

**Town of Chapel Hill
North Carolina**

**2012-2013
ADOPTED
BUDGET**



Mayor
Mark Kleinschmidt

Mayor pro tem
Ed Harrison

Town Manager
Roger L. Stancil

Town Council
Donna Bell
Matt Czajkowski
Laurin Easthom
Gene Pease
Penny Rich
Lee Storrow
Jim Ward

Finance Officer
Kenneth C. Pennoyer



MANAGER'S OFFICE
Town of Chapel Hill
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514-5705

phone (919) 968-2743 fax (919) 969-2063
www.townofchapelhill.org

Letter of Transmittal

To the Honorable Mayor and
Members of Town Council
Town of Chapel Hill, North Carolina

Ladies and Gentlemen:

I am pleased to present the Town of Chapel Hill, North Carolina Annual Budget for Fiscal Year 2012-13. The budget includes an increase of .5 cents for a combined property tax rate of 49.9 cents per \$100 of assessed value. The property tax rate for the Downtown Service District remains at 7.1 cents per \$100 of assessed value.

The Adopted Budget for 2012-13 recognizes Council's most important goals and makes adjustments to compensate for the impact of the economic crisis. We are pleased to work with Council in making the final decisions on continuing the Town's high level of services and how they would be funded in the 2012-13 budget year. In addition to continuing basic services, the recommended budget:

- Maintains a fare-free transit system as in past years;
- Maintains a competitive pay and benefits level;
- Maintains funding level for performance agreements with outside agencies;
- Provides for capital projects to maintain Town facilities and infrastructure.

This Adopted Budget document is organized as in previous fiscal years utilizing the governmental budget practices recommended by the Government Finance Officers Association of the United States and Canada.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Stancil".

Roger Stancil
Town Manager

July 1, 2012

TABLE OF CONTENTS

	<u>Section / Page</u>
Budget Message-----	Budget Message
Introduction / Background-----	1
Projections -----	41
Summaries -----	59
General Fund -----	75
General Government	
Mayor.....	88
Council.....	91
Manager	92
Clerk.....	96
Human Resource Development	101
Business Management	106
Town Attorney	114
Non-Departmental.....	117
Environment & Development	
Planning	120
Public Works.....	125
Public Safety	
Police	142
Fire	150
Leisure	
Parks and Recreation	160
Library	166
Debt-----	171
Transit -----	177
Stormwater -----	205
Parking -----	213
Housing -----	223

TABLE OF CONTENTS

Capital Program	237
-----------------------	-----

Other Funds

Grants	271
Downtown Service District.....	273
Library Gift	276
Vehicle Replacement	278
Vehicle Maintenance	280
Computer Replacement.....	286

APPENDICES

Appendix 1 – Budget Ordinance FY2012-13	289
Appendix 2 – Distinguished Budget Award 2011-12.....	292
Appendix 3 – Performance Agreements with Other Agencies	293
Appendix 4 – Glossary	294



MANAGER'S OFFICE
Town of Chapel Hill
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514-5705

phone (919) 968-2743 *fax* (919) 969-2063
www.townofchapelhill.org

June 25, 2012

Dear Mayor Kleinschmidt and Members of the Chapel Hill Town Council:

The adopted annual budget for the Town of Chapel Hill for Fiscal Year 2012-13 is submitted herein, in accordance with the Local Government Budget and Fiscal Control Act.

The Adopted Budget is balanced without a tax increase for the fourth consecutive year. I am, however, recommending a transfer from the General Fund in the amount of \$364,000 for Transit in order to meet our funding obligation to our Transit partners. The Adopted Budget includes a 3% pay increase for all regular Town employees, a 3% reduction in health insurance costs, funding for the first implementation steps for Chapel Hill 2020 and funding for implementation of the fiber network.

Since the Recession began in FY2008-09 we have been struggling to continue to provide service levels consistent with the expectations of the community while keeping taxes and fees at or near pre-recession levels. We are not unique in this respect. Across the Country, many communities have been forced to cut services, lay-off employees and make other difficult decisions. By virtue of conservative budgeting practices, sound financial management and a local economy that has been less susceptible to economic fluctuations, we have been able to avoid drastic measures. Despite the recent encouraging economic numbers, we have not reached budgetary equilibrium. In fact, we have several significant hurdles to clear in the next two year budget cycle that will further stress our resources. Over the past few years, despite the economic difficulties, we have been able to position ourselves financially and organizationally to move forward based on the Council's goals and vision for Chapel Hill. As we emerge from the economic downturn we will have a comprehensive plan to provide policy direction and management tools that will enable us to execute the plan.



Budget Preparation Goals

Consistent with prior years, our goals for the FY2012-13 Budget continue to reflect our efforts to achieve stability and include the following:

- Tax increase as a last resort
- Fee increases consistent with articulated “Fee Philosophy”
- Funding the implementation of the 2020/Comprehensive Plan
- Continuing current initiatives that invest in our future
 - UNC Healthcare Partnership for Employee Health
 - Ombuds program
 - Town Fiber Network
- Minimizing changes to employee benefits, recognizing that excellent service derives from excellent employees
- No layoffs

Budget Balancing Strategies for 2011-12

The Adopted General Fund Budget is balanced without a tax increase. To achieve that goal while maintaining core services, we employed the following strategies, some of which are short-term in nature and not sustainable in the long-term:

- Manage spending, including vacant positions, during the current year (2011-12) to provide additional fund balance to offset potential revenue shortfalls in next year’s (2012-13) budget;
- Concentrate efforts on maintaining core service levels and a compensation plan that retains experienced employees;
- Invest in the health and safety of our employees through our innovative partnership with UNC Healthcare to bend the curve of insurance costs;

- Use a limited amount of fund balance to balance the FY2011-12 Budget so that we do not fall below the 15% fund balance target established by Council;
- Pay current OPEB expenses only and forego additional OPEB liability funding until the budget has achieved equilibrium;
- Reduce capital pay-as-you-go expenditures to minimal levels;
- Use non-general fund revenue sources to fund operations that traditionally have been funded through the annual operating budget.

There are several big ticket items in the subsequent year (FY2013-14) that will create significant pressure in next year's budget. These items include the following:

- Expanded Library Operations
- Closure of the landfill
- Revaluation of Real Property
- Retirement Health Savings Liability (OPEB)
- Pay and Classification Study Implementation

Our future budgetary challenges include the effect of continuing financial stress on the overlapping governments and non-profits with which we maintain a financial relationship. Intergovernmental revenues make up 13% of the Town's General Fund budget and \$6.5 million in total revenues for all funds. The trickle-down effect of Federal, State and County budget decisions will, in large part, decide how we balance future budgets and how we deliver services.

How are we doing?

The recently completed biennial Community Survey has provided valuable information about what services the Chapel Hill community values and how successful we are in providing those services. The timing of the survey allowed us to use the results to fine tune the focus of departmental budgets. As part of our Priority Budgeting initiative we will be issuing a separate budget themed survey in odd numbered years beginning in FY2013 (the years that the Citizen Survey is not conducted) in order to capture information for budget program prioritization.

What we have done?

The economic crisis of 2008 had a dramatic effect on the county as a whole and forced local governments including Chapel Hill to change course and devise strategies that reflected the realities of a new economy. It is important to reflect on our accomplishments during this time, which includes the following:

- Reacting early to the economic downturn, preserving fund balance, protecting employee's jobs and benefits and keeping taxes and fees at pre-economic downturn levels.
- Initiating the 2020 comprehensive planning process.
- Continuing investment in assets that have a high value to the community, such as the Library.

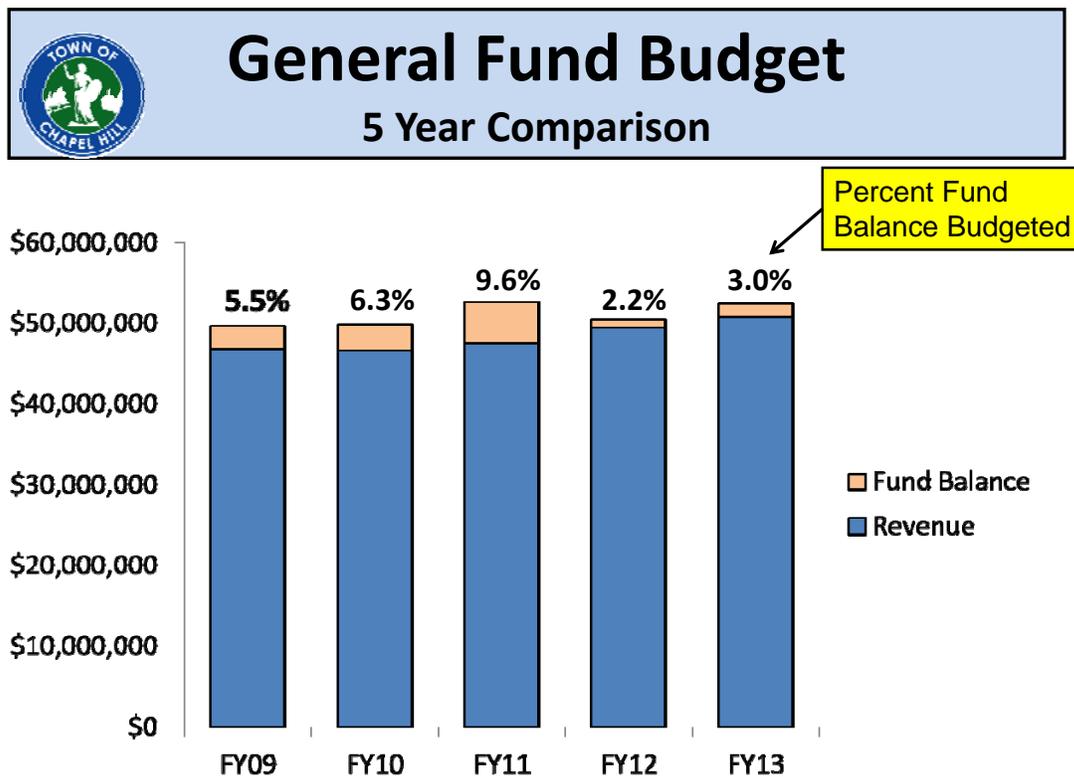
- Evolving our management focus to encompass strategies that work better in times of scarce resources including Priority Budgeting, Workforce Development and Asset management.
- Creating strategic partnerships to address difficult problems, such as the agreement with UNC Healthcare to provide an on-site employee health clinic.
- Continuing our support of outside agencies, through performance agreements that complement the Town’s mission and goals.
- Continuing our economic development efforts.

Two-Year Budget Planning Cycle

In order to expand our focus beyond the traditional one year budget cycle, we are incorporating key events and issues that will have an impact after FY2012-13 into our budget discussions and analysis. As we move forward with adopting priority budgeting techniques we will formalizing the two year budget planning cycle.

Use of Fund Balance

For the current fiscal year we were able to dramatically reduce our reliance on fund balance to balance the General Fund Operating Budget, reducing it from 9.3% to 2% of total expenditures. The adopted budget includes use of \$1,528,622 of fund balance or 3.0% of total budgeted costs. This is higher than the current year’s percentage, but \$920,000 can be attributed to “one-time” costs including pay-go capital. We believe that this is an appropriate and sustainable level of fund balance.



Unassigned Fund Balance

In our last audited financial statements (2010-11), the Town's General Fund unassigned fund balance was about 26%. Based on the estimated spend-down of fund balance for the current year and the planned use of \$1,528,622 million in FY2012-13, we are projecting that fund balance will be about 17% at June 30, 2013. This is above the minimum level of 15% that we have discussed as being appropriate in the current economic climate.

Maintaining an adequate level of fund balance is critical to meet the cash flow requirements of this municipal corporation and to provide an emergency fund to safeguard the Town against the costs of recovering from unforeseen economic, emergency and natural disasters.

For the Town of Chapel Hill, given our status as a triple A rated municipality, the minimum level of unassigned fund balance should be 12%. Recently we have recommended that we establish 15% as a new minimum target unassigned fund balance. This recommendation is based on our experience over that past four years, as our budgets have become more stressed, our ability to react to unexpected events has diminished. In addition, our revenue sources have become less stable due both to fluctuations in the economy, but also due to impact of decisions by overlapping governments.

Employee Safety, Wellness and Healthcare

In recent years, the increasing costs of health insurance have made it very difficult to maintain the Town's benefit package. After experiencing double digit medical insurance increases over the past 5 years, next year's medical insurance cost will decrease by 3%. A general trend of declining health care inflation and minor changes in plan design helped to reduce costs. But the Town's efforts to address employee safety, wellness and healthcare that began with an employee Health Care Task Force in FY2008-09 was also a primary contributing factor to this dramatic turn-around. Ongoing employee health initiatives include the following.

- Enhanced safety programs designed to reduce preventable accident.
- Changing retiree health benefit from defined benefit to defined contribution for employees hired after July 1, 2010.
- Change in workers compensation policies to eliminated salary continuation and expand light-duty assignments.
- Establishment of a partnership with UNC healthcare to provide health clinic services for Town employees. The clinic provides first line care for non-emergency employee health needs and a wellness/health risk assessment program that will help identify and treat employee health issues before they become debilitating both physically and financially.
- Expansion of employee wellness programs coordinated with employee health clinic.

We have chosen to invest in employee health and safety as a means to controlling healthcare expenditures. We believe that through this initiative we can provide a valuable benefit to employees while reversing the trend of annual double digit cost increases.

Other Employee Related Costs

The Town’s ability to maintain a high level of service delivery and high customer satisfaction, as shown in the recent community survey, is directly attributable to the quality and dedication of our workforce. As shown in the table below, the last pay adjustment for employees was in FY2008-09. Since that time employees have received 2 one-time payments of \$800 each in FY2010-11 and FY2011-12, but no increase to their base salary. For FY2012-13 we are recommending a 3% increase to employee salaries. This increase is consistent with what other jurisdictions in area are doing and it helps to prevent our salary levels from falling too far below the market.

	Pay Adjustment	One-time Payment	Health Ins. Increase
FY2008-09	3%	0	10.0%
FY2009-10	0	0	17.1%
FY2010-11	0	\$800	13.9%
FY2011-12	0	\$800	10.1%
FY2012-13	3%	0	(3.0%)

Planning Retreat

The Council held a planning retreat with members of the Senior Management Team on February 3-4, 2012. The Council Goals that result from that retreat are focused on planning for the future. Funding for these goals is included in the Adopted Budget.

Goal 1. Govern with Quality, Responsiveness and Efficiency

POLICY AGENDA

- Adopt a format for strategic planning aligned with the Comprehensive Plan vision and priorities for action, including measurable milestones to guide decision-making and an annual strategic plan
- Adopt compensation philosophy that balances retention and recruitment, employee interests and financial sustainability to retain and attract the best employees to maintain quality, responsive and efficient services
- Adopt a workforce plan that identifies jobs for the future and a future job structure aligned with the priorities of the Comprehensive Plan
- Define roles and responsibilities for advisory boards and commissions
- Ensure success of the organizational approach to strengthening community connections and resolving issues of discrimination & mistreatment
- Adopt an asset management policy that identifies assets to be aligned with and used in a way consistent with the priorities of the Comprehensive Plan

Goal 2. Champion Downtown

POLICY AGENDA

- Refine the vision of Downtown as a key element in economic vitality, social justice, and environmental protection consistent with the adopted Comprehensive Plan.
- Compare alternative approaches from successful peer communities and modify ordinances and policies as appropriate in key downtown policy areas

Goal 3. Focus Economic Development, Land Use and Transportation for a Balanced and Sustainable Future

POLICY AGENDA

- Align Town operations and decision making with the Comprehensive Plan, based on the principles of economic vitality, social justice, environmental protection with measurable implementation steps
- Identify policy aspects of the development review process for revision and adopt timetable for review and action
- Define Town role in transportation
- Make best effort to coordinate Comprehensive Plan with UNC, UNC Healthcare and Chapel Hill-Carrboro school system

Goal 4. Maintain and Improve Community Facilities and Services

POLICY AGENDA

- Decide Library expansion policy issues
- Align public investment strategy and the delivery of community services with the adopted Comprehensive Plan
- Decide municipal solid waste disposal strategy for the future in response to County landfill decision

Goal 5. Set Course for a Sustainable Financial Future

POLICY AGENDA

- Implement a strategic planning process that links the annual budget as a means for allocating resources and financial policies that support the Comprehensive Plan

Employee Driven Initiatives

In our efforts to create a more efficient and cost effective organization we reached out to our greatest organizational resource, our employees. We pride ourselves on being an open and innovative organization that values input and contributions from all employees regardless of their positions or pay grade. However, sometimes the traditional lines of communications and methods of developing ideas into real change are clumsy and inefficient. In order to reach out to employees and mine their wealth of experience, skills and creativity, we developed the “If I were Boss” campaign. The premise is simple; if you were in charge, what changes would you make to improve how we do business. By

asking this simple direct question we have been able to engage employees in helping us generate ideas for organizational improvement and have directly involved them in solving problems that are preventing us from accomplishing our goals. The results of the campaign have been positive and enlightening. Although many suggestions represent ideas that were impractical or inconsistent with our established Town goals and values, an equal number either reinforced existing initiatives or presented unique perspectives that were not previously being captured. More importantly this project has given us the opportunity to encourage employee engagement and open up new lines of communication.

Another ongoing initiative that we hope will pay dividends in next year's budget and beyond is the "Work Smart, Save Money" initiative spearheaded by the Town's Office of Sustainability. This initiative is focused on managing enterprise wide costs such as utilities, vehicles and copiers/printers. By bringing a sharper focus to our management of these major cost centers we can make changes in how we work that can reduce costs and also make strategic investments in technology that decrease future energy consumption.

Debt Management

In FY2009 Council established the Debt management Fund to help address the Town's sudden growth in debt and the ongoing need to fund major capital projects. The Debt Management Fund receives a dedicated portion of the Town's property tax. For FY2011 the allocation of property tax to the Debt Management Fund was 9.3 cents. This was changed in FY2012 as the cash flow needs of the fund declined due to the delay in issuance of the Library expansion bonds and also due to the favorable interest rates received on those bonds when there were eventually issued, including the use of Build America Bonds available through the American Recovery and Reinvestment Act. By moving 1.8 cents from the Debt Management Fund to the General Fund we were able to balance the current year's budget without a tax increase or significant service reductions. This shift provided adequate resources in the Debt management Fund to pay the debt service on all existing debt, however it will be several years before the Fund has adequate capacity to take on any new significant debt issuance.

Despite the reduction in the Debt Management Fund tax, there remained sufficient capacity to issue a small amount of two-thirds bonds to augment the Town's CIP. The two-thirds bonds were sold, along with refunding bonds, on May 15, 2012. The bonds were sold at very competitive rates, 2.26% for the two-thirds bonds and 1.42% for the refunding bonds, due to the Town's triple A rating. The refunding portion of the transaction generated \$432,217 net present value savings. The debt service for the two-thirds bonds and the savings from the refunding are reflected in the Debt Management Fund's budget.

On June 14th the Town sold \$6.9 million of Limited Obligation Bonds (LOBs) to finance the Town's portion of the 140 West parking garage and other parking improvements. The transaction included refunding of approximately \$24 million of existing installment financings, including the Town Operations Center debt. The LOBs were sold at very

competitive rates, 3.22% for the “new money” Parking bonds and 2.28% for the refunding bonds. The refunding portion of the transaction resulted in a net present value savings of \$746,580 over the remaining life of the bonds. The debt service costs for 140 West will be paid from the Parking Fund budget and the savings from the refunding will be split between the Parking Fund and the Debt Management Fund.

Other budget issues

Outside agency funding remains at about the same level as the current year. The Human Service Advisory Board and staff refer to Council recommendations on funding specific agencies.

The FY2012-13 Library budget takes into consideration the fact that they will be operating in the mall location for first nine months of the year and moving into the expanded library building for the last three months of the year. Full-year operating costs in the expanded library will be the equivalent of 1 penny on the tax rate in FY2013-14.

Property Tax Rates

For the FY2012 budget 1.8 cents of the 9.3 cent Debt Management Fund property tax was shifted to the General Fund, we are maintaining this adjustment for FY13. For FY2012-13 we are not changing the tax rate. This represents the fourth consecutive year that the Town has not increased the over-all property tax rate.

Property Tax Rates

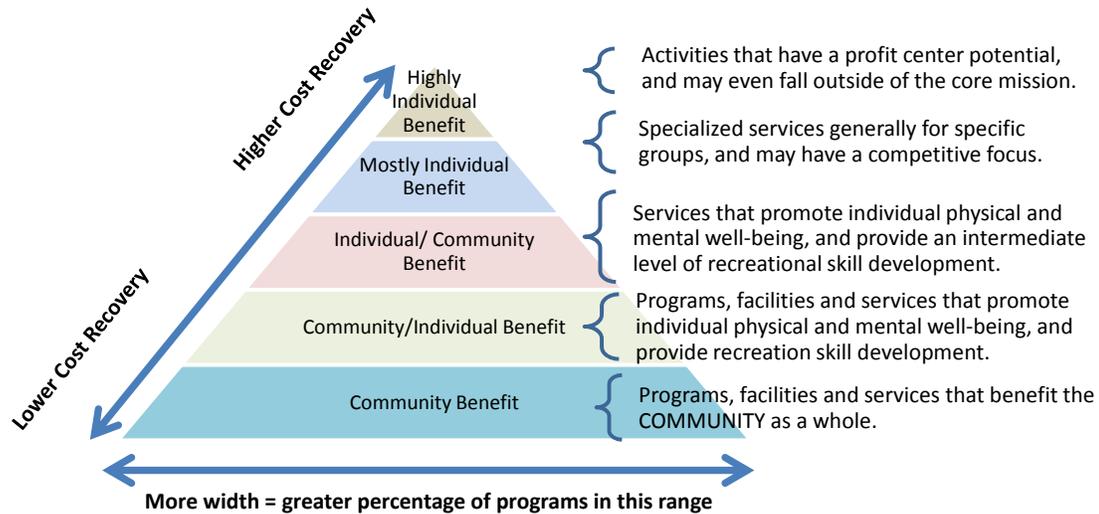
	FY2010-11	FY2011-12	FY2012-13
General Fund	36.0	37.8	37.8
Debt Fund	9.3	7.5	7.5
Transit Fund	4.1	4.1	4.1
Total	49.4	49.4	49.4

Fee Adjustments

Fees for service are an important revenue source for the Town’s General Fund representing about 3% of total revenues. As we evaluated fees and charges in the FY2012-13 budget we took into consideration a number of factors, but our primary focus was on whether fees were set in a manner that was consistent with a clear fee philosophy. That is, rather than setting fees simply to maximize revenues, we also looked at what we were trying to achieve with the programs associated with those fees. In some cases, when the Town has discretion to set fees, full cost recovery may be appropriate and in other cases, encouraging participation across a broad spectrum of the community is more important than cost recovery.

The Parks and Recreation Department has developed a program philosophy that incorporates a hierarchy of cost recovery based on the goals of the programs they offer and the population being served. This hierarchy, illustrated in the diagram below, represents a model for setting fees based on a clear fee philosophy.

Determining the types of program offered: The Programming Continuum



Changes to fees included in the Adopted Budget for FY2012-13 total about \$150,000 in additional revenue and include the following:

- **Library** – Increases to overdue fines, lost item charges and an increase in the out of County library card fee
- **CAPA** – Changes to the price of “Town Store” goods
- **Fire** – Changes to various NC Fire Code mandatory permit fees and a charge for fire incident reports
- **Parks & Recreations** – Changes to various program fees based on program philosophy
- **Police** – Increases in finger print, vehicle storage and video production fees. New fees for door to door vendors and precious metal dealers
- **Public Works** – Increases to engineering and inspection fees including utility inspection and engineering plan review. Increase in fees for street cuts and commercial garbage fees
- **Parking** – Increase in monthly rental parking, visitor permits for residential permit parking zones and non-payment repeat offender’s fee

CIP

In past years the Town has tried to dedicate about \$1 million of the General Fund annually for non-major pay-as-you-go capital projects. For FY2011-12 we fell well short of that goal, funding \$487,300 of high priority projects. For FY2012-13 we are increasing our pay-go investment to \$650,000 to fund the projects listed below.

Extraordinary Maintenance - Emergency Repairs	\$ 100,000
Municipal Fiber	240,000
Curb Repairs: ADA Compliance	30,000
Small Park Improvements	90,000
Playground Replacement	85,000
Greenways	75,000
Parking Lots/Paths/Trails	<u>30,000</u>
Total	<u>\$ 650,000</u>

In addition to pay-as-you-go projects funded from the General Fund, we are also issuing two-thirds bonds to augment next year's CIP and help it catch-up from several years of under-funding. Under the Local Government Bond Act, the "two-thirds rule" authorizes local governments, under certain circumstances, to issue general obligation bonds without a referendum. The Town has a number of priority projects that can be completed in a relatively short period of time that do not currently have adequate funding sources. The availability of two-thirds bonds and the current low cost of borrowing provide an opportunity to fund these projects. The projects included in the Town's planned two-thirds bond issuance are listed below.

Street Resurfacing	\$600,000	
Bolinwood Drive Bridge Replacement	<u>400,000</u>	
Total Streets & Bridges		\$1,000,000
Cedar Falls Park Toilet Building	300,000	
Tennis Court Reconstructions	145,000	
Umstead Park Playground Replacement	100,000	
Northern Community Park Lighting	<u>155,000</u>	
Total Parks & Recreation Facilities		<u>700,000</u>
Total Planned Two-Thirds Bonds		<u>\$1,700,000</u>

The Town's planned CIP investment for FY2012-13 includes HUD Grant funding for Comprehensive Public Housing Renovations in the amount of \$448,270. This brings the Town's total planned investment to \$2,798,270.

General Fund Budget

The adopted General Fund Budget represents a 4.0% increase from the current year's original budget. The major changes from FY2011-12 include the following:

- Increase in CIP pay-go funding \$140,176
- 3% Pay increase beginning October 1, 2012 \$621,376
- Restoring Street Paving funds in operating budget \$111,000
- Transfer to Transit Fund to meet funding partner obligations \$364,000
- Restoring 4th of July celebration \$42,000*
- Three months of Library Operations in expanded building \$107,798
- Vacancy Pool funding \$266,903

- 2020 Comprehensive Plan Implementation \$170,000
- Addition of Ombuds Program \$75,000
- Reduction in Group Medical Insurance cost (\$164,058)
- Fiber network implementation \$240,000 (included in CIP pay-go)

**Does not include donations*

Priority Budgeting

Implementation is a multi-year process

This year, we have attempted some new ways to involve the public in our budget process. We hope to build on this outreach in subsequent years to further our goal of being transparent and engaging the public throughout the process.

Our new efforts this year included conducting a Special Topic Presentation on Priority Budgeting as part of the Chapel Hill 2020 process; creating a new web page about Priority Budgeting (<http://www.townofchapelhill.org/index.aspx?page=1835>); and making budgetary issues a topic of discussion throughout the 2020 process.

Included in this document are the initial draft programs that were identified in the fall of 2011. These programs can be found on the departmental Mission Statement pages throughout this document. The program identification will serve as a basis for the priority budgeting process that will take place during FY2013.

In addition, we held public forums on the overall budget on February 27 and April 30 and hearings on the Community Development Block Grant, HOME program and public housing capital program on February 13 and March 19.

We also made a presentation to the Council at their February 3 Planning Retreat and gave updates to the Council on the state of the economy and current revenue on October 10th and February 4th.

We have started down the road to building a better decision support system for our budget process by adopting “Priority Driven Budgeting” techniques. The traditional decision making process works well in a time of abundant resources. But those assumptions are unsustainable in times of scarce resources. As we move forward to implement our vision for Chapel Hill we will need to have budget system that puts decisions in the context of the value they provide to the people we serve. We believe we are on the path to making that happen in the next budget cycle.

Conclusion

The focus for the FY2012-13 Adopted Budget is to achieve long-term financial stability and position ourselves for the future by incorporating the goals and vision developed in the 2020 comprehensive planning process. Also, we are refocusing the way we think about resource allocation by using priority budgeting techniques. While we still have a way to go to finish the task of linking the budget to comprehensive plan and fully adopting priority budgeting, we have made great strides in that direction and we believe the FY2012-13 budget will support our continuing journey.

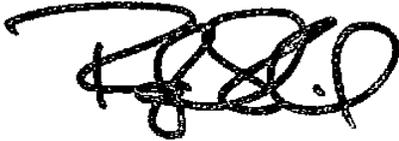
We believe this budget achieves our goal of maintaining service levels at or near current levels, continuing funding of performance agreements with outside agencies, maintaining competitive salaries and benefits for employees, and investing in key public initiatives. Long-term projections suggest that we must reset service levels to meet available revenues in order to put the town on a stable financial footing in the long-term.

