

Bob Cogswell

FAYETTEVILLE CITY COUNCIL  
AGENDA  
INFORMATION MEETING  
JULY 27, 1992  
7:00 P.M.

INVOCATION - PLEDGE OF ALLEGIANCE

RECOGNITION:

ITEM 1. Approval of Agenda

ITEM 2. Consideration of transfer of property to Habitat  
for Humanity.

PRESENTED BY: City Manager

RECOMMENDED ACTION: Approval

ITEM 3. Discussion with Public Works Commission of capital  
budget request.



THE CITY OF FAYETTEVILLE  
NORTH CAROLINA



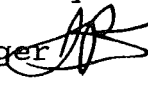
CITY MANAGER

FAYETTEVILLE, NC 28301-5537

433 HAY STREET

JULY 22, 1992

MEMORANDUM

TO: The Mayor and Members of City Council  
FROM: John P. Smith, City Manager   
SUBJECT: Capital Projects Budgets

City Council asked me to review the PWC capital budget request along with other City capital needs and to make recommendations as to appropriate financing. The attachments to this memo are in response to that request. My analysis is based upon the recognition that the City of Fayetteville like every other municipality in North Carolina operates legally under a unified City budget in accordance with the Local Government Budget and Fiscal Control Act. Under that act it is the statutory obligation of the City Manager to recommend a unified balanced budget to the City Council. In order to meet the July 1 deadline for adoption of the budget and still have more time for review of capital projects City Council adopted the operating budget including operating capital expenses, but deferred action on appropriation of electric fund retained earnings to capital project ordinances.

In 1990 PWC requested and City Council approved the issuance of revenue bonds for numerous capital projects. An additional \$16 million was planned for issuance in 1992. Since their original request for bond authorization the electric fund has due to a combination of circumstances produced a significant increase in retained earnings. As a result of this "windfall" PWC has given customer rebates totalling \$9 million in the form of electric rate roll backs. They have transferred an additional \$1 million to the City General Fund and proposed an appropriation of \$16 million to the 1990 bond fund in lieu of issuing the

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ITEM 3

The Mayor and Members of City Council  
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previously proposed revenue bonds, for a total of \$26 million. It is appropriate for City Council to carefully consider the budget and fiscal impacts of these recommendations. This situation is not a normal state of affairs relative to PWC or the whole City budget. We currently have a very workable and simple formula in place for contributions from the electric fund for operating revenue for the General Fund of 5% of gross electric sales. I do not recommend any amendments to that formula.

However, with regard to the unusual circumstances in which PWC has generated a significant cash surplus, the appropriation of that surplus is a City Council decision. The rate roll backs to the customer was an appropriate action and the Public Works Commission should be commended for their action. The additional \$1 million transfer is also commendable. The recommendation to use \$16 million in lieu of bonds is a reasonable recommendation also in light of the cash position of the electric fund. Ultimately however it is for City Council to determine if the remainder of these surplus electric fund revenues should be used for water and sewer capital needs or other capital needs.

The purpose of the attached analysis is to provide City Council with a broader perspective on your options. My recommendations contained at the end of Attachment D are intended to provide you with an alternative approach to the one recommended by PWC. The decision does not rest with the City Manager or the Public Works Commission but with the City Council.

JPS:ssm

cc: Members of the Public Works Commission  
Tim Wood, General Manager, PWC

ATTACHMENT A

CAPITAL BUDGET APPROVED BY COUNCIL

FY 92-93

FUND

General	\$1,503,282
Powell Bill	1,768,555
Sponsor Group	64,650
Parking	15,000
E-911	65,000
Risk	1,000
Airport	<u>12,979</u>

\$3,430,466

Electric	\$11,169,249
Water/Sewer	<u>6,643,012</u>

\$17,812,261

REQUEST BY PWC (DEFERRED BY COUNCIL)

Transfer from Retained Earnings

1990 Bond Fund	\$16,339,657*
1992 Project Fund	<u>11,944,000</u>

\$28,283,657

\*Covered by resolution of intent to issue bonds.



