



TOWN OF CHAPEL HILL

Town Hall
405 Martin Luther King Jr.
Boulevard
Chapel Hill, NC 27514

Legislation Text

File #: [23-0252], Version: 1

Approve FY 2022 Excess Fund Balance Appropriation.

Staff:

Amy Oland, Director

Department:

Business Management



Recommendation(s):

That the Council approve the \$4 million appropriation from the FY 2022 excess fund balance to address facilities, maintenance, equipment, vehicle replacements, and Council initiatives.

Key Issues:

The Town finished FY 2022 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 2022 budget as there were still numerous factors that we did not know how the pandemic would impact.
- Unexpected sales tax growth - We anticipated a 2.5% increase from prior year collections, but we actually saw an 11.7% 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.

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). The total fund balance at June 30, 2022 was up by \$1,937.965 (from \$34.4 million to \$36.3 million). The available fund balance is up by \$1.2 million (from \$21.0 million to \$22.2 million). The amount of fund balance that is available to appropriate at the end of FY 2022 is \$6.69 million (31.5%). Staff recommends only appropriating \$4.0 million of the \$6.69 to ensure we finish FY 2023 at or just above the 22% target.

We discussed a funding allocation with Council at a Work Session on March 1st. Based on the feedback we received, we made some adjustments (removed website redesign \$50K and fiscal impact study \$70K and reallocated those funds to facilities maintenance and fleet replacement, respectively) to the proposed plan and are offering a revised scenario we hope meets Council's interests.

Revised Recommendation:

140 West Parking Deck Repairs	\$ 240,000
Fire Station Design	200,000
American Legion Pond Dam	540,000
Facilities Maintenance	300,000
Public Safety Radios	250,000
Field Painter	62,700
Council Chamber Upgrades	250,000
Vehicle Replacements	563,248
Motor Grader	240,000
Pilot EV Garbage Truck Match	330,552
LUMO Re-Write	650,000
Inman Property (Greene Tract adjacent)	250,000
Greene Tract Master Plan	110,000
Veteran's Memorial - Phase III	13,500
TOTAL	\$ 4,000,000

140 West Parking Deck Repairs (\$240,000)

Repairs were needed at the 140 West Parking deck. The project includes removing and replacing joint sealant in joints, cracks, and around pipes, shallow floor and wall spall repairs, epoxy injection in wall and beam cracks, application of a waterproofing agent over entire Level P1 floor surface, applying traffic coating over select areas within the parking deck, and installing bollards on the plaza level. Funds to begin the project were available from the 2012 Limited Obligation Bonds that were used as the Town's share for the original construction of the parking deck. However, the total cost of the project came in higher than anticipated and the \$240,000 is needed to complete the project.

Fire Station Design (\$200,000)

The \$200,000 would allow fire to begin the process of replacing Station 3 with a new structure. This funding would set us on a path to be able to replace this Station within the next few years. We would begin with site selection to determine where to build, and then we would select an architect to help explore concepts for the site.

American Legion Pond Dam (\$540,000)

The repair of the Legion Property dam was contemplated in 2017, based on a preliminary engineering evaluation done when the Town first purchased the property. The preliminary budget estimate of \$400,000 included removing the trees growing out of the dam and installing a more modern drainage system. Removing the pond and re-grading the site was expected to cost at least as much. The Town has contracted for an engineering firm to provide a current evaluation of the pond in order to assess the Town's options according to the recommendations in the Council's [December 2022 resolution](https://chapelhill.legistar.com/View.ashx?M=F&ID=11507568&GUID=184FEE9D-19C4-4CF0-B3F2-3CC2C1D3D173) [<https://chapelhill.legistar.com/View.ashx?M=F&ID=11507568&GUID=184FEE9D-19C4-4CF0-B3F2-3CC2C1D3D173>](https://chapelhill.legistar.com/View.ashx?M=F&ID=11507568&GUID=184FEE9D-19C4-4CF0-B3F2-3CC2C1D3D173).