The budget as presented is balanced without a tax increase.

The development of this budget has been a team effort of the Town's Senior Management Team with assistance from a number of others who work for the Town. We are fortunate to have a talented and creative workforce. Our sustainable future is dependent on retaining and attracting that talent for the future as we reset service levels, seek process improvements and identify new revenue sources in a systemic and strategic approach.

I look forward to working with the Council and staff to refine our strategic focus for the future.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'R. Stancil', with a large, sweeping flourish extending to the left.

Roger L. Stancil
Town Manager

CITIZENS' GUIDE TO REVIEWING THE BUDGET

General Comments

This budget document describes Town services and revenue sources adopted for the Town's budget for the fiscal year from July 1, 2012 through June 30, 2013.

The Mayor and Council's adoption of an annual budget is one of the most important decisions of the Town as a service organization and governmental entity. The annual budget translates the values of the Chapel Hill community into a plan of action for services, programs and projects, and resources for providing services.

The Mayor and Council's decisions in adopting a budget are in the form of an ordinance allowing expenses and raising of revenue during the coming budget year, an ordinance authorizing employee positions and wage and salary ranges, resolutions adopting fees and charges and related actions.

In accord with normal accounting and budgeting practices for cities and towns, Town services supported partly or entirely with general taxes are budgeted in a General Fund.

The General Fund includes costs and revenues for police, fire, refuse collection, street maintenance and other public works services, human services, planning, construction, inspections, engineering, library, parks and recreation, general administration and support services, and some miscellaneous items.

The public transit, public parking, stormwater management, public housing, internal service funds and supplemental downtown district services are budgeted in separate, individual funds.

This budget is intended to identify most services offered by the Town and proposed objectives for quality, quantity, timing, etc. of services. The individual department and division overviews give details about current Town services approved by Council. However, there may be a few activities not described or noted only in summary form here. We invite you to call the appropriate Town departments as listed on the Town's website or in the blue pages of the BellSouth directory for additional information. Any changes, deletions or additions to current services which may be decided during the proposed budget discussions will be reflected in the adopted budget for 2012-13.

The information in this budget document is intended to be understandable to citizens with a general knowledge of business practices and of most Town services. We have attempted to minimize the use of technical words and phrases, or to define them when used. A glossary of terms is provided in the Budget Appendices. However, if something in this material is not clear, we invite you to call us at (919) 968-2712 or send an email to the Town Manager at: manager@townofchapelhill.org.

State Laws Regarding Local Governmental Budgets

The Town's fiscal year begins on July 1 in accord with requirements in the North Carolina Local Governmental Budget and Fiscal Control Act.

This legislation requires that the Manager submit a recommended budget to the Mayor and Council, that the Council hold a public hearing, and that the Council adopt an annual budget or interim budget for 2012-13 by July 1.

CITIZENS' GUIDE TO REVIEWING THE BUDGET

State laws also determine the types of services and regulatory authority which the Town can provide, the revenue sources available to the Town and in many cases the maximum level of such revenue. For example, the Town is not authorized to levy income taxes, and Orange County has enacted a local option sales tax at the authorized limit of 2 and 1/2%. The Town is authorized to provide various types of services needed in urban areas, including police and fire protection, refuse collection and street maintenance services.

In North Carolina, county governments are responsible for public health, education, social services, and various other programs. Funding for the Chapel Hill-Carrboro City School district serving southeast Orange County is provided through County and State government decisions and funding.

Financial Management Principles

The adopted budget is based on financial management principles including:

- * The Town makes conservative estimates of revenues and costs to minimize the chance that actual revenues received during a budget year may be less than expected, or that actual costs may exceed estimates.
- * The Town seeks to use stable, annually recurring revenues to pay for costs (such as wages, supplies, etc.) which tend to continue from year to year. The Town avoids using one-time revenues for annually recurring costs.
- * The Town seeks to keep a reserve of money saved in past years (undesignated net assets or fund balance) so that the Town will not have to borrow funds early in the fiscal year

when revenues are less than the cost of providing services, and so that the Town will have a reserve for any major unexpected costs or revenue fluctuations between budget years. The Town's objective is to have a General Fund balance of at least 12% of the General Fund budget for cash flow purposes in accord with State guidelines, and additional amounts for unforeseen circumstances and emergencies.

- * The Town avoids or limits the deferral of costs to future years. When deferrals are proposed, the amount is limited to the extent practical and the deferrals are specifically identified.
- * The Town seeks to properly maintain buildings and equipment to protect the community's investment in these assets.
- * The Town seeks to recover from user fees all or a significant portion of the cost of some kinds of services, so that the citizens who benefit most from a service will pay for the service. However, several kinds of fees are waived or lowered for low income families, for youth and for senior citizens.
- * The Town uses general taxes to provide some special services or assistance to citizens with special needs because of low income or other conditions.
- * The Town seeks to maintain a competitive position in the Triangle labor market to recruit and retain employees who will provide services with the quality desired by the community.
- * The Town from time to time issues bonds or uses installment contracts authorized by State law to finance capital projects which

CITIZENS' GUIDE TO REVIEWING THE BUDGET

will benefit the community for a long period and which should therefore be paid for over a long period.

Budget Process

The Mayor and Council's process and schedule for developing the 2012-13 budget included forums and hearings for citizens to express their views, raise questions and concerns and make comments on services, policies and funding items related to the budget.

The description of the budget process and the budget calendar are included in this Introduction and Background section.

Citizens were invited to make comments at any time by letter to the Mayor and Council or to the Town Manager at 405 Martin Luther King, Jr. Blvd., Chapel Hill, NC 27514, by fax to Town Hall at (919) 969-2063, or by electronic mail at manager@townofchapelhill.org.

Citizens with disabilities in hearing or speaking were invited to call the Town at (919) 968-2743 (TDD: (919) 968-2700) for assistance in participating in public hearing or commenting by other means.

Elements of the Budget Document

- Introduction and background information with regard to the development of the budget including the budget process, the budget goals and assumptions made.
- Department and division mission and duties as well as their budget and a summary of budget changes.

- Explanations of debt and the capital program.
- Summary information with regard to net assets (fund balance), revenues and expenditures for all funds, tax rates and tax collections and staffing and organizational structure.

Each department has a separate overview. The following is an explanation of the information included for departments and divisions.

Department Sections

Each department section contains a department overview intended to provide information about the department; organizational charts for the department; staffing charts for each department; and a budget summary for the department. Also included is the same information for individual divisions within some of the larger departments. Goals and performance measures are also included for appropriate departments.

◆ Department Overview

Each department section starts with an overview page which includes the Mission Statement and summarizes key duties of the department.

◆ Organizational Chart

Following the department overview is an organizational chart for the department that displays the personnel in the department broken out by divisions, where applicable.

◆ Staffing Chart

The staffing chart for each department lists all

CITIZENS' GUIDE TO REVIEWING THE BUDGET

positions within the department in full-time equivalents in order to provide a snapshot of staffing for the various department functions.

◆ **Budget Summary**

The budget summary for each department provides a summary of significant budget changes in a brief narrative format. It also lists expenditures summarized in the categories of Personnel, Operating Costs and Capital Outlay. Revenues are also listed in a summary format based on revenue sources. These expenditure and revenue summaries provide historic and adopted information as follows:

- 2010-11 Actual
- 2011-12 Original Budget
- 2011-12 Revised Budget
- 2011-12 Estimated
- 2012-13 Adopted Budget
- % Change from 2011-12 Original Budget

◆ **Departmental Trends and Performance Measures**

The departmental trends section provides trend data for particular areas of each department. This section states a Council goal, departmental goal, and an objective for each measure. See the “Performance Measures Program” on page 6 for further explanation.

A reader’s guide entitled “Budget Format—The Basics” follows.

In addition to the material described above, the adopted 2012-13 budget contains supplemental information intended to assist the reader. This data includes details regarding fund structure, fund descriptions, major revenues and a glossary.

BUDGET FORMAT - THE BASICS

NOTE: All tables in the adopted budget present the same three-year columns.

Audited data from the last completed fiscal year.

Budget for each category as amended during the prior fiscal year.

The adopted budget for the new fiscal year that begins on July 1.

Budget for each category as originally adopted for the prior fiscal year. The fiscal year begins July 1 of each calendar year.

Estimate of prior year final cost/revenues by category.

The percentage of change from the original budget in the prior year to the adopted budget.

EXPENDITURES	2010-11	2011-12	2011-12	2011-12	2012-13	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2011-12
Personnel	759,140	833,544	833,544	833,544	809,367	-2.9%
Operating Costs	123,123	106,693	151,605	122,484	107,446	0.7%
Capital Outlay	9,011	5,000	5,000	5,000	-	-100.0%
Total	891,274	945,237	990,149	961,028	916,813	-3.0%

REVENUES	2010-11	2011-12	2011-12	2011-12	2012-13	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2011-12
General Revenues	730,933	776,437	821,349	846,228	770,013	-0.8%
Grants	-	-	-	-	-	N/A
Charges for Services	11,678	10,800	10,800	11,800	11,800	9.3%
Licenses/Permits/Fines	90,594	85,000	85,000	40,000	70,000	-17.6%
Transfers/Other Sources	58,069	73,000	73,000	63,000	65,000	-11.0%
Total	891,274	945,237	990,149	961,028	916,813	-3.0%

Includes salaries, wages, and employee benefits (for example FICA, insurances).

Includes costs for land, buildings, equipment and other purchases with an expected usefulness of 3 years or more and a cost of more than \$5,000.

Includes all operating costs except those related to personnel or capital.

Revenues for the general benefit of the Town and not related to specific functions. These revenues include property taxes, State-shared revenues, sales taxes, interest and appropriated net assets (fund balance).

These revenues are directly related to departmental functions.

Performance Measures Program

In the Spring of 2010, the Town of Chapel Hill began a pilot program targeted at improving departmental performance measures Town-wide. A committee of four Town employees was formed by the Town Manager to oversee this program. The Town entered into a contract with Dr. David Ammons from the University of North Carolina at Chapel Hill School of Government for his assistance with this program. A one day seminar was held at Town Hall to introduce department heads and others to the performance measure program. To date, the Town has completed Phases 1 - 4 of the program and is currently working on Phase 4. The service areas that have completed the program are:

- Fleet Services
- Information Technology
- Parking Services
- Fire
- Development Review
- Finance
- Communications & Public Affairs
- Inspections
- Transit
- Stormwater
- Police
- Streets
- Traffic
- Parks & Recreation Programs

Performance Measurement Process:

- Departments were given an instructional session on goals, objectives, and performance measures.
- Individual meetings were held with the pilot units in which goals, objectives and performance measures were discussed.
- Draft goals, objectives and performance measures were submitted to the committee.
- Dr. Ammons reviewed each submission and offered individual feedback to each unit.
- Final meetings were held with each unit to decide on final set of goals, objectives, and performance measures.

The service units that have yet to go through the program are encouraged to begin looking at improvements to their existing performance measures and consult with the committee. The goal is to have the entire Town complete this process by the Fall of 2013.

This budget document shows new measures from those service areas that went through phases 1 - 4 of the performance measure program. Future budget documents will include updated measures for departments as they go through the program. The performance measures program will provide departments and management with vital information for management and oversight, will focus attention on priorities and results, will identify successful strategies, and will enhance accountability.

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

The growth of the Town has been directly related to the expansion of the University of North Carolina at Chapel Hill. Enrollment at the University has risen from 8,791 in 1960 to 29,137 in 2011-12. It is anticipated that expansion will continue to occur in University-related health facilities such as the UNC Health Care System.

Government Structure

The Town has a Council-Manager form of government. The Town Council is comprised of a Mayor and an eight-member Council. All Council Members serve four-year terms. The Mayor and four Council Members are elected every two years. All elections are on a non-partisan basis. The Council appoints the Town Manager and Town Attorney. The Mayor presides over the Council meetings and has full voting privileges. The Town Manager is the chief administrative officer of the Town. Town departments are responsible to the Town Manager for the provision of public services.

Demographics

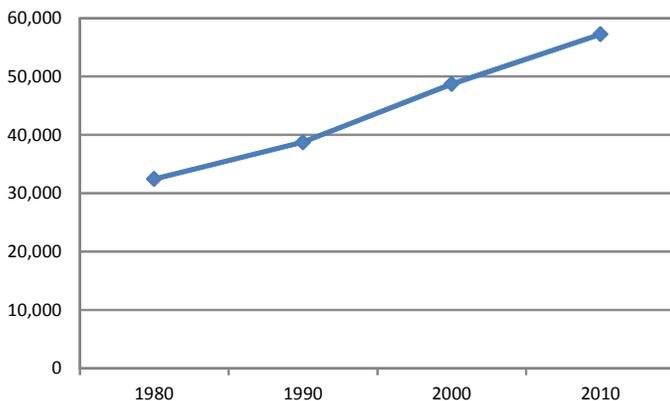
POPULATION GROWTH AND CHARACTERISTICS

Population Growth

Chapel Hill’s population increased by over 8,500 since the 2000 Census, totaling 57,233 in the 2010 Census. Figure 1 shows the Town’s population growth from 1980 to 2010. The 10-year growth from 2000 to 2010 amounts to 17.5 percent, about 4.3 percent faster than the County’s growth and 1 percent less than the 18.5 percent statewide population growth.

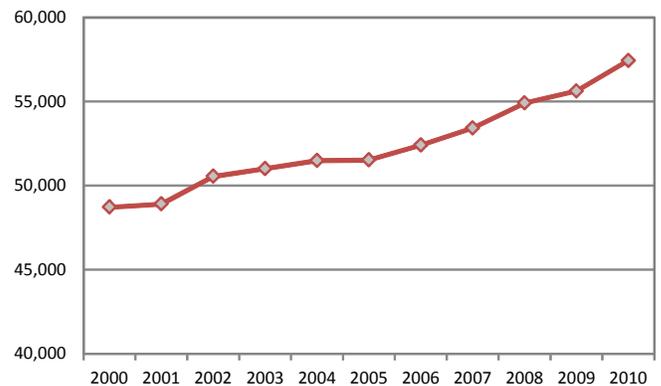
Figure 2 shows the Town’s growth since the 2000 Census.

Figure 1. Chapel Hill Population: 1980-2010



Source: US Census Bureau, 2010

Figure 2. Chapel Hill Population: 2000-2010



Source: North Carolina Office of Budget & Management

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

While most Chapel Hill residents live in Orange County, about five percent of the Town’s population lives in Durham County, as shown in Table 1.

Table 1. Chapel Hill Population by County

County	Chapel Hill Population
Durham County	2,850
Orange County	54,582
TOTAL	57,432

Source: NC Office of State Budget and Management, 2010

Racial Makeup, Hispanic Population Growth

A demographic shift in the 2010 Census revealed an increase in the number of people who described themselves as being Hispanic or of Latino origin, a trend evident at the national, state and local levels. Table 2 depicts the breakdown of population by race. Although Asian and Pacific Islanders and persons of Hispanic origin comprise substantially smaller population segments than other races/origins, these two groups have been increasing at the highest rate.

The percentage of White persons as a share of the Town’s total population declined from 2000 to 2010, although the total number for the group is higher. People who identified themselves as being of more than one race totaled over 1500 in Chapel Hill, or 2.7 percent of the Town’s total population.

Table 2: Chapel Hill Population by Race & Origin

Race/Origin	2000	%
White	41,641	72.6%
Black or African American	5,530	9.6%
American Indian and Alaska Natives	176	0.3%
Asian and Pacific Islander	6,891	12.0%
Some Other Race	1,536	2.7%
Two or More Races	1,548	2.7%
Total	57,322	100.0%
Hispanic Origin (any race)	3,638	6.3%

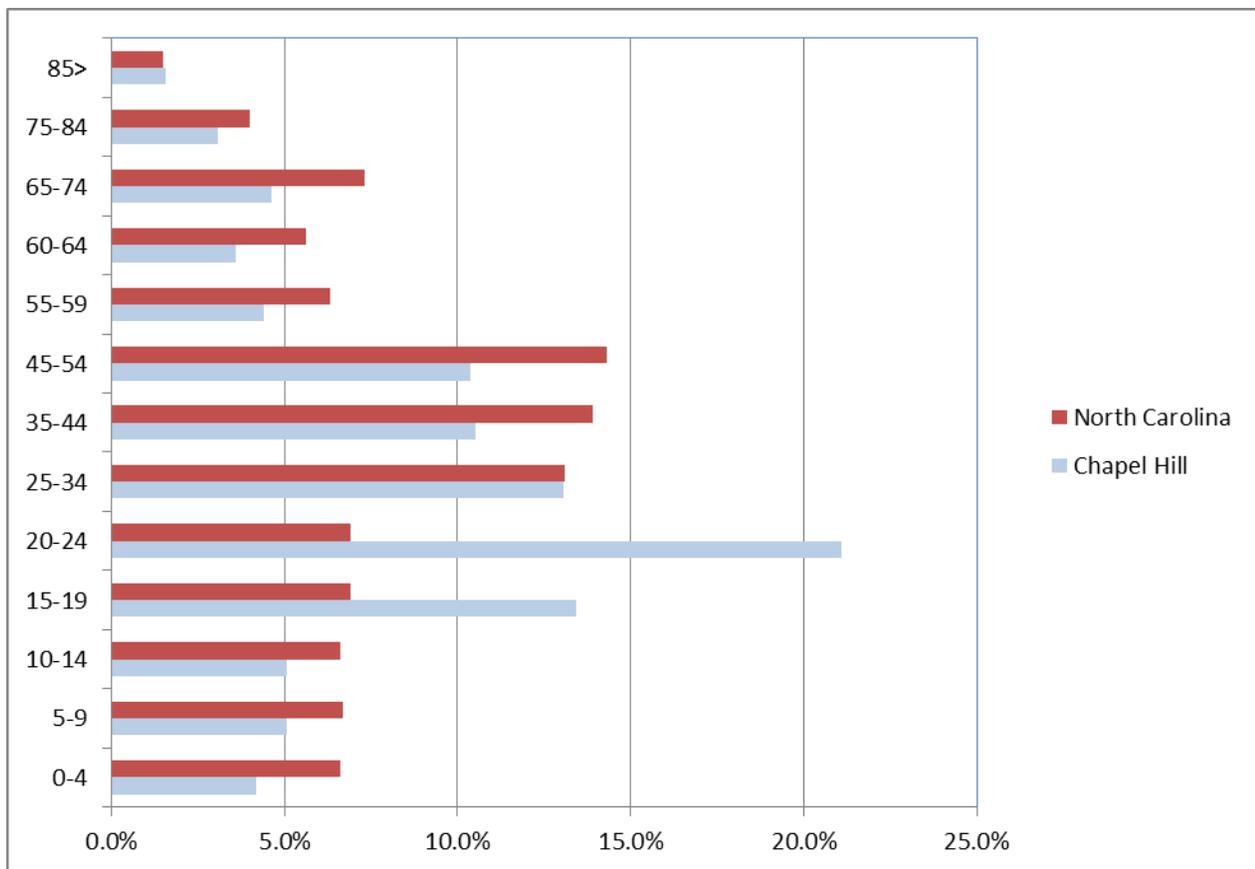
Source: US Census Bureau, 2010

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Age

Figure 3. Age Distribution

Figure 2 shows the population distribution for Chapel Hill and the State of North Carolina according to age groups. For example, the bar chart illustrates that the concentration of residents who are in the 15 to 19 age group comprises 13.4 percent of the Town’s population, while the 20 to 24 age group comprises 21.1 percent. As a comparison, the 20 to 24 age group represents 6.9 percent of the State population. The chart illustrates that Chapel Hill has a relatively young population. According to latest estimates, the Town’s median age is 25.6 years old, while North Carolina’s median age is 37.4.



Source 2008-2010 American Community Survey, US Census Bureau

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

ADDITIONAL DEMOGRAPHIC INFORMATION

Note: Unless otherwise noted, the following economic and demographic data are taken from the 2008-2010 American Community Survey 3-Year Estimates. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.

Table 3: Family Income (# of families)

	Chapel Hill	Orange County	North Carolina
	Family Income	Family Income	Family Income
Less than \$10,000	432	1,108	132,466
\$10,000 to \$14,999	285	853	95,695
\$15,000 to \$24,999	822	2,809	244,078
\$25,000 to \$34,999	355	2,011	266,327
\$35,000 to \$49,999	871	3,462	368,906
\$50,000 to \$74,999	1,060	4,415	504,897
\$75,000 to \$99,999	1,242	4,089	332,774
\$100,000 to \$149,999	1,829	5,124	307,452
\$150,000 to \$199,999	1,050	2,891	101,164
\$200,000 or more	2,073	3,812	93,186
Total Households/Families	10,019	30,574	2,446,945
Median Income	\$98,681	\$78,792	\$55,238
Mean Income	\$128,446	\$106,098	\$71,672
Per Capita Income	\$31,657	\$31,917	\$24,344

Table 3a: Family Income (% of total)

	Chapel Hill	Orange County	North Carolina
	Family Income	Family Income	Family Income
Less than \$10,000	4.31%	3.62%	5.41%
\$10,000 to \$14,999	2.84%	2.79%	3.91%
\$15,000 to \$24,999	8.20%	9.19%	9.97%
\$25,000 to \$34,999	3.54%	6.58%	10.88%
\$35,000 to \$49,999	8.69%	11.32%	15.08%
\$50,000 to \$74,999	10.58%	14.44%	20.63%
\$75,000 to \$99,999	12.40%	13.37%	13.60%
\$100,000 to \$149,999	18.26%	16.76%	12.56%
\$150,000 to \$199,999	10.48%	9.46%	4.13%
\$200,000 or more	20.69%	12.47%	3.81%
\$50,000 or more	72.40%	66.50%	54.74%

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 4: Educational Attainment

<u>Educational Attainment</u>	<u>Chapel Hill (% of total)</u>	<u>Orange County</u>	<u>North Carolina</u>
Less than 9th	3.0%	4.6%	6.0%
9th to 12th, No Diploma	2.7%	5.5%	9.9%
High School Graduate	8.9%	15.7%	27.5%
Some College, No Degree	9.0%	14.5%	21.8%
Associate's Degree	4.2%	5.0%	8.4%
Bachelor's Degree	28.7%	25.6%	17.6%
Graduate or Professional Degree	43.5%	29.0%	8.7%

Table 5: School Enrollment

<u>School Enrollment</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-2011</u>	<u>2011-2012</u>
Elementary (grades K-5)	5,141	5,268	5,224	5,288	5,475
Intermediate (grades 6-8)	2,617	2,688	2,702	2,712	2,741
Secondary (grades 9-12)	3,669	3,674	3,659	3,675	3,706
Total	11,427	11,630	11,563	11,675	11,922

Table 6: Unemployment Rates

<u>Regional Average Unemployment Rates 2001-2012</u>			
<u>Year</u>	<u>Chapel Hill</u>	<u>Orange Co.</u>	<u>NC</u>
2001	1.8%	3.5%	5.6%
2002	4.3%	4.3%	6.6%
2003	4.3%	4.3%	6.5%
2004	3.8%	3.8%	5.5%
2005	3.1%	3.8%	5.3%
2006	2.9%	3.3%	4.8%
2007	2.9%	3.2%	4.8%
2008	3.5%	4.1%	6.3%
2009	5.5%	6.6%	10.5%
2010	5.3%	6.7%	10.9%
2011	5.8%	6.7%	10.5%
2012*	5.2%	6.3%	9.8%

*2012 rates based on monthly averages through June.

Source: N.C. Employment Security Commission, U.S. Bureau of Labor Statistics, Labor Market Division

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7a: Economic Indicators – Building Permits

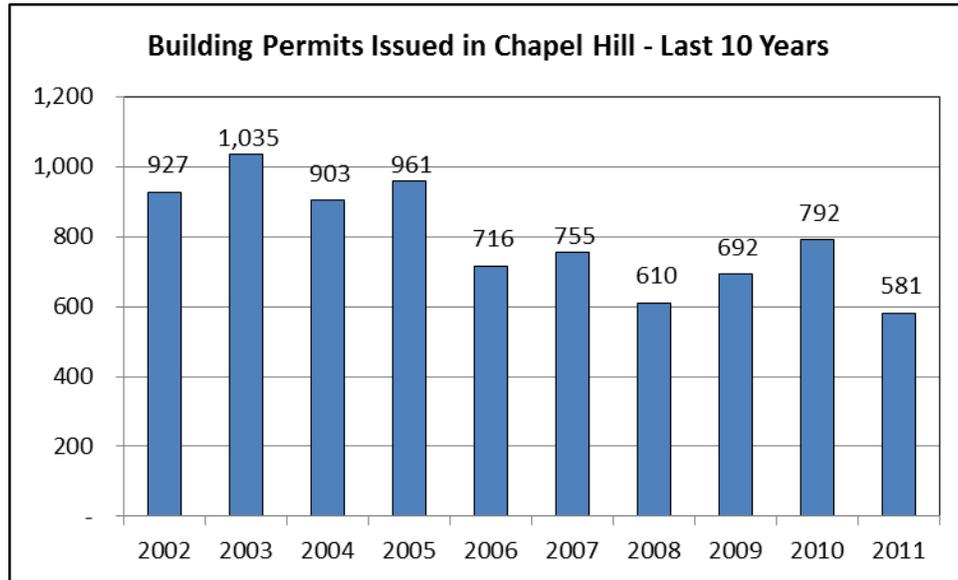
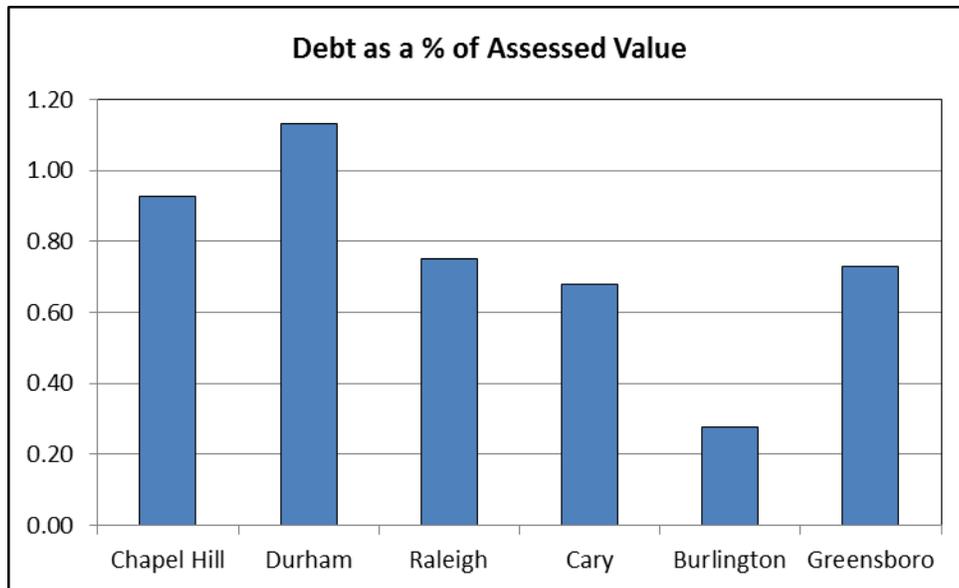


Table 7b: Economic Indicators – Debt Percentage



Outstanding debt due to Governmental Activities

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7c: Economic Indicators – Median Home Price

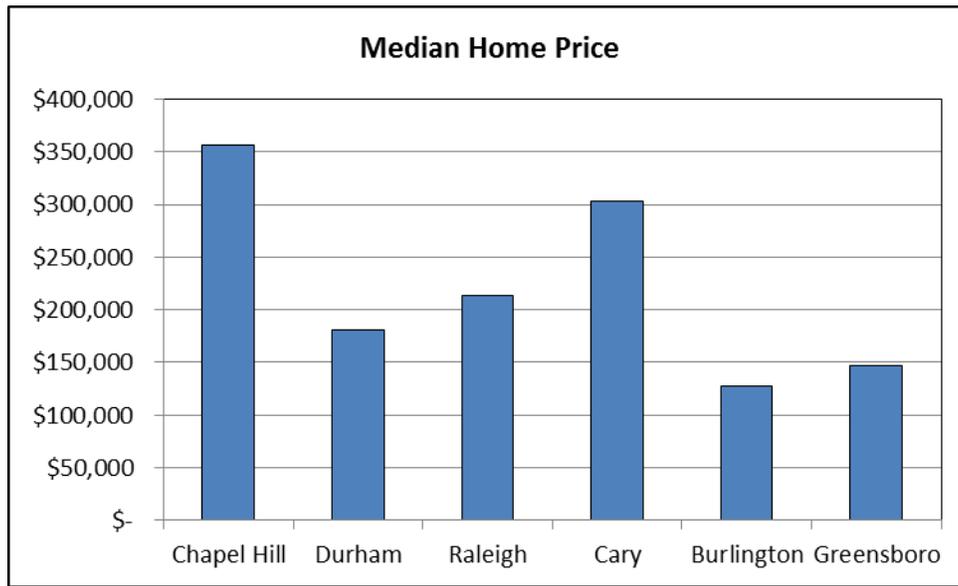


Table 8: Top Employers

Chapel Hill Top Employers By Size	
Employer	Number of Employees
University of North Carolina at Chapel Hill	15,785
UNC Health Care	8,675
Chapel Hill Carrboro City Schools	2,240
Town of Chapel Hill	880
A Southern Season	441
Harris Teeter	405
Whole Foods Market Group	260
Performance Chevrolet, Inc.	249
Chapel Hill Carrboro YMCA, Inc.	220
Carolina Inn	219

Source: Orange County Economic Development

CHAPEL HILL – MAJOR ECONOMIC DEVELOPMENT

Carolina North

The University of North Carolina at Chapel Hill is developing a satellite campus on the Horace Williams Tract, which is located north of Estes Drive and west of Martin Luther King Jr. Boulevard. Named Carolina North, the satellite campus is proposed to cover approximately 250 acres of the Horace Williams Tract's 1,000 acres and would be built in phases over the next 50 years.