ATTACHMENT B

CURRENT UNFUNDED CAPITAL NEEDS  
(EXCLUDING FUTURE ANNEXATIONS)

PWC

90 and 92 Project Funds	\$23,964,657
PWC Administration Building	5,700,000
Generation Plant	<u>35,000,000</u>

\$64,664,657

Parks

6,000,000

Police Department

4,000,000

Streets

10,000,000

\$84,664,657





## ATTACHMENT C

### ANALYSIS OF UNFUNDED CAPITAL NEEDS

#### PARKS - \$6,000,000

The attached list of park projects is a reduced list from the parks master plan and 1990 bond proposal. Removed from consideration are additional park lands in the urban area. Included are upgrading and refitting of existing facilities. These are projects that when completed will not significantly impact on future operating budgets.

#### POLICE - \$4,000,000

The Police Department is currently housed in the County Law Enforcement Center. The City pays \$175,000 per year which covers rent, utilities, custodial service and parking. The County is in desperate need of additional jail space and future office space. The long term needs of the County and the City would be well served by relocating the Police Department. We have done a preliminary analysis of two options. They are as follows:

1. Relocate to the current PWC building when PWC moves its administrative offices. The advantages are that the property is owned by the City and there is adequate property for future growth. The estimated cost is approximately \$1 million. The disadvantages are that the current building will meet current needs only and future growth will require additional construction. The other disadvantage is that the Person Street location would move the Police Department even further geographically from the rest of City Administration.
2. Relocate to the property adjacent to City Hall. While this is a more expensive option it offers a number of long term advantages. First it puts the Police Department with the rest of City administration which does impact on working relationships and administrative oversight. Second, it continues the upgrading of property in the 400 Block of Hay Street and enhances the sense of security in the core downtown. I strongly recommend pursuing this option as the best option with the most long term benefit not only for the City but also for the core downtown. The estimated cost of this option is \$4 million.

In addition to relocating the Police headquarters, the City should also pursue the location of a substation in the western portion of the City. The City will eventually own the Bonnie Doone Fire Station which with some modification will function well as a City fire station and police substation.

STREETS -- \$10,000,000

Once the City has completed all projects under the 1986 bond program, the City Council needs to begin the process for issuance of additional bonds for the continuation of implementation of thoroughfare and storm drainage improvements. I believe this can be accomplished through the issuance of general obligation bonds with voter approval

PWC - Project Funds

These projects are outlined in the PWC budget request. Sixteen million is for completion of projects in the 1990 Bond Project Fund.

Butler/Warner Generation Plant - \$35,000,000

This is to begin a long term program of expanding PWC's generation capacity as recommended by PWC's consultants. I recommend a separate briefing of City Council by PWC on this project and its long term impact on the City.

PWC Administrative Building - \$5,700,000

This project was initially requested by PWC as part of the bond project in 1990. City Council did not approve it at that time. This project would complete the consolidation of PWC operations in the old City "industrial park".

## UNMET PARK NEEDS

<u>PRIORITY/SITE</u>	<u>DESCRIPTION/NEED</u>	<u>ESTIMATED COST</u>
1. Honeycutt	Add a gym and class space to connect existing building; expand parking area to accommodate building and current needs. Acquire adjacent property for park needs. Current facility does not meet demand for indoor athletics or for larger civic meetings or special events.	\$1,300,000
2. Seabrook Park	Construct new recreation center with gym to replace existing undersized and aging facility. Existing facility is unable to meet indoor athletic needs, neighborhood program for large groups and has a failing air conditioning and heating system. Parking facilities would also be expanded to meet current and future demand.	\$1,100,000
3. Myers Park	Add a multipurpose gym to the existing center which currently has no indoor athletic facilities. Games and storage are currently placed in hallways and lobbies. Parking improvements are necessary to meet current demands and for expanded future use.	\$600,000
4. Tokay Park	Construct two junior league baseball fields and pave and expand existing parking area to accommodate demand. Construct concession/comfort station to service baseball, football, soccer and tennis programs. Junior programs currently do not have adequate game or practice fields as participation has increased by more than 100% over the past 5 years.	\$350,000
5. Mazarick Park	Replace existing aging play equipment which has had numerous repairs and will soon have to be taken out of service due to safety concerns. Also plan to construct a second fishing pier which has been an extremely popular facility. Parking improvements are necessary to meet current demands.	\$250,000
6. Edgewood Park/ School	Develop a soccer/football complex of 3 fields and a comfort station which is necessary to accommodate current demand for soccer and football and to host regional and state tournaments. This would enhance the joint effort we are presently engaged at Edgewood School.	\$150,000

