

05-27-2020 Town Council Meeting Responses to Council Questions

ITEM #2: Update: FY 2020-21 Budget

Council Question:

What are OWASA's obligations to repave following water line work?

Staff Response:

OWASA is responsible for street repairs following smaller water line projects or repairs. In addition, the Town charges utilities and private contractors a street utility cut fee to offset costs for staff to inspect the repair and for the impact the street cut has on the street. The Town charges a higher fee if the street has been resurfaced within the previous five years. In some cases, the Town may require milling and a complete overlay if a recently resurfaced road is severely impacted. The [Streets Fee Schedule webpage](#)¹ includes more information.

For larger water line replacement projects coordinated with the Town's resurfacing schedule, OWASA and the Town discuss fees, specifications, and any other requirements prior to the project. In lieu of paying the street utility cut fee, the Town typically requires OWASA to pay for or complete full-width street milling prior to the Town resurfacing the street as scheduled. Other standard provisions apply to make sure the work is performed to Town Standards.

For Country Club Road, the Town's planned reconstruction project was coordinated to directly follow OWASA's project. OWASA will pay a notable amount for the street cut fee and completed the trench repair per the Town's Standards. In this case, OWASA was not required to complete milling because we would be reconstructing, not resurfacing, the road.

Council Question:

How would you prioritize restoring cuts should revenues increase during the year?

Staff Response:

We have not identified a process at this time to determine how we would prioritize restoring cuts. We will evaluate actual revenue collections after the 2nd quarter and will come back before Council to provide an update and make any recommendations at that time.

¹ <https://www.townofchapelhill.org/government/departments-services/business-management/fee-schedules/public-works-streets-division-fee-schedule>

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Responses to Council Questions

Council Question:

The FY 21 Manager's Recommended budget does not include any additional funding to pay for the living wage increase – how much is the gap? What would we do after the 6-month grace period if it is not budgeted for?

Staff Response:

Our goal with the FY 2021 budget was to maintain the core services that the Town provides. There was no available funding for a pay raise or for the living wage adjustment. The Town received a 6-month extension to meet the new living wage standard. At the end of the 6-month extension, we will evaluate Town's financial position. At that time, we can request an additional 6-month extension, decide to proceed with the living wage adjustment (to be absorbed within the existing budget), or hold on this adjustment until FY 2022 to avoid any compression issues (since all employees are not receive a pay adjustment).

The gap will depend on the number of employees and the number of hours they're projected to work for the rest of the fiscal year, since many of the affected employees are not full-time. We will calculate the funding need as part of our evaluation at the end of the 6-month extension.

Council Question:

Are we canceling fireworks?

Staff Response:

Discussions are currently underway regarding summer programming and summer events. A decision has not yet been made regarding fireworks, but will be decided and communicated soon.

Council Question:

What would the fund balance total be if we adopted the proposed budget?

Staff Response:

The FY 2021 Manager's Recommended Budget document reflects \$993,398 fund balance use in FY 2020 based on revenue projections and expenditure estimates provided by departments. These estimates are very conservative and based on previous years history, we typically save about \$1 million in the operating budget each year. Our goal for FY 2020 is to break even.

Each year we anticipate a certain amount of personnel savings (based on lapsed salaries) and operating savings so we go into the year hoping to not use any of the fund balance that we have appropriated. FY 2021 has \$2,489,512 appropriated. There are many unknowns related to the FY 2021 budget so we do not know how much fund balance, if any, we will need to use.

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Council Question:

What does the Council budget include aside from salary and health insurance?

Staff Response:

Please see below the detail of what makes up the Council's operating budget for FY 2021.

Professional Services:	
Retreat Costs	18,203
Business Meetings & Training:	
Chamber Intercity Visit	7,500
National League of Cities	5,000
NC League Conference	600
Orange County Economic Development Meeting	200
Catering for various meetings	3,200
Various Seminars/mileage	5,000
Dues & Subscriptions:	
National League of Cities	4,467
Triangle J Council of Government	23,342
UNC SOG	7,559
NC Metro Coalition	10,109
NCLM	36,378
Misc. Contracted Services:	
Delivery of Agenda Packets	2,808
Telephone	1,230
Postage	150
Office Supplies	1,000
Copying Costs	150
Council Contingency	1,024
TOTAL	127,920

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Council Question:

Can you please remind me where the arts funding went this year?

Staff Response:

There is \$23,500 in the FY 2021 Manager's Recommended Budget allocated for cultural arts funding, same as was in the FY 2020 budget. The FY 2020 Arts Funding was allocated as follows:

Chapel Hill Carrboro Children's Museum (Kidzu)	5,000
Mildred Council Annual Community Dinner	1,000
Orange County Veterans Memorial	5,000
The Arts Center	<u>12,500</u>
	23,500