

Amy Harvey

From: Maurice Jones
Sent: Wednesday, January 05, 2022 12:49 PM
To: Adam Searing; Amy Harvey; Amy Ryan; Camille Berry; Jeanne Brown; Jess Anderson; Karen Stegman; Michael Parker; Pam Hemminger; Paris Miller-Foushee; Tai Huynh; Town Council
Cc: Mary Jane Nirdlinger; Loryn Clark; Ross Tompkins; Amy Oland; Phillip Fleischmann
Subject: FW: Splash Pad and Excess Fund Balance

Mayor and Council,

There was a request to provide some additional background on how the \$500,000 in funding for the splash pad could be used. Phil Fleischman provides some additional details below.

I also wanted to take a moment to explain what the expectation is for tonight's discussion. We are not asking that Council make any formal decisions about the Excess Fund Balance. This is the continuation of the discussion we began with the Council in December on the surplus and the five year budget needs of our organization and community. We have provided some preliminary recommendations for consideration only, based on our identified needs and some of the other stated interests of the Council and the public. We look forward to hearing your thoughts on how you would like to move forward this evening.

All the Best,
Maurice

From Phil Fleischmann:

Preliminary findings on anticipated costs related to a splash pad - feasibility study - \$15,000, wading pool conversion at AD Clark - \$300,000+, destination splash pad - \$800,000-\$1 mil. depending on size, etc.). There was a discussion with the splash pad work group this morning, centered on utilizing the \$500,000 for the planning and design of one or more splash pads in the parks system in addition to potentially installing splash features at one park location and/or securing portable splash or misting options which could be utilized as soon as this summer. The group agreed with this.



Phil Fleischmann, CPRE, Director

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Responses to Council Questions

ITEM #2: FY 2021 Excess Fund Balance Appropriation

Council Question:

Is there a plan to have a community-driven process for allocating these funds?

Staff Response:

The Town has not historically held a community input session for excess fund balance appropriation due to the amount of time it takes to complete (approx. 6 months). This question was discussed at the December 1st work session and it did not appear that Council thought it necessary to go through an in-depth community input process similar to the ARPA funding process. However, if Council is interested in doing a similar process than staff would need time to craft a plan or could simply add it to the ARPA initiative.

Council Question:

Could you please provide a few examples of what would fall under the Department One-Time Adds category for funding allocation?

Staff Response:

Examples of one-time budget adds that could be funded include:

- *Implementation costs for new software (Executime (payroll & shift scheduling software), Docusign (electronic signature software), short-term rentals software, development review software, community engagement software)*
- *Emergency Operations Center upgrade at Public Works*
- *Leaf loader to support core business programs in streets, solid waste, and parking lots*
- *A Boom mower for Parks & Recreation*
- *COVID-related supplies, materials, cleaning supplies, and materials for workspace modifications*
- *Parks & Recreation comprehensive master plan*

Council Question:

How would setting a target of X% of vehicle replacements being fully electric impact the \$1M in the Vehicle category?

Staff Response:

Town staff drafted a prioritized replacement list based on \$1,000,000 in funding. Staff were able to identify several fully electric vehicles (“EVs”) that meet the needs of our front-line staff who perform core services. Of the \$1M in funding, about 43% would be used to purchase fully electric vehicles. This would purchase seven EVs and four dual charging stations. Of the

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\$426,000 spent on EV's, 43% (\$185,000) represents the additional cost of EVs over traditional vehicles, including the cost for four new charging stations.

An additional 17% of the funding would be used to purchase three Hybrid Vehicles. These vehicles are much more efficient and produce less emissions than the vehicles they would be replacing.

About 40% of the funding would replace about eight vehicles and four riding mowers which currently do not have viable EV options that meet the needs of the core services we provide. However, these vehicles are still more efficient and produce less greenhouse gas emissions than the vehicles being replaced.

Additional Context:

Because we have about 175 vehicles that are overdue for replacement, and because available and reliable EV options are largely limited to light duty and passenger vehicles, staff are working to accelerate energy efficiency/climate action with viable alternatives that meet operational demands. As part of this effort, staff are currently working on an accelerated fleet transition plan that will initially focus on light duty and passenger vehicles. We've also applied for a summer EDF Climate Corps Fellow to help us plan for phase 2: medium and heavy-duty vehicles. Over the next 5-8 years, we anticipate that there will be an increasingly large number of good EV options for all vehicle classes.

Council Question:

Can we incorporate funding the RICS recommendations into these allocations?

Staff Response:

The Town allocated \$100,000 in the FY 2022 budget to begin implementing recommendations from the Re-imagining Community Safety Task Force. \$34,000 of that funding has been proposed to assist in adding a position to the SOHRAD program. That item will be on a future Council agenda for consideration. The staff is continuing to work on developing a strategic plan based on these recommendations to share with the Council in the Spring. We anticipate recommending additional funding to implement this plan in the FY 22-23 budget.