<b><u>PRIORITY/SITE</u></b>	<b><u>DESCRIPTION/NEED</u></b>	<b><u>ESTIMATED COST</u></b>
7. Hillcrest Park/ School	Improve existing ballfield with fencing and lights so as to meet youth baseball football and soccer demand in the western section of the City. This would be a cooperative effort with the school system.	\$125,000
8. College Lakes Park	Parking lot improvements and soccer/football field for practice and free play. Current parking is a stone lot and drainage improvements are needed as water currently ponds in an open field.	\$200,000
9. Clark Park	Add on to the existing building to develop an expanded display and astronomy section. Also construct a swinging bridge to cross the waterfall section to existing trails. Well in excess of 30,000 school children and adults visit the nature center each year.	\$150,000
10. Gilmore Park	Landscape and parking lot improvements. Existing lot is stone and in need of drainage improvements.	\$150,000
11. Special Populations Center	Develop a playground and fitness trail for handicap children, picnic shelter and landscape to accommodate the need of all center patrons. This addition will assist in providing adequate facilities to meet the American with Disabilities Act (ADA).	\$100,000
12. Massey Hill Park	Replacement of aging comfort station and play equipment. Development of this project can be done cooperatively with Howard Elementary School.	\$100,000
13. Spivey Park/ School	Replace aging and failing playground equipment. Construct comfort station to support existing outdoor baseball, football fields and basketball courts.	\$100,000
14. Lamon Street Park	Continue development of field four which would complete the four field softball complex which generates revenue to weekend tournaments.	\$200,000

<b><u>PRIORITY/SITE</u></b>	<b><u>DESCRIPTION/NEED</u></b>	<b><u>ESTIMATED COST</u></b>
15. Rowan Street Park	Construct handicap accessible walk to accommodate patrons for concerts. Replace existing deteriorated comfort station with one that can accommodate large concert crowds.	\$125,000
16. Greenwood Park	Replace aging play equipment in neighborhood park.	\$35,000
17. Hope Playground	Replace aging play equipment and improve parking area.	\$35,000
18. Windsor Terrace Park	Replace play equipment and landscape this small neighborhood park.	\$35,000
19. Handicap Improvements	General improvements at all parks as necessary to meet ADA requirements. Includes hard surface trails, bathroom and building modifications parking improvements, etc.	\$50,000
20. Swimming Pool	City currently operates one less pool than it had in 1986 when Lamon Street pool was closed. Recommend that a second pool be constructed to serve the western and southern part of the City. Seabrook is currently the only municipal pool in Cumberland County which was constructed in 1948.	\$750,000
TOTAL		\$5,905,000



## ATTACHMENT D

### ANALYSIS OF FUNDING OPTIONS AND RECOMMENDATIONS

There are several mechanisms available to the City for funding long term capital projects. They are:

1. General Obligation Bonds - G.O. bonds pledge the full faith and credit of the City and require voter approval in most situations. Taxes are generally raised to cover debt service, unless other revenues are available.
2. Revenue Bonds - Revenue bonds pledge only the revenues from the enterprise for which they are used and require a covenant agreement with the bond buyers. No voter approval is required. These bonds are only practical for enterprise operations that produce sufficient funds on their own to support operating costs and debt service, i.e., utilities. No taxes are pledged to retire the debt.
3. Limited Obligation Bonds or Certificates - This financing method pledges property or some other tangible asset as security. Lease purchase agreements such as we use for vehicles and equipment in which the equipment purchased provides security is one example. Another example of this kind of financing is the issuance of certificates of participation pledging the title to real property such as we did in financing City Hall. Additional taxes may be needed to retire the debt, even though taxes are not pledged.
4. Current Revenues or Reserves - This is the so-called "pay as you go" approach whereby the City has sufficient cash on hand to pay for a project without financing, or is willing to raise taxes or fees to raise funds up front to pay for projects.

