

## **MEMORANDUM**

TO: Mayor and Town Council

FROM: Roger L. Stancil, Town Manager

SUBJECT: Initial Public Forum on the Annual Budget, Capital Program, Use of Grants and Related Items and Potential Legislative Requests

DATE: February 3, 2010

### **INTRODUCTION**

The purpose of this memorandum is to provide background information for the Council's initial public forum for the FY2010-11 budget.

We recommend that the Council receive comments at the February 3, 2010 Council meeting in a combined forum format in which citizens may make comments regarding any of the forum topics.

### **OVERVIEW OF THE BUDGET PROCESS**

Through the Town's annual budget process, the Town Council makes decisions on the level and types of services provided to citizens with local, State and federal funds.

Adoption of a budget determines in many respects the level of resources to be available for Town services over the coming budget year. Normally, there are limited options for adding to the budget after it is adopted.

The budget process is one of the most important functions and responsibilities of the Council and it is also a key opportunity for citizens' participation in Town government.

### **BRIEF BACKGROUND**

#### Process for Participation by Citizens

Additional public forums and hearings on the budget and related items will be held at 7:00 p.m. on:

- April 12 - Status report on development of a budget, preliminary capital program and proposed grant applications related to housing and community development.
- May 5 - Recommended budget for the service year beginning on July 1, 2010; use of transit grants; recommended 15-year capital program; Downtown Service District program.

Citizens may also make comments to the Mayor and Council by letter, fax, or e-mail at any time in the budget process.

Notice of the budget forum was published in the Chapel Hill News as was additional notice specifically concerning Community Development funds. Notice has also been provided on the Town's website beginning on January 16<sup>th</sup>.

### **TOPICS FOR THE PUBLIC FORUM AND HEARING**

Information on each topic for the forums tonight is provided below.

<u>Page</u>	<u>Topic</u>
2	A. <a href="#">Annual Budget</a> : preparing the budget for the service year beginning on July 1, 2010.
3	B. <a href="#">Capital Program</a> : capital improvement needs for 2010-2025.
4	C. <a href="#">Community Development Grant</a> : use of the 2010-2011 Community Development grant.
5	D. <a href="#">Housing Capital Funds Program</a> : use of the 2010-2011 federal Housing Capital Funds Grant for public housing improvements, renovations and services to public housing residents.
6	E. <a href="#">HOME Program</a> : use of 2010-2011 federal HOME grant for housing and community development services in Chapel Hill and Orange County.
7	F. <a href="#">Public Transportation Grants</a> : use of 2010-2011 federal and State grants for transit capital projects, operating costs and transportation planning.
8	G. <a href="#">Downtown Service District</a> : potential changes in services for the year beginning on July 1.
9	H. <a href="#">Potential Legislative Proposals</a> : suggestions for legislation that might be sought in the 2010 session of the General Assembly.

### **MANAGER'S RECOMMENDATION**

That the Council refer comments and questions to boards and commissions and to the Manager for consideration and recommendations in the budget process.

#### **A. Annual Budget for 2010-2011**

This forum provides an opportunity for citizens to comment on any aspect of the Town's budget and budget documents, including services that should be added, eliminated or changed. The Town's 2010-2011 budget and service year will begin on July 1, 2010 in accord with State law.

### Purpose

The annual budget includes funding for operating costs for police and fire protection, street maintenance, refuse collection, various other public works services, parks and recreation, public transit, the public library, planning, building inspection, engineering, legal and administrative services.

The annual budget includes one year's funding for cash-financed small projects such as sidewalks, greenways, street paving, as well as debt service payments on other capital projects.

In addition to setting Town service levels and property tax rates, the Council makes decisions on whether to adjust or adopt service fees for refuse collection, recreation programs, transit, development review, inspections and other services as part of the budget.

### Next Steps

On April 12th, the Council will hold a public forum at which we will submit to the Council a status report on preparing the 2010-2011 budget. After presentation of the report, the forum will provide an opportunity for comments and requests from citizens or community groups regarding the budget status report, or any aspects of the Town's budget for 2010-2011.

