

## 12-01-2021 Town Council Meeting Responses to Council Questions

### **ITEM #1: Five-Year Budget Strategy**

**Council Question:**

We may have covered this before, but if we do not expect all of these initiatives to be funded, how will Council prioritize funding across all theme areas over next five years?

**Staff Response:**

*The presentation of the 5-year budget strategy document as well as the staff presentation at the December 1 Council meeting is just the first step in starting the conversations about the needs of the organization. Staff has discussed priorities within each theme area within the document, however prioritizing funding across all theme areas will involve many conversations between Council and staff. Based on the Council direction given, staff will offer recommendations and aid Council in prioritization. We also recognize that over the next five years, priorities may shift and new items might need to be included in the discussion.*

**Council Question:**

Will this prioritization occur at the outset of the 5-year budget?

**Staff Response:**

*The prioritization of the 5-year budget strategy will happen after conversations with Council. This will occur in conjunction with the development of the FY23 budget as we attempt to incorporate the efforts of the 5-year budget strategy work into the upcoming budget.*

**Council Question:**

Aside from deferred maintenance of stormwater structures, are any of the anticipated costs in any given theme area subject to increase or decrease the longer we wait?

**Staff Response:**

*It is certainly a possibility that costs in any given theme area could change. We have noted in the document that cost estimates are based on information offered to staff at the time of the document development. We know, for example, that construction costs have risen drastically in recent years and this will affect some of our capital projects. Similarly, deferring maintenance on any asset generally leads to more expensive maintenance costs and/or repairs in the future.*

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**Council Question:**

How does the infrastructure package passed by Congress figure into the five year budget?

**Staff Response:**

*At this time, the Town has not received information regarding any funding that the Town might receive from the new infrastructure package. Once that has been communicated, staff will work with Council to determine next steps.*

**Council Question:**

Under Operational Sustainability, there was mention made that the Town has postponed investment in new tools that could improve efficiency and ease staff workload. What tools are these?

**Staff Response:**

*During the development of annual budgets, staff make various budgetary requests that could improve efficiency, workload, etc. These requests can come in the form of improved technology and new equipment to name a few. During the last several years, the Town has not been able to fund many of these requests due to budgetary constraints.*

**Council Question:**

How much of the annual budget is “discretionary”?

**Staff Response:**

*Technically speaking, all of the budget is “discretionary”. However, 73% of the General Fund budget is made up of personnel expenses, therefore the overwhelming majority of the budget is committed to paying for staff salaries and benefits. The remaining 27% of the budget is comprised of operating and capital expenses. Of this, funds are tied to contractual obligations, fuel, maintenance, etc. We typically have some growth in sales tax and property tax each year and this additional revenue brings forth competing interests such as salary increases, new positions, equipment, technology, and service enhancements.*

**Council Question:**

Given that FY21 was an exceptional year of growth in sales tax revenues during the pandemic, can we expect to see sustained levels of sales tax revenues for FY22, since we are still in the pandemic?

**Staff Response:**

*Going into the development of the FY22 budget, the information that staff received from economists and other sources such as the NC League of Municipalities, was that the unprecedented growth in sales tax realized in FY21 would slow considerably and return to*

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*slightly below average growth in FY22. With that information, coupled with the huge amount of unknowns in the state's economy, we erred on the conservative side when projecting out sales tax and landed at a projection of 2.5% growth. There are a number of factors making the forecasting of sales tax increasingly difficult such as the impact of stimulus funds and the shift to more online sales as brought on by the pandemic.*

### **Council Question:**

What is the status of planning on a local solid waste facility? Is this the role of the SWAG?

### **Staff Response:**

*The planning for future solid waste facilities for the community will be conducted through a Solid Waste Master Planning Process that is anticipated to be launched this fiscal year by Orange County. The SWAG will play a vital role in the planning process, including the approval of an Engagement Plan to initiate the Master Planning process.*

### **Council Question:**

It was helpful to have potential other funding sources noted throughout the strategy document. Building on that, will this planning process include a more detailed assessment of potential funding sources, including county collaboration, federal and state grants, potential new bond referenda, public-private partnership opportunities and a plan for accessing them with associated staffing/consultant needs for partnership development, grant writing, etc.?

### **Staff Response:**

*As discussions with the Council prioritize certain efforts, staff will assess funding sources such as the ones mentioned here. We usually try to identify partnerships and external funding sources whenever possible, to maximize our funding, and being able to focus our staff on the Town's priorities is ideal.*

### **Council Question:**

The strategy references Parks PILs legal restrictions - are the restrictions from Town regulations or State?

### **Staff Response:**

*On January 27, 2003, the Chapel Hill Town Council enacted a Land Use Management Ordinance (LUMO) that established a new way of determining payments in lieu (PIL) for recreation space. Section 5.5.2 (h) and 5.5.2 (d) of the LUMO describe allowing a developer to use PIL of recreation space as part of the approval process for most new residential development.*

*With the consent of the Town Council, developers providing PIL of improved recreation space are subject to the following requirements:*

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- *New multifamily dwellings or planned developments shall pay \$12 per square foot for all required recreation space not provided within the development.*
- *New subdivisions shall pay based on the following formula: Square Foot Value of the Property x Number of Square Feet Required for Recreation Area x Multiplier of 1.55 = PIL of the Recreation Area.*

*The House and Senate have also ratified a bill that would confirm these Town requirements.*

### **Council Question:**

Didn't really see Planning represented aside from fees - are there other needs and gaps, such as increased staffing?

### **Staff Response:**

*Planning is discussed specifically in the Economic and Financial Sustainability section with regards to fees. There are other needs and gaps with regards to Planning that can be found in both the Operational Sustainability and Human Capital sections. These needs are not spelled out in detail, but there are needs such as new personnel that have been expressed by Planning.*

### **Council Question:**

The strategy includes helpful sections on opportunities related to each category - will Council have the chance to provide input on those choices? What will be the decision-making process for those?

### **Staff Response:**

*The presentation of the 5-Year budget strategy document as well as the staff presentation at the December 1 Council meeting is just the first step in starting the conversations about the needs of the organization. Staff has discussed priorities within each theme area within the document, however prioritizing funding across all theme areas will involve many conversations between Council and staff. Based on the direction given by Council, staff will offer recommendations and aid Council in prioritization. We also recognize that over the next five years, priorities may shift and new items might need to be included in the discussion.*