

# BOARD OF ALDERMEN

ITEM NO. D(1)

## AGENDA ITEM ABSTRACT

MEETING DATE: July 23, 2002

### TITLE: Adoption of FY 2002-03 Budget

<b>DEPARTMENT:</b> Management Services	<b>PUBLIC HEARING:</b> NO
<b>ATTACHMENTS:</b> Attachment A – Budget Ordinance Attachment B – Final Budget Worksheet Attachment C – Additions to Budget if State Shared Utility Franchise and Wine and Beer Taxes are Received Attachment D – League of Municipalities – LegisFaxes	<b>FOR INFORMATION CONTACT:</b> Robert Morgan, Town Manager 918-7315

### PURPOSE

The Board, on June 25, 2002, adopted an interim budget effective through July 23, 2002 in the hopes that the Board would have more information on state legislative action affecting the Town's budget. The purpose of this agenda item is to adopt the annual FY2002-03 budget ordinance that incorporates the impact of any known state legislative activity, changes desired by the Board of Aldermen, and any other current information.

### INFORMATION

The attached budget ordinance supersedes the interim budget and establishes the annual FY02-03 budget for the general fund and all other funds (Attachment A).

One board member has indicated an interest in continuing an interim budget for another month in anticipation of the General Assembly completing its budget discussions. The League of Municipalities, in its LegisFax of July 18 (Attachment D), notes that legally, it appears that interim budgets can be continued past the August 1 deadline noted in the General Statutes G.S. 105-347, however, that there are practical considerations in delaying the property tax billing and collection cycles. Orange County staff has indicated that a separate property tax bill can be sent on the behalf of the Town, but at an additional cost ranging from \$45,000 to \$65,000. More worrisome, however, is the confusion that will be created by sending two property tax bills (one for Orange County and school systems and one for the Town of Carrboro). This will create numerous customer service issues, increase the workload of existing county staff, and will detrimentally affect collections. Thus, the Town Manager encourages the Board to pursue adopting a final budget for FY02-03.

To assist the Board in its final budget decisions, the updated budget worksheet has been attached. With the Board's approval of dumpster collection fees for non-residential customers, the projected tax rate increase for FY02-03 equals 2.84 cents for a total tax rate of 68.52 cents per \$100 assessed valuation (Attachment B). Attachment C is included for Board information only. Should the Town receive any state-shared revenue not budgeted, town staff will prepare an agenda item for the Board to consider.

Regarding state-shared revenues, the Town has received regular information from the League of Municipalities on legislative action affecting local governments. With the latest release of July 18, 2002, the League states that the House defeated the accelerated local option sales tax bill that would have raised the total state and local sales tax, where adopted, to seven cents until July 2003 when the 2001 state half-cent sales tax sunsets. Chances of reviving this bill appear slim.

The State Governor, Mike Easley, in response to the inability of the General Assembly to reach an agreement on the budget, has ordered further cuts in the state budget. He has also stated that payments to local governments are potentially at risk. A new addition to his list of potential state withholdings is the Powell Bill

grant funds used for street resurfacing. The impact of taking these revenues from Carrboro equals \$478,240, approximately 4.54 cents on the tax rate.

**ADMINISTRATION'S RECOMMENDATION**

The Board is requested to receive the current information and to adopt the FY2002-03 Budget Ordinance.

## ATTACHMENT C

<p> <b>Additions to Budget If State-shared Revenues Become Available</b> </p>
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Total state revenues, FY02-03: \$		772,075
Utility Franchise/Wine & Beer Revenues: \$		521,458
Description	Amount	
Implement Market Study for Remaining Town Employees, effective March 1, 2003 (excl Police & Fire)	\$	21,436
Replace Ballfield Lights (full cost: \$86k); lease value only	\$	30,076
Replace tennis court fence at Anderson Park	\$	17,500
Recreation Registration and reservations software + peripherals	\$	17,966
Online registration for recreation programs enabling residents to pay for recreation programs by credit card	\$	25,000
Streets dump truck (fy02-03 CIP), lease value only	\$	19,235
Landscaping dump truck (fy02-03 CIP), lease value only	\$	15,738
Landscaping, Pickup Truck (FY01-02 CIP), lease value only	\$	8,044
Fleet Maintenance, pool car, alternative fuel, lease value	\$	8,044
Reserve for future debt payments	\$	91,903
Total commitments identified for Utility Franchise/Wine and Beer Revenue:	\$	254,942
PORTION OF UTILITY FRANCHISE/WINE AND BEER REVENUES NOT COMMITTED: \$		266,516