The Town Council and members of the Board of Trustees gained the approval of a new zoning district and a development agreement that became effective July 2009. The development agreement will include specific limitations and detailed conditions of approval that would protect the Town's interests, while also offering certainty to the University regarding what type of development can occur.

When the Council and the University trustees came together for discussions regarding Carolina North, they established key principles for the process. These principles outline their commitment to public participation, calling for multiple opportunities for meaningful public participation and discussion at all phases of the process. Their intent is to provide for open, transparent negotiations and decision-making.

Other Development

At least two major mixed-use developments are currently completing construction in Chapel Hill: East 54, located on Raleigh Road in the former site of the old University Inn, and Greenbridge, located between W. Rosemary and W. Franklin Streets. Both East 54 and Greenbridge are LEED (Leadership in Energy and Environmental Design) certified developments featuring luxury condos, shops, dining and entertainment.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

The Town of Chapel Hill has many relationships with surrounding communities and with other State and regional organizations. Following is a summary of those relationships:

Town of Carrboro

- Receives fixed-route and E-Z Rider transit service from Chapel Hill.
- Appoints two members to Orange County Solid Waste Advisory Board and two members to the Orange Water and Sewer Authority (OWASA) board of directors.
- Receives traffic signal system services from Chapel Hill.
- Mutual aid agreement for fire protection; limited joint training with Chapel Hill; uses Chapel Hill's fire training facilities.
- Mutual aid agreement for police services.
- Chapel Hill operates 30 public housing apartments in Carrboro.
- Open facilities policy for recreation services.
- Participates with Orange County in the Joint Planning Agreement.
- Regular staff communications regarding services and policies.
- Development at borders affects each community.

Orange County

- Mutual aid agreement for police services.
- Appoints two members to Orange County Solid Waste Advisory Board; provides landfill and recycling services to Chapel Hill.
- Appoints two members to OWASA board of directors.
- Participates in Joint Planning Agreement.
- Operates 911 emergency communications system; dispatches fire and police service units.
- Provides jail services for Chapel Hill.
- Provides tax assessing and collection services for Chapel Hill; Chapel Hill provides a tax collection service point for Orange County.
- Provides grants to Chapel Hill for recreation, library services, Project Turnaround and Retired Senior Volunteer Program.
- Open facilities policy for recreation services.
- Enforces soil and erosion control ordinance in Town of Chapel Hill.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

Town of Hillsborough

- Mutual aid agreement for fire protection; uses Chapel Hill’s fire training facilities.
- Mutual aid agreement for police services.
- Appoints two members of the Orange County Solid Waste Advisory Board.

Orange Water and Sewer Authority

- Is a public, non-profit, community-owned water and sewer agency.
- Governed by a nine-member Board of Directors, to which the Chapel Hill Town Council appoints five members.
- Operates in accord with State law, the contractual obligations in the OWASA Bond Order and the 1977 purchase and sale agreements among Chapel Hill, Carrboro, the University and OWASA.
- Is required to have cost-of-service rates; free service is prohibited.
- Is party to the water and sewer boundary, planning and management agreement with Chapel Hill, Carrboro, Orange County and Hillsborough.

Chapel Hill-Carrboro School System

- Must submit development applications to Chapel Hill for approval if sites are in the Chapel Hill zoning jurisdiction.
- Joint use agreements for use of some recreation facilities.
- Pays for school resource officers provided by Chapel Hill police department in high schools and middle schools.
- Pays for school crossing guards at elementary schools.
- May designate and “reserve” school sites under Chapel Hill zoning ordinance.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

University of North Carolina

- Purchases fixed-route transit service from Chapel Hill; provides own service to supplement EZ-Rider service provided by the Town; provides Point-to-Point transportation service for students, staff and faculty.
- Provides refuse collection and recycling services for University properties.
- Traffic signals and town streets in University campus area are maintained by Chapel Hill.
- Fire protection services are provided by Chapel Hill; University budget contributes part of the revenues used by the state to pay part of the cost of fire protection services.
- Mutual aid agreement for police services and other emergencies.
- Must submit development applications to Chapel Hill when sites are within the Chapel Hill zoning jurisdiction.
- Joint Staff Committee meets quarterly.

City of Durham

- Competes with Chapel Hill for transportation funding from State and federal government.
- Provides lead planning staff for Metropolitan Planning Organization (Transportation Advisory Committee).
- Durham-Chapel Hill Work Group meets regularly to review development issues.
- Courtesy reviews of development projects along jurisdictional boundary.

Durham County

- Portion of Chapel Hill is in Durham County.
- Provides tax assessing and tax collection services for Chapel Hill portion of County.
- Development at border affects each community.
- Courtesy reviews of development projects along jurisdictional boundary.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

Chatham County

- Orange-Chatham Work Group meets occasionally to review development issues.
- Development at border affects each community.

Triangle Transit Authority

- Chapel Hill appoints one member of the 13-member governing board.
- Provides bus service in Chapel Hill connecting to Durham, Research Triangle Park and other areas of the Triangle.
- Competes with Chapel Hill for transit funding from the federal and state government.

Triangle J Council of Governments (TJCOG)

- Chapel Hill appoints one delegate and one alternate to the board of delegates.
- The Town pays dues to support basic operations of the TJCOG and receives planning and other services.

State of North Carolina

- The State established the Town by granting a municipal charter.
- The Town's powers are granted by the State, and the State imposes limits on the powers of the Town.
- The State constructed and maintains a road network within the Town limits.
- The State is the conduit for transportation improvement funds used to maintain roads and to maintain and operate the transit system.
- The State collects certain taxes and shares proceeds with the Town (sales tax, beer and wine tax, etc.) that amount to nearly a third of the total General Fund revenues in normal years.
- Town provides maintenance service for traffic signal system in Chapel Hill and Carrboro for the State.

FUND DESCRIPTIONS AND MAJOR REVENUES

<u>Fund Title</u>	<u>Accounts For</u>	<u>Primary Funding Sources</u>
GENERAL FUND	Normal recurring Town activities such as planning, inspections, engineering, public works, public safety, parks and recreation and library	Property and other taxes, State-shared revenues, grants, charges for services, licenses, permits and fines
TRANSPORTATION		
Transit Fund	Operation and maintenance of public transportation, E-Z Rider and Shared Ride services	Federal and State grants, property taxes and charges for services
Transit Capital Reserve Fund	Reserve fund for replacement of buses and other capital equipment and improvements	Contributions from the Transit Operating Fund
PARKING		
Off-Street Parking Fund	Off-street parking facilities, James Wallace Deck, and monthly rental parking	Short-term parking fees and monthly rentals
On-Street Parking Fund	Parking enforcement and parking meters	Parking meter collections and parking citations
STORMWATER MANAGEMENT		
Stormwater Management Fund	Management of stormwater to protect water quality as mandated by NC General Statutes	Fees
HOUSING		
Public Housing Fund	Management of public housing units and residential rehabilitation	Federal grants and rental income
Housing Loan Trust Fund	Loan programs for the purchase and renovations of homes for lower income families	Second mortgage payments and interest income

FUND DESCRIPTIONS AND MAJOR REVENUES

<u>Fund Title</u>	<u>Accounts For</u>	<u>Primary Funding Sources</u>
DEBT		
Debt Service Fund	General obligation debt, proprietary debt, COPS debt, and other governmental debt	Property taxes
CAPITAL PROGRAMS		
Capital Improvements Funds	Capital improvements projects such as park improvements, fire hydrants, stormwater management and traffic signals	Transfers from Capital Reserve Fund and General Fund
Capital Reserve Fund	Reserve fund for capital improvements projects such as the library facilities, parks and recreation improvements, fire hydrants, stormwater management and traffic signals	Transfer from General Fund
OTHER FUNDS		
<u>Special Revenue Funds</u>		
Grants Fund	Miscellaneous grants	Federal and State Grants
Downtown Service Fund	Promotion of Downtown economic development	Property taxes
Library Gift Fund	Gifts and donations received for the library	Gifts and donations
<u>Internal Service Funds</u>		
Vehicle Replacement Fund	Centrally managed vehicle replacement	Charges to General Fund
Fleet Maintenance Fund	Centrally managed fleet maintenance	Charges to General, Parking and Housing Funds
Computer Replacement Fund	Centrally managed computer replacement	Charges to General Fund

FUND BALANCE

Fund balance (net assets) is the accumulated difference between revenues and expenditures in a governmental fund, and is similar to “working capital” for a private business. Portions of fund balance are intended to meet the cashflow and working capital needs of the Town in accordance with reserve recommendations of the North Carolina Local Government Commission. A portion of fund balance is reserved for specific purposes and as required by North Carolina statute and is not available for appropriation, and the remainder is available for Council appropriation. It is a Town goal to maintain fund balance at a level that will meet on-going cash flow needs and provide available funds to meet unexpected emergency situations.

Effective with the financial statements for FY11, fund balance will be presented in the new categories required by GASB Statement No. 54 as shown at right.

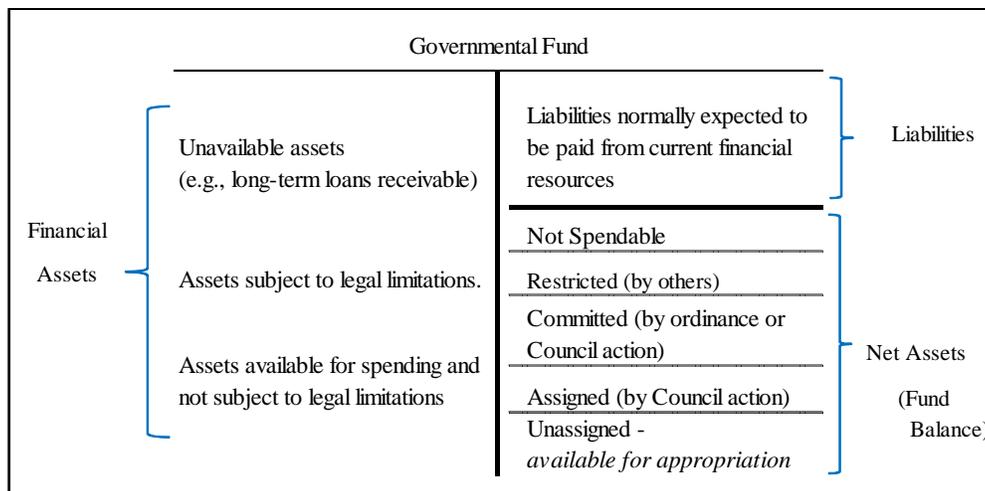
Town practices with regard to net assets (fund balance) include the following:

Fund balance designation	
Nonspendable	Not available
Restricted	
Committed	Constraint imposed by Council action
Assigned	
Unassigned	Available for appropriation

Restricted

 Available

- The Town seeks to continue to maintain a financial reserve minimum of 12% of their unrestricted net assets consistent with the recommendations of the North Carolina Local Government Commission. The reserve is for cash flow, emergencies and opportunities.
- The Town seeks to maintain a level of net assets which is appropriate to retain its high bond ratings: Moody’s Investor Service—AAA and Standard and Poor’s—AAA. Bonding agencies use the percentage of unrestricted net assets as a key indicator when assessing the Town’s creditworthiness.



DEBT

INTRODUCTION & BACKGROUND

The Town has the authority to finance purchases for major projects, buildings, renovations and major equipment. The underlying principal for this type of financing is that the public can and should pay for capital investments over a long time frame in order to spread the cost among citizens over time and to better match the expected usefulness of the capital purchase. This method enables governments to undertake large capital projects without having to pay cash for the projects at the time they take place.

The State of North Carolina allows local governments a number of methods to finance these sorts of purchases:

- General Obligation Bonds
- Two-thirds General Obligation Bonds
- Revenue Bonds
- Contract Installment Financing
- Certificates of Participation

ESSENTIALS

Town policy and practice limits annual general government debt service to 10% of total General Fund expenditures.

State statutes only allow debt issuance for capital expenditures.

Per State law, the Town's debt may not exceed 8% of the Town's assessed property valuation.

General obligation bonds are secured by the pledge of "full faith and credit" and taxing authority of the Town.

General Obligation Bonds

The issuance of General Obligation bonds (GO bonds) is the most commonly used financing method for the purchase of large capital equipment and for construction projects. Issuance of GO bonds requires approval by the public through a bond referendum and requires approval by the North Carolina Local Government Commission (LGC). When approved GO bonds are issued, a local government pledges to repay the debt from any and all revenues available to the unit. This pledge is generally referred to as a pledge of the "full faith and credit" of the governmental unit, including a pledge of property tax revenue. Maturities on GO bonds are normally about 20 years. In North

DEBT

INTRODUCTION & BACKGROUND

Carolina, General Obligation bonds can be used only for capital expenditures and never for operating costs.

The basic rule on the amount of debt that may be issued by a local government in North Carolina is that the principal amount of debt may not exceed 8% of the value of the taxable property base in the unit.

Two-thirds GO Bonds

There is a provision in North Carolina Statutes that allows units to issue bonds each year in an amount equal to two-thirds of the principal amount of debt retired in the previous year. These bonds may be issued without a referendum but must be approved by the LGC in the same manner as other debt financing methods. Because the cost of issuing GO bonds is about \$25,000 to \$30,000 per issue, it is generally more cost effective to issue two-thirds bonds only at the same time as another planned bond issuance, perhaps totaling several million dollars.

Revenue Bonds

Revenue bonds are typically issued for enterprise operations, in which there is a stream of revenues in connection with an enterprise operation that is pledged to the repayment of the bonds. Examples include parking operations, water and sewer operations, electrical operations, etc. In the case of a revenue bond issuance, the revenues from the project operations are pledged only for repayment of bonds, and may not be used for other purposes. In order to obtain approval from the LGC for the issuance of revenue bonds, the LGC requires that a feasibility study be conducted by an independent, nationally recognized consulting firm, and that revenues from the project be 20% greater than total debt service costs and operating expenses of the project. The issuance of revenue bonds normally requires the use of an underwriting firm and involves substantial issuance cost.

In past years, the Town issued revenue bonds for off-street parking operations, including the purchase of parking lots 2 and 5 and for the James C. Wallace Parking Deck. In 1994, all of the Town's parking revenue bonds were replaced by Certificates of Participation.

Installment Contract Financing

General Statute 160A-20 allows local governments to enter into installment contracts to finance the purchase of equipment and land, or for construction projects. Under this method of financing, the unit enters into a contract with a financial institution in which the financial institution provides funding for the purchase of equipment, land, or for construction projects. The financial institution maintains a security interest in the

DEBT

INTRODUCTION & BACKGROUND

equipment or project until the governmental units repays the loan over a specified maturity. For these contracts, local units pledge to pay the installments from any revenues available, but do not pledge the “full faith and credit” of the unit. Contracts under \$500,000 and less than a five-year maturity do not require approval by the LGC.

Installment contracts for equipment greater than \$500,000 or maturities over five years require approval by the LGC, except the purchase of vehicles and rolling stock which may be purchased in any amount without LGC approval. Installment contracts involving the purchase of land or buildings, and improvements to land or buildings require approval by the LGC regardless of the dollar amount or maturity involved.

The Town has used installment contract financing for the annual purchase of vehicles and computers, for land for a public works site and for capital renovations for existing Town buildings as a part of its proposed Capital Improvements Program.

Certificates of Participation

General Statute 160A-20 also allows a local government unit to issue Certificates of Participation (COPS) which involve another form of installment contract financing. The certificates are similar to revenue bonds, except that the purchasers of the certificates are entitled to receive installment payments from any revenues available to the unit, not solely from the operation of the project financed with certificates. The “full faith and credit” of the government may not be pledged for repayment of certificates. Issuance of Certificates of Participation also normally requires the use of underwriters and involves substantial issuance costs.

Debt Options under the Stimulus Act

Several new debt options were made available to local governments with the passage of the American Recovery and Reinvestment Act in February of 2009. The primary new financing tools are Build America Bonds (BABs) and Recovery Zone Economic Development Zone Bonds (RZED). Both of these instruments are based on the issuance of taxable debt by the municipality with the Federal Government providing a subsidy that effectively reduces the borrowing rate to the equivalent of tax exempt debt or lower. BABs can be issued for any capital project purpose, but they cannot be used to refund existing bonds. Issuers of BABs receive a 35% rebate of interest costs by making an annual application to the IRS. REZD bonds provide a 45% rebate, but must be used in conjunction with the declaration of a recovery zone. The deadline for issuance of both BABs and REZD bonds is December 31, 2010, although it is possible that the authorization may be extended under different terms.

Additional Debt Information

Please refer to page 173 for additional information on the Town’s debt and bond ratings.

CAPITAL PROGRAM INTRODUCTION AND BACKGROUND

The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The Capital Program identifies capital needs, establishes priorities, identifies potential funding sources, and includes needs for which sources of funding have not been identified. Key sources for identifying capital needs include the 2000 Facility Condition Assessment, the Comprehensive Plan, Council Goals and Priorities, special studies, and other ideas from the Council, citizens and staff.

The Capital Program is comprehensive in scope: It includes all identified capital projects and a range of funding sources, as well as projects that have been identified but for which funding is not available. It includes projects that are funded through the Town's annually budgeted Capital Improvements Fund, and also those projects that are funded through bonds, State and federal grants, and other sources. The Capital Program does not include the capital needs of the Chapel Hill-Carrboro City School System, the Orange Water and Sewer Authority, or the Orange Regional Landfill which was transferred to Orange County in 2000. Most projects funded by bonds, grants and other special funding sources are accounted for in Multi-Year Capital Project Funds, such as various capital projects funded from bonds, and are therefore not included in the annual operating budget.

Please refer to the Capital Program section (page 237) for additional information on the Town's Capital Improvements Fund.

FUND STRUCTURE & BASIS OF BUDGETING

The accounts of the Town are organized on the basis of funds each of which constitutes a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts reflecting its assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses. The funds of the Town are created because of the diverse nature of governmental operations and the necessity of complying with legal provisions. The Town has two broad fund categories: governmental and proprietary.

BASIS OF BUDGETING

The budgets of general government type funds (for example, the General Fund and Debt Service Funds) are prepared on a modified accrual basis. Briefly, this means that obligations of the Town (for example, outstanding purchase orders) are budgeted as expenditures, but revenues are recognized only when they are measurable and available.

The Enterprise Funds (Transit, Parking, Stormwater Management, Housing and Internal Service) also recognize expenditures as encumbrances when a commitment is made (e.g., through a purchase order). Revenues, on the other hand, are recognized when they are obligated to the Town (for example, charges for transit services are recognized as revenue when service is provided).

In all cases (Enterprise Funds and General Governmental Funds) when goods and services are not received by year end, encumbrances evidenced by unfilled purchase orders lapse, but are normally reappropriated to the following year's budget through an amendment to the budget approved by the Town Council.

The Comprehensive Annual Financial Report (CAFR) shows the status of the Town's finances on the basis of "generally accepted accounting principles" (GAAP). In most cases this conforms to the way the Town prepares its budget. Exceptions are as follows:

- a. Compensated absence liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP basis) as opposed to being expended when paid (Budget basis).
- b. General staff and administrative charges for the Transit, Parking and Stormwater Management Funds are accounted for and funded by operating transfers into the General Fund from these funds on the Budget basis as opposed to a GAAP basis.
- c. Principal payments on long-term debt within the Enterprise Funds are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a Budget basis.
- d. Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expended on a Budget basis.
- e. Depreciation expense is recorded on a GAAP basis only.

FUND STRUCTURE & BASIS OF BUDGETING

One type of budget entry that is shown differently for budgetary purposes and GAAP is the purchase of an item using installment financing. The actual budget entries for an installment financing agreement can make it appear that the Town is paying twice for the same purchase, because there are two pairs of budget entries in the year that an installment financing takes place. The first pair gives the Town budget authority to make a certain purchase, for example, a fire truck, and receive the financing from a bank or other financial institution for the purchase. In the case of a fire truck costing \$250,000, the budgetary lines would show the following:

REVENUES	Financing Proceeds	\$250,000
EXPENDITURES	Capital Equipment	\$250,000

The second pair of budget entries allow for the first year repayment of the installment (or lease-purchase) debt. That set of budget entries shows the amount of the debt to be paid in the year and the source of the revenue that will provide the cash to make the payment. For the fire truck example, assuming that the Town secures financing for eight years at 5% and that the Town will make a payment for one-eighth the cost of the fire truck in the first year, the budgetary lines would show the interest and principal payment as following:

REVENUES	Appropriated Fund Balance (or other revenue source)	\$38,680
EXPENDITURES	Installment (lease/purchase) financing payment	\$38,680

If the Town made no further installment financing agreements, the Town would show the budgetary requirement for repaying the bank or other financial institution in each of the following seven years.

In addition to approving the budget authority for the above transactions, the Town Council would have to specifically approve each installment financing agreement as required by State law.

The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and Budget basis for comparison purposes. Because the Town prepares its financial statements using the Government Accounting Standards Board 34 Model, the financial statements include government-wide financial statements aimed at presenting a broad overview of a government's finances. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. These two statements report a government's governmental activities separately from its business-type activities. Fiduciary funds and fiduciary-like component units are excluded from the government-wide financial statements. All activities included within the government-wide financial statements, both governmental and business-type, are measured and reported using the economic resources measurement focus and the full accrual basis of accounting.

FUND STRUCTURE & BASIS OF BUDGETING

GOVERNMENTAL FUNDS

Governmental funds are those which finance most governmental functions of the Town. The Town follows the modified accrual basis of accounting and budgeting for all governmental funds. Under this method, revenues are recorded as the amount becomes susceptible to accrual by becoming measurable and available to finance the Town's operations. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, money must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized when the expenditures are recorded. Major components of this type of revenue are grants and gas tax refunds. In the other, funds are virtually unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Major revenues susceptible-to-accrual under this category are State-shared revenues.

Licenses and permits, charges for services and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest on investments is recorded as earned since it is both measurable and available.

The following are the Town's Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town's special revenue funds consist of the Community Development Entitlement Grant Projects Ordinance Fund, the Transit Grant Projects Ordinance Fund, the Grants Fund, the Downtown Service District Fund, Transitional Housing Fund, Revolving Acquisition Fund, the Housing Loan Trust Fund, the Land Trust Fund, and the Library Gift Fund.

Debt Service Fund - The Debt Service Fund is used to account for the payment of general obligation long-term debt principal, interest and related costs. A portion of the property tax provides the revenues for this fund. Payments of long-term debt associated with Enterprise Fund operations are shown in the Enterprise Funds themselves.

FUND STRUCTURE & BASIS OF BUDGETING

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by special revenue, proprietary funds and trust funds). The Town has four capital projects funds: the Capital Projects Ordinance Fund, the Capital Projects Fund, the Capital Improvements Fund and the Capital Reserve Fund. Only the Capital Improvements Fund and Capital Reserve Fund are budgeted annually and are included in detail in this document.

PROPRIETARY FUND TYPES

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (total expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town has four Enterprise Funds: the Transit Fund, the Parking Facilities Fund, the Stormwater Management Fund and the Public Housing Fund. For budgeting purposes the Parking Facilities Fund is shown in two parts, On-Street Parking and Off-Street Parking.

The enterprise funds are accounted for using the accrual basis of accounting. The revenues of these funds are recognized when they are earned and expenses are recognized when they are incurred.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one unit, or to other governmental units, on a cost-reimbursement basis. The chief aim of an internal service fund is cost reimbursement including the exhaustion of fixed assets or “depreciation expense.” The Town has three Internal Service Funds: the Vehicle Replacement Fund, the Computer Replacement Fund and the Fleet Maintenance Fund.

BUDGETARY CONTROL

The appropriations in the various funds are formally budgeted on a departmental or functional basis depending on the fund type. Changes of functions and total budgets of any fund require approval by the Town Council. Budgetary control is maintained at the individual budget object line item level (e.g., salaries, supplies, etc.). Neither an operational expenditure nor an encumbrance is processed when the transaction would result in an overrun of an individual line item budget.

DEPARTMENTS/DIVISIONS

Departments may be further represented by divisions. In this document, each department or division summary contains a key objective, a budget summary by expenditure category, major offsetting revenues, major expenses, including capital outlay and an authorized full-time equivalent position count. For departments consisting of more than one division, a department summary precedes the department's division summaries.

OVERVIEW OF BUDGET PROCESS



Budget preparation allows departments the opportunity to reassess goals and objectives and the means for accomplishing them. Even though the budget may be heard by the Mayor and Town Council in April and adopted in June, its preparation begins at least six months prior, with projection of Town reserves, revenues, expenditure limit requirements, and financial capacity. It is with this “groundwork” that departmental expenditure requests are made and subsequently reviewed.

Financial Capacity Phase

Forecasting is an integral part of our decision making process. Both long-range and short-range projections are prepared. The Town’s Long-Range Financial Projections are updated annually to assess not only current financial condition given existing Town programs, but future financial capacity, given long range plans and objectives.

A five-year financial forecast is prepared for each major operating fund projecting both expenditures and revenues and their fiscal impact on the respective funds.

Policy/Strategy Phase

The Town Council’s goals and directives set the tone for the development of the budget. Shortly after the budget is adopted for the next year, the Council meets, as early as September, but not later than January, to identify priorities, issues, and projects impacting the next fiscal year budget. In January or February of each year, the Council holds a strategic planning meeting to identify key policy issues that will provide the direction and framework of the budget. The Manager and Finance Officer provide an updated short- and long-range financial forecast to assist the Council in providing budget policy and direction for the upcoming budget.

OVERVIEW OF BUDGET PROCESS

Aside from the Council's own objectives, Town departments identify and discuss their policy issues with the Town Manager throughout the year. In December of each year, a budget kickoff meeting led by the Manager provides budgetary directions and guidelines to the departments.

Participants also help formulate and identify internal and overall budget objectives for the coming year.

The meeting includes discussion of Town-wide goals and objectives, budgeting guidelines for the operating and capital budgets, timelines, an overview of fiscal constraints, and resources available for allocation. The Budget Directives and Instructions distributed at these meetings are designed to assist the departments in preparing all budget requests and forms.

Needs Assessment Phase

The departments have an opportunity to assess current conditions, programs and needs. During this phase, departments are encouraged to thoroughly review all programs and services assessing their value and priority to the citizens of the Town. Programs are examined for possible reductions, eliminations or trade-offs. Additionally, departments reassess service level standards and workload indicators. They then attempt to provide the "best fit" of resource allocation with service and workload estimates. From this process, they prepare preliminary departmental budget requests that are submitted to the Manager in February.

Review/Development Phase

Within the framework of the Town's financial capacity, the Town Council and Town Manager review priorities and departmental needs assessments; review budget requests; and a preliminary Town-wide operating budget takes shape. The departments initially prepare and submit base budgets. In addition, department heads submit proposals for program changes and budget additions or deletions.

Implementation/Adoption Phase

After the Town Council's initial budget planning session, the Council holds an initial budget public forum to receive input, information and requests from citizens on any aspect of the Town's budget for the coming fiscal year, including the Town's operating and capital improvement budget. The forum also solicits comments on the Town's use of federal Community Development funds, the Town Public Housing program and use of federal and State grants for housing, public transit and community development activities.

In March, each Departmental Budget Request is reviewed in detail with the Manager, Deputy Manager, Assistant Manager and the Finance Officer to review service and funding levels for each Department as part of the total budget and to begin work on recommendations for the Council's consideration.

