

BOARD OF ALDERMEN

ITEM NO. B(5)

AGENDA ITEM ABSTRACT
MEETING DATE: October 22, 2002

TITLE: Request to Approve a Budget Ordinance

DEPARTMENT: Management Services	PUBLIC HEARING: NO
ATTACHMENTS: A. Budget Amendment	FOR INFORMATION CONTACT: L. Bingham Roenigk, 918-7300

PURPOSE

The purpose of this item is to amend the FY2002-03 budget to appropriate additional funds of \$17,217 for the full cost of the public transportation services contract with the Town of Chapel Hill.

INFORMATION:

In reviewing the contract for public transportation services between the Towns of Chapel Hill and Carrboro, it became that the contract for services which are now projected at \$747,707 exceed the adopted budget by \$17,217. Apparently, the transportation costs calculated by the Town of Chapel Hill went through several changes after the preliminary budget numbers were given to Carrboro. The most significant cause of the changes was an increase in all of the insurance costs - Health, Workers' Compensation, and Liability.

FISCAL IMPACT:

As the Board may recall, a new vehicle license fee of five dollars per vehicle was approved in the prior year to support transit costs incurred by the Town. GS. 20-97 allows towns that operate a public transportation system to assess a municipal vehicle tax for public transportation. The proceeds of the tax may be used only for financing, constructing, operating, and maintaining local public transportation systems.

Another condition of the tax is that the proceeds of the tax shall supplement and not supplant or replace existing funds or other resources for public transportation systems. At the time of the adopted budget, the Town was not able to budget the entire revenue anticipated from the license fee because the transit costs were projected to increase at a rate lower than the projected revenue potential. Reviewing audited FY01-02 June 30th motor vehicle revenue earnings indicates that the Town has earning potential of \$53,000 in vehicle license revenues for FY02-03. This revenue potential exceeds the current budget of \$30,480 by \$22,520. Thus, there are sufficient revenues to appropriate for the additional costs associated with the transit contract.

ADMINISTRATION'S RECOMMENDATION

Adopt the budget ordinance appropriating funds for the public transportation services contract with the Town of Chapel Hill.