



Legislation Details (With Text)

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Title: Parks and Recreation Bond Financial Plan Approval
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Indexes:
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Attachments: 1. January 4 2016 Special Meeting Minutes Park Bond, 2. Nov-18 PR Bond Project Funding Plan, 3. Jan 20 Proposed PR Bond Funding Plan, 4. McArthur Rd Master Plan Phasing

| Date | Ver. | Action By | Action | Result |
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TO: Mayor and Members of City Council
THRU: Douglas J. Hewett, City Manager, ICMA-CM
FROM: Kristoff Bauer, Deputy City Manager
DATE: January 6, 2020

RE:
Parks and Recreation Bond Financial Plan Approval

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Goal 4: Desirable Place to Live, Work and Recreate

Executive Summary:

As projects are completed, Council direction regarding the adjustments to the Park Bond Spending Plan is needed. This plan was last updated in November of 2018.

Background:

The initial financial plan was developed based on January 4, 2016, Council action to identify the projects to be funded by the Park Bond and allocate funding to each (minutes attached). The current plan includes adjustments to the timing of some projects based on Council direction including increasing funding for the senior centers and adjusting the timing and location for the sports field

projects.

The current plan, approved by Council in November 2018, responded to an offer from Ft. Bragg to make property off of McArthur Rd. available to the City for the development of sports fields. Ft. Bragg proposed to provide the property through a no cost 50 year lease in subsequent conversations. Moving that project at that time from the Military Business Park (the location identified by Council prior to that meeting) to the McArthur Rd. location allowed funding that had been identified for property acquisition and site improvements to be reallocated to sport field improvements.

Other actions taken by Council in November 2018 included:

- Identifying Cliffdale & E.E. Miller Splash Pads as Future Unfunded
- Split the funding for the “TBD” Splash Pad among two new projects;
 - Stadium Play Space (installing a permanent play structure and other improvements in this area of the stadium)
 - Plaza Fountain (a water feature in the public plaza between the stadium, Prince Charles, and the new parking garage and mixed use building)
- Split the Sports Field Complex project into two projects with soccer going to the **Jordan Soccer Complex** and baseball going to the new **McArthur Rd.** location
- Reduce funding for the Cape Fear River Park to balance total expenditures at \$35 million
- Adjusted timing of projects

There have been a few key developments since the Council’s last action. The City was unable to develop an agreeable partnership with Methodist University to enhance the Jordan Soccer Complex. Discussions with the Department of Defense regarding the long-term lease of the property at McArthur Rd. have been slower than expected. The Senior Center West project has been delayed.

The next section will discuss challenges and opportunities related to the Park Bond Financial Plan for Council discussion and direction.

Issues/Analysis:

Staff is seeking Council discussion and direction regarding the following issues:

Project Timing:

With the completion of the skate park project and delay of the sport fields and senior center west projects, there is an opportunity to accelerate a project into this fiscal year. This will allow current available funding to be spent down and to avoid a press of projects in later years. The recommendation is to move forward the design and potential land acquisition for the Tennis Center proposed for Mazarick Park. If approved, staff will move to recruit and select a design team. This will support the development of design alternatives, including the discussion of the potential to acquire additional land in the project area, for Council consideration. Design is expected to be complete in the spring of 2021 with construction beginning that summer.

The senior center west project is currently scheduled to be bid in February, 2020, and would be completed late spring or early summer 2021. This will allow City project management staff to move from the senior center project to the tennis center project.

- Issue: Should the tennis center project be moved up to allow design to begin in FY20 and

construction in FY21?

Funding Allocation:

Past Council direction has been to limit all expenditures on the park bond projects to a total of \$35 million. There is a legal limitation on the amount of General Obligation (GO) debt that can be issued, but there is not a legal limitation on what can be spent on these projects. This limitation has been policy direction by the City Council. If the City Council is interested in reconsidering this policy, there are at least three opportunities to supplement the funding for these projects.

The FY20 budget allocates 1.42 cents to the funding plan that supports the development of the identified projects. There will be times when this funding exceeds what is needed to pay the debt service on bonds issued. This excess funding could be used to cash fund some project expenditures; project management for example.

The first of three bond sales has occurred. That sale was made at a premium. This means that the interest rate on the face of the bonds exceeded the market interest rate at the time of sale. Purchasers were willing to pay more than the face value of the bonds as a result. To put it another way, the City was paid more than it will have to pay back. The premium received, net of issuance costs, was \$1,482,920.

The City has set aside a reserve account to hold funds from the 1.42 cents of revenue and revenue from the bond sales. That reserve account has earned interest currently estimated to be \$131,985.

- Issue: Should the total GO debt issued be limited to \$35 million, but the total project expenditures be limited to the proceeds from all dedicated sources; that is bond sales, the 1.42 cents, and an accumulated interest?

Staff has allocated \$1,614,905 from bond premium and interest to the Cape Fear River Park project in the proposed funding plan. It should be recognized, however, that interest accrues daily and the plan does not currently include any cash funding. Should the Council authorize this flexibility, staff will be able to manage the funding plan more effectively over time to achieve Council's objectives.

Sports Field Project:

With the removal of the Jordan Soccer Complex from the project list, there is a need to adjust the approach to address the City's needs for additional sport fields. There has been significant discussion regarding where to locate this facility or these facilities should multiple locations be identified. Locations discussed in the past include:

- 50 Acres owned by the City on Fields Rd. just off of Cedar Creek Rd.,
- Supplementing the property owned on Fields Rd. by acquiring an adjacent parcel,
- Acquiring 60 acres in the Military Business Park off of Santa Fe Dr., and,
- Baseball on 80 acres of federal land off of McArthur road and soccer through a partnership with Methodist to upfit the Jordan Soccer Complex (current).

The masterplan for the McArthur Rd. location doesn't include any soccer facilities (attached). In addition, while an initial phase of that master plan has been developed that is within previously allocated funding, the full development would require additional funding. While Ft. Bragg Garrison staff have been very supportive of developing a long-term relationship to develop this property consistent with the proposed master plan, the path to success and timing for completion remain unclear.

Options:

- Focus on the McArthur Rd. location allocating all funding to this location.
 - Leave the current focus on baseball, or
 - Revise the master plan to replace some baseball fields with soccer fields.
- Continue working with Ft. Bragg to develop baseball on the McArthur Rd. location and develop soccer fields on the City's property on Fields Rd.
- Focus on Fields Rd. for both soccer and baseball (this would require acquiring additional land).
- Seek an alternate location or locations for these facilities.

Staff has worked with Council in the past to seek additional locations for consideration without constructive results. There has also been debate regarding the important characteristics or criteria that should be used to judge the merits of location alternatives. For these reasons, staff would recommend that the City acquire the services of a consulting team with expertise in the development of this kind of regional tournament facility to analyze and advise the Council regarding the preferred path to success.

- Issue: Should the City pursue one of the options discussed above or procure the services of a consulting team to evaluate these options and others and provide a recommendation to Council (this will likely require about six months to complete)?

Budget Impact:

The proposed funding plan is achievable within the 1.42 cents of the City's 49.95 cent tax rate that is dedicated to support the Parks and Recreation bond projects and debt service.

Options:

This is for discussion purposes. Staff is seeking guidance and or questions regarding:

- Project Timing
- Funding Allocation
- Sports Field Project next steps

The proposed funding plan will be revised based on Council discussion and presented during the January 13th Regular meeting for consideration.

Recommended Action:

No Action.

Attachments:

Minutes - Special Meeting January 4, 2016.

Funding Plan Adopted November, 2018.

Proposed revised Funding Plan

McArthur Rd Master Plan Phasing