OVERVIEW OF BUDGET PROCESS

In April and May, the Council also holds budget work sessions in which the Town presents preliminary budget requests and discusses budget goals, policies and departmental needs with the Council. The Town Manager and designated Department Directors also present requests for additional services to the Council. In these sessions, the Town Council provides further direction to the Manager and Departments on development of the budget for the coming year.

After the initial budget work sessions in April and May each year, the Manager presents to the Council a status report on development of the operating and capital budgets and on preliminary recommendations for the use of all federal and State grant funds for housing programs, public transportation and community development activities.

The status report provides preliminary estimates of revenue and expenditures for the upcoming budget, identifies the most important budget issues for the Council and provides an assessment of how the preliminary revenue and expenditure estimates may impact the tax rate for the coming year. The presentation of this report is provided at a public forum of the Council in which interested citizens and community groups provide budgetary information, feedback or make funding requests to the Town Council. In April and May, the Council may hold additional budget work sessions as desired, providing further direction to the Manager and staff regarding a recommended budget.

In accord with North Carolina State law, the Manager is required to submit a recommended budget to the Town Council. The Manager's Recommended operating and capital budget is submitted to the Town Council in early May and includes proposed revenue and expenditure levels and recommended changes in the tax rate for the coming year. Submittal of the recommended budget is followed by several budget work sessions as desired by the Council. A public hearing as required by law on the recommended budget is held in early May, followed by additional budget working sessions held by the Town Council.

In accord with State law, the Town Council must adopt a final budget and set the tax rate for the next fiscal year by June 30 each year or must adopt an interim budget providing temporary appropriations until a permanent budget is adopted. After adoption of the budget, management control of the budget is maintained by conducting budget performance reviews at least quarterly throughout the fiscal year. The reviews are aimed at examining expenditure patterns and recommending corrective action to be taken during the year. Additionally, detailed financial records are maintained to evaluate actual revenues and expenditures against the budget.

Budget Amendments

The Town Manager may transfer funds between departments within a function, between functions of the operating budget of the same fund and between projects of the Capital Improvement Plan (CIP) with a quarterly report to Council. The Town Manager may also approve intradepartmental transfer requests and transfers between line items within capital project budgets. Transfers between funds, however, may only be authorized by the Town Council.

OVERVIEW OF BUDGET PROCESS

Budget Roles and Responsibilities

Every employee plays a role in budgeting, whether in its formulation, preparation, implementation, administration or evaluation. Ultimately, of course, the Senior Management Team, through the Town Manager, is accountable to the Town Council for the performance of departmental personnel in meeting specific objectives within allocation resource limits. Actual budget preparation responsibility can be identified more specifically:

1. Division heads and the Senior Management Team are responsible for reviewing, modifying and assembling their cost data into a departmental request package and potential budget plan. The Senior Management Team critically evaluates all requests, prioritizes, and submits only those requests which are consistent with Council policies, administrative direction and departmental objectives. The preparation of the budget requests, goals and objectives should coincide with stated annual goals.
2. The Finance Officer and staff within the Business Management Department are responsible for (a) preparing short and long range revenue and expenditure forecasts, (b) reviewing departmental budgets with Senior Management and individual departments, (c) analyzing, summarizing, and making recommendations on the budget requests to the Deputy Manager, Assistant Manager and the Town Manager, and (d) reviewing the linkage between budget requests and overall budget goals and policies.
3. The Deputy Manager and the Assistant Manager are responsible for reviewing the departmental operating and CIP requests within the context of the Council priorities, Town Manager directives, and budget goals for their respective groups and submitting their recommendations for review by the Town Manager.
4. The Town Manager is responsible for reviewing the total financial program and formulating the Town-wide Recommended Budget to be submitted to the Town Council for adoption.
5. The Town Council is responsible for the review of the Manager's Recommended Budget and approval of a final budget.

Budgeting for the Capital Program

Each year, the Town Council, citizens, boards and commissions, and staff consider the Town's capital project needs and possible funding sources. Beginning in the fall of each year, departments submit project requests that are reviewed by the Senior Management Team and the Town Manager. This team develops a draft proposal for consideration by the Town Council.

At the same time, the Council solicits input from advisory boards and citizens on ideas for inclusion in the Capital Improvements Plan. Input from the departmental review process and the citizen and advisory boards assist the Council in deciding which capital improvements the Town may undertake as funding becomes available.

BUDGET GUIDELINES & PRACTICES

The budgetary guidelines and practices enumerated below outline a general framework of budgetary goals and objectives regarding the operating budget, debt service, capital expenditures, reserves, and financial reporting. They provide standards against which current budgetary performance can be measured, as well as proposals for future program evaluation.

OPERATING BUDGET	
Guideline	Comment
Current revenues will be sufficient to support current operating expenditures.	The Town seeks to use stable, annually recurring revenues to pay for costs which tend to continue from year to year, and seeks to avoid using one-time revenues for annually recurring costs.
Financial systems are maintained to monitor expenditures, revenues and program performance on a continuing basis.	The Town maintains a computerized financial system on a continuing basis that monitors and compares all actual revenues and expenditures to approved budget estimates and appropriations.
Revenues and expenditures are projected for a five-year period and updated annually.	The Town's annual budget includes a five-year forecast for the revenues and expenditures of the Town's major operating funds, and monitors and updates the forecast at periodic intervals during the fiscal year.
All fund budgets are balanced.	Planned expenditures equal anticipated revenues including possible fund balance appropriations. In North Carolina, it is required that the budget submitted to the Town Council be balanced.
DEBT SERVICE	
Guideline	Comment
Long-term debt is not issued to finance current operations.	In accordance with North Carolina State law, long-term debt may be issued only to finance capital improvements and capital purchases over the life of the improvements or equipment. Deficit financing for current operations is not permitted by State law.

BUDGET GUIDELINES & PRACTICES

<p>General Obligation Bonds will be issued to finance capital improvements and equipment at moderate levels that will not exceed the Town’s resources and capacity for repaying the debt.</p>	<p>General Obligation bonds are normally issued to finance capital improvements as desired by the Town Council and Town citizens at levels that maintain financial stability and require moderate and stable tax rate increases. Consistent with this guideline, the Town strives to maintain annual debt service payments totaling less than 10% of General Fund expenditures in a given year. This conservative guideline assists the Town in maintaining its Triple A (AAA) bond rating.</p>
<p>CAPITAL EXPENDITURES</p>	
<p>Guideline</p>	<p>Comment</p>
<p>Consistent with the policy of the Town Council, a fifteen-year capital improvements program is developed and updated during the annual budget process, including anticipated funding sources.</p>	<p>Annually the Town prepares a fifteen-year Capital Improvements Program Budget that summarizes current capital improvements projects and future capital improvement needs. This program includes ongoing pay-as-you-go financing, installment contract financing, current and proposed long-term bond-financed projects, and projects funded by grants and miscellaneous funding sources.</p>
<p>Capital projects financed through the issuance of bonds are financed for a period not to exceed the expected useful life of the project.</p>	<p>Consistent with general State law and guidelines in North Carolina, general obligation bonds are normally issued for a period of 20 years for capital improvements that extend over the same 20-year period.</p>
<p>The Town coordinates development of the capital improvements budget with development of the operating budget. Future operating costs associated with the new capital improvements should be projected and included in the operating budget forecasts.</p>	<p>Operating costs of projects included in the Capital Improvements Program and budget are incorporated into the Town’s operating budget annually, and are reflected in the Town’s annual five-year forecast for its major operating funds.</p>

BUDGET GUIDELINES & PRACTICES

The Town strives to maintain all its physical assets at a level adequate to protect the Town’s capital investment and to minimize future maintenance and replacement costs.

The Town strives to maintain its capital investment by addressing future maintenance and replacement costs in its fifteen-year capital improvements program. Both pay-as-you-go financing and installment financing are used to address capital maintenance needs. When deferrals of capital maintenance are proposed due to unusual budgetary constraints, the amount of deferrals are specifically identified and limited to the extent practical.

NET ASSET (FUND BALANCE) RESERVES

Guideline	Comment
<p>The Town seeks to continue to maintain its financial reserve position consistent with the recommendations of the North Carolina Local Government Commission to reserve a minimum of 12% of General Fund expenditures for cash flow considerations and emergencies.</p>	<p>The Town’s annual budget and revenue and expenditure recommendations are developed and designed to ensure that its financial position and reserve levels are adequate to retain reserve levels recommended by the North Carolina Local Government Commission for the General Fund and other major operating funds, including the Transportation and Parking enterprise funds. The Town’s current balances are consistent with the minimum recommendation. The Town seeks to increase these reserve levels as the expenditure levels increase in each fund to maintain a constant reserve percentage.</p>

BUDGET GUIDELINES & PRACTICES

FINANCIAL REPORTING	
Guideline	Comment
<p>The Town’s accounting and financial reporting systems will be maintained in conformance with current generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).</p>	<p>The Town participates in the accounting and budgeting awards programs of the association, receiving the Certificate of Achievement for Excellence in Financial Reporting for fiscal year ending June 30, 2011 and Distinguished Budget Award in 2011-12 and in past years. The Town plans to continue participation in these programs annually.</p>
<p>Consistent with State law, an annual audit will be performed by an independent public accounting firm with subsequent issuance of a Comprehensive Annual Financial Report (CAFR). Full disclosure will be provided in the general financial statements and all bond representations.</p>	<p>The Town prepares a Comprehensive Annual Financial Report that receives an unqualified opinion by an independent accounting firm each year. As required by State law, the annual report is submitted to the N. C. Local Government Commission staff for a detailed review of compliance with Commission recommendations and guidelines and compliance with applicable accounting and financial reporting standards.</p>

BUDGET ASSUMPTIONS

Major issues affecting Town revenues for the FY 2013 budget include the expected continued economic recession and its affect on local revenues, anticipated slower growth in the State and Orange County economies, and the indirect effect of funding and growth decisions of the University of North Carolina at Chapel Hill. Federal budget decisions also have a major effect on the Chapel Hill budget, particularly in the areas of transportation and housing.

The FY 2013 budget incorporates the following assumptions:

- We anticipate a slow recovery lasting through the end of FY 2013, with minimal revenue growth.
- The property tax base is estimated to increase to \$7.35 billion in FY 2013.
- We estimate that the Town's revenue from the local sales taxes will increase slightly FY 2013.
- State operating assistance for the Transit Fund will decline slightly for FY 2013 as the state continues to struggle with the impact of the recession.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

INTRODUCTION AND OVERVIEW

This section of the budget outlines in summary form projected revenues and costs for the five fiscal years beyond 2012-13 for the Town's General Fund, Transit Fund and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs in each year.

The Projections section of the budget is an important tool in developing long-range financial strategies for the Town's major operations and in maintaining sound financial condition. We believe our projections include all the vital elements and principal drivers of revenue and costs. In short, we have included in the projections the important elements that are "big enough to matter," on both the revenue and cost sides of the budgets presented. Our presentation includes projections for operations and for additions and adjustments to ongoing operations. The largest additions relate to capital programs and related debt service.

Capital Programs and Related Debt Service

The Council authorized the sale of the first two issuances of the \$29.36 million of General Obligation bonds approved by voters in November 2003: \$4 million in 2004-05 and \$4.95 million in 2006-07. The final sale, delayed until the fall of 2010 due to the economic downturn, was for the balance of the authorized general obligation debt and included the following:

	<u>Amount</u>
Library	\$14,260,000
Sidewalk/Street	2,450,000
<u>Parks & Recreation</u>	<u>3,700,000</u>
Total	<u>\$ 20,410,000</u>

The bonds were issued in two forms, \$12,250,000 in Build America Bonds (BABs) and \$8,160,000 in traditional general obligation debt. Annual debt service payment on the combined issuance totals \$1.76 million, but the BABs have a federal subsidy that will refund 35% of interest costs through the American Recovery and Reinvestment Act. The net debt service on the new bond issuance is \$1,573,140 annually.

In addition to the final issuance of authorized bonds, the Council has approved a plan to issue \$1.7 million in Two-Thirds Bonds in June 2012. NC General Statutes allow units to issue bonds each year in an amount equal to two-thirds of the principal amount of debt retired in the previous year. These bonds may be issued without a referendum but must be approved by the LGC in the same manner as other debt financing. The Two-Thirds bonds as approved will be used for Parks and Recreation and Streets projects, and annual debt service on the bonds is estimated at \$120,000.

In addition to the bonds, the Council approved a plan to borrow funds in an amount not to exceed

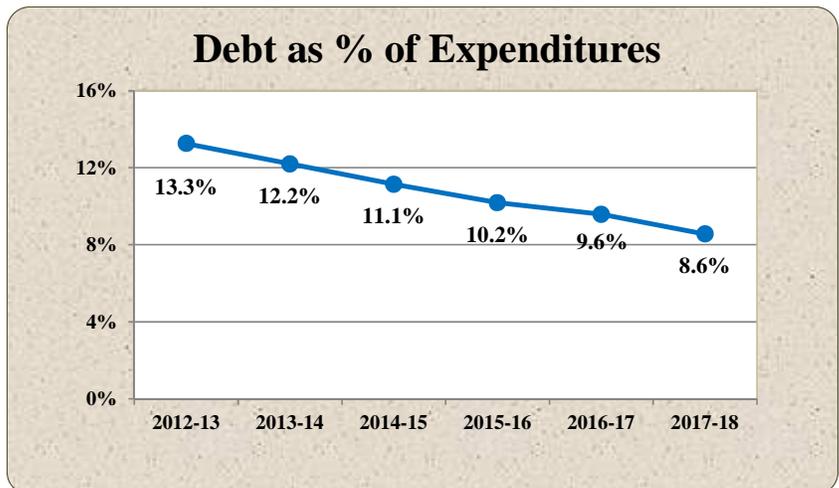
FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

\$7.245 million to pay for underground parking at the 140 West Project (on the site of the Town's old Lot 5) as part of a mixed use development. Construction is currently under way on the project and is expected to be completed during FY13. With the developer's recent construction estimates, the Town's portion is estimated at \$6.5 million, with the first debt service payment of about \$438,000 anticipated to be due in 2012-13. The projections assume that the Parking Fund would provide for the cost of this debt service as a transfer to the Debt Fund.

Finally, current low interest rates have established a favorable environment for the issuance of refunding bonds to refund \$4.94 million in 1996, 2003 and 2004 bonds for anticipated savings of about \$393,000 over the remaining life of the bonds. The projections assume issuance of the refunding bonds based on Council's approval in June 2012.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have significantly increased the Town's debt load. The Town's measures of debt capacity, including debt per capita and debt as a percent of assessed value, are close to the average for our peer group (Triple A rated Municipalities). The Town has traditionally tried to keep debt service below 10% of budgeted expenditures, but with the recent investment in public facilities this ratio has risen to 13.3% in 2012-13. The increase in debt service as a percent of budget in excess of the 10% target was an anticipated result of the financing of the large Town Operations Center project in 2007 and issuance of the bonds that were approved in 2003.

In response to the added debt burden, a Debt Management Plan was adopted for the FY2008-09 budget that includes dedicating a portion of the property tax rate to pay debt service instead of transferring funds for debt service needs from the General Fund. Previously, debt service costs competed with other priorities for General Fund revenues, but now have a dedicated revenue source, which also provides for future debt as existing debt is paid off. Maintaining affordable levels of debt is an important factor in retaining the Town's current AAA ratings.



The adopted budget for 2012-13 includes retaining the Debt Fund's tax rate at \$7.5 cents per \$100 valuation. The debt fund has sufficient capacity to pay existing and planned debt service and will begin rebuilding reserves in 2016-17. Based on current projections, debt service will fall below 10% of expenditures again in 2016-17.

Some of the other key factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

which affect funding for the Transit system and the Housing Department, primarily. We project no significant withholding of State-shared revenues. The county has the option each year to change the sales tax distribution formula from the current per capita basis to an ad-valorem basis. Changing from a per capita basis to an ad-valorem distribution would reduce the Town's Sales Tax revenues by approximately \$2.5 million. The County has indicated that they will not make a change to the distribution for 2012-13, but they may revisit this option in subsequent fiscal years.

The main points included in the revenue and cost projections for the General Fund, Transit Fund and the Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents.

As the budget increases, the total reserved fund balance needs to increase proportionally to retain fund balance reserves at a minimum of 12% of the budget. The gap between revenues and costs could be closed by service reductions, revenue enhancements, tax rate adjustments or any combination of these options.

GENERAL FUND

Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 74% of total General Fund revenues. The growth in property tax revenues has decreased in the past few years and it is anticipated that growth will be below normal during the current recovery period. The estimate of assessed valuation for the tax base in 2012-13 is about \$7.45 billion. The most recent revaluation of property assessments went into effect the FY2009-10 Budget Year, when real property values increased by approximately 24% and the motor vehicle and personal property valuations were decreased by about 10%. The Council adopted a property tax rate slightly below the revenue neutral rate for the FY2009-10 Budget.

State statute requires revaluation of property every eight years, though Orange County has been on a schedule of revaluation every four years. The recent economic downturn has led to considerably fewer sales on which to base revaluation and as a result, the county decided to delay the scheduled revaluation until 2015-16. These projections conservatively assume that the tax values reflect an estimated reduction in value of 2% in 2016. Our projections assume slow growth after 2016, with growth rates of 1.5% in 2017 and 1.8% in 2018. Our projections assume the adoption of a revenue neutral tax rate.

The tax levy projections assume that the General Fund tax rate will continue to be split with the Debt Service Fund. The adopted budget for FY12-13 retains the rate adopted in FY12, which moved \$1.8 cents of the tax rate from the Debt Fund to the General Fund.

Two factors may affect our ability to project and collect property taxes in the future. The first relates to Orange County's tax system. The Town relies on Orange County to assess and record most property tax. (A small portion is collected by Durham County for the citizens that reside in

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

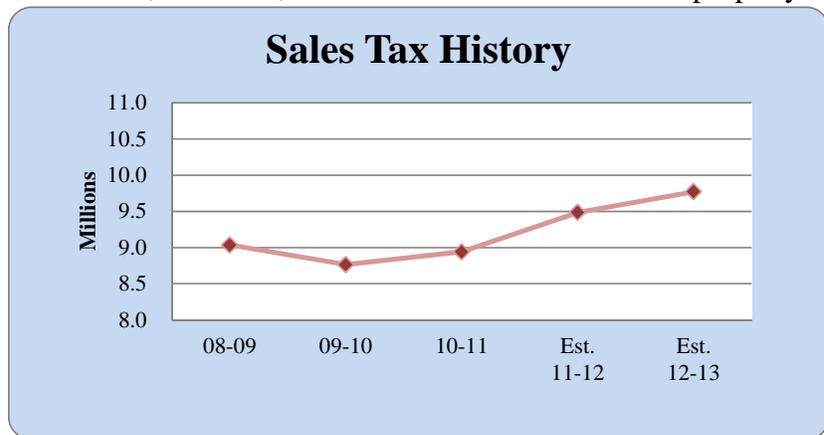
Chapel Hill and Durham County.) Orange County replaced its tax collection software system in the fall of 2010. The new system is still in implementation stage, but should improve our ability to obtain reports and analyze data. It also requires the Town to pay an additional subsidy for a portion of the system installation and maintenance.

The second factor relates to the change in State law that will move the responsibility for motor vehicle tax collection from the County to the State. Orange County has been efficient and effective in collecting motor vehicle taxes. The collection rate and charges for the service may change once the State assumes the responsibility of collecting motor vehicle taxes, currently projected for July 1, 2014. These projections assume continuation of the same collection rate.

Estimated additions to the tax base through growth of 1.5%, slightly lower than historical average, at a tax rate for 2012-13 of \$37.8 cents for the General Fund, would yield increases in property tax revenues of about \$410,000 each year.

The second largest source of Town revenue, sales tax, is a more volatile source than property tax.

Revenues increase when the economy is good and grow at a slower pace or decrease when the economy is slow. With the economic downturn, sales tax revenues declined each year from their high point in FY2007-08. Based on FY12 receipts to date, it appears that sales tax revenues have rebounded and we estimate FY12 receipts at about \$9.5



million, a level that returns to 2008 levels. Based on local trends and state forecasts, we anticipate growth of about 3% for FY12-13.

Based on legislation adopted in 2002-03 by the North Carolina General Assembly (providing greater but not absolute protection for certain State-shared revenues withheld in past years), we believe it is reasonable to include full State-shared revenues in our five year projections for the General Fund. These State-shared revenues include revenue from utility franchise taxes (estimated at about \$2.8 million in 2011-12 and 2012-13) and Video Programming Tax, estimated to remain relatively flat in FY12 and FY13. Although the State predicts a decline in FY12, based on collections in Chapel Hill we are projecting very slow growth over the next 5 years for utility franchise taxes.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about \$1.4 million in 2011-12) with no projected growth over the next five years, and Beer and Wine Taxes. The State withheld two-thirds of its distribution of beer and wine tax to municipalities in 2009-10

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

but indications are that we will receive the full share in FY12 and thereafter.

Despite a drop in FY12 to \$1,088,000, we assume continuation of State Fire Protection funds at the historical level of \$1,210,000. We recommend that the Council continue to seek additional fire protection funding consistent with the costs associated with providing fire protection for state owned property located in the Town.

The most important revenue sources for the General Fund are shown in the two tables which follow, titled Projected Tax Base and Projected State-Shared Revenues. There are potential changes arising from ongoing State budget proposals that could impact the Town negatively, but most likely we will not know the full impact until after the budget is adopted.

Operating and Capital Improvement Costs

Projected costs for general operations are based on a continuation of most service levels and programs for 2012-13. Personnel and operating costs are based on assumptions as noted on the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years. For FY2012-13 the amount of capital funding is decreased by about \$350,000 and allows for only the most critical projects. We anticipate that funding levels will return to established levels in FY2013-14 and will remain at approximately \$1.0 million annually. While the project requests reflected in the capital plan are usually in excess of the projected available amounts, the funding demonstrates a commitment to maintaining and renovating Town properties.

Personnel costs for FY2012-13 include 3% pay adjustments effective October 2012, and a reduction in medical insurance costs of 3% based on the contracted agreement with Blue Cross Blue Shield. Projections include annual pay increases of about 2% in 2014 and 3% annually thereafter, with a 5% increase in medical insurance costs each year. In addition, the projections include a 2.5% increase in FY14 and FY15 for implementation of the Pay and Classification Plan currently being undertaken. Operating costs are estimated to increase about 3% annually.

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in each of the next five years. As we come closer to the actual projected years, we will need to update assumptions. Under the current projection assumptions, the Council would need to increase revenues or decrease costs for each of the next five years.

A chart is included in the conclusion of the projections sections showing the projected marginal tax rate increase each year necessary to balance the projected budget.

TRANSIT FUND

The budget for 2012-13 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

State operating assistance, expected to exceed budget in FY12 by about \$100,000, is declining for FY2012-13 as the state struggles with the impact of the recession, and is projected to remain at about \$3.1 million each year. Federal assistance is estimated to continue at \$1.9 million each year, a reduction from recent years' receipts.

The estimates for expenses for 2012-13 include only minor adjustments to routes and services to streamline operations. The increased cost of fuel and other petroleum products has increased pressure on the available funding sources, and concerns regarding the adequacy of revenues to cover costs in future years remains. The adopted budget for 2012-13 includes increases for the funding partners, and is balanced with a transfer from the General Fund of \$364,000. The projections assume continuation of the 4.1% rate in the next five years. The 2013 budget requires the use of about \$306,000 in fund balance. Subsequent years show the need for a tax increase from .2 to 1.4 cents through 2017-18.

Adopted Tax Rate	Cents per \$100 valuation		
	FY11-12	FY12-13	\$ Change
General Fund	\$ 37.8	\$ 37.8	\$ -
Debt Fund	7.5	7.5	-
Transit Fund	4.1	4.1	-
Total Tax Rate	\$ 49.4	\$ 49.4	\$ -

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

DEBT SERVICE FUND

The projections for the Debt Service Fund includes continuation of a reduced tax rate of 7.5 cents, with 1.8 cents of the FY11 rate being allocated to the General Fund in FY12 and thereafter. This tax rate will generate about \$5.46 million in revenues in 2012-13 which, along with the use of fund balance and a transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the new \$20.41 million in bonds sold in the fall of 2010. In addition, the projections include estimates for the \$6.5 million of anticipated debt related to the Downtown Initiative and the prospective sale of \$1.7 million of two-thirds bonds in June 2012. Our projections indicate no increase needed in the tax rate for debt service for the next five years, although new debt would require additional revenues.

CONCLUSION

Based on the assumptions contained in the analysis of projected revenues and costs for the Town's tax-funded operating funds for the next five years, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

Tax Rate Equivalents of Needed Revenue (in cents)

	2012-13 Adopted Increase	2013-14 Estimated Increase	2014-15 Estimated Increase	2015-16 Estimated Increase	2016-17 Estimated Increase	2017-18 Estimated Increase
General Fund	0.0	4.2	1.1	1.8	1.9	1.4
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Transit Fund	0.0	1.4	(0.4)	0.2	0.2	0.2
Total	0.0	5.6	0.7	2.0	2.2	1.7

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund. In past years, fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. We will need to more closely balance spending with available revenues in future budget years due to the diminishing availability of fund balance available for appropriation.

**GENERAL FUND
PROJECTED TAX BASE
2012/2013- 2017/2018**

Category	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,353,675,000	\$ 7,427,210,000	\$ 7,501,480,000	\$ 7,351,450,000	\$ 7,461,720,000	\$ 7,596,030,000
Tax Levy - General Fund Only*	27,797,000	28,075,000	28,356,000	27,788,000	28,205,000	28,713,000
Estimated Collections at 99%	27,520,000	27,790,000	28,070,000	27,510,000	27,920,000	28,430,000
Estimated Prior Year Collections	160,000	150,000	150,000	150,000	150,000	150,000
TOTALS	\$ 27,680,000	\$ 27,940,000	\$ 28,220,000	\$ 27,660,000	\$ 28,070,000	\$ 28,580,000

1¢ on the tax rate = \$728,000

* Based on continuing the current General Fund tax rate of \$37.8 cents/\$100, with estimated growth as follows:

2014	1.0%
2015	1.0%
2016	-2.0%
2017	1.5%
2018	1.8%

GENERAL FUND

PROJECTED STATE-SHARED REVENUES

2012/2013- 2017/2018

Category	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Franchise Tax ¹	\$ 2,800,000	\$ 2,814,000	\$ 2,828,000	\$ 2,842,000	\$ 2,856,000	\$ 2,870,000
Video Programming Tax	750,000	750,000	750,000	750,000	750,000	750,000
Supplemental PEG support	50,000	50,000	50,000	50,000	50,000	50,000
Beer, Wine Tax ²	237,000	239,000	241,000	243,000	245,000	247,000
1% Local Option Sales Tax (Article 39) ³	3,386,000	3,454,000	3,523,000	3,593,000	3,665,000	3,738,000
1/2% Local Option Sales Tax (Article 40) ³	2,323,000	2,393,000	2,465,000	2,539,000	2,615,000	2,693,000
1/2% Local Option Sales Tax (Article 42) ³	1,687,000	1,721,000	1,755,000	1,790,000	1,826,000	1,863,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) ³	124,000	126,000	129,000	132,000	135,000	138,000
City Hold Harmless ³	2,350,000	2,350,000	2,350,000	2,350,000	2,350,000	2,350,000
Total Local Option Sales Taxes	9,870,000	10,044,000	10,222,000	10,404,000	10,591,000	10,782,000
Fuel Tax (Powell Bill) ⁴	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
State Fire Protection ⁵	1,089,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Solid Waste Disposal Tax	35,000	35,000	35,000	35,000	35,000	35,000
TOTAL	\$ 16,231,000	\$ 16,542,000	\$ 16,736,000	\$ 16,934,000	\$ 17,137,000	\$ 17,344,000

¹ Utility franchise tax distribution has been changed in recent years and was impacted by the change in distribution of cable franchise revenues. Revenues are affected by weather, and are expected to remain relatively flat.

² Except when withheld by the state in recent years, beer and wine taxes have been stable. Distributed based on population, they are expected to grow at 1% in future.

³ Estimate a continuing recovery, with local components expected to recover before State-wide, and normal growth of between 2 and 3% in FY13 and thereafter. The Hold Harmless amount is expected to remain steady according to current legislation.

⁴ Powell Bill revenues are distributed by a formula that is based on both street miles and population.

⁵ State Fire Protection funding is subject to annual appropriation, and is expected to return to prior levels in future years.

