

# Staff Memorandum

Business Meeting – 02/28/2018

**Overview:** The purpose of this initial public forum is to provide opportunity for Council to receive comments from the public on a variety of topics related to the development of the FY2018-19 Town Budget.

**Recommendations:**

- That the Council receive comments at the February 28, 2018 Council meeting in a combined forum format in which citizens may make comments regarding any of the forum topics.
- That the Council refer comments and questions to the Manager for consideration in the budget process.

## OVERVIEW OF THE BUDGET PROCESS

Through the Town's strategic plan and annual budget process, the Town Council makes decisions on the level and types of services provided to the public with local, State and Federal funds. The budget process reflects direction from the Council, beginning with the adopted FY2016-18 Council goals (Attachment 1) and refined by the strategic planning process. Adoption of a budget determines the level of resources available for Town services over the coming budget year.

### Process for Participation by Citizens

Additional public forums and hearings on the budget and related items will be held at 7:00 p.m. on:

March 21 - Report on the status of development of the budget.

May 9 - Public Hearing on recommended budget for the service year beginning on July 1, 2018; use of public transportation grants; recommended 15-year capital program; Downtown Service District program.

The public may also make comments to the Mayor and Council by letter, fax, or e-mail at any time in the budget process.

Notice has also been provided on the Town's website.

## TOPICS FOR THE PUBLIC FORUM AND HEARING

Information on each topic for the forums tonight is provided below.

Topic

- a. Annual Budget: preparing the budget for the service year beginning on July 1, 2018.
- b. Capital Program: capital improvement needs for 2019-2033.
- c. Community Development Block Grant for 2018-19 (Initial Public Forum held November 1, 2017).

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- d. Federal HOME Program funding for 2018-19 (Initial Public Forum for the Orange County Home Consortium was held December 4, 2017).
- e. Housing Capital Funds Program: use of the 2018-2019 Federal Housing Capital Funds Grant for public housing improvements, renovations and services to public housing residents.
- f. Public Transportation Grants: use of 2018-2019 Federal and State grants for transit capital projects, operating costs and transportation planning.
- g. Downtown Service District: comments and suggestions from downtown business people, property owners and other interested residents regarding the needs of the service district.
- h. Potential Legislative Proposals: suggestions for legislation that might be sought in the 2018 session of the General Assembly.

## **A. Annual Budget for 2018-2019**

This forum provides an opportunity for citizens to comment on any aspect of the Town's budget and budget documents, including services that should be added, eliminated or changed. The Town's 2018-2019 budget and service year will begin on July 1, 2018 in accord with State law.

### **Purpose**

The annual budget includes funding for operating costs for police and fire protection, street maintenance, refuse collection, various other public works services, parks and recreation, public transit, the public library, planning, building inspection, engineering, legal and administrative services.

The annual budget includes one year's funding for cash-financed (pay-as-you-go) small capital projects such as sidewalks, greenways, street paving, as well as debt service payments on other capital projects.

In addition to setting Town service levels and property tax rates, the Council makes decisions on whether to adjust or adopt service fees for refuse collection, recreation programs, development review, inspections and other services as part of the budget.

### **Next Steps**

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On March 21, the Council will hold a public forum on preparing the 2018-2019 budget. The forum will provide an opportunity for comments and requests from the public or community groups regarding the budget status, or any aspects of the Town's budget for 2018-2019.

On May 2, the Council will receive the Manager's Recommended Budget. The Town's Budget Officer (Town Manager) is required by state statutes (159-11 and 159-13) to submit a balanced budget and budget message to Council before June 1. The Council will receive comments by the public at a public hearing scheduled for May 9. The Council's adopted budget calendar includes consideration of adopting a budget on June 13.

## **B. 2019-2033 Capital Program**

The purpose of this forum is to receive suggestions and comments regarding capital projects proposed for the next 15 years from the public.

### **2019-2033 Capital Program**

A summary of the current capital program and long-range projections as adopted by the Council for 2018-2032 is attached as background information (Attachment 2).

