

**ZEBULON
BOARD OF COMMISSIONERS
WORK SESSION
AGENDA
May 9, 2024
5:00 PM**

Work Sessions throughout the year are structured primarily as opportunities for the Board to engage in dialogue with each other and deliberate upon the components of legislation slated for a vote at an upcoming Regular Meeting. The meetings also provide opportunities for either Staff to highlight the need for projects and programs to serve a community need, or the Board to vote on legislation that cannot wait until the next Regular Meeting.

May's Work Sessions are traditionally dedicated exclusively to items related to the FY '25 Budget.

1. Approval of Agenda

2. FY '25 Budget

A. Recommended Budget

In keeping with the Local Government Budget and Fiscal Control Act (§159-1 – §159-42), the Town Manager will submit the Zebulon Fiscal Year 2024-2025 Budget Ordinance to the Board of Commissioners.

B. Transportation Impact Fee

Transportation Impact Fees are collected from new developments and applied to construct the roadway improvements resulting from additional traffic. Staff will present the Transportation Impact Fee recommended for implementation in the FY '25 Budget Ordinance.

C. Branding

Staff will revisit the Branding concept and process to assess the Board's interest in funding Branding and/or Wayfinding in the FY '25 Budget.

D. Municipal Campus Space Study

Staff will present details supporting the need to fund the reorganization and renovation of Town Hall and the Police Station in the FY '25 Budget.

E. 2024 Street and Sidewalk Bond Referendum: LGC Application and Budget Amendment

The Board will consider issuing General Obligation Bonds in a principal amount of \$20,000,000 to finance Streets and Sidewalk improvements.

3. Adjourn

2024 BOND REFERENDUM: LGC APPLICATION & BUDGET AMENDMENT
MAY 9, 2024

Topic: 2024 Bond Referendum: LGC Application & Budget Amendment
Speaker: Joe Moore, Town Manager
Prepared by: Joseph M. Moore II, PE, Town Manager

Executive Summary:

The Board of Commissioners will consider applying to the Local Government Commission (LGC) for approval of General Obligation Bonds, and funding Bond Counsel and Public Information.

Background:

The Board has considered the Town's need for capital improvements to streets and sidewalks, inclusive of curbs, gutters, drains, traffic signals and lighting, and the necessity to fund these improvements through the issuance and sale of General Obligation Bonds in a principal amount not greater than \$20,000,000.

North Carolina statute (§159-51) requires the Town's issuance of General Obligation Bonds be approved by the LGC through an application stating findings of fact, such as:

1. The Streets and Sidewalk Project is necessary and appropriate for the Town under all the circumstances.
2. The amount proposed for the Streets and Sidewalk Bonds is adequate and not excessive for the purpose of the Streets and Sidewalk Bonds.
3. The Streets and Sidewalk Project is feasible and is an integral component of the Town's long-term capital improvement plan that has been approved by the Board of Commissioners.
4. As confirmed to the Board of Commissioners by the Town's Manager, (a) the Town's debt management procedures and policies are sound and in compliance with law, and (b) the Town is not in default under any of its debt service obligations.
5. The estimated real property tax increase of 4.23 cents per hundred dollars assessed valuation of real property necessary to service the proposed Streets and Sidewalk Bond debt will not be excessive.
6. The Town will be able to issue the Streets and Sidewalk Bonds at reasonable rates of interest.

Bond Counsel or Bond Attorneys are an essential part of the debt authorization and issuance process, by attesting to the validity of the securities to both underwriters and investors in the marketplace through legal opinion.

While public money cannot be used to *promote* the passage of a Bond Referendum, it may be used to *inform* the voters about the bond issue and the project to be financed with bond proceeds.

STAFF REPORT
RESOLUTION 2024-22
ORDINANCE 2024-46
2024 BOND REFERENDUM: LGC APPLICATION & BUDGET AMENDMENT
MAY 9, 2024

Discussion:

The Board of Commissioners will decide on whether to issue General Obligation Bonds to finance Streets and Sidewalks through two actions. First, adoption of the attached Resolution authorizing application to the LGC and appointing Bond Counsel. Second, adopt the attached Ordinance to fund Bond Counsel and Public Education.

Policy Analysis:

Funding transportation projects to address growth and provide appropriate service levels are clearly goals of the Town’s Strategic Plan and Comprehensive Transportation Plan. Projects, such as N. Arendell Improvements, Jones Street Connector, East Gannon Widening, Proctor/Old Bunn Widening, intersection improvements at Arendell/Gannon and Arendell/Judd, and sidewalk improvements are all examples eligible for funding through a Street and Sidewalk Bond Referendum over the bond’s seven-year disbursement period.