GENERAL FUND
REVENUE PROJECTIONS
2012/2013 - 2017/2018

Category	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Property Taxes*	\$ 27,680,000	\$ 27,940,000	\$28,220,000	\$27,660,000	\$28,070,000	\$28,580,000
Sales Taxes	\$ 9,870,000	\$ 10,044,000	\$10,222,000	\$10,404,000	\$10,591,000	\$10,782,000
Other Taxes & Licenses	987,000	1,007,000	1,027,000	1,047,000	1,067,000	1,087,000
Licenses/Permits/Fines/ Forfeitures	1,610,000	1,610,000	1,610,000	1,610,000	1,610,000	1,610,000
State-Shared Revenues	6,361,000	6,498,000	6,514,000	6,530,000	6,546,000	6,562,000
Grants	582,000	591,000	600,000	609,000	618,000	627,000
Service Charges	3,471,000	3,481,000	3,491,000	3,501,000	3,511,000	3,521,000
Interest on Investments	20,000	40,000	35,000	30,000	30,000	30,000
Other Revenues	233,000	233,000	233,000	233,000	233,000	233,000
Interfund Transfers	221,000	228,000	235,000	242,000	249,000	256,000
TOTAL	\$ 51,035,000	\$ 51,672,000	\$52,187,000	\$51,866,000	\$52,525,000	\$53,288,000

* Based on continuing the current General Fund tax rate of \$37.8 cents/\$100, with estimated reduction of -5% with the revaluation in FY14, .5% growth in FY15, and 1% in FY16, before returning to historical levels of 1.8% thereafter.

**GENERAL FUND
PROJECTED COSTS
2011/2012 - 2016/2017**

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Personnel Services ¹	\$ 37,029,000	\$ 39,228,000	\$ 40,602,000	\$ 41,223,000	\$42,606,000	\$44,009,000
Operations						
Operating & Maintenance ²	13,909,000	14,057,000	14,012,000	14,381,000	14,643,000	15,034,000
Capital						
Equipment ³	181,000	186,000	192,000	198,000	204,000	210,000
Transfer to Capital Improvements Program ⁴	594,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other						
Human Service contracts, hotel/ motel allocations and grants to other agencies	851,000	851,000	851,000	851,000	851,000	851,000
Other Post Employment Benefits	-	400,000	400,000	400,000	800,000	800,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	\$52,564,000	\$ 55,722,000	\$ 57,057,000	\$ 58,053,000	\$60,104,000	\$61,904,000

Assumptions for years after 2013, reflected on base cost estimates for 2012-13:

¹ Assumptions include:

- Annual increase of 2% in FY14 and 3% each year thereafter, with additional 2.5% adjustments to implement Pay and Classification plan in FY14 and FY15.
- 5% increase in medical insurance each year
- From 3% to 11% for retirement increases as projected by the State Treasurer through 2017-18.

² Increase in operating costs of 3% each year.

³ Estimated cost of routine replacement of miscellaneous non-vehicular capital equipment.

⁴ General Fund contribution for Capital Improvements Program.

GENERAL FUND

ANALYSIS OF REVENUE AND COST PROJECTIONS 2012/2013 - 2017/2018

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Estimated Total Costs	\$ 52,564,000	\$ 55,722,000	\$ 57,057,000	\$ 58,053,000	\$ 60,104,000	\$ 61,904,000
Estimated Total Revenues	51,035,000	51,672,000	52,187,000	51,866,000	52,525,000	53,288,000
Revenues Needed	1,529,000	4,050,000	4,870,000	6,187,000	7,579,000	8,616,000
Fund Balance Available	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
One-time use of Fund Balance	529,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 3,050,000	\$ 3,870,000	\$ 5,187,000	\$ 6,579,000	\$ 7,616,000
Change in Tax Rate in cents in Specific Years*	-	4.2	1.1	1.8	1.9	1.4

*Value of a cent = \$728,000

TRANSIT FUND
REVENUE PROJECTIONS
2012/2013 - 2017/2018

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Taxes ¹	\$ 2,995,000	\$ 3,025,000	\$ 3,055,000	\$ 2,994,000	\$ 3,038,000	\$ 3,093,000
Vehicle Taxes ²	415,000	417,000	419,000	421,000	423,000	425,000
Federal Operating Assistance ³	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
State Operating Assistance ³	3,078,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
UNC Contract (Net) ⁴	7,066,000	7,172,000	7,280,000	7,389,000	7,500,000	7,613,000
Carrboro Contract (Net) ⁴	1,283,000	1,302,000	1,322,000	1,342,000	1,362,000	1,382,000
Service Charges ⁵	694,000	708,000	722,000	736,000	751,000	766,000
Advertising	263,000	263,000	263,000	263,000	263,000	263,000
Grants	291,000	291,000	291,000	291,000	291,000	291,000
Other	30,000	30,000	30,000	30,000	30,000	30,000
Transfer from General Fund	364,000	-	-	-	-	-
TOTAL	\$18,379,000	\$18,208,000	\$18,382,000	\$18,466,000	\$18,658,000	\$ 18,863,000

Revenue Notes:

¹ Based on a Manager's Recommended tax rate of 4.6 cents through 2017-18, an addition of .5 cents from FY12.

² Assumes levy of \$15 vehicle tax for Transit (increased from \$5 in 2009-10).

³ Assumes continuing level of State and Federal Operating Assistance.

⁴ Assumes continued participation by the University and Carrboro, including assumptions on cost sharing for adopted fare-free services, assuming 1.5% growth each year.

⁵ Based on continuing fare-free services, with remaining service charge revenue generated primarily by Tarheel Express and Triangle Transit routes, assuming 2% growth each year.

TRANSIT FUND
COST PROJECTIONS
2012/2013 - 2017/2018

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Personnel Services ¹	\$ 11,003,000	\$ 11,571,000	\$ 11,961,000	\$ 12,161,000	\$ 12,565,000	\$ 12,973,000
Operations ²	7,682,000	7,939,000	8,231,000	8,510,000	8,825,000	9,152,000
Capital Reserve Fund ³	-	300,000	300,000	300,000	300,000	300,000
TOTAL	\$ 18,685,000	\$ 19,810,000	\$ 20,492,000	\$ 20,971,000	\$ 21,690,000	\$ 22,425,000

Assumptions for years after 2012-13

¹ Assumptions include:

- Annual increase of 2% in FY14 and 3% each year thereafter, with additional 2.5% adjustments to implement Pay and Classification plan in FY14 and FY15.
- 5% increase in medical insurance each year
- From 3% to 11% for retirement increases as projected by the State Treasurer through 2017-18.

² Increase in operating costs of 3% annually for most operating costs and 5% for fuel and tires.

³ Amounts allocated for Capital Equipment Reserve Fund for replacement of buses, purchase of capital equipment, and local cost of Transit facilities.

***TRANSIT FUND
REVENUE AND COST PROJECTIONS
2012/2013 - 2017/18***

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Estimated Costs	\$18,685,000	\$ 19,810,000	\$ 20,492,000	\$20,971,000	\$ 21,690,000	\$ 22,425,000
Estimated Revenues	18,379,000	18,208,000	18,382,000	18,466,000	18,658,000	18,863,000
Revenue Needed/(Excess)	306,000	1,602,000	2,110,000	2,505,000	3,032,000	3,562,000
Fund Balance Available	306,000	600,000	-	-	-	-
Additional Revenue Needed	\$ -	\$ 1,002,000	\$ 2,110,000	\$ 2,505,000	\$ 3,032,000	\$ 3,562,000
Change in Tax Rate in Specific Years	-	1.4	(0.4)	0.2	0.2	0.2

1 cent on the tax rate = \$728,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2011-12 (assumes current level of State funding for operating assistance).
- Assumes constant level of federal operating assistance.
- Includes estimated adjustments of about 3% in salaries and operating costs after FY14, with an additional 2.5% in FY14 and FY15 for implementation of the Pay and Classification Plan.

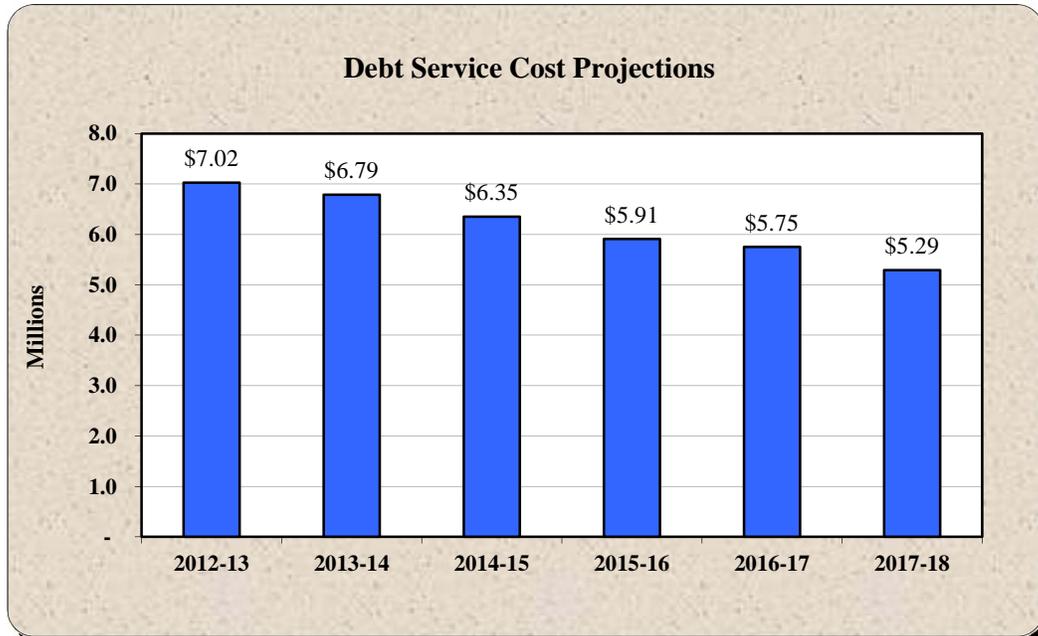
DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2012/2013 - 2017/2018

Category	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Assessed Valuation (Real & Personal Property)	\$7,353,675,000	\$ 7,427,212,000	\$7,501,484,000	\$ 7,351,454,000	\$ 7,461,726,000	\$ 7,596,037,000
Tax Levy - Debt Service Fund Only*	5,515,000	5,570,000	5,626,000	5,514,000	5,596,000	5,697,000
Estimated Collections at 99%	5,460,000	5,514,000	5,570,000	5,459,000	5,540,000	5,640,000
TOTAL TAXES	\$ 5,460,000	\$ 5,514,000	\$ 5,570,000	\$ 5,459,000	\$ 5,540,000	\$ 5,640,000
BABS Interest Subsidy	183,000	183,000	183,000	183,000	183,000	183,000
Interest Income	2,000	2,000	1,000	-	-	-
Transfer from Parking	438,000	438,000	438,000	438,000	438,000	438,000
TOTAL REVENUES	\$ 6,083,000	\$ 6,137,000	\$ 6,192,000	\$ 6,080,000	\$ 6,161,000	\$ 6,261,000

* Based on a continued tax rate of \$7.5 cents for the Debt Fund through 2017-18, with estimated growth of .5% in FY15, 1% in FY16 and 1.8% each year thereafter.

**DEBT SERVICE FUND
PROJECTED COSTS
2012/2013 - 2017/2018**

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Existing Debt	\$ 6,471,000	\$ 6,292,000	\$ 5,824,000	\$ 5,379,000	\$ 5,222,000	\$ 4,762,000
Two-Thirds Bonds	120,000	120,000	120,000	120,000	120,000	120,000
Refunding of \$4.94 million in 1996, 2003 and 2005 GO Bonds	(80,000)	(64,000)	(32,000)	(31,000)	(32,000)	(28,000)
Debt Issuance Cost/Premium	75,000	-	-	-	-	-
New Installment Debt Service - \$6,500,000 Downtown Initiative	438,000	438,000	438,000	438,000	438,000	438,000
TOTALS	\$ 7,024,000	\$ 6,786,000	\$ 6,350,000	\$ 5,906,000	\$ 5,748,000	\$ 5,292,000



DEBT SERVICE FUND

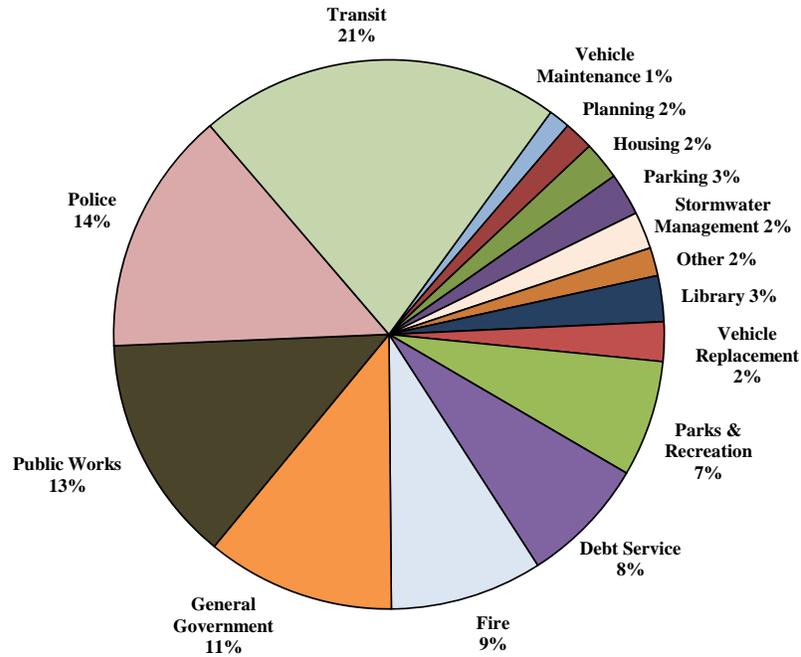
***ANALYSIS OF REVENUE AND COST PROJECTIONS
2012/2013 - 2017/2018***

	2012-13 Adopted	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated
Estimated Total Costs	\$ 7,024,000	\$ 6,786,000	\$ 6,350,000	\$ 5,906,000	\$ 5,748,000	\$ 5,292,000
Estimated Total Revenues	6,083,000	6,137,000	6,192,000	6,080,000	6,161,000	6,261,000
Revenue (Needed)/Available	(941,000)	(649,000)	(158,000)	174,000	413,000	969,000
Fund Balance Available	941,000	649,000	158,000	-	-	-
Reserved for future debt	-	-	-	174,000	413,000	969,000
Additional Revenue (Needed)/Available	-	-	-	-	-	-
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

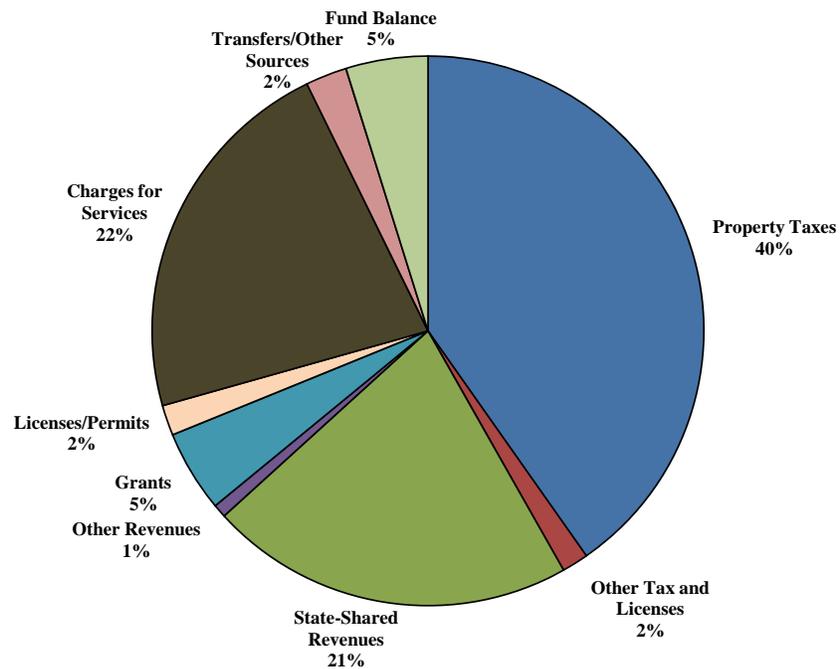
Value of a cent = \$728,000

ALL FUNDS SUMMARY

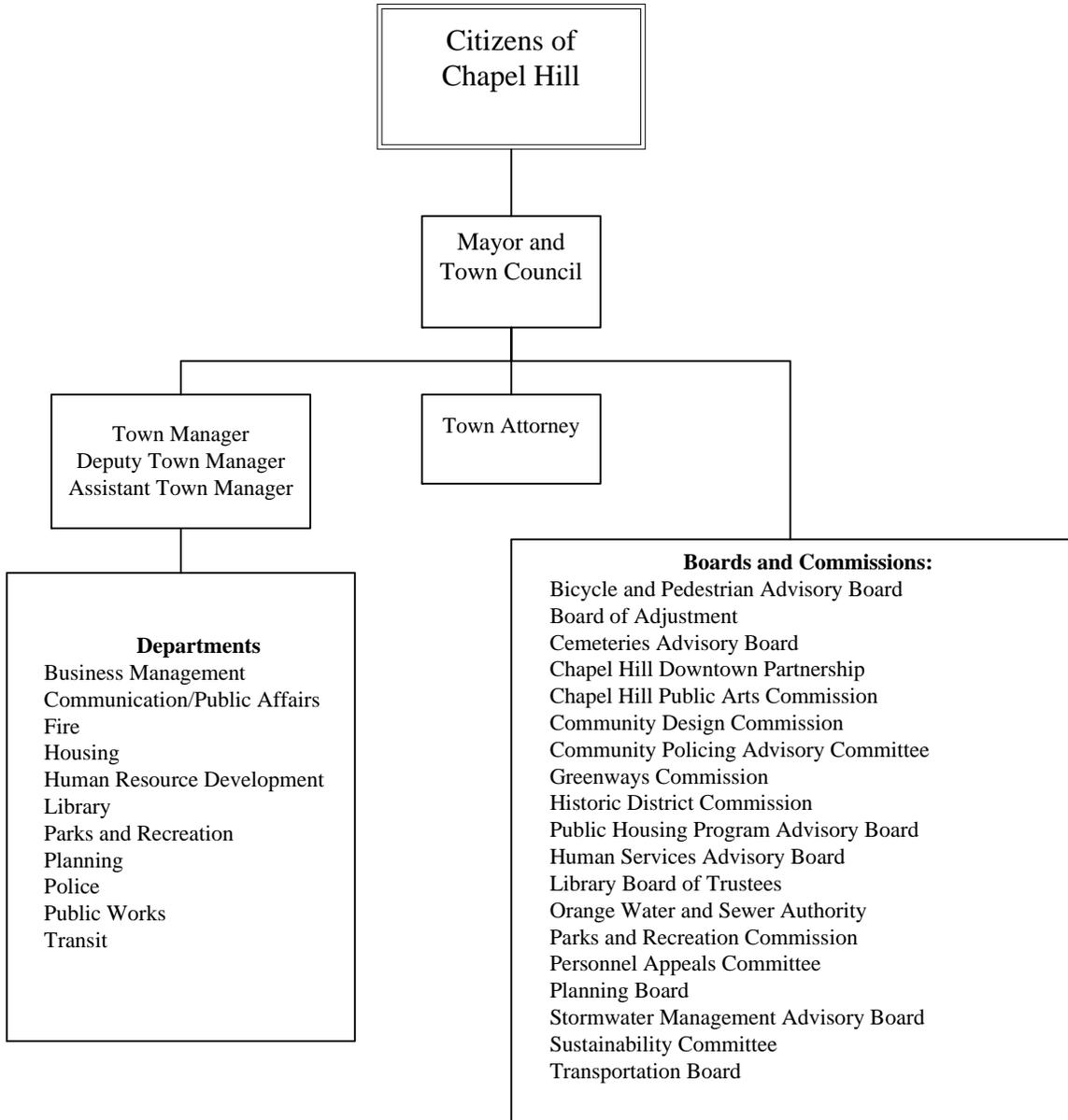
TOTAL BUDGET EXPENDITURES \$88,229,786 (NET OF TRANSFERS)



TOTAL BUDGET REVENUES



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2012-13***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 52,564,000	\$ 1,054,374	\$ 51,509,626
Transit Funds			
Transit	18,685,436	3,239	18,682,197
Transit Capital Reserve Fund	512,989	512,989	-
Stormwater Management Fund	1,909,642	-	1,909,642
Parking Funds			
Off-Street Parking Fund	2,039,603	438,000	1,601,603
On-Street Parking Fund	760,500	176,511	583,989
Housing Funds			
Public Housing Fund	1,987,403	-	1,987,403
Housing Loan Trust Fund	-	-	-
Debt Service Fund	7,023,652	-	7,023,652
Capital Projects			
Capital Improvements Fund	650,000	-	650,000
Other Funds			
Grants Fund	436,149	-	436,149
Downtown Service District Fund	166,000	-	166,000
Library Gift Fund	347,000	45,000	302,000
Vehicle Replacement Fund	2,034,757	-	2,034,757
Vehicle Maintenance Fund	1,092,268	-	1,092,268
Computer Replacement Fund	250,500	-	250,500
TOTAL	\$ 90,459,899	\$ 2,230,113	\$ 88,229,786

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 57% of the Town's operating budget. The reduction in FTE's for the 2012-13 Adopted Budget is due to the reduction of vacant & unfunded positions from the overall FTE count, which are now accounted for in the Vacancy Pool.

2012/2013 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Mayor	1.00	1.00	1.00
Manager	8.00	9.80	7.00
Communications & Public Affairs	9.13	7.33	6.53
Human Resource Development	8.00	8.00	8.00
Business Management	23.00	23.00	23.00
Legal	2.00	2.00	2.00
Planning	20.53	20.53	17.75
Public Works	106.75	107.25	96.25
Police	145.00	145.00	139.00
Fire	93.53	93.53	90.00
Parks & Recreation	58.84	58.84	53.51
Library	29.08	29.08	30.39
Transit	195.33	195.33	171.73
Stormwater	14.00	14.00	14.00
Parking	12.80	12.80	11.80
Housing	17.00	17.00	16.00
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	9.25	8.75	7.75
Total FTE's	754.24	754.24	696.71

See individual department Staffing Summaries for further explanation of staffing changes.

TAX RATES AND TAX COLLECTIONS

Adopted 2012-13

	2010-11 Actual	2011-12 Budget	2011-12 Estimated	2012-13 Adopted
Assessed Value of Real and Personal Property	\$ 7,173,122,136	\$ 7,245,483,000	\$ 7,245,000,000	\$ 7,353,675,000
Tax Rate Per \$100 Valuation				
General Fund	36.0	37.8	37.8	37.8
Transit Fund	4.1	4.1	4.1	4.1
Debt Service Fund	9.3	7.5	7.5	7.5
Total Tax Rate (cents)	49.4	49.4	49.4	49.4
Tax Levy	35,435,000	35,793,000	35,790,000	36,327,000
Estimated Collections at 99%	\$ 35,080,700	\$ 35,435,100	\$ 35,432,100	\$ 35,963,700
Distribution				
General Fund	25,600,000	27,114,000	27,112,000	27,530,000
Transit Fund	2,914,655	2,941,000	2,930,000	2,985,000
Debt Service Fund	6,601,868	5,380,000	5,360,000	5,462,000
Downtown Service District Fund				
Tax Rate (cents)	7.1	7.1	7.1	7.1
Assessed Value of Real and Personal Property	\$ 237,937,254	\$ 237,000,000	\$ 237,000,000	\$ 237,000,000
Tax Levy	169,000	168,000	168,000	168,000
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 710,000	\$ 717,000	\$ 717,000	\$ 728,000

ESTIMATED UNDESIGNATED RESERVES

ANNUALLY BUDGETED FUNDS

	Approximate Unassigned Fund Balance July 1, 2012	2012-13 Budgeted Revenues	2012-13 Budgeted Expenditures	Approximate Unassigned Fund Balance June 30, 2013
GENERAL FUND	\$ 11,650,000	\$ 51,035,400	\$ 52,564,000	\$ 10,121,400
SPECIAL REVENUE FUNDS				
Downtown Service District	92,300	166,000	166,000	92,300
Library Gift	258,800	347,000	203,000	402,800
Grants Fund	10,000	436,100	436,100	10,000
DEBT SERVICE FUND	1,820,000	6,083,000	7,023,700	879,300
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	1,313,000	650,000	650,000	1,313,000
Capital Reserve	214,000	-	-	214,000
ENTERPRISE FUNDS				
Transportation	2,791,000	18,379,100	18,685,400	2,484,700
Transportation Capital Reserve	1,490,000	-	513,000	977,000
Public Housing	2,844,000	1,534,200	1,987,400	2,390,800
On-Street Parking	-	760,500	760,500	-
Off-Street Parking	631,300	1,408,300	2,039,600	-
Stormwater Management	1,209,000	1,800,000	1,909,600	1,099,400
INTERNAL SERVICE FUNDS				
Vehicle Replacement	-	2,034,800	1,917,600	117,200
Vehicle Maintenance	110,500	1,070,900	1,092,300	89,100
Computer Replacement	336,000	159,400	250,500	244,900
TOTAL	\$ 24,769,900	\$ 85,864,700	\$ 90,198,700	\$ 20,435,900

Note: Estimates of fund balance presented on this page and the following pages are based on unaudited information available during preparation of this document. Reservations of fund balance and Restrictions of fund balance are constantly changing, and these estimates are therefore subject to change.

FUND BALANCE VARIANCES

The Town maintains a reserve of fund balance for cash flow, emergencies and opportunities. Fund balance is essentially the difference between revenues received and expenditures made in a given year plus any residual balance remaining at the end of the previous year. Part of the balance must remain unused to meet the reserve recommendations of the North Carolina Local Government Commission and State statute requirements. Part of the balance must remain unused to meet restrictions imposed by outside agencies (federal grant funds, for example) and to comply with the Town's contractual and other obligations. The remaining balance is available to be used for additional appropriations.

Fund balance fluctuates depending upon the activities during the year. The General Fund fund balance in 2010-11 is anticipated to be about 13.5% of budgeted expenditures.

GOVERNMENTAL FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2012-13**

	General Fund			Special Revenue Funds		
	10-11 Actual	11-12 Estimated	12-13 Adopted	10-11 Actual	11-12 Estimated	12-13 Adopted
Net Unreserved Assets, Beginning of Year	14,361,049	10,140,700	8,554,000	308,417	259,771	361,100
Financial Source						
Property Taxes	25,805,698	27,292,000	27,680,000	171,420	230,000	166,000
Other Tax and Licenses	923,823	937,000	987,000	-	-	-
State-Shared Revenues	15,423,049	15,834,258	16,230,630	-	-	-
Interest on Investment	37,166	12,000	20,000	1,205	435	-
Other Revenues	586,268	241,880	233,240	99,727	122,425	347,000
Grants	524,622	465,523	582,253	464,859	527,984	342,336
Charges for Services	3,644,964	3,080,146	3,471,081	-	-	-
Licenses/Permits/Fines	1,512,344	1,531,950	1,609,663	-	-	-
Transfers/Other Sources	192,876	95,773	221,511	672,664	371,325	93,813
Appropriated Net Assets (Fund Balance)	-	579,311	1,528,622	-	-	(144,000)
Total Estimated Financial Sources	48,650,810	50,069,841	52,564,000	1,409,875	1,252,169	805,149
Expenditures						
Personnel	34,547,873	35,107,145	36,836,767	921,606	655,771	354,555
Operations	13,979,528	15,901,090	14,951,933	529,774	495,069	450,594
Capital	1,247,758	648,306	775,300	7,141	-	-
Total Budget	49,775,159	51,656,541	52,564,000	1,458,521	1,150,840	805,149
Financial Sources less Budget	(1,124,349)	(1,586,700)	-	(48,646)	101,329	-
Net Unreserved Assets, End of Year	10,140,700	8,554,000	7,025,378	259,771	361,100	505,100

Note: Please see note about fund balance estimates on page 62.