In the meantime, our Affordable Housing staff is proceeding on a timeline that will enable them to identify a partner, create a development plan, and secure funding and entitlements as early as possible. If pond work can begin by fall 2023, staff estimate that with Council approval they could have all zoning, funding,

and permitting in place to allow construction to start by summer 2026. It takes nearly a year to obtain the final determination of the pond footprint and associated buffers and development planning cannot begin until this is established. Without project funding for the pond work to begin immediately, the affordable housing timeline will be pushed back further.

Facilities Maintenance (\$300,000)

There is a current backlog of facilities maintenance that was identified in the 5-year budget plan of \$10.1 million. The recommended funding would be allocated to the top priority projects as follows:

- Town Hall Parking Deck - \$160,834 is currently encumbered for phase I of maintenance and repair recommended by a third-party engineering firm. Phase II improvements would address the remaining deficiencies and maintenance needs. The low bid for this additional work is \$149,000.
- Post Office/ Courthouse - remove exterior lead-based paint from the window and doors, reglaze the window panes, and paint. The cost is estimated to be \$35,000.
- Police Department - replace the remaining two old commercial size heating, ventilation, and cooling roof top units. A quote has recently been received in the amount of \$30,900.
- Town Operations Center - Replace Fire Alarm Panels. The existing system is failing and the estimated cost to repair the system is about \$45K. The current system is proprietary and the on-going cost for repairs is very expensive. The proposal is to replace all three alarm panels with "open source" panels that are far less expensive to maintain. The estimated cost to replace the three alarm panels is \$85,100.

Public Safety Radios (\$250,000)

The Town's current radios (140 handhelds and 83 car radios for Police and 45 handhelds, 12 car radios, and 3 repeaters for Fire) are no longer supported by Motorola. Their end of life was December 31, 2019, and NCDPS requires that all radios being added to VIPER after January 1, 2023, must be P25 Phase 2 ready, meaning that the Phase 2 function must be installed in the radio at purchase. The estimate to replace the radios and required accessories is \$1,959,847 for police and \$535,705 for fire for a total of \$2,495,552.

The Town closed on 2/3 bonds on March 7th in the amount of \$2,256,505 to purchase the radios. The \$250,000 will cover the difference.

Field Painter - Turf Tank (\$62,700)

Parks & recreation currently uses a gas operated paint machine that takes 3 employees between 2-2.5 hours to layout and paint a field. The Turf Tank is an autonomous battery-operated paint machine that will take just one employee roughly 22 minutes to layout and paint a field.

Parks currently has 9 fields that they layout and paint at Southern Community Park, 2 fields at Homestead Park, and 2 at Meadowmont. With the Turf Tank, staff can paint these fields in about 4 hours vs the 18-22 hours it takes using the current system. The Turf Tank would give staff the opportunity to work on and enhance other areas of the Town's athletic facilities that we currently get behind on during this part of the year due to the laying out and painting fields.

Council Chamber Upgrades (\$250,000)

The proposed Council chamber upgrade will complete the overhaul of the Gov-TV studio that was done during the pandemic with extremely limited funds. The main purpose of the pandemic upgrade was to introduce hybrid capability and replace any equipment that had failed. (For example, only one camera in the chamber was operational at that time.)

The current proposed upgrade takes a wholistic approach and completes the replacement of equipment

that is either at or beyond its lifetime. The contractor will also install hardware and software to make the picture as clear as our channels will allow and improve functionality for the production contractor to make our broadcast professional-grade.