The following is an analysis of these financing methods in relation to the City's identified capital needs:

#### Parks

G.O. Bonds - Voters have on two occasions within the last few years rejected the use of G.O. bonds for parks. Each of us has our own idea as to why, but the

fact remains that G.O. bonds are not a realistic option.

Revenue Bonds - As a tax supported service with only limited revenue this is not an option.

Limited Obligation Bonds or Certificates - This remains an option subject to Local Government Commission approval. However, based upon expressed voter sentiment this might be an unpopular option, and would require additional taxes.

Pay As You Go - No current cash reserves exist outside the electric fund to pay for these capital projects, unless taxes are raised and set aside for payment up front.

#### Police

G.O. Bonds - G.O. Bonds are an option. However, this project may not have a general appeal in that it will be difficult for voters to perceive a direct short term benefit, and would require higher taxes or some other continuing revenue source.

Revenue Bonds - Not an option

Limited Obligation Certificates - A viable option subject to Local Government Commission approval. Additional taxes would be required or some other source of continuing revenue to pay debt service.

Pay As You Go - No cash reserves exist except in the Electric Fund, unless taxes are raised and set aside for this purpose.

#### Streets

G.O. Bonds - A very good option given previous voter response.

Revenue Bonds - Not an option

Limited Obligation - Not an option

Pay As You Go - There are no cash reserves in the General Fund or Powell Bill Fund



PWC

G.O. Bonds - A viable option

Revenue Bonds - A viable option. \$16 million are already tentatively approved.

Limited Obligation - Revenue bonds are a better option due to PWC's ability to generate revenue.

Pay As You Go - Sufficient cash reserves exist. This is PWC's recommendation.

It is ultimately the City Council that must determine first, whether or not to fund these projects and second, if the project is worthy of funding, how to finance. Only City Council has the responsibility for the overall fiscal health of the City as well the entire range of municipal services.

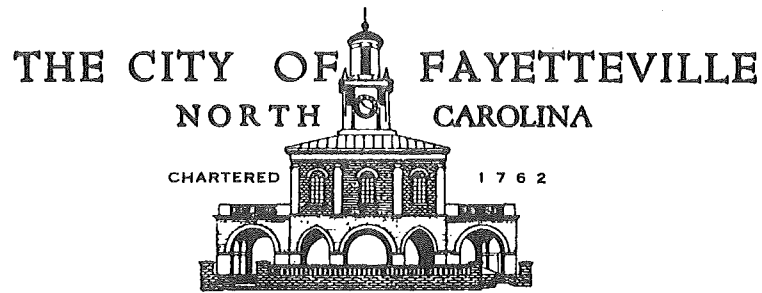
Having had the opportunity to review the PWC recommendations along with the other City capital needs, I recommend the following actions for City Council consideration:

1. Instruct management to prepare a detailed cost analysis for relocation of the Police Department to Hay Street, at a location next or near to City Hall.
2. Instruct management to secure design services for parks improvement projects as proposed.
3. Reserve \$9 million from the Electric Fund retained earnings to be appropriated over the next three fiscal years for projects under items 1 and 2 above.
4. Authorize PWC to proceed with 1990 bond fund projects 1992 capital projects fund projects and their proposed administration building utilizing available electric fund retained earnings reserving the option of issuing revenue bonds if so recommended by PWC.
5. Set up a special meeting with PWC to discuss the proposed \$35 million revenue bond issue for the Butler/Warner Generation Plant improvements.

In 1988 City Council voted to transfer \$8 million to the General Fund to cover operating expenditures, which was \$3.5 million more than proposed by PWC. The following year that transfer was reduced by \$2.8 million as we agreed upon a new operating transfer formula. Unlike the action of 1988

the recommendations contained herein clearly identify the funds available and call for the earmarking of those funds to pay for one time capital expenses and will not require adjustments in future operating budgets. I further recommend that the \$1 million in additional funds transferred on PWC's recommendation at the end of last fiscal year be set aside for capital and not operating expenditures.

