

**BOARD OF ALDERMEN**

ITEM NO. D(2)

**AGENDA ITEM ABSTRACT**

**MEETING DATE: June 6, 2006**

**TITLE: Complete Budget Discussions and Consider Adoption of the FY2006-07 Budget Ordinance**

<b>DEPARTMENT: Town Manager</b>	<b>PUBLIC HEARING: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/></b>
<b>ATTACHMENTS:</b> Attachment A – Budget Ordinance Attachment B – Resolution Adopting Pay Plan Attachment C – Miscellaneous Fees and Charges Schedule Attachment D – Reimbursement Resolution for FY2006-07 Capital Purchases Attachment E – Resolution Approving Compensation for Elected Officials Attachment F: Resolution	<b>FOR INFORMATION CONTACT:</b> <b>Steve Stewart, Town Manager</b>

**PURPOSE**

By state law, the Board must approve a balanced budget for the Carrboro community by July 1 of every year. The purpose of this agenda item is to complete budget discussions and to consider adoption of the budget ordinance. The Board may consider the budget ready for adoption and has the option of adopting the budget tonight versus waiting until June 20. If the Board has additional instructions for the Town Manager, it may adopt the resolution directing that a final budget draft be prepared for June 20.

**INFORMATION**

The Board of Aldermen held a budget work session at which the Manager and departmental staff responded to questions from the Board on the recommended budget. In addition, a public hearing was held on the Manager’s recommended budget on Tuesday May 23. Following questions and input received to date, the Town has prepared a draft budget ordinance.

**Budget Ordinance**

The attached budget ordinance adjusts the Manager’s recommended budget as part of year-end financial housekeeping to reflect: a) a decrease of \$1,000 as a result of the ArtsCenter decision to withdraw its request; b) an increase of \$100,000 in the budget for sewer outfall construction in the northern transition area budget that is budgeted in the current year but will not be performed until FY06-07, c) a transfer of the remaining allocation for the OWASA subsidy from the Nondepartmental cost function to Public Works, d) an increase in phone costs (\$3,600) for dedicated lines needed to man the fire alarm system recently bid, and e) an increase of \$15,500 in the budget for a realignment of the Pleasant Drive and N. Greensboro Street intersection that is budgeted in the current year but will not be performed until FY06-07. This project is fully funded with grant revenues.

The sewer outfall project while, it has been moved to FY06-07, was not scheduled to have a debt impact until FY06-07. Thus this budgetary change does not affect the recommended tax rate. In addition, the budget ordinance reflects a shift in how the Town will budget and pay for the OWASA sewer subsidies. With the FY06-07 budget, the total allocation remaining for sewer subsidies will be budgeted in Public Works that will eliminate administrative work in preparing multiple budget amendments and will enable the Town to track and monitor the account balance over a multi-year period in the General Fund.

The budget ordinance adds language authorizing the Orange County Tax Collector to collect property taxes on behalf of the Town and enables taxes to be a first lien on real estate. The ordinance also provides for adjustments to the Town’s pay plan and various fees within the fee schedule. The Board formally acknowledges these changes by approving a resolution adopting the Pay Plan, a resolution addressing compensation for appointed and elected officials, and the Miscellaneous Fees and Charges Schedule for FY06-07. In addition, the Board is requested to approve a reimbursement resolution that identifies all equipment and vehicles scheduled for lease purchase financing in the upcoming year.

**Pay Plan**

The resolution approving adjustments to the Town’s pay plan recommends that employees rated as outstanding or proficient receive incentive pay raises ranging from 1/2% to 3.0% based on specified levels of performance in addition to a base 2.5% increase for cost-of-living. The chart below shows the compensation to be awarded for employees above midpoint of their salaries and those below midpoint.

EMPLOYEE IS:	% INCREASE IN PAY	
	OUTSTANDING	PROFICIENT
ABOVE MIDPOINT	5.0%	3.0%
BELOW MIDPOINT	5.5%	3.5%

Pay plan information is described in more detail in the Town’s Pay Plan booklet included in the agenda packages. Compensation for elected and appointed officials is outlined in the resolution in Attachment E.

**Fee Schedule**

The proposed fee schedule streamlines fees, increases fees based on actual and/or market rates in several departments including Public Works, Planning, Recreation, and Fire. In addition, notary fees from \$3 per page to \$5 per page in accordance with the NC General Statutes.

**STAFF RECOMMENDATION**

The Board may choose to adopt the FY2006-07 budget tonight and approve the following:

1. Adopt the attached FY2006-07 Budget Ordinance,
2. Adopt the FY2006-07 Pay Plan Resolution,
3. Adopt the FY2006-07 Miscellaneous Fees and Charges Schedule,
4. Adopt the FY2006-07 Reimbursement Resolution
5. Adopt the FY2006-07 Resolution for Compensation for Elected Officials

**Or,** the Board may complete budget discussions and approve a resolution (Attachment F) instructing the Town Manager to develop a final draft of the budget for adoption by the Board on June 20 and provide direction to staff on requested changes to the FY06-07 budget ordinance.