On May 5<sup>th</sup>, we will submit a recommended budget for the Council's consideration and invite comments by citizens at a public hearing scheduled for May 19th. The Council's adopted budget process includes consideration of adopting a budget on June 7<sup>th</sup>.

## **B. 2010-2025 Capital Program**

The purpose of this forum is to receive citizens' suggestions and comments regarding capital projects proposed for the next 15 years.

### Purpose

A capital improvements program is a plan for major projects and purchases including:

- buying land for parks, open space or other Town services;
- sidewalks;
- streetscape;
- bikeways;
- greenways;
- park improvements;
- construction, renovation, expansion and improvement of Town buildings; and
- road, bridge and related improvements.

The Town's capital programs have typically included a list of capital projects with cost estimates, a potential schedule and priorities for 15 years, and existing or potential future funding methods for each project.

Identified funding sources may include current general revenues, money previously reserved for capital projects, grants, gifts and bond issues.

Many projects in the first year of the capital program normally are funded as part of the annual budget. Projects in the second through fifteenth years are normally not funded in the budget for the next year, although some may be financed through past bond issues, installment purchase contracts and other sources. Funding for most projects in the second through fifteenth years is considered in future annual processes.

### Planning Process

Each year, the Town Council, citizens, boards and commissions, and staff consider the Town's capital project needs and possible funding sources for needed projects. This process results in decisions by the Town Council regarding capital improvements that the Town may undertake as funding becomes available and is appropriated.

### 2010-2011 Funding

We have not yet established estimates of the amounts which may be allocated for capital projects. In the current 2009-2010 budget year, \$749,000 was allocated to the annual capital improvement fund.

### 2009-2024 Capital Program

A summary of the current capital program and long-range projections as adopted by the Council for 2009-2024 is attached as background information (please see Attachment 1).

### Next Steps

We will submit to the Council a preliminary capital program for 15 years as a part of the Status Report on April 12. The Council normally refers the preliminary capital program to various Town boards for review and comment. We recommend that the Council do so this year.

A public forum to receive citizens' comments on the preliminary capital program is scheduled for April 12<sup>th</sup>.

Various boards and commissions will make recommendations to the Council regarding capital projects. We will submit a recommended capital program on May 5<sup>th</sup> for a public hearing on May 19<sup>th</sup>.

The Council normally adopts a Capital Improvements program in June as part of overall decisions on the budget.

## **C. 2009-2010 Community Development Grant**

The purpose of this forum is to receive comments on how the Town should use federal Community Development grant funds in 2010-2011.

All comments received in writing and at public hearings will be compiled and addressed in a Community Development plan to be submitted to the Department of Housing and Urban Development in May.

Please contact the Planning Department or visit the Planning Department's website for an application for funding.

### Purpose

The Town receives a federal grant each year to benefit low- to moderate-income families through projects such as:

- Housing repairs;
- Property acquisition;
- Neighborhood revitalization;
- Capital improvements; and
- After school programs.

Attachment 2 provides a summary of the ways in which Community Development grants can be used.

### 2010-2011 Funding

The U.S. Department of Housing and Urban Development has not yet informed us of the amount of the Town's 2010-2011 Community Development grant. The 2009-2010 Community Development grant was \$584,379.

### Next Steps

There will be an opportunity to comment on a preliminary 2010-2011 Community Development Plan at a public forum scheduled for March 22, 2010.

On April 26, 2010, we plan to recommend that the Council consider a 2010-2011 Community Development Plan.

## **D. 2010-2011 Housing Capital Fund Grant**

The purpose of this forum is to receive citizens' comments on the use of the 2010-2011 Housing Capital Fund grant.

### Purpose

The Town may use the annual Housing Capital Fund grant for renovating and otherwise improving public housing neighborhoods, and services for public housing residents.

Federal rules give priority to work needed to meet statutory requirements such as:

- testing for and removing or otherwise controlling lead-based paint;

- testing for and removing or otherwise controlling asbestos; and
- renovations to meet the needs of disabled citizens.