Vehicle Replacements (\$563,248)

There is a current backlog of vehicle replacements that were identified in the 5-year budget plan of \$9.3 million. The proposed funding would allow the Town to replace the highest priority vehicles that are due for replacement: four vehicles in the Police Department, three vehicles and three riding mowers in Parks & Recreation, and one dump truck in Public Works

Motor Grader (\$240,000)

The current motor-grader (road-grader) is twenty-eight plus years old and is currently out of service, since parts are no longer available for repair. The motor-grader is needed to perform maintenance along twenty-eight town-maintained gravel streets or portions of, and a couple gravel parking lots, selective ditch maintenance, and for other street maintenance activities (i.e., snow removal). To perform this work by contract is very expensive (~\$10K/week). To rent as needed by the month from a heavy equipment rental company to meet most of our annual needs the estimated cost is about \$60K.

Pilot EV Garbage Truck Match (\$330,552)

The Town's recent fleet electrification analysis showed that electrifying our garbage trucks will provide significant savings in emissions and lifetime ownership costs, helping us move towards our fleet electrification and climate action goals.

The Town has been awarded two grants (the main grant is a Diesel Emission Reduction Act (DERA) Grant from the North Carolina Department of Environmental Quality (\$297,400) and additional support comes from an Orange County Community Climate Action Grant (\$50,000) to support the purchase of the Town's first EV garbage truck and charger, which brings the initial purchase price down close to the cost of a diesel garbage truck.

This electric garbage truck would provide daily service to the Town without the noise or tailpipe emissions of a conventional garbage truck. It would also make Chapel Hill an important early example helping to show other communities that these trucks have the range, capacity, and lifetime cost savings to support further investments in electric heavy duty fleet vehicles.

LUMO Re-Write (\$650,000)

The Land Use Management Ordinance Re-Write project has significantly expanded since the original project charter was adopted in November 2017. The project expansion includes tasks to move forward policies in the guiding statements and focus area principles.

Inman Property (\$250,000)

The Town has been in negotiations with the property owner regarding purchase of the approximately 4 acres adjacent to the Greene Tract (at the end of Merin Road). With the limited access points to the 167-acre Greene Tract jointly owned by the Town, Carrboro, and Orange County, the acquisition of the Inman property would provide additional opportunity for access.

Greene Tract Master Plan (\$110,000)

Work on this project is proceeding from the November 17, 2021 resolution adopted by Town Council. The Town is collaborating with Orange County and the Town of Carrboro to share in the project cost. One of the identified next steps was to proceed with master planning for the property. The plan will include goals and objectives, and development recommendations related to land uses and open space. These elements will be used to guide future development and set forth guidelines applicable to the Greene Tract. In addition, the plan shall focus on affordable housing needs, support the Historic Rogers Road Neighborhood, and address access and connectivity on and off the site. Drafting of the plan would include significant community engagement and input.

Veteran's Memorial (\$13,500)

These funds will be used to complete the Phase III kiosk construction. Work will include an entrance and information kiosk and additional walkways and stonework. The total ask from the Town is \$20,000, but there is currently \$6,500 remaining in Arts funding to bring the need down to \$13,500.



Attachments:

- Budget Ordinance
- Project Ordinance - 2012 Limited Obligation Bond Fund
- Project Ordinance - Multi-Year Capital Project Fund
- Project Ordinance - 2023 Two-Thirds Bond Fund
- Draft Staff Presentation

AN ORDINANCE TO AMEND "THE ORDINANCE CONCERNING APPROPRIATIONS AND THE RAISING OF REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2022" (2023-03-22/O-7)

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, 2022" as duly enacted on June 8, 2022, be and the same is hereby amended as follows:

