2022-12-07/R-9)

Date	Ver.	Action By	Action	Result
12/7/2022	1	Town Council	adopted	Pass

### Introduction of Bond Orders for Two-Thirds Bonds and Call for a Public Hearing for the Issuance of Two-Thirds Bonds.

**Staff:**

Amy Oland, Director

**Department:**

Business Management Department

**Overview:** The Town is pursuing the issuance of “two-thirds” bonds to fund public safety equipment. The two-thirds bonds would be sold on February 14, 2022 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 take the following actions concerning the issuance of \$1.98 million of two-thirds bonds.

1. Formally introduce the Bond Order describing the use of the bonds.
2. Adopt the resolution setting the public hearing for January 11, 2022 and authorizing the filing of a sworn statement of debt.

### 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 of NC General Statute,

Chapter 159, Article 4 (the Local Government Bond Act).

**Two-Thirds Bonds Recommended Use**

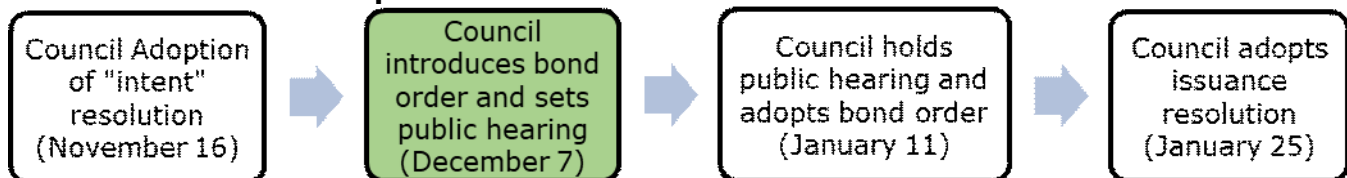
- The availability of two-thirds bonds and the current cost of borrowing provide an opportunity to fund the replacement of the Town's public safety radio equipment.
- Effective, July 1, 2025, all radios active on the state's Voice Interoperability Plan for Emergency Responders (VIPER) system and all 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 does not currently have alternate funding opportunities for this high priority need.
- 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 which is tentatively projected to take 12-18 months to receive.

**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
- Bond Order - Public Safety Bonds
- Draft Staff Presentation

**A RESOLUTION SETTING A PUBLIC HEARING FOR JANUARY 11, 2023 AND AUTHORIZING THE FILING OF DEBT STATEMENTS (2022-12-07/R-9)**

WHEREAS, there has been introduced 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**

WHEREAS, Section 159-57 of the General Statutes requires that a public hearing be held on the bond order prior to its adoption, Section 159-56 of the General Statutes requires publication of a notice of the hearing, and Section 159-55 of the General Statutes requires the filing of statements of debt and estimated interest prior to the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Chapel Hill, North Carolina, that the Town's Finance Officer is directed to prepare and file, prior to the publication of the notice of public hearing, a sworn statement of the Town's net debt and a statement of estimated interest in the forms prescribed by statute.

BE IT FURTHER RESOLVED (1) that a public hearing on the bond order will be held at 7:00 p.m. (or as soon thereafter as the matter may be heard) on January 11, 2023, in the Council Chamber in Town Hall, 405 Martin Luther King Jr Blvd, Chapel Hill, North Carolina, and (2) that the Town Clerk is directed to publish a notice of the public hearing, in the form provided for in Section 159-56 of the General Statutes, one time, not less than six days prior to the hearing date, in a newspaper having general circulation in the Town.

This the 7<sup>th</sup> day of December, 2022.

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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

RECOMMENDATION: That the Council take the following actions concerning the issuance of \$1.98 million of two-thirds bonds.

1. Formally introduce the Bond Order describing the use of the bonds.
2. Adopt the resolution setting the public hearing for January 11, 2023 and

authorizing the filing of a sworn statement of debt.