



Legislation Text

File #: 20-203, **Version:** 1

TITLE:

Presentation of Town Manager's Recommended Budget for Fiscal Year 2020-2021

PURPOSE: The purpose of this agenda item is to receive the Town Manager's Recommended Budget for FY 2020-21 and set the time for a public hearing and budget work sessions.

DEPARTMENT: Town Manager, Finance

CONTACT INFORMATION: David L. Andrews, 918-7315 and Cary McNallan, 918-7301

INFORMATION: By state law, the Town Manager is required to submit a recommended budget for FY 2020-21 and budget message to the Mayor and Town Council by June 1st. This recommended budget is to be made available for public inspection and the Town Council is required to hold a public hearing on it prior to adoption. The FY21 Recommended Budget can be found on the Town's website at the following location:

<https://www.townofcarrboro.org/2397/Recommended-Annual-Operating-Budget-2020-2021>

Major goals for the FY 2020-21 budget were to: 1) implement the Board's strategic priorities, 2) control costs while improving services, 3) develop a balanced budget, 4) retain valued town employees, and 5) begin development of a long term financial sustainability plan.

With increasing costs for health insurance, retirement system contributions, transit operations, and other items combined with little or no revenue growth due to the economic uncertainty, difficult decisions had to be made. As priorities were evaluated, careful and balanced choices are presented in the FY 2020-21 recommended budget.

The total budget recommended by the Town Manager is \$70.8 million comprised of General Fund at \$25.0 million, Special Revenue Fund at \$2.3 million, Capital Fund at \$42.1 million, Storm Water Utility Enterprise Fund at \$994,475, and Parking Enterprise Fund at \$346,300. The Parking Enterprise Fund was created for FY21 to track parking related expenditures for the Town.

Special Revenue Funds change from year to year depending upon revenues from grants and loan funds. The Affordable Housing Fund is included in this fund and increasing affordable housing is a major goal of the Town Council. To provide a steady and reliable revenue stream for affordable housing, the FY 2019-20 adopted budget included a 1 cent property tax to be dedicated exclusively for affordable housing activities. It was anticipated that another ½ cent property tax would be added for the FY21 budget, however, due to the recent pandemic that has caused economic hardships, it is recommended that this increase be delayed. Therefore, there will be no increase in the Affordable Housing property tax rate and the current 1 cent property tax is recommended and will be exclusively for affordable housing activities. Based on the current budget for FY 2019-20 a penny on the tax rate yields \$225K in revenue. It is anticipated that another ½ cent increase in the property tax rate will be considered in the FY 2021-22 budget. To maintain the Affordable Housing Fund at its current budget level, the Town proposes a general fund subsidy of \$112,500 which when combined with the 1 cent property tax rate, provides \$338,000 for affordable housing activities.

Following the Town Manager's budget presentation, the date and time to hold a public hearing needs to be set. Attached is a resolution to set a public hearing for the budget on June 2, 2020 and a notice of public hearing to be published by the Town Clerk.

If the Council desires to hold one or more work sessions on the Town Manager's recommended budget, the following dates have been reserved: May 26 and June 2, 2020. Budget work sessions allow for an opportunity to develop a more thorough understanding of the budget recommendation. Department heads will be available at work sessions to answer questions.

FISCAL & STAFF IMPACT: N/A

RECOMMENDATION: That the Town Council accept the Town Manager's Recommended Budget for FY 2020-21 and adopt a resolution setting a public hearing on it for June 2, 2020 at 7:00 PM