ARTICLE I

APPROPRIATIONS	Current Budget	Increase	Decrease	Revised Budget
GENERAL FUND				
Mayor/Council	\$ 498,793	\$ -	\$ -	\$ 498,793
Town Manager/CaPA	3,802,908	-	-	3,802,908
Human Resource Dev't	2,126,149	-	-	2,126,149
Business Management	2,913,656	-	-	2,913,656
Technology Solutions	2,730,530	-	-	2,730,530
Attorney	619,904	-	-	619,904
Planning & Sustainability	2,546,057	760,000	-	3,306,057
Building and Development Services	2,493,251	-	-	2,493,251
Afford Hsg & Community Connections	1,296,480	-	-	1,296,480
Public Works	14,365,876	-	-	14,365,876
Police	15,152,701	-	-	15,152,701
Fire	10,749,131	-	-	10,749,131
Parks and Recreation	7,958,604	62,700	-	8,021,304
Library	4,197,473	-	-	4,197,473
Non-Departmental	8,499,911	3,177,300	-	11,677,211
	<u>\$ 79,951,424</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 83,951,424</u>
VEHICLE REPLACEMENT FUND				
	\$ 1,210,264	\$ 1,133,800	\$ -	\$ 2,344,064
CIP FUND				
Other Projects	\$ 2,801,601	\$ -	\$ -	\$ 2,801,601
Fire Station Design	-	200,000	-	200,000
Facilities Maintenance	-	300,000	-	300,000
Council Chamber Upgrades	-	250,000	-	250,000
	<u>\$ 2,801,601</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 3,551,601</u>

ARTICLE II

REVENUES	Current			Revised
	Budget	Increase	Decrease	Budget
GENERAL FUND				
Other Revenues	\$ 74,067,210	\$ -	\$ -	\$ 74,067,210
Appropriated Fund Balance	5,884,214	4,000,000	-	9,884,214
	<u>\$ 79,951,424</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 83,951,424</u>
VEHICLE REPLACEMENT FUND				
Other Revenues	\$ 1,210,264	\$ -	\$ -	\$ 1,210,264
Transfer from General Fund	-	1,133,800	-	1,133,800
	<u>\$ 1,210,264</u>	<u>\$ 1,133,800</u>	<u>\$ -</u>	<u>\$ 2,344,064</u>
CIP FUND				
Other Revenues	\$ 2,167,101	\$ -	\$ -	\$ 2,167,101
Transfer from General Fund	634,500	750,000	-	1,384,500
	<u>\$ 2,801,601</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 3,551,601</u>

This the 22nd day of March, 2023.

AN ORDINANCE TO AMEND THE CAPITAL PROJECTS ORDINANCE FOR PARKING AND PUBLIC FACILITY IMPROVEMENTS FUNDED FROM LIMITED OBLIGATION BONDS (2023-03-22/O-8)

BE IT ORDAINED by the Council of the Town of Chapel Hill that pursuant to Section 49 of Chapter 159 of the General Statutes of North Carolina, that the capital projects ordinance for parking and public facility improvements funded from limited obligation bonds is hereby amended as follows:

"SECTION I

The capital projects as authorized by the Town Council include 140 West, parking deck repairs and TOC projects funded from the 2012 Limited Obligation Bonds and the Capital Improvements Program excess fund balance appropriations, for a variety of projects extending beyond one year.

SECTION II

The Manager of the Town of Chapel Hill is hereby directed to proceed with implementation of these projects within terms of funds appropriated herein.

SECTION III

Revenues anticipated to be available to the Town to complete the project are as follows:

	Current Budget	Revised Budget
2012 LOBS Debt Issuance	\$ 7,037,261	\$ 7,037,261
Interest on Bonds	51,879	51,879
Transfer from CIP Fund	106,056	106,056
Transfer from General Fund	-	240,000
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Total Revenues	\$ 7,195,196	\$ 7,435,196

SECTION IV

Amounts appropriated for capital projects are as follows:

	Current Budget	Revised Budget
140 West Project Fees	\$ 5,770,000	\$ 5,770,000
Parking Deck Project	1,004,786	1,244,786
TOC Project	254,140	254,140
Bond Issuance Expenses	166,270	166,270
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Total Expenditures	\$ 7,195,196	\$ 7,435,196

SECTION V

The Manager is directed to report annually on the financial status of the project in an informational section to be included in the Annual Budget, and shall keep the council informed of any unusual occurrences.