JPS:ssm



CITY MANAGER

FAYETTEVILLE, NC 28301-5537

433 HAY STREET

JULY 23, 1992

MEMORANDUM

TO: The Mayor and Members of City Council

FROM: John P. Smith, City Manager *[Signature]*

SUBJECT: Property Transfer

City Council has previously approved the transfer of several lots in the Wilmington Road Redevelopment Area to Habitat for Humanity. One of those lots contains a large old tree that should be preserved. We have selected another lot to offer for Habitat's first phase. They are ready to get started and I did not want to wait until your August regular meeting to approve the transfer.

Habitat has plans to continue building houses in this area and will be requesting lots as needed. I have assured General Nagel that the City supports the efforts of Habitat and I will recommend the transfer of additional lots in the future. General Nagel has asked to appear at your August 3 meeting to discuss Habitat's future plans in this area.

JPS:ssm

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City of



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Dogwoods

ITEM 2

Excise Tax

-0-

Recording Time, Book and Page

Tax Lot No. .... Parcel Identifier No. ....  
Verified by ..... County on the ..... day of ..... 19.....  
by .....

Mail after recording to City of Fayetteville, Community Services Department  
Real Estate Division, 433 Hay Street, Fayetteville, NC 28301-5537  
This instrument was prepared by R. C. Cogswell, City Attorney  
Brief description for the Index Wilmington Road Redevelopment Area

## NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this ..... day of ....., 19....., by and between

GRANTOR

GRANTEE

The City of Fayetteville,  
a Municipal Corporation

Fayetteville Area Habitat  
for Humanity, Inc.

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Fayetteville ....., Cross Creek ....., Township, Cumberland ....., County, North Carolina and more particularly described as follows:

Being all of Lot 11, Block "B", Wilmington Road Neighborhood Development Program, Section 3, Plat Book 80, Page 95, Cumberland Country Registry.

The aforementioned lot is a revision of Lots 11 and 12, and the major portion of Lot 10, Raines' Property Subdivision, as recorded in Plat Book 10, Page 51, Cumberland County Registry.

For history of title, see Deed Books 2546-675; and 3393-443, Cumberland Country Registry. See also Plat Books 10-51; 65-62; and 80-95.

The property hereinabove described was acquired by Grantor by instrument recorded in Deed Book 2546,  
Page 675, Cumberland County Registry.

A map showing the above described property is recorded in Plat Book 80 page 95.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

1. This conveyance is made upon the condition that the property described herein shall be used solely for the purposes set forth in the Charter of Fayetteville Area Habitat for Humanity, Inc., and if the property should ever cease to be used for the same, that it shall revert to the City of Fayetteville. This condition of conveyance shall be a covenant to run with the land and shall be recited in any future conveyance.
2. Easements and conditions of record.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

CITY OF FAYETTEVILLE  
(Corporate Name)  
By: J. L. Dawkins, Mayor  
ATTEST:  
Bobbie A. Joyner, City Clerk  
NORTH CAROLINA, \_\_\_\_\_ County.  
I, a Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ Grantor,  
personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my  
hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
My commission expires: \_\_\_\_\_ Notary Public

SEAL-STAMP

NORTH CAROLINA, \_\_\_\_\_ County.

I, a Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ Grantor,  
personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my  
hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My commission expires: \_\_\_\_\_ Notary Public

SEAL-STAMP

NORTH CAROLINA, Cumberland \_\_\_\_\_ County.

I, a Notary Public of the County and State aforesaid, certify that Bobbie A. Joyner  
personally came before me this day and acknowledged that she is City Clerk of  
the City of Fayetteville a Notary Public corporation, and that by authority duly  
given and as the act of the corporation, the foregoing instrument was signed in its name by its Mayor  
President, sealed with its corporate seal and attested by her as its City Clerk  
Witness my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My commission expires: \_\_\_\_\_ Notary Public

