



Legislation Details (With Text)

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File created: 2/12/2022 **In control:** Town Council
On agenda: 2/23/2022 **Final action:** 2/23/2022
Title: Approve FY 2021 Excess Fund Balance Appropriation.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Staff Presentation, 2. Staff Presentation, 3. Council Questions with Staff Response, 4. Emails from the Public, 5. AN ORDINANCE TO AMEND THE TRANSITIONAL HOUSING PROGRAM PROJECT ORDINANCE (2022-02-23/O-3), 6. AN ORDINANCE TO AMEND "THE ORDINANCE CONCERNING APPROPRIATIONS AND THE RAISING OF REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2022" (2022-02-23/O-2)

Date	Ver.	Action By	Action	Result
2/23/2022	1	Town Council	enacted	Pass
2/23/2022	1	Town Council	enacted	Pass

Approve FY 2021 Excess Fund Balance Appropriation.

Staff:

Maurice Jones, Town Manager
Amy Oland, Director

Department:

Manager's Office
Business Management



Recommendation(s):

That the Council approve the \$4 million appropriation from the FY 2021 excess fund balance to address affordable housing/human services, maintenance, vehicle replacements, street resurfacing, software purchases and bike-ped safety improvements.

Key Issues:

In spite of the challenges of the pandemic, the Town finished FY 2021 in an incredibly strong financial position. We attribute this to the following factors:

- Conservative budgeting practices - The Town was extremely conservative going into the FY 2021 budget as we recognized that there were numerous factors that we did not know how the pandemic would impact.
- Unexpected sales tax growth - We anticipated a 5% decline from prior year collections, but we actually saw a 15.7% increase over prior year sales tax revenues.
- Personnel savings - The Town typically experiences \$2-3 million in personnel savings each year due to about 10% of the Town's regular positions (60-70) being vacant due to natural attrition from turnover, retirements, etc. However, as a result of the hiring freeze, we had \$5.9 million in personnel savings in FY 2021.

Total fund balance at June 30, 2021 was up by \$7,028,454 (from \$27.3 million to \$34.3 million). Available fund balance is up by \$5.9 million (from \$15.1 million to \$21.0 million). The amount of fund balance that is available to appropriate at the end of FY 2021 is \$7.9 million (35.3%). Available fund balance is the amount remaining after all commitments for future expenditures, required reserves defined by State statutes, and previous designations have been calculated. The Town strives to maintain a targeted available fund balance of 22% of General Fund expenditures (including transfers). FY 2021 expenditures were much lower than is usual as a result of budget cuts and personnel savings due to the hiring freeze. While \$7.9 million is available to appropriate, staff has recommended only appropriating \$4.5 million to ensure we finish FY 2022 at or just above the 22% target. At the January 26, 2022 Council meeting, Council approved the new pay plan and approved the appropriation of \$500,000 of excess fund balance to implement phase I of the classification and compensation study.

We discussed two possible funding allocations with Council on February 9th. Based on the feedback we received, we made some adjustments to the proposed plan and are offering a revised scenario we hope meets Council's interests.

Recommended Use	Recommendation
Affordable Housing/Human Services	500,000
Maintenance	750,000
Vehicle Replacements	900,000
Fire Engine	750,000
Streets	600,000
Department One-Time Adds	250,000
Bike & Pedestrian Safety	250,000
TOTAL	\$ 4,000,000

Affordable Housing/Human Services

Potential uses include:

- COVID-19 human service response and recovery efforts (emergency housing assistance, food distribution coordination, etc.)
- Predevelopment activities for Town affordable housing projects
- Property acquisition for affordable housing
- Racial equity assessment of the Human Services program
- Transitional housing maintenance

Maintenance

There is a current backlog of maintenance projects that were identified in the 5-year budget plan of \$11.4 million. The priority projects recommended here are:

- Post Office/Courthouse Roof Replacement and Cupola Repairs - The project will include exterior repairs to the building including masonry repairs and painting. The estimated cost is \$550,000.
- Town Hall Parking Deck Repairs - The scope of work would address structural maintenance interests and would restore the original concrete surface to mitigate slipping on the deck surface when wet. The estimated cost is \$200,000.

Vehicle Replacements

There is a current backlog of vehicle replacements that were identified in the 5-year budget plan of \$8.65 million. The priority replacements recommended here include:

- 3 Police patrol vehicles and 2 Police crisis unit vehicles
- Solid Waste division pickup truck
- Building Maintenance division van and pickup truck
- Construction division pickup truck
- Streets division pickup truck
- Parks Maintenance division pickup truck, dump truck, multi-purpose mowers/tractors, tractor & boom mower, and riding mowers
- Fire pickup truck

41.7% of the funding would be used to purchase fully electric vehicles. This would purchase seven EVs and four dual charging stations. An additional 16.7% 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.

Fire Engine

The Town would be replacing Engine 32, which was placed in service in 2009, and was due to be replaced in FY 2021. This new fire engine will be based out of Fire Station 2. The current front line truck will be rotated into the reserve fleet. If the order can be placed in February, it would allow the Town to get on the production schedule for delivery no later than February 2023. Delaying purchase would result in anticipated price increases and a 26 month delivery date.

Streets

There is a current backlog of street resurfacing projects that were identified in the 5-year budget plan of \$14.5 million. The proposed funds would be used to patch, mill, and resurface 14 town-maintained streets totaling 3.4 miles rated poor to very poor condition.