Debt Service Fund			Capital Funds		
10-11 Actual	11-12 Estimated	12-13 Adopted	10-11 Actual	11-12 Estimated	12-13 Adopted
1,546,633	3,009,100	1,819,952	2,626,864	2,421,101	1,527,000
6,634,998	5,380,752	5,462,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,728	2,000	-	2,651	1,150	1,000
-	-	-	75,424	-	-
85,676	182,506	183,000	317,427	317,427	-
-	-	-	60,750	60,750	55,000
-	-	-	-	-	-
266,583	-	438,000	454,824	454,824	594,000
-	6,524	940,652	-	-	-
6,993,985	5,571,782	7,023,652	911,076	834,151	650,000
-	-	-	-	-	-
5,531,518	6,760,930	7,023,652	-	-	-
-	-	-	1,116,839	1,728,252	650,000
5,531,518	6,760,930	7,023,652	1,116,839	1,728,252	650,000
1,462,467	(1,189,148)	-	(205,763)	(894,101)	-
3,009,100	1,819,952	879,300	2,421,101	1,527,000	1,527,000

ENTERPRISE FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2013-13**

	Parking Funds			Transportation Funds		
	10-11 Actual	11-12 Estimated	12-13 Adopted	10-11 Actual	11-12 Estimated	12-13 Adopted
Net Unreserved Assets, Beginning of Year	1,438,768	867,328	631,323	6,314,074	6,493,215	4,281,000
Financial Source						
Property Taxes	-	-	-	2,929,655	2,943,720	2,995,000
Other Tax and Licenses	-	-	-	423,162	415,000	415,000
State-Shared Revenues	-	-	-	3,671,170	3,419,853	3,077,868
Interest on Investment	6,165	1,950	7,250	12,272	8,500	8,500
Other Revenues	11,646	42,750	50,250	156,907	41,619	21,800
Grants	-	-	-	2,308,285	2,605,834	2,191,580
Charges for Services	1,865,911	1,983,889	2,111,280	7,624,976	7,799,599	9,305,389
Licenses/Permits/Fines	-	-	-	-	-	-
Transfers/Other Sources	-	-	-	-	-	364,000
Appropriated Net Assets (Fund Balance)	-	-	631,323	-	-	819,288
Total Estimated Financial Sources	1,883,722	2,028,589	2,800,103	17,126,427	17,234,125	19,198,425
Expenditures						
Personnel	730,185	763,913	777,012	10,973,526	10,925,586	11,035,570
Operations	1,025,308	1,395,553	1,470,791	5,545,309	6,502,495	7,646,627
Capital	699,669	105,128	552,300	428,451	2,018,259	516,228
Total Budget	2,455,162	2,264,594	2,800,103	16,947,286	19,446,340	19,198,425
Financial Sources less Budget	(571,440)	(236,005)	-	179,141	(2,212,215)	-
Net Unreserved Assets, End of Year	867,328	631,323	-	6,493,215	4,281,000	3,461,712

Note: Please see note about fund balance estimates on page 62.

Stormwater Management Fund			Housing Fund		
10-11 Actual	11-12 Estimated	12-13 Adopted	10-11 Actual	11-12 Estimated	12-13 Adopted
1,268,332	1,445,600	1,209,073	1,828,626	2,507,322	2,844,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,609	-	-	4,363	2,237	2,200
(5,824)	(4,500)	(5,000)	27,366	42,735	250
-	-	-	1,559,586	1,328,974	1,035,588
1,846,976	1,799,000	1,800,000	506,981	545,939	496,160
-	-	-	-	-	-
5,824	4,500	5,000	-	-	-
-	-	109,642	-	-	453,205
1,849,585	1,799,000	1,909,642	2,098,296	1,919,885	1,987,403
997,478	1,074,740	1,091,620	777,506	867,417	992,137
674,839	860,787	743,022	642,094	715,790	995,266
-	100,000	75,000	-	-	-
1,672,317	2,035,527	1,909,642	1,419,600	1,583,207	1,987,403
177,268	(236,527)	-	678,696	336,678	-
1,445,600	1,209,073	1,099,431	2,507,322	2,844,000	2,390,795

INTERNAL SERVICE FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2012-13

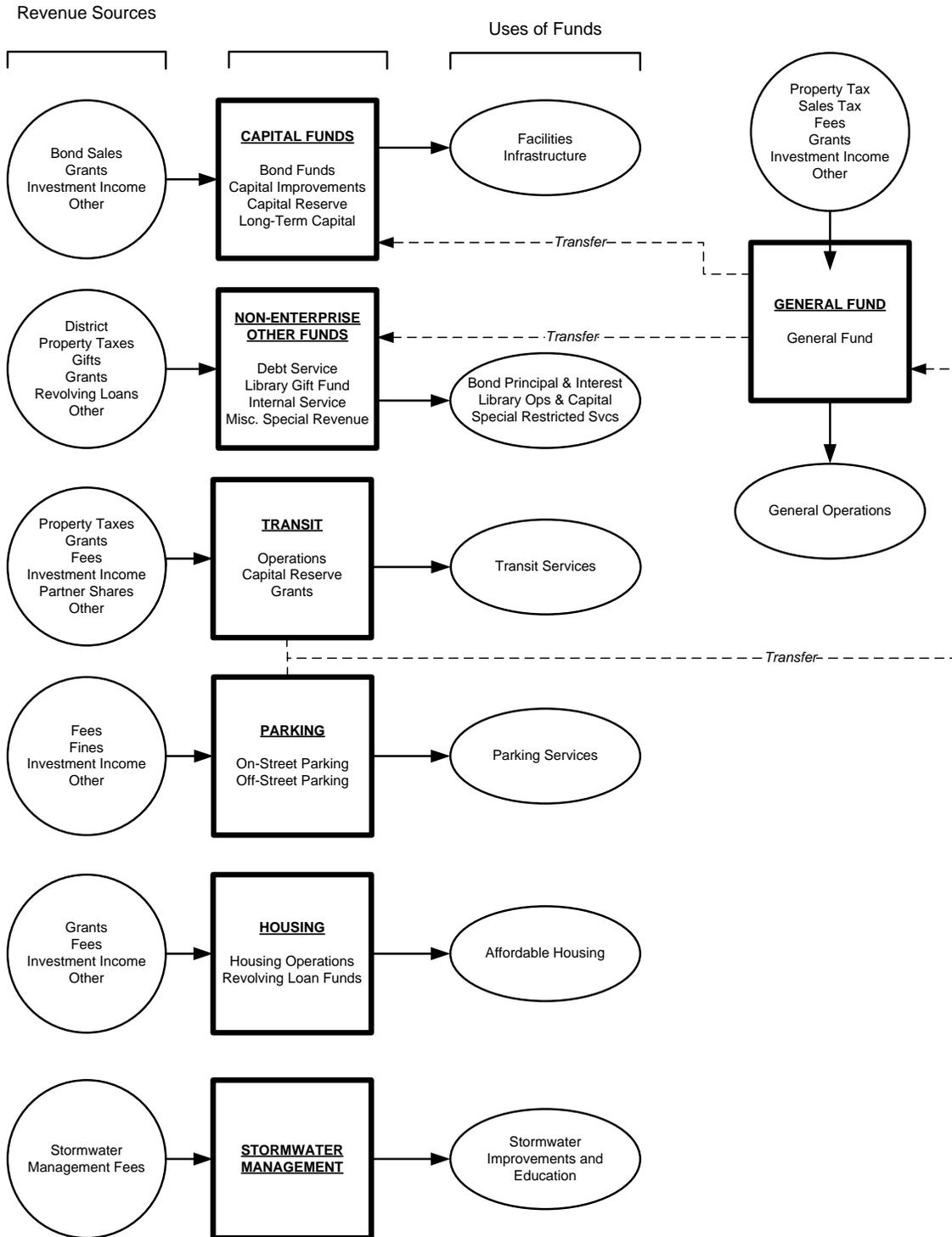
	Internal Service		
	10-11 Actual	11-12 Estimated	12-13 Adopted
Net Unreserved Assets, Beginning of Year	385,423	1,248,804	445,859
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investment	6,906	5,250	1,200
Other Revenues	139,385	54,842	58,000
Grants	35,260	29,711	-
Charges for Services	3,081,225	2,744,675	2,736,507
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	1,600,000	887,675	470,000
Appropriated Net Assets (Fund Balance)	-	-	(5,341)
Total Estimated Financial Sources	4,862,776	3,722,153	3,260,366
Expenditures			
Personnel	603,675	584,610	529,068
Operations	1,850,302	2,136,992	2,261,298
Capital	1,545,418	1,803,496	470,000
Total Budget	3,999,395	4,525,098	3,260,366
Financial Sources less Budget	863,381	(802,945)	-
Net Unreserved Assets, End of Year	1,248,804	445,859	451,200

Note: Please see note about fund balance estimates on page 62.

Annual Funds - Combined Total:

10-11 Actual	11-12 Estimated	12-13 Adopted
30,078,186	28,392,941	21,673,307
35,541,771	35,846,472	36,303,000
1,346,985	1,352,000	1,402,000
19,094,219	19,254,111	19,308,498
80,065	33,522	40,150
1,090,899	541,751	705,540
5,295,715	5,457,959	4,334,757
18,631,783	18,013,998	19,975,417
1,512,344	1,531,950	1,609,663
3,192,771	1,814,097	2,186,324
-	585,835	4,333,391
85,786,552	84,431,695	90,198,740
49,551,849	49,979,182	51,616,729
29,778,672	34,768,706	35,543,183
5,045,276	6,403,441	3,038,828
84,375,797	91,151,329	90,198,740
1,410,755	(6,719,634)	-
31,488,941	21,673,307	17,339,916

TOWN OF CHAPEL HILL FLOW OF FUNDS



SUMMARY OF ANNUAL FUND GROUPS

Governmental Funds

General Fund

Special Revenue Funds

- Grants Fund
- Downtown Service District Fund
- Housing Loan Trust Fund
- Library Gift Fund

Debt Service Fund

Capital Funds

- Capital Projects Fund
- Capital Reserve Fund
- Transportation Capital Reserve Fund

Proprietary Funds

Enterprise Funds

- Transportation Fund
- Stormwater Management Fund
- Parking Fund
 - On-Street Parking
 - Off-Street Parking
- Public Housing Funds

Internal Service Funds

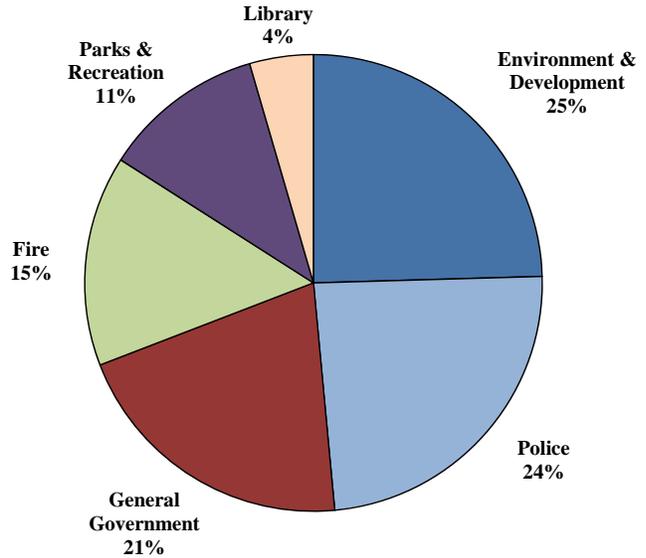
- Vehicle Maintenance Fund
- Vehicle Replacement Fund
- Computer Replacement Fund

INTERFUND TRANSFERS						
Adopted 2012-13						
Transfers to:	General Fund	Transit	Parking	Transfers From:		
				Transit Capital Reserve	Library Gift Fund	Net Transfers
General Fund	\$ -	\$ -	\$ 176,511	\$ -	\$ 45,000	\$ 221,511
Transit Fund	364,000	-	-	-	-	364,000
Transit Capital Grants	-	3,239	-	512,989	-	516,228
Stormwater Management	5,800	-	-	-	-	5,800
Debt Service Fund	-	-	438,000	-	-	438,000
CIP Fund	594,000	-	-	-	-	594,000
Grants Fund	90,574	-	-	-	-	90,574
Net Transfers	\$ 1,054,374	\$ 3,239	\$ 614,511	\$ 512,989	\$ 45,000	\$ 2,230,113

GENERAL FUND

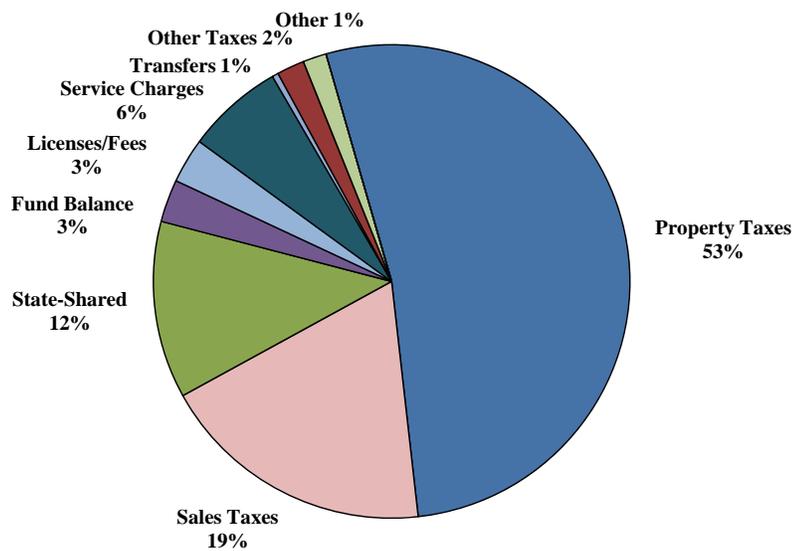
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$52,564,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Government	\$ 10,144,183	\$ 9,931,696	\$ 11,945,678	\$ 11,351,893	\$ 10,846,159	9.2%
Environment & Development	12,584,361	13,000,796	13,199,243	12,925,076	12,904,050	-0.7%
Public Safety	19,059,817	19,412,433	19,539,201	19,194,196	20,433,094	5.3%
Leisure	7,986,798	8,195,075	8,367,631	8,185,376	8,380,697	2.3%
Total	\$ 49,775,159	\$ 50,540,000	\$ 53,051,753	\$ 51,656,541	\$ 52,564,000	4.0%

REVENUES

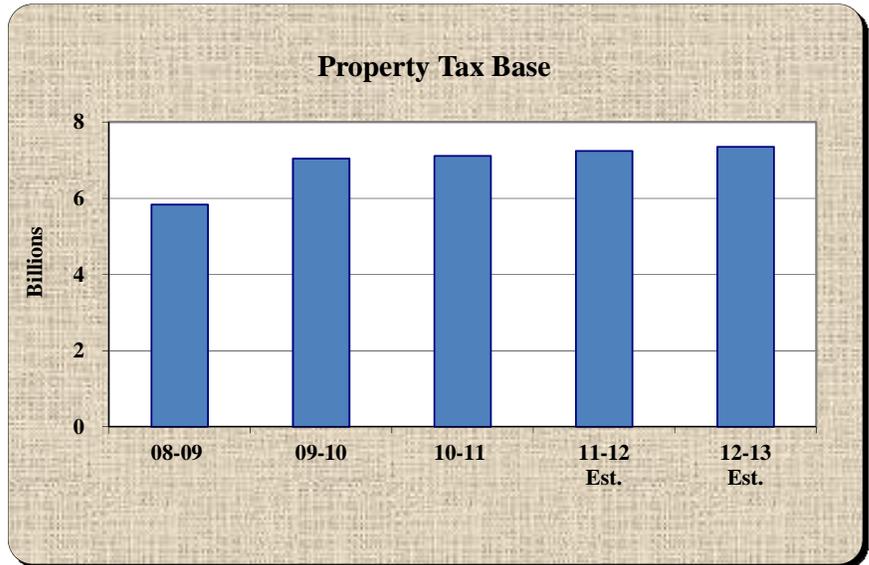
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues:						
Property Taxes	\$ 25,805,698	\$ 27,264,000	\$ 27,264,000	\$ 27,292,000	\$ 27,680,000	1.5%
Sales Taxes	8,941,462	9,004,500	9,155,049	9,485,500	9,870,000	9.6%
Other Tax and Licenses	923,823	852,000	852,000	937,000	987,000	15.8%
State-Shared Revenues	6,481,587	6,406,050	6,406,050	6,348,758	6,360,630	-0.7%
Interest on Investments	37,166	45,000	45,000	12,000	20,000	-55.6%
Other Revenues	586,268	251,250	317,036	241,880	233,240	-7.2%
Grants	524,622	201,550	548,629	465,523	582,253	188.9%
Charges for Services	3,644,964	3,321,806	3,234,806	3,080,146	3,471,081	4.5%
Licenses/Permits/Fines	1,512,344	1,712,320	1,712,320	1,531,950	1,609,663	-6.0%
Transfers/Other Sources	192,876	359,919	206,919	95,773	221,511	-38.5%
Appropriated Fund Balance	1,124,349	1,121,605	3,309,944	2,166,011	1,528,622	36.3%
Total	\$ 49,775,159	\$ 50,540,000	\$ 53,051,753	\$ 51,656,541	\$ 52,564,000	4.0%

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Property Tax

The largest component of the property tax is the levy on real property. The property tax consists of three components – General Fund, Debt Service Fund and Transit Fund. We have based our estimate on historic trends and current information from Orange and Durham Counties for the overall tax base. The tax base for 2012-13 is estimated to be about \$7,353,675,000 with 1 cent on the tax rate equivalent to about \$728,000.



The combined property tax revenue we anticipate for 2012-13 totals about \$36.1 million, with \$28 million of that supporting the General Fund.

Other Local Taxes

- Cable franchise revenues represent a tax on local Time Warner gross receipts. Effective January 1, 2007, the Department of Revenue changed the distribution calculation for cable franchise revenues, and the majority of the funds we previously received in this revenue line are now allocated in the utility franchise tax.
- Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$900,000 in the current year and about \$950,000 in 2012-13. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

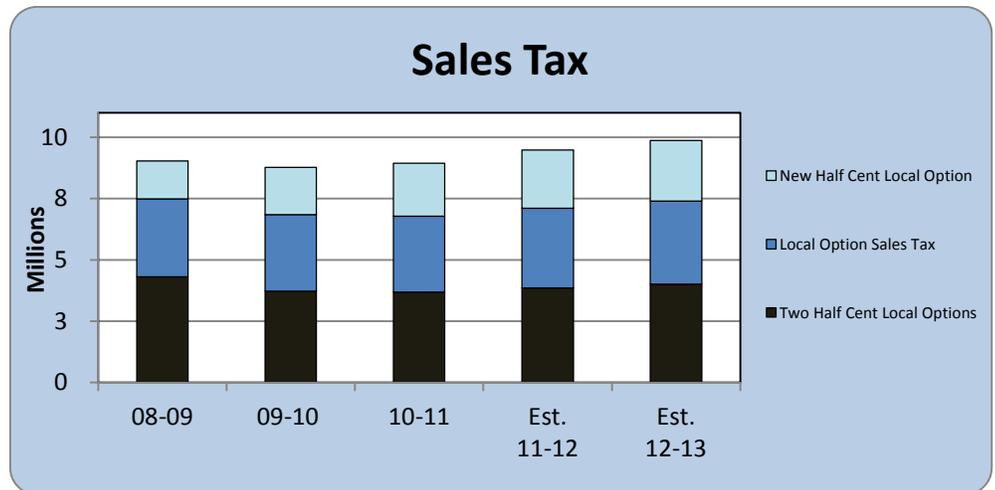
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Due to the recent economic upturn, sales tax revenue is expected to come in about \$480,000 over budget in 2011-12. This can be attributed to uncertainties that we faced with budget preparation for FY12.

Recent information from the North Carolina League of Municipalities suggests that we should see greater gains in sales tax in the coming fiscal year. Based on this information, we are estimating an overall growth rate of 3% in sales taxes for FY13. We estimate combined sales taxes of about \$9,870,000 for 2012-13. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in about \$2.5 million in reduced sales tax receipts for the Town.



Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total \$1,408,128 in 2011-12, about the same as prior year. For 2012-13, we anticipate revenues will hold the line at around \$1,400,000.

State Fire Protection Funds

We are expecting about \$1,088,630 in State Fire Protection Funds in the current year, and we expect about the same level of funding from this source in 2012-13.

Utility Franchise Tax

Utility franchise taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction, and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. In 2007, the State changed the distribution method for cable franchise fees and included them in the utility franchise tax distribution. Indications are that utility franchise fees will be in line with the current year's budget for a total of about \$3.5 million in 2011-12, and we expect no increase in 2012-13.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

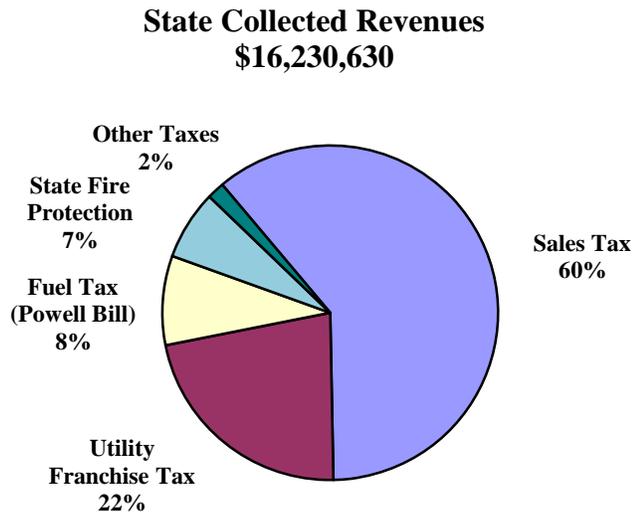
Solid Waste Disposal Tax

The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$20,000 for the current year and \$35,000 next year.

Beer and Wine Taxes

Assuming full receipt of the Beer and Wine tax revenue normally distributed in May to cities and counties, we estimate allocations from this source of about \$237,000 for the current year and next year.

In summary, we estimate State-collected revenues would total about \$16,230,630 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$582,000 for 2012-13. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The adopted budget for 2012-13 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. The adopted 2012-13 budget includes \$353,276 in Orange County funding to support the Chapel Hill Library, a 3% increase over the FY12 allocation per the new agreement with the County. The State appropriation for Library services is budgeted at \$32,217. Local grants also include a reimbursement from the NC DOT for a portion of the costs of the Traffic Signal Analyst position that has been added for FY13.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to come in short of budget in the current year by about \$150,000. This can be attributed to revenues shortfalls in street cuts, traffic signals, library fines and various planning and zoning fees. However, charges for services are expected to increase from \$3,322,000 to about \$3,470,000 in

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

2012-13 due in large part to continued increases in Parks & Recreation program usage and fee increases.

This category also reflects amounts transferred from other Town funds to the General Fund, primarily to recover administrative and indirect costs from other Town enterprise funds and services. For 2012-13, these include estimates of \$76,000 from Parking Enterprise Funds, \$106,000 from the Stormwater Management Fund, and \$1,018,000 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to fall short of budget by about \$230,000 due to further decline in inspection permits. Total licenses and permits are expected to rebound slightly in 2012-13, with a budget of about \$1.6 million.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. With the plunge in interest rates from the current recession and the spending down of the Town's fund balance, investment income is expected to fall short of budget by about \$33,000 in the current year and to generate only about \$20,000 next year.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include the sale of cemetery plots and equipment, court cost reimbursements, and donations (Carol Woods). Miscellaneous revenues are expected to total about \$242,000 for 2011-12 and \$233,000 for 2012-13.

Transfers

Transfers include a transfer of \$45,000 for 2012-13 from the Library Gift Fund for Library purposes. This section also includes a transfer from On-Street Parking in the amount of \$177,000 for 2012-13, which represents the amount of anticipated revenues in excess of expenditures.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use \$3.1 million of fund balance in 2011-12, but through cost-cutting measures, will use only about \$2.1 million. The annual budget includes the use of about \$1,528,000 in 2012-13 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$52.6 million in General Fund revenues, including the use of about \$1,528,000 of fund balance.

The table below shows comparative estimates of total General Fund revenues for the current year and next year.

	11-12 Revised Budget	11-12 Estimated	12-13 Adopted Budget
Property Taxes	\$ 27,264,000	\$ 27,292,000	\$ 27,680,000
Sales Taxes	9,004,500	9,485,500	9,870,000
Other State-Collected	6,406,050	6,348,758	6,360,630
Other Revenues	1,702,879	1,656,403	1,822,493
Licenses/Permits	1,712,320	1,531,950	1,609,663
Service Charges	3,234,806	3,080,146	3,471,081
Interfund Transfers	206,919	95,773	221,511
Fund Balance	3,139,944	2,075,462	1,528,622
Total	\$ 52,671,418	\$ 51,565,992	\$ 52,564,000

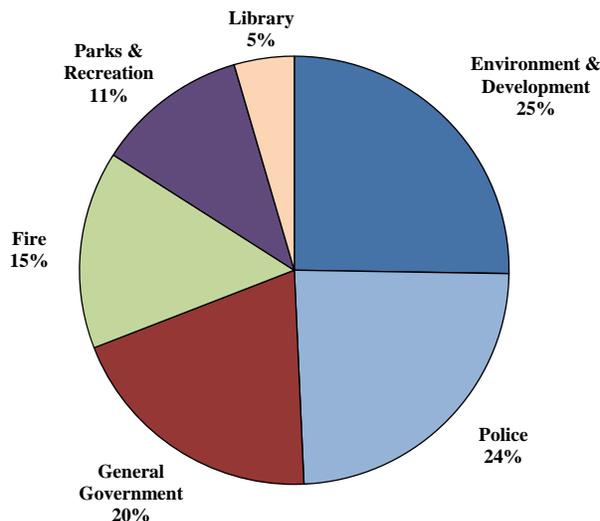
GENERAL FUND

Major Expenditures - Descriptions and Estimates

The General Fund provides basic services for Town citizens including police and fire protection, environment and development services (including planning, public works, engineering, and inspections), general administration and planning for growth and development in the community.

The pie chart below shows the relative proportions of expenditures for the various functions and departments in the General Fund budget totaling \$52,564,000 for the 2012-13 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.6 million and Fire Department expenditures of about \$7.8 million.



Environment and Development is the second largest category in the General Fund at about \$12.9 million, including Planning and Public Works which provide services of planning for growth, engineering, inspections, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 61% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$6.0 million, Library services of \$2.4 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$10.8 million.

Non-departmental expenditures total \$4 million. Non-departmental expenditures include a transfer for capital improvements of \$594,000. \$809,700 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$421,000. For FY13, a transfer to the Transit Fund in the amount of \$364,000 has been included to cover increases to the Transit operation. Prior years included the transfer to the Debt Service Fund, but in 2008-09, a portion of the property tax was allocated to debt service instead.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2012-13 budget include a 3% decrease, or about \$166,000 in group medical insurance for General Fund employees and retirees. The budget also includes a decrease to the employer contribution to the state retirement system from 6.88% to 6.74%, or about \$33,000, for General Fund employees.

Additional expenses in the budget include a 3% salary increase (\$621,000), increased costs for a partial year at the expanded Library (\$154,000), restoration of a portion of the street paving funds (\$111,000), increases to the transfer to CIP fund (\$160,000) for costs associated with the Fiber Network, increases in costs associated with becoming compliant with Federal Narrowbanding Regulations (\$91,000), increases due to the rise in fuel costs (\$120,000), restoration of funding for the 4th of July event (\$43,000), Public Safety software, equipment, and maintenance increases (\$159,000) and funds dedicated to the implementation of the Comprehensive Plan (\$170,000).

The 2012-13 Adopted Budget doesn't entirely restore the \$661,000 in street paving that was removed in FY2012 due to the use of two-thirds bonds. This budget also continues to suspend contributions for other post-employment benefits (\$400,000). The 2012-13 budget also fails to completely restore the pay-as-you-go CIP fund to the \$1 million level that has been historically budgeted (\$350,000).