#### **Purpose**

A capital improvements program is a plan for major projects and purchases including:

- buying land for parks, open space or other Town services;
- sidewalks;
- streetscape;
- bikeways;
- greenways;
- park improvements;
- construction, renovation, expansion and improvement of Town buildings; and
- road, bridge and related improvements.

The Town's capital programs have typically included a list of capital projects with cost estimates, a potential schedule and priorities for 15 years, and existing or potential future funding methods for each project.

Identified funding sources may include current general revenues, money previously reserved for capital projects, grants, gifts and bond issues.

Many projects in the first year of the capital program normally are funded as part of the annual budget. Projects in the second through fifteenth years are normally not funded in the budget for the next year, although some may be financed through bond issues, installment

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purchase contracts and other sources. Funding for most projects in the second through fifteenth years will be considered in future annual processes.

## **Planning Process**

Each year, the Town Council, residents, boards and commissions, and staff consider the Town's capital project needs and possible funding sources for needed projects. This process results in decisions by the Town Council regarding capital improvements that the Town may undertake as funding becomes available and is appropriated.

## **2018-2019 Funding**

We have not yet established estimates of the amounts that may be allocated in the upcoming proposed annual budget for capital projects. In the current 2017-2018 budget year, \$476,500 was allocated to the annual capital improvement fund.

## **Next Steps**

We will submit to the Council a preliminary recommendation for the capital program as a part of the budget process. A public forum to receive comments on the preliminary capital program is scheduled for March 6. The capital program will be presented as part of the Manager's Recommended Budget on May 8 and a public hearing on the recommended budget will be held on May 15.

## **C. 2018-2019 Community Development Block Grant Program**

The initial public forum for the Community Development Block Grant Program was held November 1, 2017.

### **Next Steps**

- The deadline for submitting applications was February 6, 2018.
- The CDBG Application Review Committee will review applications and draft funding recommendations in February 2018.
- On March 21, 2018, the Town Council will hold a second public forum to receive comments on the preliminary plan for uses of 2018-2019 CDBG program funds.
- On April 11, 2018, the Council will receive the recommended 2018-2019 CDBG Program Plan.
- The 2018 Annual Action Plan will be submitted to HUD on or before May 15, 2018.

## **D. HOME Program**

HOME Program funds are allocated to the Orange County HOME Consortium (Chapel Hill, Carrboro, Hillsborough and Orange County). The Orange County Board of Commissioners held the initial public hearing for the Orange County Home Consortium December 4, 2017.

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## Next Steps:

- HOME funding is awarded through a joint application process. The deadline for completing applications was February 6, 2018.
- The HOME Program Review Committee will review applications and make recommendations to local elected officials in April 2018.
- The 2018 Annual Action Plan will be submitted to HUD on or before May 15, 2018.

## **E. 2018-2019 Housing Capital Fund Grant**

The purpose of this forum is to receive public comments on the use of the 2018-2019 Housing Capital Fund grant.

**Purpose:** The Town may use the annual Housing Capital Fund grant for comprehensive renovation and improvements to public housing neighborhoods.

Federal rules give priority to work needed to meet statutory requirements such as:

- Testing for and removing or otherwise controlling lead-based paint;
- Testing for and removing or otherwise controlling asbestos; and
- Renovations to meet the needs of disabled citizens.

## **Estimated Grant for 2018-2019**

The 2017-2018 grant amount was \$549,598. We have not received notice of the grant amount for the 2018-2019 period, but believe it may be somewhat lower. We have developed a proposed plan based on a grant amount of \$500,000.