SECTION VI

Copies of this amended projects ordinance shall be entered into the minutes of the Council and copies shall be filed within five days of adoption with the Manager, Business Management Director, and Town Clerk."

This the 22nd day of March, 2023.

AN ORDINANCE TO AMEND THE CAPITAL PROJECT ORDINANCE FOR VARIOUS CAPITAL PROJECTS (2023-03-22/O-9)

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 capital project ordinance for various capital projects funded from a variety of sources is hereby amended to read as follows:

"SECTION I

The capital projects as authorized by the Town Council include various capital projects funded from grants, the Capital Improvements Program funds, and other miscellaneous sources of revenues for a variety of projects extending beyond one year.

SECTION II

The Manager of the Town of Chapel Hill is hereby directed to proceed with implementation of these projects within terms of funds appropriated here.

SECTION III

Revenues anticipated to be available to the Town to complete the project are hereby amended as follows:

	Current Budget	Revised Budget
Other Revenues	\$ 26,248,455	\$ 26,248,455
Transfer from General Fund	7,195,960	7,735,960
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Total Revenues	\$ 33,444,415	\$ 33,984,415

SECTION IV

Amounts appropriated for capital projects are hereby amended as follows:

	Current Budget	Revised Budget
Other Projects	\$ 33,444,415	\$ 33,444,415
American Legion Pond Dam	-	540,000
	<hr/>	<hr/>
Total Expenditures	\$ 33,444,415	\$ 33,984,415

SECTION V

The Manager is directed to report annually on the financial status of the project in an informational section to be included in the Annual Budget, and shall keep the council informed of any unusual occurrences.

SECTION VI

Copies of this amended projects ordinance shall be entered into the minutes of the Council and copies shall be filed within five days of adoption with the Manager, Business Management Director, and Town Clerk."

This the 22nd day of March, 2023.

AN ORDINANCE TO AMEND A CAPITAL PROJECTS ORDINANCE FOR PUBLIC SAFETY EQUIPMENT PROJECTS FUNDED FROM 2023 TWO-THIRDS BONDS (2023-03-22/O-10)

BE IT ORDAINED by the Council of the Town of Chapel Hill that, pursuant to Section 49 of Chapter 159 of the General Statutes of North Carolina, the following capital project hereby amended for public safety equipment projects funded from the 2023 Two-Thirds General Obligation Bonds.

"SECTION I

The capital projects as authorized by General Statute, and as determined by the Town Council, includes the capital costs of public safety.

SECTION II

The Manager of the Town of Chapel Hill is hereby directed to proceed with the implementation of these projects within terms of funds appropriated here.

SECTION III

Revenues anticipated to be available to the Town to complete the project are hereby amended as follows:

	Current Budget	Revised Budget
Bond Proceeds	\$ 1,980,000	\$ 1,980,000
Premium on Bonds	276,505	276,505
Transfer from General Fund	-	250,000
	<u>\$ 2,256,505</u>	<u>\$ 2,506,505</u>

SECTION IV

Amounts appropriated for capital projects are hereby established as follows:

	Current Budget	Revised Budget
Public Safety Radios	2,222,918	2,472,918
Bond Issuance Expenses	33,587	33,587
	<u>\$ 2,256,505</u>	<u>\$ 2,506,505</u>

SECTION V

The Town Manager is directed to report annually on the financial status of the projects in an informational section to be included in the Annual Budget, and shall keep the Council informed of any unusual occurrences.

SECTION VI

Copies of this projects ordinance shall be entered into the minutes of the Council and copies shall be filed within five days of adoption with the Manager, Business Management Director and Town Clerk."

This the 22nd day of March, 2023.

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

PRESENTER: Amy Oland, Business Management Director

RECOMMENDATION: That the Council approve the \$4 million appropriation from the FY 2022 excess fund balance to address facilities, maintenance, equipment, vehicle replacements, and Council initiatives.