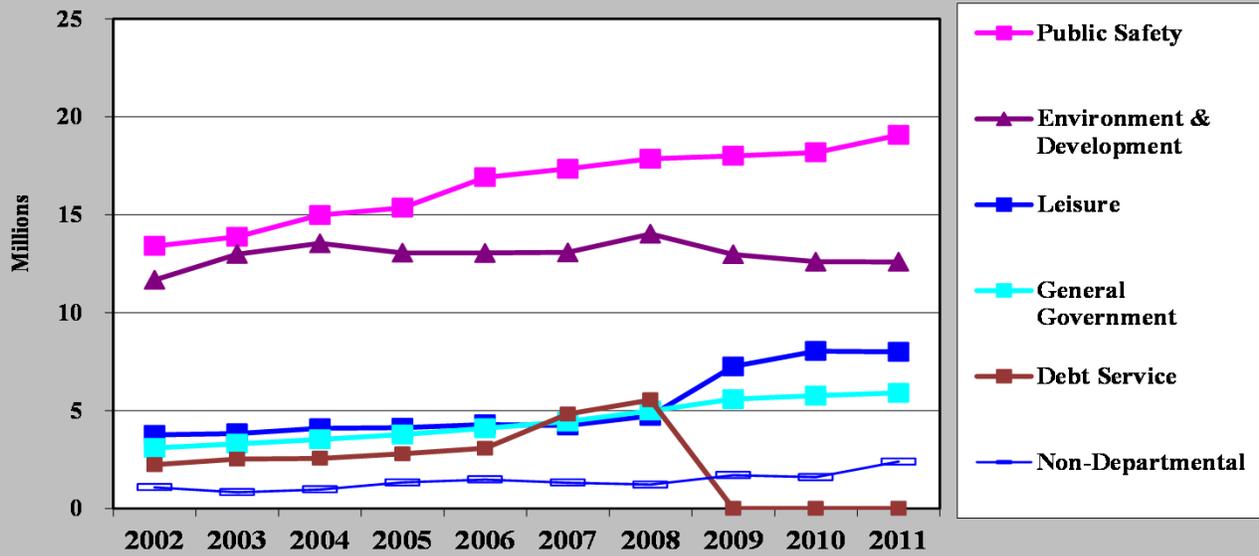
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2010-11	2011-12	2011-12	2011-12	2012-13	% Change
	Actual	Original	Revised	Estimated	Adopted	from
		Budget	Budget		Budget	2011-12
Personnel	34,547,873	36,183,810	35,599,137	35,107,145	36,836,767	1.8%
Operating Costs	13,979,528	13,794,271	16,828,810	15,901,090	14,951,933	8.4%
Capital Outlay	1,247,758	561,919	623,806	648,306	775,300	38.0%
Total	49,775,159	50,540,000	53,051,753	51,656,541	52,564,000	4.0%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Government						
Mayor/Council	\$ 373,280	\$ 484,664	\$ 484,664	\$ 393,822	\$ 393,010	-18.9%
Manager/CaPA	1,672,367	1,818,297	1,861,131	1,777,969	1,905,924	4.8%
Human Resource Dev't	884,870	1,321,970	1,520,489	1,437,164	1,306,915	-1.1%
Business Management	2,685,780	2,766,889	3,034,319	2,929,654	2,923,007	5.6%
Town Attorney	278,496	294,448	295,461	294,655	296,834	0.8%
Non-Departmental	4,249,390	3,245,428	4,749,614	4,518,629	4,020,469	23.9%
Subtotal	\$ 10,144,183	\$ 9,931,696	\$ 11,945,678	\$ 11,351,893	\$ 10,846,159	9.2%
Environment & Development						
Planning	\$ 1,204,203	\$ 1,530,158	\$ 1,637,209	\$ 1,420,407	\$ 1,481,340	-3.2%
Public Works	11,380,158	11,470,638	11,562,034	11,504,669	11,422,710	-0.4%
Subtotal	\$ 12,584,361	\$ 13,000,796	\$ 13,199,243	\$ 12,925,076	\$ 12,904,050	-0.7%
Public Safety						
Police	\$ 12,222,711	\$ 12,004,806	\$ 12,109,689	\$ 11,784,233	\$ 12,599,282	5.0%
Fire	6,837,106	7,407,627	7,429,512	7,409,963	7,833,812	5.8%
Subtotal	\$ 19,059,817	\$ 19,412,433	\$ 19,539,201	\$ 19,194,196	\$ 20,433,094	5.3%
Leisure						
Parks and Recreation	\$ 5,917,500	\$ 5,963,430	\$ 6,124,369	\$ 6,031,183	\$ 6,014,134	0.9%
Library	2,069,298	2,231,645	2,243,262	2,154,193	2,366,563	6.0%
Subtotal	\$ 7,986,798	\$ 8,195,075	\$ 8,367,631	\$ 8,185,376	\$ 8,380,697	2.3%
General Fund Total	\$ 49,775,159	\$ 50,540,000	\$ 53,051,753	\$ 51,656,541	\$ 52,564,000	4.0%

GENERAL GOVERNMENT BUDGET SUMMARY

This section includes management, human resources, finance, information technology and legal functions to support all Town departments as well as budget for non-departmental expenses.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Mayor/Council	\$ 373,280	\$ 484,664	\$ 484,664	\$ 393,822	\$ 393,010	-18.9%
Town Manager/CaPA	1,672,367	1,818,297	1,861,131	1,777,969	1,905,924	4.8%
Human Resources	884,870	1,321,970	1,520,489	1,437,164	1,306,915	-1.1%
Business Management	2,685,780	2,766,889	3,034,319	2,929,654	2,923,007	5.6%
Town Attorney	278,496	294,448	295,461	294,655	296,834	0.8%
Non-Departmental	4,249,390	3,245,428	4,749,614	4,518,629	4,020,469	23.9%
Total	\$ 10,144,183	\$ 9,931,696	\$ 11,945,678	\$ 11,351,893	\$ 10,846,159	9.2%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 10,144,183	\$ 9,931,696	\$ 11,945,678	\$ 11,351,893	\$ 10,846,159	9.2%
Total	\$ 10,144,183	\$ 9,931,696	\$ 11,945,678	\$ 11,351,893	\$ 10,846,159	9.2%

MAYOR/COUNCIL

MISSION STATEMENT:

The primary mission of the Town Council, as the governing body of the Town, is to adopt and provide for the execution of ordinances, rules and regulations as may be necessary or appropriate to protect health, life or property, or to promote the comfort, convenience, security, good order, better government, or the general welfare of the Town and its citizens.

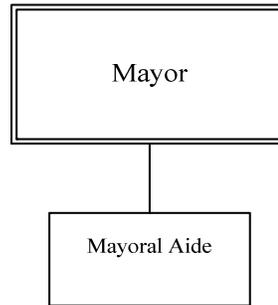
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town in various intergovernmental matters.

The Mayor and Town Council make policy decisions regarding Town services and other governmental responsibilities of the Town. Most policy decisions occur through adoption of the Comprehensive Plan, the annual budget, the capital improvements program and other ordinances and resolutions. Town Council duties also include:

- Amendment of previously adopted policies from time to time through changes in the Town Code of Ordinances and the Development Ordinance, and by revision of policies and documents such as the Comprehensive Plan and transportation plans.
- Appointment of advisory boards, commissions, task forces and committees, including appointment of five of the nine members of the Orange Water and Sewer Authority Board of Directors, a separate entity from the Town, created pursuant to State law.
- Appointment of the Town Manager and Town Attorney.
- Establishment of agreements with other governments, such as the Joint Planning Agreement with Orange County and the Town of Carrboro.

MAYOR
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Mayoral Aide	1.00	1.00	1.00
Mayor's Office Totals	1.00	1.00	1.00



MAYOR

BUDGET SUMMARY

The adopted budget for the Mayor's office reflects a slight overall increase from the prior year in keeping with the strategy for addressing next year's budget in the current economic climate. The 0.2% increase in personnel costs include a 3% salary adjustment effective October 2012, which is offset by a 3% decrease in medical insurance and a slight decrease to the retirement contribution. These changes result in a net overall increase of 0.1% from the previous fiscal year.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 98,482	\$ 98,285	\$ 98,285	\$ 98,187	\$ 98,461	0.2%
Operating Costs	16,628	16,994	16,994	17,092	16,987	0.0%
Total	\$ 115,110	\$ 115,279	\$ 115,279	\$ 115,279	\$ 115,448	0.1%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 115,110	\$ 115,279	\$ 115,279	\$ 115,279	\$ 115,448	0.1%
Total	\$ 115,110	\$ 115,279	\$ 115,279	\$ 115,279	\$ 115,448	0.1%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects a decrease of 24.9% from the 2011-12 budget, primarily for election-related items. The operating decrease is directly related to reducing election expenses from the FY13 budget, including \$55,500 for voter owned elections and \$25,000 for direct election costs. Despite the 3% pay adjustment effective October 2012, the adopted budget for personnel reflects an overall decrease of 7.2% due largely to medical insurance selections made by Council members as well as the 3% decrease in medical insurance.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 164,175	\$ 174,219	\$ 174,219	\$ 162,065	\$ 161,681	-7.2%
Operating Costs	93,995	195,166	195,166	116,478	115,881	-40.6%
Total	\$ 258,170	\$ 369,385	\$ 369,385	\$ 278,543	\$ 277,562	-24.9%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 258,170	\$ 369,385	\$ 369,385	\$ 278,543	\$ 277,562	-24.9%
Total	\$ 258,170	\$ 369,385	\$ 369,385	\$ 278,543	\$ 277,562	-24.9%

TOWN MANAGER

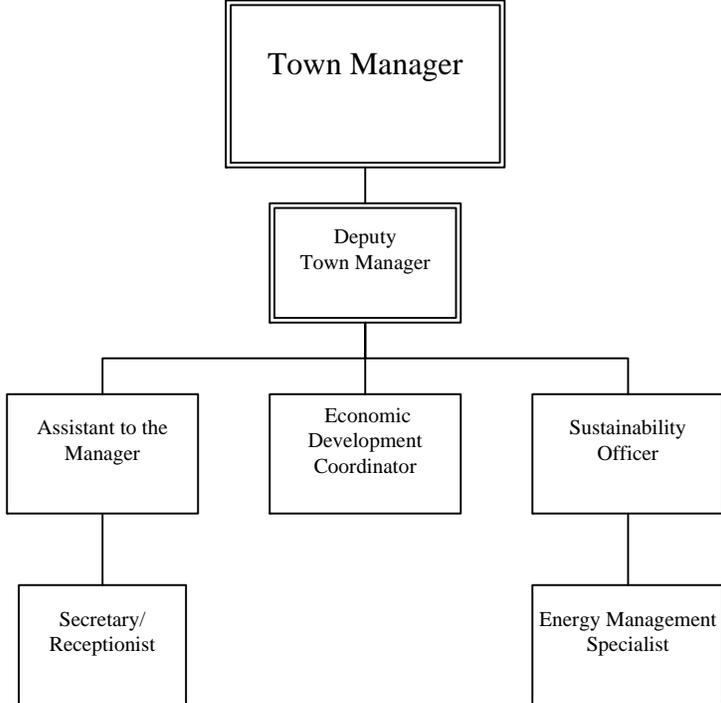
MISSION STATEMENT:

The primary mission of the Town Manager's Office is to ensure that the laws of the State and the ordinances, resolutions, regulations, and policies of the Council are faithfully executed.

As a first step towards Priority-Based Budgeting, the Town Manger's Office identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Council Support	Provide support to Mayor and Town Council, including coordinating preparation and delivery of informational reports and recommendations.
Executive Management	Lead organizational and leadership development initiatives. Administer and manage operation of Town government, including supervising department heads and providing oversight for various Town-wide projects.
Economic Development	Provide support and assistance to new and existing businesses in order to promote further development.
Sustainability	Coordinate, develop and implement policy, programs and initiatives to measure and enhance organizational and community sustainability.
Stakeholder Communications	Receive and coordinate responses to requests for services/information by Town Council, residents, business owners and others directed to Manager's Office and Town Council. Represent Town in discussions and negotiations with the University and other agencies and governmental entities.

TOWN MANAGER



TOWN MANAGER'S OFFICE
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Town Manager	1.00	1.00	1.00
Deputy Town Manager	1.00	1.00	1.00
Assistant Town Manager	1.00	1.00	0.00
Economic Development Coordinator	1.00	1.00	1.00
Executive Assistant (Unfunded)	1.00	1.00	0.00
Sustainability Officer	1.00	1.00	1.00
Energy Management Specialist	0.00	0.00	1.00
Coordinator - Special Projects (Unfunded)	1.00	1.00	0.00
Assistant to the Manager	1.00	1.00	1.00
Administrative Assistant	0.00	0.80	0.00
Secretary/Receptionist	0.00	1.00	1.00
	<hr/>		
Town Manager's Office Totals	8.00	9.80	7.00

TOWN MANAGER

BUDGET SUMMARY

The Town Manager's adopted budget for FY13 reflects a 14.8% increase over FY12, primarily the result of the addition of the Energy Management Specialist position and the movement of the Ombuds position from Human Resource Development (HRD). Other personnel changes include a 3% salary adjustment effective October 2012, a 3% decrease to medical insurance, and a slight decrease to the retirement contribution. The operating decrease of 13.5% is due to the transfer to the Business Management Department of costs associated with the annual audit (\$50,000) offset by operating increase related to the Ombuds move from HRD.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 802,839	\$ 910,089	\$ 909,552	\$ 879,245	\$ 1,044,751	14.8%
Operating Costs	228,118	233,703	280,300	228,492	202,230	-13.5%
Total	\$ 1,030,957	\$ 1,143,792	\$ 1,189,852	\$ 1,107,737	\$ 1,246,981	9.0%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 1,030,957	\$ 1,143,792	\$ 1,189,852	\$ 1,107,737	\$ 1,246,981	9.0%
Total	\$ 1,030,957	\$ 1,143,792	\$ 1,189,852	\$ 1,107,737	\$ 1,246,981	9.0%

COMMUNICATIONS & PUBLIC AFFAIRS

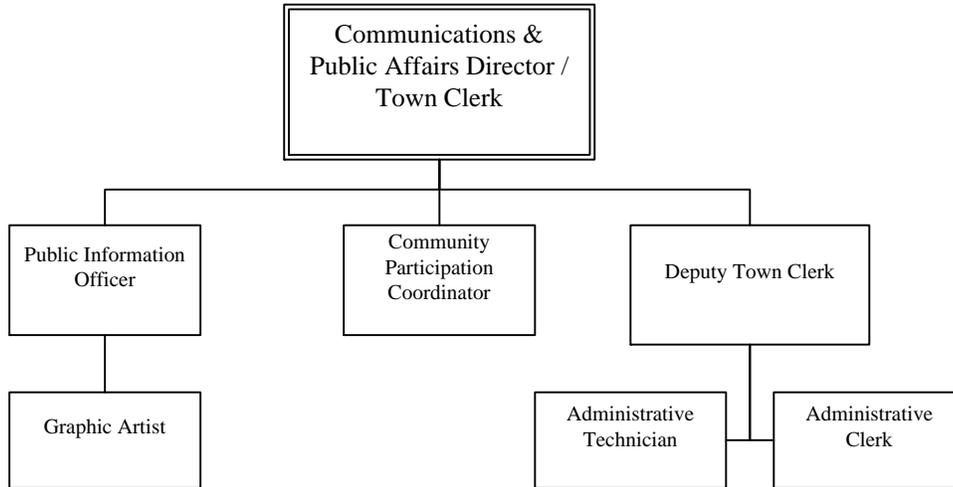
MISSION STATEMENT:

To encourage citizen participation in Town government, and to support the Town's strategic directions through news media relations, internal and external communications, vital records maintenance and provision, citizen education and service programs, and marketing activities.

As a first step towards Priority-Based Budgeting, the Communications and Public Affairs Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Communications & Public Information	Provide information to the public in a variety of forms.
Governance Support	Provide support for Council Meetings and the Agenda process. Organize and facilitate all Council meetings/workshops, Council orientation, transcribe Council meeting minutes.
Public Records	Maintain and dispose of public records. Maintain, update and transmit amendments to Municipal Code of Ordinances.
Citizen Participation	Support the Town's advisory board system, including the establishment of standards, recruiting and training advisory board members, coordination of Council appointments.
Consultation and Ancillary Support Services	Provide internal consultation training and support. Help coordinate projects and special events.

COMMUNICATIONS & PUBLIC AFFAIRS



COMMUNICATIONS & PUBLIC AFFAIRS OFFICE
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Communications & Public Affairs Director / Town Clerk	1.00	1.00	1.00
Town Clerk-Deputy	1.00	1.00	1.00
Administrative Technician	1.00	1.00	1.00
Administrative Clerk	1.53	1.53	0.53
Community Participation Coordinator	0.00	0.00	1.00
Public Information Officer	1.00	1.00	1.00
Administrative Assistant	0.80	0.00	0.00
Secretary/Receptionist	1.00	0.00	0.00
Graphic Artist	0.80	0.80	1.00
Media Specialist (Unfunded)	1.00	1.00	0.00
	<hr/>	<hr/>	<hr/>
CAPA Office Totals	9.13	7.33	6.53

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK BUDGET SUMMARY

The adopted budget for 2012-13 reflects a 2.3% decrease from prior year. The personnel increase of 0.8% reflects the 3% salary adjustment effective October 2012, 3% decrease in medical insurance, the slight decrease to the retirement contribution, and a reduction in temporary salaries. The 8.6% decrease to the operating budget is primarily due to the reduction in costs associated with the community survey (\$20,000).

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 425,391	\$ 451,817	\$ 449,648	\$ 445,934	\$ 455,295	0.8%
Operating Costs	216,019	222,688	221,631	224,298	203,648	-8.6%
Total	\$ 641,410	\$ 674,505	\$ 671,279	\$ 670,232	\$ 658,943	-2.3%

REVENUES

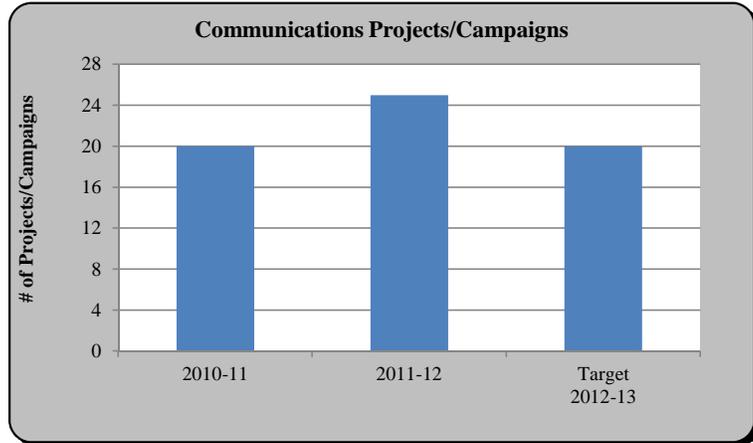
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 641,410	\$ 674,505	\$ 671,279	\$ 670,232	\$ 658,943	-2.3%
Total	\$ 641,410	\$ 674,505	\$ 671,279	\$ 670,232	\$ 658,943	-2.3%

COMMUNICATIONS & PUBLIC AFFAIRS/TOWN CLERK TRENDS

COUNCIL SERVICE GOAL: Provide accurate and timely current and historical public information.

Objective: Produce at least 20 Communications Projects/Campaigns annually to enhance public knowledge and involvement with the Council's goals and initiatives.

Departmental Goal: Provide public awareness campaigns and maintain officials records to promote local government accountability/transparency, participation and collaboration.



OBJECTIVES	PROGRESS/STATUS			
Public Information: Enhance the Town's image and build support for municipal programs; enable residents to take full advantage of Town services; enhance citizens' understanding of issues facing the Town.	Increased number of news releases, brochures, and numerous special projects to provide information to the public.			
PUBLIC INFORMATION GOAL	Actual 10-11	Actual 11-12	Target for 12-13	Change from Prior Year
Number of news releases	487	516	500	6%
Number of advertisements	61	86	70	41%
Number of publications/brochures/directories	70	98	80	40%
Number of communications projects/campaigns	20	25	20*	25%

OBJECTIVES	PROGRESS/STATUS			
Public Participation: Help policy makers and constituents cooperatively formulate and achieve common goals; reinforce a sense of openness, which encourages participation in local government	Held training for boards and commissions staff liaisons; developing process for response to petitions; developed process to make Council emails available to public; soliciting more Facebook fans and Twitter followers			
PUBLIC PARTICIPATION GOAL	Actual 10-11	Actual 11-12	Target for 12-13	Change from Prior Year
Number of applicants to boards/commissions	93	101	**	9%
eNews subscribers	3,074	3,132	3,445	2%
Facebook fans	2,954	3,554	3,909	20%
Twitter followers	1,555	2,216	2,438	43%

OBJECTIVES	PROGRESS/STATUS			
Internal Communications: Increase employee knowledge about overall Town government; increase employee effectiveness at presenting and communicating	Continued production of newsletter (available online); quarterly web steward training; offered training for PowerPoint presentations			
INTERNAL COMMUNICATIONS GOAL	Actual 10-11	Actual 11-12	Target for 12-13	Change from Prior Year
Number of employee newsletters	7	8	5	14%

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

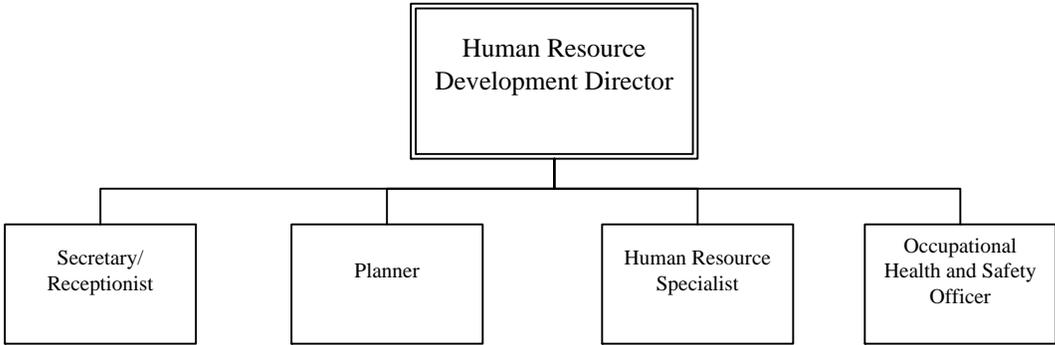
MISSION STATEMENT:

The mission of the Human Resource Development Department is to directly contribute to the Town's mission and vision by strengthening the development of human resources, providing quality services to employees and the community, promoting a safe working environment, ensuring financially sustainable compensation and benefits programs, while recognizing and valuing diverse backgrounds and improving operational effectiveness.

As a first step towards Priority-Based Budgeting, the Human Resource Development Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Classification and Compensation	Establish and maintain the Town's position classification system and pay plan through periodic reviews of position requirements and job descriptions and external and internal compensation comparability.
Benefits	Administer all insurance and retirement plans for employees, retirees and COBRA participants and their eligible dependents, including medical, dental, life and retirement and health savings plans.
Employee Relations	Ensure communication and understanding of the Town's Code of Ordinances, Town policies and procedures and State and Federal laws.
Employee Training and Development	Provide programs designed to engage our employees and assist them in reaching their professional potential by building skills and enhancing competencies.
Recruitment Services	Develop, implement and maintain selection procedures in accordance with applicable policies and laws that identify, attract and retain the most qualified applicants for employment while encouraging diverse representation at all levels of the workforce.
Safety and Wellness	Manage the Workers' Compensation, risk management, Occupational Health and Safety and Health and Wellness programs; provide safety training and inspection of our facilities to ensure compliance with state and federal standards.

HUMAN RESOURCE DEVELOPMENT



***HUMAN RESOURCE DEVELOPMENT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Human Resource Development Director	1.00	1.00	1.00
Assistant Director-Human Resource Development Planner	1.00	1.00	0.00
Occupational Health and Safety Officer	0.00	0.00	1.00
Human Resource Specialist	1.00	1.00	1.00
Secretary/ Receptionist	4.00	4.00	4.00
	1.00	1.00	1.00
Human Resource Development Totals	8.00	8.00	8.00

HUMAN RESOURCE DEVELOPMENT BUDGET SUMMARY

The adopted budget for FY13 includes a 1.1% decrease in personnel costs, chiefly the result of a position reclassification along with the 3% employee pay adjustment effective October 2012. Other personnel adjustments include a 3% decrease in medical insurance and a slight decrease in the Town's required contribution to the retirement system. The 1.2% decrease to the operating budget can be attributed to an increase of \$75,000 for costs associated with the health clinic offset by the decrease of \$75,000 related to the move of the Ombuds to the Manager's Office and various operating decreases.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 586,215	\$ 651,297	\$ 650,377	\$ 603,974	\$ 643,970	-1.1%
Operating Costs	298,655	670,673	870,112	833,190	662,945	-1.2%
Total	\$ 884,870	\$ 1,321,970	\$ 1,520,489	\$ 1,437,164	\$ 1,306,915	-1.1%

REVENUES

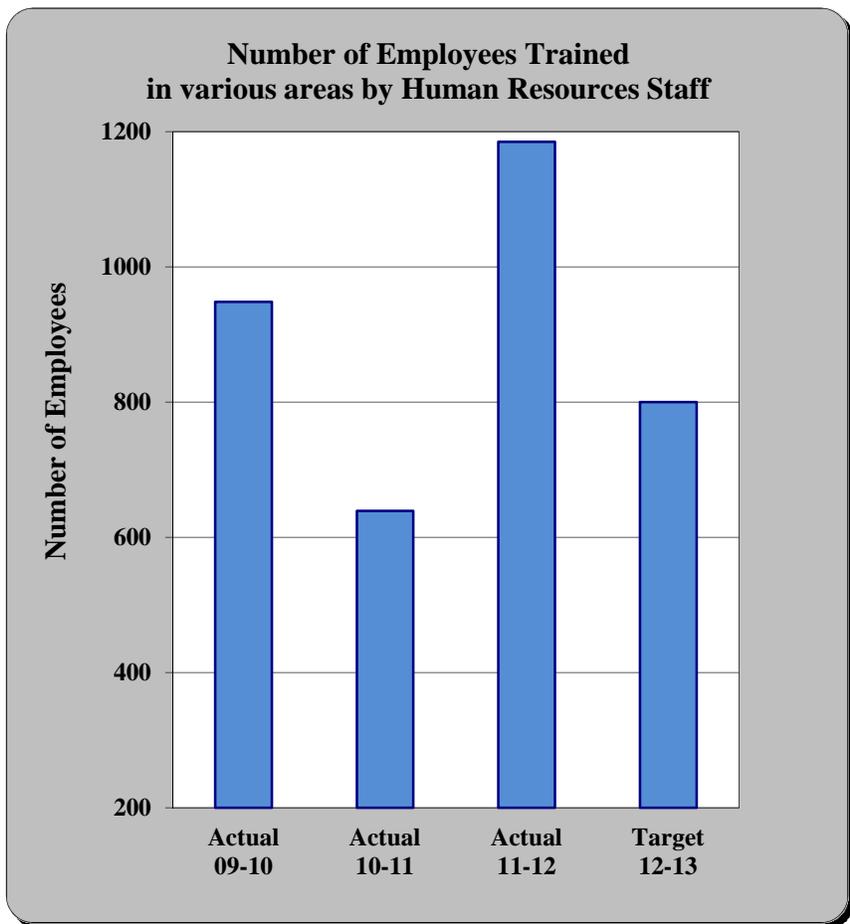
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 884,870	\$ 1,321,970	\$ 1,520,489	\$ 1,437,164	\$ 1,306,915	-1.1%
Total	\$ 884,870	\$ 1,321,970	\$ 1,520,489	\$ 1,437,164	\$ 1,306,915	-1.1%

HUMAN RESOURCES TRENDS

COUNCIL SERVICE GOALS: Retain employees and continue to invest in the maintenance of employee skills, knowledge and abilities as a key community resource.

GOAL: *Administer a program which supports a mission focused workforce that is equipped with the necessary competencies to meet the Towns current and future needs.*

The Human Resource Development Department offered a variety of training and developmental opportunities in 2011 -2012. Our focus for the year was to create a framework that engages staff at all levels of the organization in the process of aligning their learning activities with the mission, values and strategic goals of the Town. This year we offered training in over 12 subject areas including legal compliance and leadership development, resulting in the offering of 99 workshops and reaching over 1000 participants.



BUSINESS MANAGEMENT DEPARTMENT

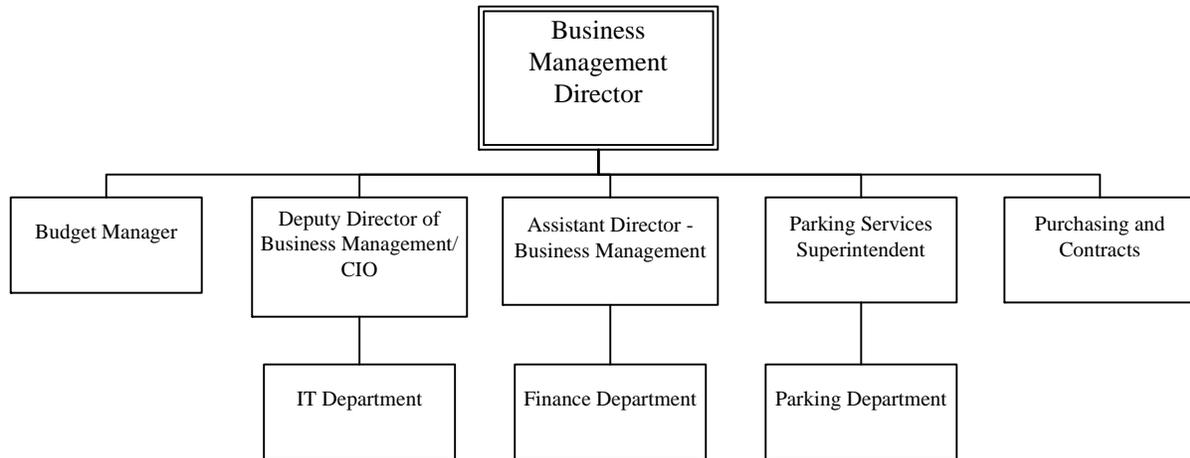
MISSION STATEMENT:

The mission of the Business Management Department is to safeguard the Town’s assets through appropriate financial controls, facilitate Town operations through accurate and timely processing of financial transactions, provide relevant and timely reporting of the Town’s financial condition, and provide technology oversight and support to help the Town make the best possible use of available technology.