## **PRELIMINARY 2018-2019 CAPITAL FUND PROGRAM**

### **Proposed Sources of Funds**

Capital Fund Program	\$500,000
<u>Community Development Program</u>	<u>100,000</u>
<b>TOTAL FUNDS</b>	<b>\$600,000</b>

### **Proposed Uses of Funds**

Repair/Replacement playground equipment	\$100,000
Development / Implementation Master Plan	100,000
Plumbing upgrades/replacement	84,000
Hazardous surfaces	95,000
T1-11 Plywood Repair/Replacement	98,000
Interior Painting	78,000

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Administrative Cost	45,000
<b>TOTAL</b>	<b>\$600,000</b>

## 1. Repair/Replacement playground equipment (\$100,000)

- a. Several of the neighborhoods will be addressed with CDBG funding from the 2017-18 funding (\$100,000)
- b. South Estes (\$35,000)
  - Will need drainage work prior to installation of new equipment.
- c. Pritchard Park (\$30,000)
  - Continued exploration – have received some suggestions from Northside Elementary staff
- d. Lindsay (\$35,000)
  - Reviewing possibility of expansion from youth only apparatus to include more recreation friendly products for all ages.

## 2. Continued development and execution of the Public Housing Master plan: (\$100,000)

- a. Continued contractual relationship with David Paul Rosen & Associates to assist our efforts to improve, update, rehabilitate, and assess the status of our public housing portfolio.
- b. Production of an inclusive and detailed assessment of all Public Housing which will assist in the development of long-range capital projects and other future planning initiatives

## 3. Major Plumbing undertaking (\$84,000)

- a. Winter and physical needs assessment has revealed severely aged plumbing in three neighborhoods (Oakwood, S. Estes, and Church/Caldwell). We have discovered that much of the plumbing in the area has increased incidence of stoppage and has been the focus of many work orders over the past 5 years. We plan to undertake a complete overhaul of the plumbing system with minimum disruption to our tenants.

## 4. Reduction of hazardous surfaces (\$95,000)

- a. Due to inclement weather and increase usage of the area by heavier trucks, several of the surface streets and sidewalks in our Rainbow Heights, S. Roberson Street, and Oakwood neighborhoods have ruts and create a hazard to pedestrian, wheelchair, and vehicular traffic. We plan to address each area separately until we have a smooth uniform hazard-free surface area.

## 5. Ti-11 Plywood Repair (\$98,000)

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- a. 44 units' exterior siding repair and replacement. After the T1-11 is repaired, the contractor will re-secure the meter base combination boxes. The contractor will also install a custom made, painted aluminum cover over the meter boxes and secure the cover to the wall in a manner that will not allow water to pass between the meter boxes and the T1-11.

## **6. Interior painting (\$78,000)**

- a. Several of our units in our older neighborhoods have not had the interior painted for over two years. We plan to address the units in S. Estes, Colony Woods West, and Airport Gardens.

## **7. Administrative Costs (\$45,000)**

- a. Administrative costs are those indirect costs associated with the performance of a sponsored activity (such as a grant or a contract or other similar agreement with an external funding source). This activity includes the administrative cost for coordinating and implementing the Capital Fund activities.

### **Next Steps**

Comments received tonight will be taken into consideration in preparing a recommended plan for the 2018-2019 Capital Fund grant. We will present a recommended 2018-2019 Capital Fund Program Annual Statement for the Council's consideration on March 21, 2018.

## **F. 2018-2019 Public Transportation Grants**

The forum tonight is an opportunity for the public to comment on transit services and projects in 2018-2019 including the use of Federal and State grants for transit operations, capital projects and transportation planning.

### **Purpose**

Transportation services, projects and planning activities are intended to provide alternatives to the use of single-occupant vehicles, reduce traffic congestion, reduce air pollution and assist people with disabilities affecting their mobility.

### **Estimated Funding**

For 2018-2019, Federal funding for transit service operations is estimated to be about \$1.9 million and State funding is estimated to be about \$2.5 million. Because of the state of the economy and changes at the State and Federal levels, it is difficult to predict how much funding will be received.

### **Sharing of Local Costs**

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The University and the Towns of Carrboro and Chapel Hill have agreed to share the local cost for transit services. The cost-sharing formulas are set forth in separate contracts with the University and Carrboro.