The foregoing Certificate(s) of \_\_\_\_\_

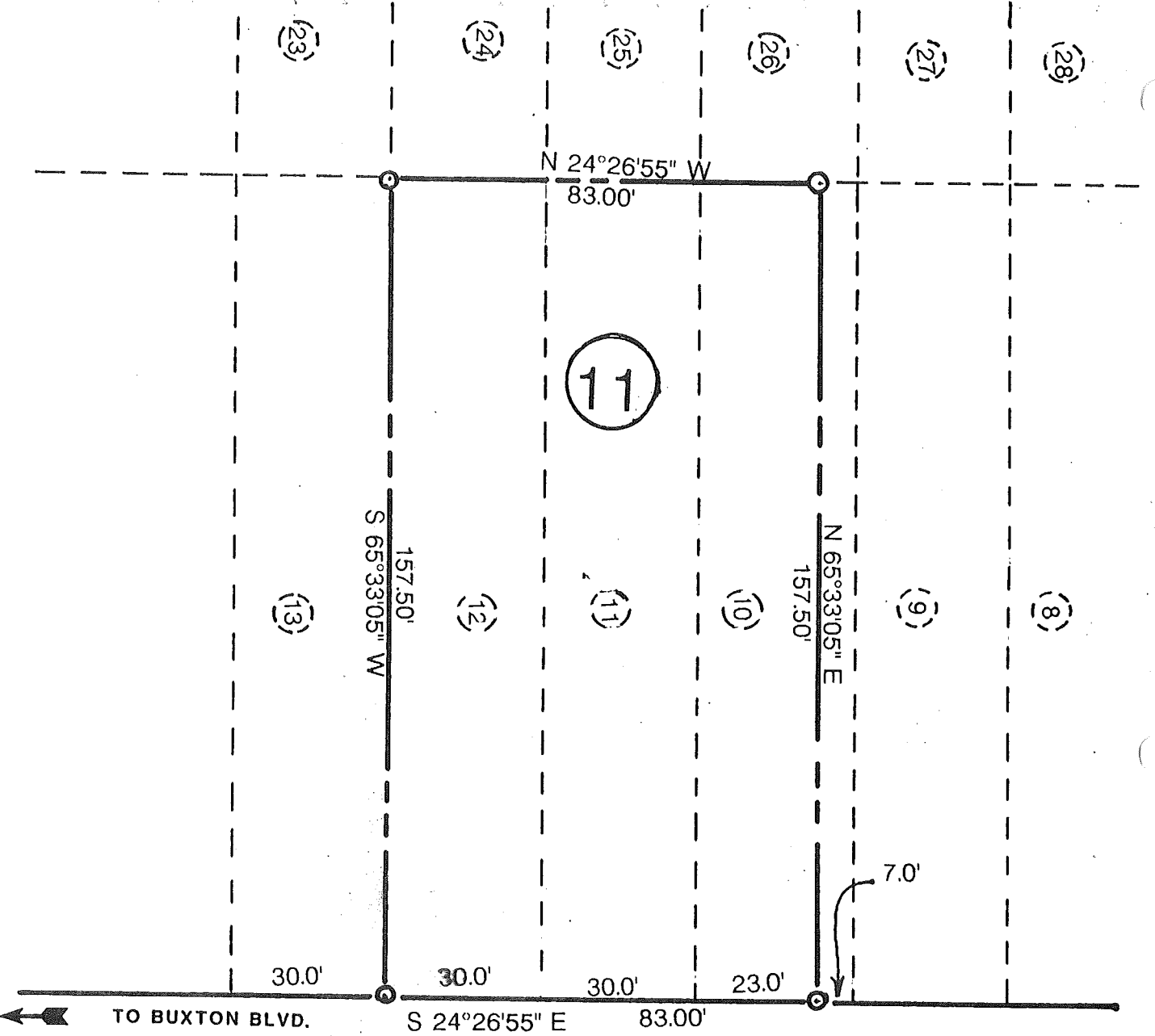
is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

REGISTER OF DEEDS FOR \_\_\_\_\_ COUNTY  
By \_\_\_\_\_ Deputy/Assistant - Register of Deeds

FIELD BK:

REVISION  
DATE

DATE 7-21-92, DRAWN BY Gedwin  
SCALE 1" = 30' CK'D BY



OLD WILMINGTON ROAD 50' R/W

REF: PLAT 10/51  
REF: PLAT 80/95  
REF: PLAT 65/62