Department One-Time Budget Adds

There is a current backlog of department budget adds of \$9.3 million made up largely of new position requests and operation expansions that are annual expenditures. Potential one-time adds include:

- New software implementations (payroll software, electronic signatures, development review software, community engagement software)

Bicycle & Pedestrian Safety Improvements

Based on feedback received from Council at the February 9th meeting, Council expressed interest in using some of the excess fund balance to address bicycle & pedestrian safety improvements. The current recommendation moves \$250,000 from department one-time budget adds to bicycle & pedestrian safety improvements. We will discuss an ongoing funding allocation at the Council Retreat as we begin discussions on the FY 2023 budget development.



Attachments:

- Draft Staff Presentation
- Budget Ordinance
- Project Ordinance - Transitional Housing Fund

AN ORDINANCE TO AMEND "THE ORDINANCE CONCERNING APPROPRIATIONS AND THE RAISING OF REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2022" (2022-02-23/O-2)

BE IT ORDAINED by the Council of the Town of Chapel Hill that the Budget Ordinance entitled "An Ordinance Concerning Appropriations and the Raising of Revenue for the Fiscal Year Beginning July 1, 2021" as duly enacted on June 9, 2021, be and the same is hereby amended as follows:

ARTICLE I

APPROPRIATIONS	Current Budget	Increase	Decrease	Revised Budget
GENERAL FUND				
Mayor/Council	\$ 492,520	\$ -	\$ -	\$ 492,520
Town Manager/CaPA	3,274,278	-	-	3,274,278
Human Resource Dev't	2,009,707	-	-	2,009,707
Business Management	2,460,541	155,000	-	2,615,541
Technology Solutions	2,547,572	-	-	2,547,572
Attorney	577,687	-	-	577,687
Planning & Sustainability	2,353,422	70,000	-	2,423,422
Building and Development Services	2,518,666	-	-	2,518,666
Afford Hsg & Community Connections	843,694	450,000	-	1,293,694
Public Works	13,057,106	600,000	-	13,657,106
Police	13,438,173	-	-	13,438,173
Fire	10,203,486	-	-	10,203,486
Parks and Recreation	7,510,326	-	-	7,510,326
Library	3,885,064	-	-	3,885,064
Non-Departmental	8,367,636	2,725,000	-	11,092,636
	<u>\$ 73,539,878</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 77,539,878</u>
VEHICLE REPLACEMENT FUND	\$ 344,660	\$ 900,000	\$ -	\$ 1,244,660

CIP FUND

Other Projects	\$ 1,128,979	\$ -	\$ -	\$ 1,128,979
Post Office Roof & Cupola	-	550,000	-	550,000
Town Hall Parking Lot	-	200,000	-	200,000
Fire Engine	-	750,000	-	750,000
Bike & Pedestrian Safety Improvements	-	250,000	-	250,000
	<u>\$ 1,128,979</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 2,878,979</u>

ARTICLE II

	Current Budget	Increase	Decrease	Revised Budget
REVENUES				
GENERAL FUND				
Other Revenues	\$ 68,571,643	\$ -	\$ -	\$ 68,571,643
Fund Balance Appropriation	4,968,235	4,000,000	-	8,968,235
	<u>\$ 73,539,878</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 77,539,878</u>
VEHICLE REPLACEMENT FUND				
Other Revenues	\$ 344,660	\$ -	\$ -	\$ 344,660
Transfer from General Fund	-	900,000	-	900,000
	<u>\$ 344,660</u>	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ 1,244,660</u>
CIP FUND				
Other Revenues	\$ 528,979	\$ -	\$ -	\$ 528,979
Transfer from General Fund	600,000	1,750,000	-	2,350,000
	<u>\$ 1,128,979</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 2,878,979</u>

This the 23rd day of February, 2022.

**AN ORDINANCE TO AMEND THE TRANSITIONAL HOUSING PROGRAM PROJECT ORDINANCE
(2022-02-23/O-3)**

BE IT ORDAINED by the Council of the Town of Chapel Hill that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the Transitional Housing Program Projects Ordinance for various capital projects funded from a variety of sources is hereby amended to read as follows:

"SECTION I

The project authorized is the Transitional Housing Program for Public Housing Families as approved by the Town Council on April 23, 2001.

SECTION II

The Manager of the Town of Chapel Hill is hereby directed to proceed with the project within the rules and regulations of the program, and the budget contained herein.

SECTION III

The following revenue is available to complete the project:

	Current Budget	Revised Budget
HOME Program	\$ 165,776	\$ 165,776
Orange County Contribution	75,000	75,000
Program Rental Income	248,271	248,271
Return of Program Income	(60,363)	(60,363)
Interest Income	853	853
Rent Revenue	590	590
Miscellaneous Revenue	393	393
Transfer from Housing Loan Trust Fund	17,500	17,500
Transfer from General Fund	-	50,000
Community Development Program Income	4,387	4,387
	<hr/>	<hr/>
Total Revenues	\$ 452,407	\$ 502,407

SECTION IV

The following amounts are appropriated for the project:

	Current Budget	Revised Budget
Operations	\$ 199,484	\$ 249,484
Acquisitions	252,923	252,923
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Total Expenditures	\$ 452,407	\$ 502,407

SECTION V

The Business Management Director of the Town of Chapel Hill is hereby directed to maintain within the Project Fund sufficient detailed accounting records to provide the accounting to Orange County as required by the HOME Program.

SECTION VI

The Town Manager is directed to report annually on the financial status of the project in the Section IV and on the total revenues received."

This the 23rd day of February, 2022.

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Maurice Jones, Town Manager
Amy Oland, Business Management Director

RECOMMENDATION: That the Council approve the \$4 million appropriation from the FY 2021 excess fund balance to address affordable housing/human services, maintenance, vehicle replacements, street resurfacing, software purchases and bike-ped safety improvements.