## 2018-2019 Services

Chapel Hill Transit provides:

- Fixed route and express bus service throughout Chapel Hill, Carrboro and the University of North Carolina with additional services to Chatham County and Hillsborough;
- E-Z Rider service for citizens with mobility impairments.

## Next Steps

Staff will present the budget to the Public Transit Committee no later than April, 2018. The public will have an opportunity to comment on the transit budget and grants again at the Public Forum in the spring of 2018.

## G. Downtown Service District

The purpose of this forum is to receive comments and suggestions from downtown business people, property owners and other interested residents regarding:

- The needs of the service district;
- the use of Downtown Service District taxes in 2018-2019;
- and the scope of projects and programs in the service plan for the Downtown District.

## Purpose

In 1989, the Council established a Downtown Service District in response to requests from several downtown businesses and property owners. State law allows the Council to establish this service district and to apply a supplemental property tax to promote the economic vitality of downtown, enhance Town services in the downtown district and other related activities. Most of the property in the downtown is in the zoning districts Town Center 1, 2 or Town Center 3.

## Estimated Funding in 2018-2019

The Downtown Service District is funded by a dedicated property tax of 7.0 cents on the properties within the District. We estimate that Downtown Service District collections in 2018-2019 will be about \$308,000, an increase of \$7,000 over 2017-2018.

## Downtown District Services

Currently, downtown district funds are allocated to the Chapel Hill Downtown Partnership, a grounds maintenance employee for the downtown, maintenance costs for public areas of 140 West, and other Downtown economic development projects.



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Recently enacted legislation imposed new requirements for municipal service districts to procure contractual services. To comply with these requirements the Town held a competitive process for selection of a vendor to provide services in the Downtown. The Downtown Partnership was selected and the Town entered into a 5-year contract for the Partnership to provide services.

The Council adopts the downtown district tax rate in June with the overall budget.

## H. Potential Legislative Proposals

Tonight's forum is also an opportunity for Town residents and Council Members to identify potential local legislative requests for the 2018 session of the North Carolina General Assembly.

The General Assembly is expected to convene May 16, 2018 for this year's short session. In "short sessions" there is usually limited opportunity to consider potential local legislative requests. The Town Council will be meeting with the Town's Legislative Delegation to discuss the 2018 session of the General Assembly and legislative issues of interest to the Town.

Any proposal offered by citizens this evening can be considered at an upcoming Council meeting as Council develops any formal requests for local legislation.

Information from the General Assembly indicates the following:

A local bill request must be made to Bill Drafting by 4:00 pm on Thursday, May 24. Then, it must be filed for introduction by 4:00 pm on Thursday, June 7. It also must be accompanied by a certificate signed by the bill sponsor stating that (i) no public hearing will be required or asked for by a member on the bill, (ii) the bill is noncontroversial, and (iii) the bill is approved for introduction by each member of the House of Representatives and the Senate whose district includes the area to which the bill applies.

Thus far, Town Staff has identified two issues for consideration as possible local legislation:

In light of the recent changes in the local print media market, staff in the Department of Communications and Public Affairs proposes that the Town consider requesting legislation, similar to other local legislation recently enacted, to allow the Town to forego newspaper publication of certain notices required to be published by General State Law. This proposed adjustment would not change any required mailing of notices or posting of signs. Further, the Town would continue to provide notices on the Town website, through social media, and, as applicable based on the specific issue and location, to subscribers on the Town's email mailing lists.

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In order to improve the rate of return on the Town's accumulated pre-funding of other post-employment benefits (OPEB) contributions, the Business Management Department proposes that the Town consider requesting legislation to expand the investment options for these funds. The Town's OPEB pre-funding contributions are held in an irrevocable trust and can only be used to pay for the expenses related to providing benefits to retirees. The proposed legislation will allow the funds held in trust to be invested in equities as well as fixed income securities, thereby increasing the expected rate of return. This change is similar to local legislation passed for other North Carolina municipalities that have pre-funded OPEB contributions held in trust.