Financial Analysis:

The Equivalent Tax Impact of the total \$20,000,000 is 4.23¢ in FY '26. Actual tax impact would vary by the increment and year of the issuance if the Board decided to raise the tax rate by year instead of up-front. By example, issuing \$4M of roadway debt in FY '25 and \$8M in FY '27, in conjunction with financing for the Fire/EMS facility, is estimated to have the following incremental tax impacts:

Fiscal Year	'26	'27	'28
Tax Rate increase	2.49¢	0.1¢	2.85¢

Staff Recommendation:

Staff recommends adopting the attached Resolution authorizing application to the LGC and appointing Bond Counsel, and the attached Ordinance to fund Bond Counsel and Public Education.

Attachments:

1. Resolution 2024-22 (Application Authorization and Bond Counsel Appointment)
2. Ordinance 2024-46 (Fund Bond Counsel and Education Campaign)

RESOLUTION 2024-22

RESOLUTION OF THE TOWN OF ZEBULON BOARD OF COMMISSIONERS TO AUTHORIZE APPLICATION TO THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION FOR ITS APPROVAL OF GENERAL OBLIGATION BONDS OF THE TOWN OF ZEBULON, NORTH CAROLINA

WHEREAS, the Board of Commissioners (**the "Board of Commissioners"**) of the Town of Zebulon, North Carolina (**the "Town"**) has considered the need of the Town for the following: capital costs of streets and sidewalks, including curbs and gutters, drains, traffic signals and lighting (**the "Streets and Sidewalk Project"**); and

WHEREAS, the Project is necessary and expedient because the Town's streets and sidewalks are in need of such construction, improvement, and expansion; and

WHEREAS, the Board of Commissioners has determined that it will be necessary to finance the Streets and Sidewalk Project through the authorization, issuance and sale of general obligation bonds in a principal amount not greater than **\$20,000,000** (**the "Streets and Sidewalk Bonds"**); and

WHEREAS, North Carolina law requires that the Town's issuance of general obligation bonds be approved by the North Carolina Local Government Commission (**the "LGC"**), a division of the North Carolina State Treasurer's office, and under the LGC's guidelines and North Carolina law this governing body must make certain findings of fact to support the Town's application for the LGC's approval of the proposed general obligation bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Town of Zebulon, North Carolina, that the Board of Commissioners makes the following findings of fact:

1. The Streets and Sidewalk Project, as described above, is necessary and appropriate for the Town under all the circumstances.
2. The amount proposed for the Streets and Sidewalk Bonds is adequate and not excessive for the purpose of the Streets and Sidewalk Bonds.
3. The Streets and Sidewalk Project is feasible, and is an integral component of the Town's long-term capital improvement plan that has been approved by Board of Commissioners.
4. As confirmed to the Board of Commissioners at this meeting by the Town's Manager, (a) the Town's debt management procedures and policies are sound and in compliance with law, and (b) the Town is not in default under any of its debt service obligations.
5. The estimated real property tax increase of **4.23** cents per hundred dollars assessed valuation of real property necessary to service the proposed Streets and Sidewalk Bond debt will not be excessive.
6. The Town will be able to issue the Streets and Sidewalk Bonds at reasonable rates of interest.

BE IT FURTHER RESOLVED as follows:

1. The Town's Manager and Finance Officer are each authorized and directed to file an application to the LGC for its approval of the proposed Streets and Sidewalk Bonds, that notice of intent to make such application be published in accordance with law, and that all other actions be taken as necessary and proper for issuance of the Streets and Sidewalk Bonds to be submitted to citizens of the Town for approval by referendum, and the Town Manager and Finance Officer each are designated as an authorized representative of the Town to work with the LGC in all matters relating to the Streets and Sidewalk Bonds.
2. The Town appoints Sands Anderson PC ("**Bond Counsel**") to serve as the Town's bond counsel and Davenport and Company LLC as the Town's financial advisor with respect to the Streets and Sidewalk Bonds.
3. All Town officers and employees are authorized and directed to take all such further action as they may consider necessary or desirable in furtherance of the purposes of this resolution. All such prior actions of Town officers and employees are ratified, approved and confirmed.
4. This resolution shall take effect immediately.

Adopted this the 9th day of May 2024

Glenn L. York – Mayor

SEAL

Lisa M. Markland, CMC – Town Clerk

ORDINANCE 2024-46

BE IT ORDAINED by the Board of Commissioners of the Town of Zebulon, that pursuant to North Carolina General Statutes 159-15, the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2024.

Section 1. To amend the General Fund budget as follows:

	INCREASE	DECREASE
REVENUES		
Fund Balance Appropriated	\$130,000.00	
EXPENDITURES		
Governing Body—Prof. Services (Bond Counsel)	70,000.00	
Governing Body—Prof. Services (Educ. Campaign)	60,000.00	

Section 2. Copies of this amendment shall be furnished to the Town Clerk, and to the Budget Officer, and to the Finance Officer for their direction.

Adopted: May 6, 2024

Effective: May 6, 2024

Glenn L. York - Mayor

ATTEST:

Lisa M. Markland, CMC - Town Clerk