Council Question:

We are planning a robust public process for the use of the ARPA funds. Why is a similar process not being considered for the excess fund balance?

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Staff Response:

The Town has not historically held a community input session for excess fund balance appropriation due to the amount of time it takes to complete (approx. 6 months). This question was discussed at the December 1st work session and it did not appear that Council thought it necessary to go through an in-depth community input process. However, if Council is interested in doing a similar process than staff would need time to craft a plan or could simply add it to the ARPA initiative.

Council Question:

Would it make sense to think about the ARPA funds and excess fund balance together and deal with them as a single pot of funds rather than handling them in what appear to be very separate ways?

Staff Response:

The American Rescue Plan Act (ARPA) funds need to be accounted for separately from any other funding source that the Town receives based on very clear guidance put out by the Treasury. We have created a separate fund for ARPA in order to ensure that we can easily report on all project expenditures. We have several years to spend these dollars which allows the Town to be strategic in the use of funds. The allowed uses of the ARPA Funds are also more restrictive than the fund balance dollars.

The excess fund balance allows us to help address short-term needs that were not met during the FY 2021 budget since we did not know what the impact of the pandemic would be on the Town. We highly recommend keeping these two funding sources separate.

Council Question:

Can you provide more rationale for your funding allocation breakdown? I'd especially like to see an analysis of if/how much each area was impacted by Covid, and where cumulative budget decisions have put us behind in meeting town needs.

Staff Response:

Please see the table below that summarizes the budget areas that we have discussed with Council as areas that have significant needs that were cut during COVID so that we could balance our FY 2021 and FY 2022 budgets. We cut \$2.2 million total from the FY 2021 budget. We were able to restore most of it in FY 2022, but there were still areas that were not brought back up to pre-pandemic levels.

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	FY17	FY18	FY19	FY20	FY21	FY22
Building Maintenance	-	-	472,214	472,214	-	330,000
Streets	689,600	650,100	668,515	668,515	368,515	568,515
Pay-Go Capital	778,000	476,500	237,500	321,600	-	331,000
Vehicle Replacements	1,158,666	835,995	387,129	453,089	-	344,660
OPEB	525,000	630,000	630,000	500,000	250,000	250,000
TOTAL	3,151,266	2,592,595	2,395,358	2,415,418	618,515	1,824,175

The five-year budget strategy identified gaps in these key areas of the following:

- *Building Maintenance - \$11.4 million*
- *Streets - \$14.5 million*
- *Vehicle Replacements - \$5.6 million*

The goal of the proposed allocation would be to help reduce the large gap in needs that was exacerbated by the pandemic.

Council Question:

Can we have examples of what the “Department One-Time Adds” are?

Staff Response:

Examples of one-time budget adds that could be funded include:

- *Implementation costs for new software (Executime (payroll & shift scheduling software), Docusign (electronic signature software), short-term rentals software, development review software, community engagement software)*
- *Emergency Operations Center upgrade at Public Works*
- *Leaf loader to support core business programs in streets, solid waste, and parking lots*
- *A Boom mower for Parks & Recreation*
- *COVID-related supplies, materials, cleaning supplies, and materials for workspace modifications*
- *Parks & Recreation comprehensive plan*

Council Question:

Most of the items on the allocation list are one-time expenses, but would Comp & Class Implementation money involve recurring expenses (i.e., salary increases)?

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Staff Response:

Excess fund balance is typically used to fund one-time expenditures since this funding source is not recurring. The Compensation & Classification implementation is a top priority project and therefore staff felt it important to address this need now. The total cost for the current year and next budget year will be included as part of the presentation at the January 12th Council Meeting.

Council Question:

I would like to see a community-input approach like the ARP Funds for Excess Funds and not the suggested allocation recommendations.

Staff Response:

The Town has not historically held a community input session for excess fund balance appropriation due to the amount of time it takes to complete (approx. 6 months). This question was discussed at the December 1st work session and it did not appear that Council thought it necessary to go through an in-depth community input process. However, if Council is interested in doing a similar process than staff would need time to craft a plan or could simply add it to the ARPA initiative.

Council Question:

I was surprised to see a funding placeholder for the Splash Pad at \$500,000 and nothing for Re-Imagining Safety, SOHRAD, or much needed Public Housing maintenance & repair.

Staff Response:

The Town allocated \$100,000 in the FY 2022 budget to begin implementing recommendations from the Re-imagining Community Safety Task Force, which could include the SOHRAD. The staff is continuing to work on developing a strategic plan based on these recommendations to share with the Council in the Spring. We anticipate recommending additional funding to implement this plan in the FY 22-23 budget

Public Housing is an enterprise fund and the revenues that are generated are used to pay expenditures related to the Town's public housing units. There is a recommendation to allocate \$500,000 for Affordable Housing out of the surplus funds. Some of that funding could be used to address Public Housing capital needs.