

BOARD OF ALDERMEN

ITEM NO. D(4)

AGENDA ITEM ABSTRACT

MEETING DATE: March 5, 2001

TITLE: Discussion of Options to Address Revenue Shortfall

DEPARTMENT: Town Manager	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A. Budget Reduction Worksheet B. Memo from Chris Peterson C. Memo from James Harris D. Memo from Richard Kinney	FOR INFORMATION CONTACT: Robert W. Morgan, Town Manager

PURPOSE

The Mayor and Board of Aldermen have requested additional information concerning the revenue shortfall of \$479,285. The purpose of this item is for the Board to adopt a financial plan to cover the revenue shortfall.

INFORMATION

The Mayor and Board of Alderman have been informed that the Town Administration anticipates a revenue shortfall of \$479,285 in the current budget. The Governor has withheld \$299,285 from the Town to address shortages in state government. The remaining \$180,000 is the impact of the economy on sales tax revenue and interest earnings.

The Town Administration made recommendations as to where expenditures could be avoided or delayed to cover the shortfall. The Board requested information on other expenditures. A list of all these expenditure items has been prepared on a worksheet (Attachment A) to assist the Board in its deliberations.

In response to other Board questions, the Administration has prepared additional reports.

STREET RESURFACING and CAPITAL IMPROVEMENTS

Attached please find a memo from Chris Peterson, Public Works Director concerning street resurfacing and other public work projects (Attachment B). The Town has for years added \$150,000 annually to the street resurfacing reserve. Every other year, the Town resurfaces streets and as a result, its streets are in top condition. From time to time, the Board has appropriated monies out of the street resurfacing reserve for related projects (i.e. \$28,500 for street improvements on Westbrook Drive related to OWASA construction and \$32,000 for curb and gutter on Old Fayetteville Road). The proposed schedule below does not allow this type of flexibility to fund unanticipated projects. The Public Works Department has outlined the following street resurfacing and capital improvement project program for the next five years.

FY 2001-2002	Amount
Street Reserve as of February 28, 2002	\$419,000
Addition of half of budgeted amount to street resurfacing reserve	\$ 75,000
Estimated withdrawal for 2001-2002 street resurfacing	(\$ 78,000)
FY 2002-2003	
Estimated Street Resurfacing Reserve balance as of June 30, 2002	\$416,000
Addition of half of annual contribution to street resurfacing reserve	\$ 75,000
Estimated withdrawal for reconstruction of Weaver St. (present layout)	(\$390,000)
Estimated withdrawal to replace culvert on Lilac Drive	(\$ 90,000)
FY 2003-2004	
Estimated Street Resurfacing Reserve balance as of June 30, 2003	\$ 11,000
Addition of annual contribution to street resurfacing reserve	\$150,000
Estimated withdrawal for 2003-2004 street resurfacing	(\$ 98,500)
Estimated withdrawal to relocated storm sewer on Aberdeen Ct.	(\$ 35,000)
FY 2004-2005	
Estimated Street Resurfacing Reserve balance as of June 30, 2004	\$27,500
Addition of annual contribution to street resurfacing reserve	\$150,000
FY 2005-2006	
Estimated Street Resurfacing Reserve balance as of June 30, 2005	\$177,500
Addition of annual contribution to street resurfacing reserve	\$150,000
Estimated withdrawal for 2005-2006 street resurfacing	(\$ 120,000)
Estimated Street Resurfacing Reserve balance as of June 30, 2006	\$207,500

As you can determine from the above information, the schedule for street resurfacing and public works construction projects can be achieved by using half of the budgeted street resurfacing reserve (\$75,000) in 2001-2002, appropriating \$75,000 in 2002-2003 and resuming the annual allocation of \$150,000 in 2003-2004. This street resurfacing schedule is possible due to the present condition of town streets. These conditions are subject to change with severe winter weather, which can accelerate the deterioration of asphalt. Please note that the budget projected for Weaver Street does not incorporate the concepts presented in the Downtown Visioning Project. The Board may wish to reserve the \$50,000 for Hanna Street sidewalks for pedestrian improvements on Weaver Street.

VACANT POSITIONS

The Board requested that the Town Administration estimate the savings in lapse salary for all vacant positions for the year. As of this date the following positions are vacant or are projected to be vacant during the last quarter of the year:

Positions	Budgeted Allocation, Salary and Fringe Costs	Expd thru June 30	Amount Lapsed Salary if not Filled	Projected Hiring
Deputy Fire Chief	\$ 64,758	\$ 31,388	\$ 33,370	May – needed for depth in command
Firefighter (Evans)	\$ 37,830	\$ 22,679	\$ 15,151	May – needed for relief factor
Police Officer I	\$ 44,042	\$ 22,673	\$ 21,369	May – needed for relief factor
Recreation Director	\$ 69,556	\$ 62,802	\$ 6,754	July – need for program continuity
Zoning Administrator	\$ 58,063	\$ 28,562	\$ 29,501	April – needed for program continuity
Groundskeeper	\$ 23,005	\$ 15,782	\$ 7,223	May if seasonal help cut from budget
Total Savings Through June 30, 2002:			\$113,367	

The Town Administration would recommend filling these positions as indicated and allow lapsed salary to accumulate and cover the appropriated fund balance.

HUMAN SERVICES GRANT

The Board also requested a status report on the human service grant to Youth Creating Change. A memo from James Harris is included (Attachment C). The nature of the project has changed while the mission has remained the same. However, a sound business plan has not been provided.

RECREATION AND PARKS PART TIME EMPLOYEES

Based on the Board's discussion last week about seasonal employment, the Recreation and Parks Director is providing further clarification on the commitments to staff (Attachment D).

ADMINISTRATION'S RECOMMENDATION

The Town Administration is requesting direction on how the Board wishes to address the revenue shortfall.