### Estimated Grant for 2010-2011

The 2009-2010 grant amount is \$595,500. We have not received notice of the grant amount for 2010-2011, but estimate that it will be somewhat lower.

Current grant funds are being used primarily for comprehensive renovation work at the South Roberson Street public housing neighborhood.

### Next Step

- We will submit a proposed plan for using the 2010-2011 Housing Capital Fund grant for citizens' comments at the public hearing on March 22, 2010.
- We will recommend that the Council refer the proposed plan to the Public Housing Program Advisory Board and other interested Boards for comments and recommendations. On April 12, 2010, we will recommend that the Council consider a 2010-2011 plan for use of the 2010-2011 Housing Capital grant.

## **E. HOME Program**

The purpose of this forum is to provide an opportunity to comment on how to use 2010-2011 federal HOME Program funds in Chapel Hill and throughout Orange County.

Please contact the Planning Department or the Orange County Department of Housing and Community Development for an application for funding.

### Purpose

Congress established the HOME program in 1992 to fund various housing services to benefit low-income families. HOME funding is in addition to Community Development grants, federal rental assistance, and grants for public housing operations and improvements.

Attachment 3 provides a summary of the ways under which HOME Program funds can be used.

### 2010-2011 Funding

The U.S. Department of Housing and Urban Development has not yet informed the HOME Consortium of the amount of the 2010-2011 grant. The 2009-2010 grant award was \$733,311. There is a local match requirement for these funds.

### Orange County Local Governments" Consortium

In 1992, the governing boards of Carrboro, Hillsborough, Chapel Hill and Orange County formed a consortium to receive HOME funds. Orange County is the lead agency in administering the HOME program.

In accord with an agreement signed in 2002, the local matching funds requirements (in accordance with 2000 Census population figures) are as follows:

Locality Share

- Chapel Hill                    41 percent
- Orange County                40 percent
- Carrboro                        14 percent
- Hillsborough                 5 percent

This year HOME funds have been budgeted primarily for property acquisition, homeownership assistance, new construction, rental assistance and operational assistance.

2005-2010 Consolidated Plan

In May 2010, the Orange County HOME Consortium consisting of the Town, Orange County, Carrboro and Hillsborough will submit a new Consolidated Plan to the U.S. Department of Housing and Urban Development covering fiscal years 2010-2011 thorough 2014-2015. The purpose of the Plan is to identify and prioritize the housing and community development needs for Chapel Hill and Orange County, and to suggest how the Town and the County will address the needs over a five-year period. The documents will be submitted to the Department of Housing and Urban Development in May.

Next Steps

In 2000, the participating governments established a HOME Program Review Committee that consists of elected officials and staff representatives from Orange County, Chapel Hill, Carrboro and Hillsborough. Council Member Pease is the Council's representative to this Committee. This Committee will prepare a proposed plan for using HOME funds. The Council will hold a public forum on the proposal on March 22<sup>nd</sup>. In February, the Board of Orange County Commissioners will also hold a public hearing to receive citizen comment on the proposed plan. The 2010-2011 HOME program must be approved by the Town Council, the Orange County Commissioners, and the Hillsborough and Carrboro Boards of Aldermen prior to submission to the U.S. Department of Housing and Urban Development.

On April 26, 2010, we will ask the Council to consider a plan for use of these funds.

**F. 2009-2010 Public Transportation Grants**

The forum tonight is an opportunity for citizens to comment on transit services and projects in 2010-2011 including the use of federal and State grants for transit operations, capital projects and transportation planning.

Purpose

Transportation services, projects and planning activities are intended to provide alternatives to the use of single-occupant vehicles, reduce traffic congestion, reduce air pollution and assist people with disabilities affecting their mobility.

### Estimated Funding

For 2010-2011, federal funding for transit services is estimated to be about \$1.7 million. And State funding is estimated to be about \$2.5-3.0 million. Because of the state of the economy, it is expected that federal and state funding will stay constant, at best. State funding decreased by about \$206,000 in FY2009 and an increase is anticipated in FY2010.

