

BOARD OF ALDERMEN

ITEM NO. B(7)

AGENDA ITEM ABSTRACT

MEETING DATE: October 23, 2001

TITLE: Request to Approve a Budget Ordinance

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: Attachment A: Budget Ordinance	FOR INFORMATION CONTACT: L. Bingham Roenigk, Asst. Town Manager

PURPOSE:

The Board is requested to approve a transfer from the Capital Reserve Fund to the General Fund to reimburse OWASA for providing public sewer to an existing residence within the corporate limits of the Town. The Town, agreeing to this commitment in previous years, has set aside \$100,000 to fund this commitment. To date, two public sewer subsidy requests have been funded.

INFORMATION

In the 1980's, the General Assembly authorized two additional half - percent sales taxes with the requirement that municipalities use part of the revenue for water and sewer purposes over a ten-year period. The legislature also provided in the sales tax law that the NC Local Government Commission could exempt a city from this requirement if its water and sewer needs could be met. The Town, by virtue of OWASA's ownership and operation of the water and sewer utilities, requested and received exemptions for ten years. During the discussion of the last exemption, The Town of Chapel Hill received a lot of publicity about existing neighborhoods lacking public sewer. The Division of Environmental Management raised this issue with the Town. Although the Town of Carrboro was not experiencing the same level of problems as Chapel Hill the Town did commit to establishing a total reserve of \$120,000 over a six-year period to subsidize the connection of existing houses to public sewer. With this commitment the Town was able to receive its last needed exemption on the sales tax. Each year the Town places in reserve \$20,000 for this purpose until the reserve reaches \$120,000. Currently, the Town is scheduled to complete its funding obligations in FY2002-03.

With funding available for this commitment, the Town of Carrboro has a policy of paying \$1,000 of the OWASA sewer assessment fees for existing residences that do not have public sewer. The budget ordinance above is a request to honor this commitment.

ADMINISTRATION'S RECOMMENDATION

Approve budget ordinance to reimburse OWASA for providing public sewer services.