There are other federal planning funds available to support the transit system. They are traditionally allocated by the Metropolitan Planning Organization and final amounts won't be developed until final budgets are developed.

### Sharing of Local Costs

The University and Towns of Carrboro and Chapel Hill have agreed to share the local cost for transit services. The cost-sharing formulas are set forth in separate contracts with the University and Carrboro.

### 2010-2011 Services

Chapel Hill Transit provides:

- Fixed route and express bus service throughout Chapel Hill, Carrboro and the University of North Carolina with additional services to Chatham County and Hillsborough;
- E-Z Rider service for citizens with mobility impairments;
- shared ride service on evenings and Sundays to complement bus service;
- feeder service to transport citizens between bus routes and areas which do not have enough demand to justify bus routes.

### Next Steps

Staff will present the budget to the Transportation Board and Public Transit Committee no later than March, 2010.

The Transportation Advisory Board and citizens will have an opportunity to comment on the transit budget and grants again at the Public Forum in the spring of 2010.

## **G. Downtown Service District**

The purpose of this forum is to receive comments and suggestions from downtown business people, property owners and other interested citizens regarding:

- the use of Downtown Service District taxes in 2010-2011;
- the scope of projects and programs in the service plan for the Downtown District.

### Purpose

In 1989, the Council established a Downtown Service District in response to requests from several downtown businesses and property owners.



State law allows the Council to establish this service district and to apply a supplemental property tax to promote the economic vitality of downtown, enhance Town services in the downtown district and other related activities.

Most of the property in the Downtown is in the zoning districts Town Center 1 or 2. Several properties used only for residential purposes are not in the service district.

#### Estimated Funding in 2010-2011

We estimate that collections will remain about the same for the Downtown Service District in 2010-2011 as in 2009-2010, at \$163,000.

#### Downtown District Services

Currently, downtown district funds are allocated to the Chapel Hill Downtown Partnership, to a grounds maintenance employee for the downtown and for a reserve for possible parking alternatives.

#### Next Steps

We will develop recommendations for use of the downtown district funds and for any changes in the service plan as part of the budget process this spring.

The Council will hold an additional forum on April 12<sup>th</sup> and a public hearing on May 19<sup>th</sup>.

The Council normally adopts the downtown district tax rate in June with the overall budget and makes decisions concerning services during June.

### **H. Potential Legislative Proposals**

Tonight's forum is also an opportunity for citizens and Council Members to propose potential legislative requests for the upcoming 2010 legislative session of the North Carolina General Assembly.

Resolutions adopting the Council's Legislative agendas for 2008 and 2009 are available at the following links:

2008 Resolution:

[http://townhall.townofchapelhill.org/agendas/2008/05/05/11/2008-05-05\\_r10\\_amended.htm](http://townhall.townofchapelhill.org/agendas/2008/05/05/11/2008-05-05_r10_amended.htm)

2009 Resolution:

[http://townhall.townofchapelhill.org/agendas/2009/03/09/11/2009-03-09\\_r13.htm](http://townhall.townofchapelhill.org/agendas/2009/03/09/11/2009-03-09_r13.htm)

### Next Steps

After hearing ideas from the public, the Council will have the opportunity at a future meeting to discuss these and any additional Council requests. We will arrange an opportunity to discuss legislative matters with our local legislative delegation later this winter or early spring. The Council traditionally has adopted a legislative program following the meeting with our delegation. The General Assembly will reconvene May 12. In this “Short Session”, the bills which will be considered are limited. See General Assembly Resolution 2009-33 (Attachment 4).

## ATTACHMENTS

### Capital Program

1. [Summary Table 1: of 2009-2024 Capital Improvements Fund](#) (p. 11).

### Community Development

2. [National objectives of Community Development legislation and related list of services and projects, which can be funded.](#) (p. 13).

### HOME Program

3. [Uses and Objectives of HOME Program funds.](#) (p. 14).

### Legislative Agenda

4. [General Assembly Resolution 2009-33.](#) (p.15).