As a first step towards Priority-Based Budgeting, the Business Management Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Billing & Collections	Provide administration and/or oversight of all Town billings and collections.
Budget	Administer the Town's capital and operating budgets.
Payroll & Payables	Administer the Town's payroll and payables functions.
Accounting & Financial Reporting	Maintain the Town's financial accounting system.
Purchasing & Contracts	Administer the Town's purchasing and contracting systems.
Risk Management	Process liability, property and W/C claims against the Town.
Liquidity Management	Administer the Town's cash management, investment, banking, and debt management functions.
Financial Planning & Support	Provide financial analysis, research and strategic planning for the Town's financial operations.
User Support	Provide user Help Desk support for computer hardware, software, network, servers, and telephones.
Intranet Infrastructure	Administer and manage all network infrastructure.
Telecommunications	Administer and manage all Voice over IP telephone systems.
Database Management and Enterprise Application Support	Administer and manage the ESRI Geographic Information System, Tyler Technologies MUNIS financial/payroll/human resources software application and databases, and Davenport LAMA development tracking software.
IT Planning and Coordination	Consult with Town departments on IT planning, collaboration, and design services for infrastructure and software configurations.

BUSINESS MANAGEMENT DEPARTMENT OVERVIEW



Parking Services is supervised by the Business Management Director, and is shown in the Parking section.

***BUSINESS MANAGEMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
<u>Finance</u>			
Director - Business Management	1.00	1.00	1.00
Assistant Director - Business Management	1.00	1.00	1.00
Accounting Manager	1.00	1.00	1.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager	1.00	1.00	1.00
Accountant	3.00	3.00	3.00
Purchasing & Contracts Manager	1.00	1.00	1.00
Payroll Coordinator	1.00	1.00	1.00
Accounting Technician II	2.00	2.00	2.00
Revenue Collector	1.00	1.00	1.00
Accounting Clerk	1.00	1.00	1.00
Purchasing Technician	1.00	1.00	1.00
Division Totals	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>
<u>Information Technology</u>			
Deputy Director - Bus. Mgmt./Chief Information Officer	1.00	1.00	1.00
Network and Telecommunications Analyst	1.00	1.00	1.00
Geographic Information Systems Analyst	1.00	1.00	1.00
Information Technology Analyst	5.00	5.00	5.00
Division Totals	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
Business Management Totals	<u><u>23.00</u></u>	<u><u>23.00</u></u>	<u><u>23.00</u></u>

The Business Management Director also supervises Parking Services, shown in the Parking section.

BUSINESS MANAGEMENT

BUDGET SUMMARY

Business Management is comprised of the Finance and Information Technology divisions. See the following division summaries for details

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,910,758	\$ 1,898,362	\$ 1,897,562	\$ 1,832,101	\$ 1,952,486	2.9%
Operating Costs	741,609	755,908	974,151	897,347	876,321	15.9%
Capital Outlay	33,413	112,619	162,606	200,206	94,200	-16.4%
Total	\$ 2,685,780	\$ 2,766,889	\$ 3,034,319	\$ 2,929,654	\$ 2,923,007	5.6%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 2,685,780	\$ 2,766,889	\$ 3,034,319	\$ 2,929,654	\$ 2,923,007	5.6%
Total	\$ 2,685,780	\$ 2,766,889	\$ 3,034,319	\$ 2,929,654	\$ 2,923,007	5.6%

BUSINESS MANAGEMENT

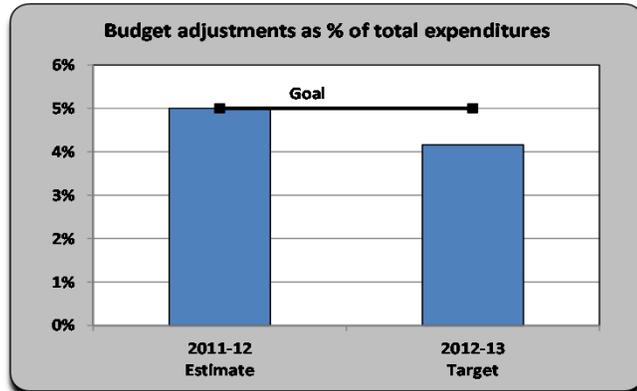
TRENDS

COUNCIL SERVICE GOALS: Provide for responsible management of the Town's financial assets. Provide reliable financial information in a timely manner.

GOAL : To support the Town's budget process by establishing an accurate and efficient budget.

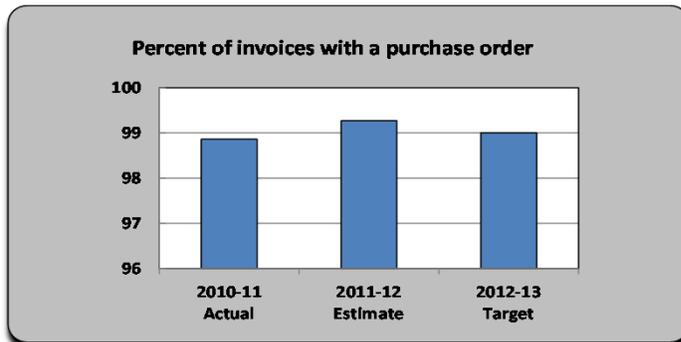
OBJECTIVE : Maintain budget adjustments at less than 5% of total expenditures.

This new measure was established in FY12, with a target of keeping budget adjustments at less than 5% of total expenditures. The target was achieved in FY12. We will reassess the target as we collect more data.



GOAL : To safeguard the Town's assets through appropriate accounting controls.

OBJECTIVE : To secure purchase orders for 99% of invoices over \$1,000.



This new measure was established in FY11 with an initial target of 98%. The target was achieved in FY11 and is expected to be achieved in FY12. We have increased the target to 99% for FY13.

OBJECTIVES	PROGRESS/STATUS
Maintain accounting records in a manner that supports the operation of the Town and enables the Town to obtain an unqualified audit opinion on its annual financial statements. Renew the Certificate of Achievement for Excellence in Financial Reporting from the National Government Finance Officers Association.	Received Award for Excellence in Financial Reporting for the FY11 Comprehensive Annual Financial Report. Audit services secured for fiscal year ending June 30, 2012 and initial visits from auditors conducted.
Provide financial, budgetary, and accounting assistance on the coordination and implementation of bond projects and other debt financing requirements.	Monthly bond payments made on time, and \$4.655 million in General Obligation bonds were refunded in FY12, with \$1.7 million in Two-Thirds bonds secured for issuance in FY13. Installment financing of \$487,000 in replacement vehicles was secured in FY12.
Include information in annual budgets necessary to continue to receive the Distinguished Budget Presentation Award from Governmental Finance Officers Association.	Budget work sessions were held in May - June, and the Council adopted the FY12 budget on June 25th. Work has begun on the budget document for submission to GFOA.

FINANCE

BUDGET SUMMARY

The adopted budget for FY13 includes a 4.4% increase in personnel costs, chiefly the result of a 3% employee pay adjustment effective October 2012 and the addition of temporary salaries to aid in the priority budgeting initiative. These costs are offset by a 3% decrease in medical insurance and a slight decrease in the Town's required contribution to the retirement system. The operating increase of 22% includes \$50,000 for audit costs transferred from the Manager's budget, a 5% increase in Munis financial software maintenance, and increases in tax collection and credit card fees. The FY13 budget also includes \$6,000 for an actuarial study that is required every other year.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,122,776	\$ 1,152,399	\$ 1,151,599	\$ 1,131,706	\$ 1,203,132	4.4%
Operating Costs	364,304	389,632	462,275	425,750	475,369	22.0%
Total	\$ 1,487,080	\$ 1,542,031	\$ 1,613,874	\$ 1,557,456	\$ 1,678,501	8.9%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 1,487,080	\$ 1,542,031	\$ 1,613,874	\$ 1,557,456	\$ 1,678,501	8.9%
Total	\$ 1,487,080	\$ 1,542,031	\$ 1,613,874	\$ 1,557,456	\$ 1,678,501	8.9%

INFORMATION TECHNOLOGY

BUDGET SUMMARY

The adopted budget for the Information Technology division reflects an overall 1.6% increase from FY12. The personnel increase of 0.5% reflects the 3% salary adjustment effective October 2012, 3% decrease in medical insurance, the slight decrease to the retirement contribution. The 9.5% increase to the operating budget is related to an increase in software license costs and costs associated with server reconfiguration. The 16.4% decrease to Capital Outlay or \$18,419, is for removal of one-time costs associated with the municipal fiber project.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 787,982	\$ 745,963	\$ 745,963	\$ 700,395	\$ 749,354	0.5%
Operating Costs	377,305	366,276	511,876	471,597	400,952	9.5%
Capital Outlay	33,413	112,619	162,606	200,206	94,200	-16.4%
Total	\$ 1,198,700	\$ 1,224,858	\$ 1,420,445	\$ 1,372,198	\$ 1,244,506	1.6%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 1,198,700	\$ 1,224,858	\$ 1,420,445	\$ 1,372,198	\$ 1,244,506	1.6%
Total	\$ 1,198,700	\$ 1,224,858	\$ 1,420,445	\$ 1,372,198	\$ 1,244,506	1.6%

INFORMATION TECHNOLOGY

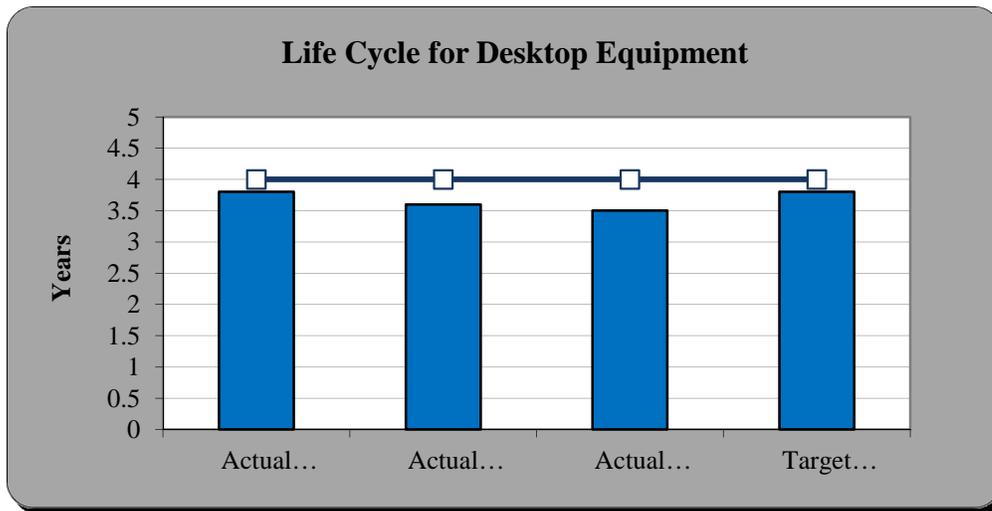
TRENDS

COUNCIL SERVICE GOALS: Invest in technology as a means to provide fast, secure and reliable information for Council, staff and citizens.

GOAL: Provide high standard of operational capability with information systems.

OBJECTIVE: Maintain a 4-year life cycle for desktop computer equipment.

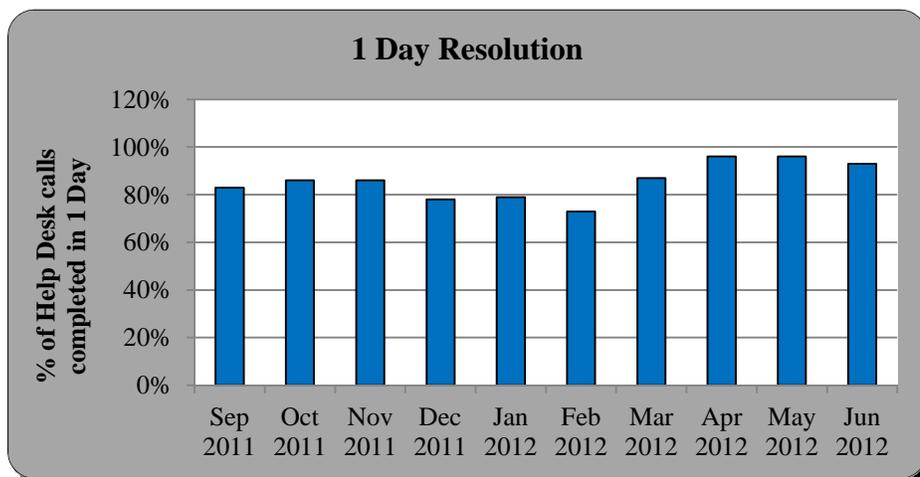
The desktop computer lifecycle goal of four years has been achieved. A great majority of desktop computer equipment is no older than 4 years. Projections for FY13 are to sustain the individual computer life cycle as close to four years as possible, permitting the purchase of fewer systems in FY13 to maintain that average age.



GOAL: Provide improved customer service to all Town users of computer equipment.

OBJECTIVE: Complete 85% of all Help Desk calls the same day of call. Complete 95% of all Help Desk calls by the next business day.

Town internal information systems are designed for around-the-clock access. Down time impacts staff productivity and quality and promptness of service to our customers, the citizens of the Town of Chapel Hill. By establishing these customer service standards, we are committing to minimizing the loss of productivity and maximizing the uptime of the Town's computer systems.



TOWN ATTORNEY

MISSION STATEMENT:

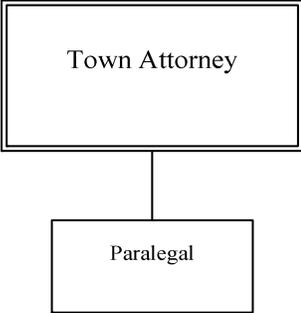
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

The Town Attorney serves as general counsel to the Town and provides advice to the Mayor and Council, Town boards and commissions, Town administration and Town departments. The duties of the Town Attorney include:

- Preparation for and attendance at Council meetings.
- Research questions raised by Council or individual Council members.
- Conferring with Mayor and members of the Council individually.
- General legal services to Town administration and departments of Town government.
- Participation in administrative agenda planning sessions and special projects.
- Advice to Town Boards and Commissions and individual board members.
- Attendance at Board and Commissions meetings as needed.
- Presentation of orientation program for newly appointed members of Town advisory boards.
- Defense of Town interests in lawsuits and threatened litigation.
- Coordination of work with private law firms representing the Town in litigation, bond financing and other matters where outside counsel is needed.
- Legal services in the acquisition and transfer of land and interests in land.
- Advice to staff in reviewing development projects, drafting ordinances, code enforcement and other matters such as zoning, Town housing initiatives and annexation documents.
- Advice to staff on issues related to construction projects.

***TOWN ATTORNEY
STAFFING COMPARISONS - IN FULL-TIME***

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Town Attorney	1.00	1.00	1.00
Paralegal	1.00	1.00	1.00
Attorney Department Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>



TOWN ATTORNEY

BUDGET SUMMARY

The adopted budget for the Town Attorney's office for 2012-13 shows a slight increase of 0.8% over the prior year. The personnel increase of 0.9% is a result of the 3% salary adjustment effective October 2012, which is partially offset by the 3% reduction in medical insurance and the slight decrease to the retirement system. The operating budget remains unchanged from 2011-12 levels.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 267,939	\$ 272,473	\$ 272,473	\$ 272,286	\$ 274,859	0.9%
Operating Costs	10,557	21,975	22,988	22,369	21,975	0.0%
Total	\$ 278,496	\$ 294,448	\$ 295,461	\$ 294,655	\$ 296,834	0.8%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 278,496	\$ 294,448	\$ 295,461	\$ 294,655	\$ 296,834	0.8%
Total	\$ 278,496	\$ 294,448	\$ 295,461	\$ 294,655	\$ 296,834	0.8%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

This section includes the Planning and Public Works departments.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Planning	\$ 1,204,203	\$ 1,530,158	\$ 1,637,209	\$ 1,420,407	\$ 1,481,340	-3.2%
Public Works	11,380,158	11,470,638	11,562,034	11,504,669	11,422,710	-0.4%
Total	\$ 12,584,361	\$ 13,000,796	\$ 13,199,243	\$ 12,925,076	\$ 12,904,050	-0.7%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 10,501,297	\$ 10,980,258	\$ 11,168,705	\$ 11,179,235	\$ 10,804,900	-1.6%
State-Shared Revenues	38,488	20,000	20,000	35,000	35,000	75.0%
Grants	-	-	-	-	113,000	N/A
Charges for Services	1,102,564	900,868	909,868	798,781	989,950	9.9%
Licenses/Permits/Fines	834,248	1,036,370	1,036,370	867,000	916,550	-11.6%
Other Revenues	107,764	63,300	64,300	45,060	44,650	-29.5%
Total	\$ 12,584,361	\$ 13,000,796	\$ 13,199,243	\$ 12,925,076	\$ 12,904,050	-0.7%

PLANNING DEPARTMENT

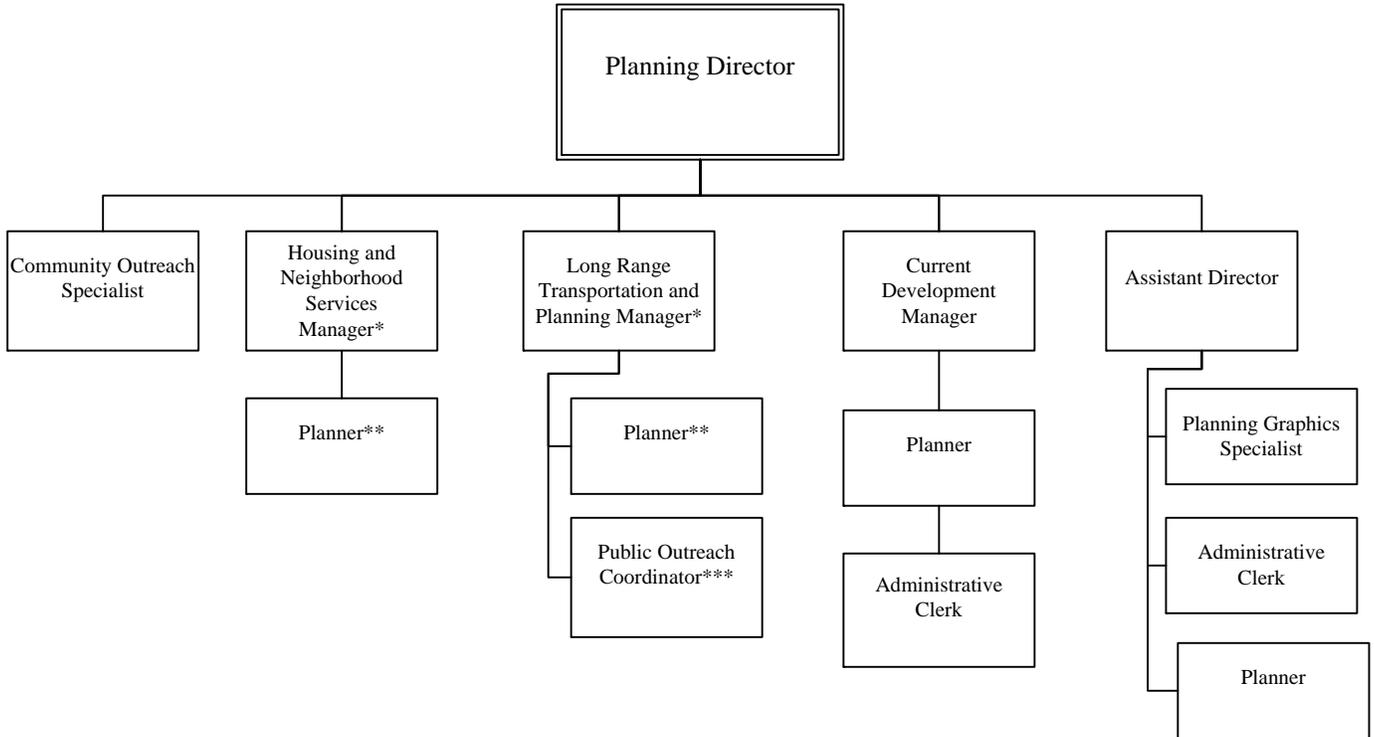
MISSION STATEMENT:

The Chapel Hill Planning Department implements the community’s vision for preservation, development, and future growth. The staff facilitates community decision-making and provides professional advice and technical assistance.

As a first step towards Priority-Based Budgeting, the Planning Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Current Development	Oversee land use management provisions in accordance with policies established in the comprehensive plan. Provide information to citizens, developers, the Town Council and advisory boards concerning zoning, subdivision and land development related activity. Review land use management permit applications and oversee the permit review process. Provide joint enforcement of land use management regulations.
Long-Range and Transportation Planning	Create economic and demographic projections to support planning decisions. Analyze data and create information and mapping to support the state of North Carolina metropolitan planning organization, the Town Council, regional organizations, residents and Town staff. Oversee grant programs for regional transportation improvements. Provide staff support to regional metropolitan planning organization, Transportation Coordinating Committee and Transportation Advisory Committee.
Neighborhood and Housing Services	Review development projects for compliance with the affordable housing ordinance. Administer affordable housing funds. Manage community development block grant funds. Provide staff support to the development of neighborhoods conservation district (NCD) zoning overlays. Enforce NCD regulations.
Comprehensive Plan	Regularly update the Town’s comprehensive plan which guides the future development of the Town and policy decisions of the Town Council and staff. Track annual metrics for the plan. Coordinate implementation studies and small area plans. Coordinate policy studies.

PLANNING



*Housing & Neighborhood Manager position is 40% grant funded and Long Range Transportation and Planning Manager position is 60% grant funded.

**One FT Planner position is 100% grant funded, one FT Planner position is 60% grant funded, and one FT Planner position is 70% grant funded.

*** Public Outreach Coordinator is 50% grant funded.

PLANNING DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Director-Planning	1.00	1.00	1.00
Assistant Director	1.00	1.00	1.00
Planning Manager ¹	3.00	3.00	3.00
Planner ²	9.53	9.53	7.75
Community Outreach Specialist	0.00	0.00	1.00
Coordinator-Public Outreach ³	1.00	1.00	1.00
Planning Graphics Specialist	1.00	1.00	1.00
Planning Technician	1.00	1.00	0.00
Administrative Clerk	2.00	2.00	2.00
Coordinator-Development (Unfunded)	1.00	1.00	0.00
Planning Department Totals	<u>20.53</u>	<u>20.53</u>	<u>17.75</u>

¹ Two Planning Managers are partially grant-funded in FY13.

² A number of Planner positions are partially or fully grant funded in FY13.

³ Public Outreach Coordinator is 50% grant-funded.

PLANNING BUDGET SUMMARY

The adopted budget for 2012-13 for the Planning Department is down 3.2% from the adopted FY12 budget overall. The net decrease in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, slight decrease in the state retirement contribution, the availability of grant funding, position reclassifications, and a reduction of vacant positions that are now in the vacancy pool. The 2.9% decrease in operating funds is the net result of the reduction of \$250,000 to update the Comprehensive Plan and additional expenses of \$170,000 in LUMO updates, and \$32,919 in LAMA software maintenance.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adotped Budget	% Change from 2011-12
Personnel	\$ 1,009,820	\$ 1,101,340	\$ 1,101,700	\$ 1,048,211	\$ 1,097,604	-0.3%
Operating Costs	194,383	428,818	535,509	372,196	383,736	-10.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,204,203	\$ 1,530,158	\$ 1,637,209	\$ 1,420,407	\$ 1,481,340	-3.2%

REVENUES

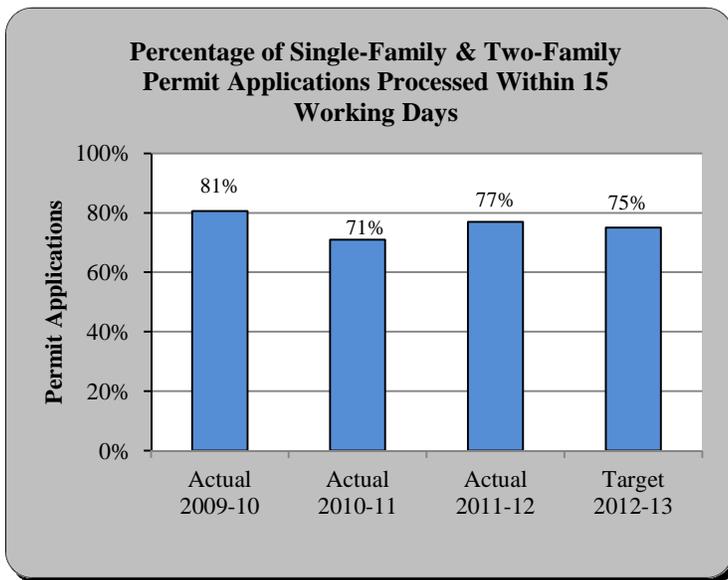
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adotped Budget	% Change from 2011-12
General Revenues	\$ 712,642	\$ 1,154,408	\$ 1,260,459	\$ 1,013,655	\$ 1,049,790	-9.1%
Charges for Services	315,030	218,700	218,700	173,702	253,500	15.9%
Licenses/Permits/Fines	170,388	150,000	150,000	225,000	170,000	13.3%
Other Revenues	6,143	7,050	8,050	8,050	8,050	14.2%
Total	\$ 1,204,203	\$ 1,530,158	\$ 1,637,209	\$ 1,420,407	\$ 1,481,340	-3.2%

PLANNING TRENDS

COUNCIL SERVICE GOALS: Provide fair, effective, efficient and prompt customer service. Maintain a safe environment and attractive public facilities.

DEPARTMENT GOAL: Provide fair and efficient customer service during the permit application process.

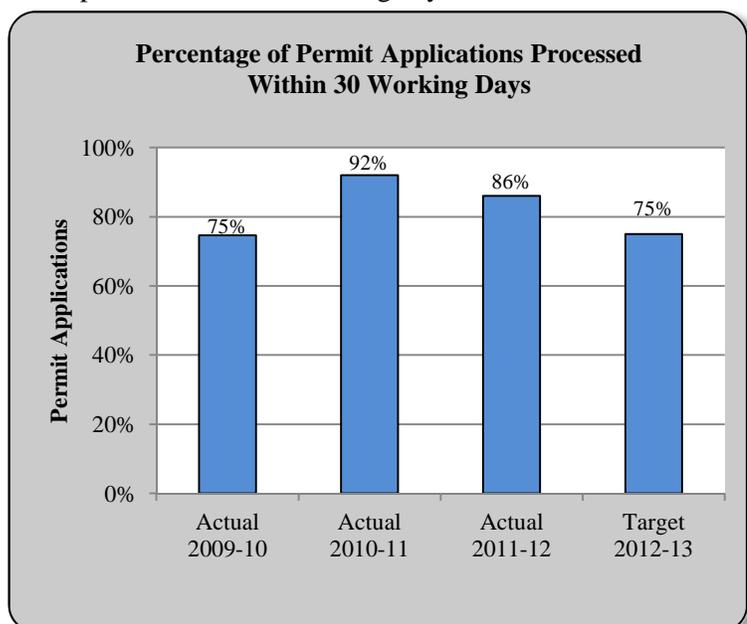
OBJECTIVE: Process 75% of single-family/two-family zoning compliance permits within 15 working days.



During the 2011-12 fiscal year, 77 % of the applications for single-family/two-family permits were processed within 15 days: half the time allocated in the Town Ordinance. The single-family/two-family permit application percentage processed in the reduced time period is up from the previous year (71%). We have also tracked the number of Express Single-family/two family permits issued within 5 working days. 75% of those were issued within 5 working days.

OBJECTIVE : Process 75% of all zoning compliance permits within 30 working days.

In the upcoming fiscal year, the Planning Department will strive to meet the reduced time period goal for both single-family/two family permits as well as other Zoning Compliance Permit applications. We believe the new Permit Center has aided in this effort. The Permit Center is a single location to apply for zoning and building permits. It will also become a central web portal where people can submit applications and payments, schedule an inspection, and check on the status of an application or inspection.



PUBLIC WORKS

MISSION STATEMENT:

The overall mission of the Public Works Department is to establish and maintain the Town's physical infrastructure, emphasizing a safe, efficient and effective environment.

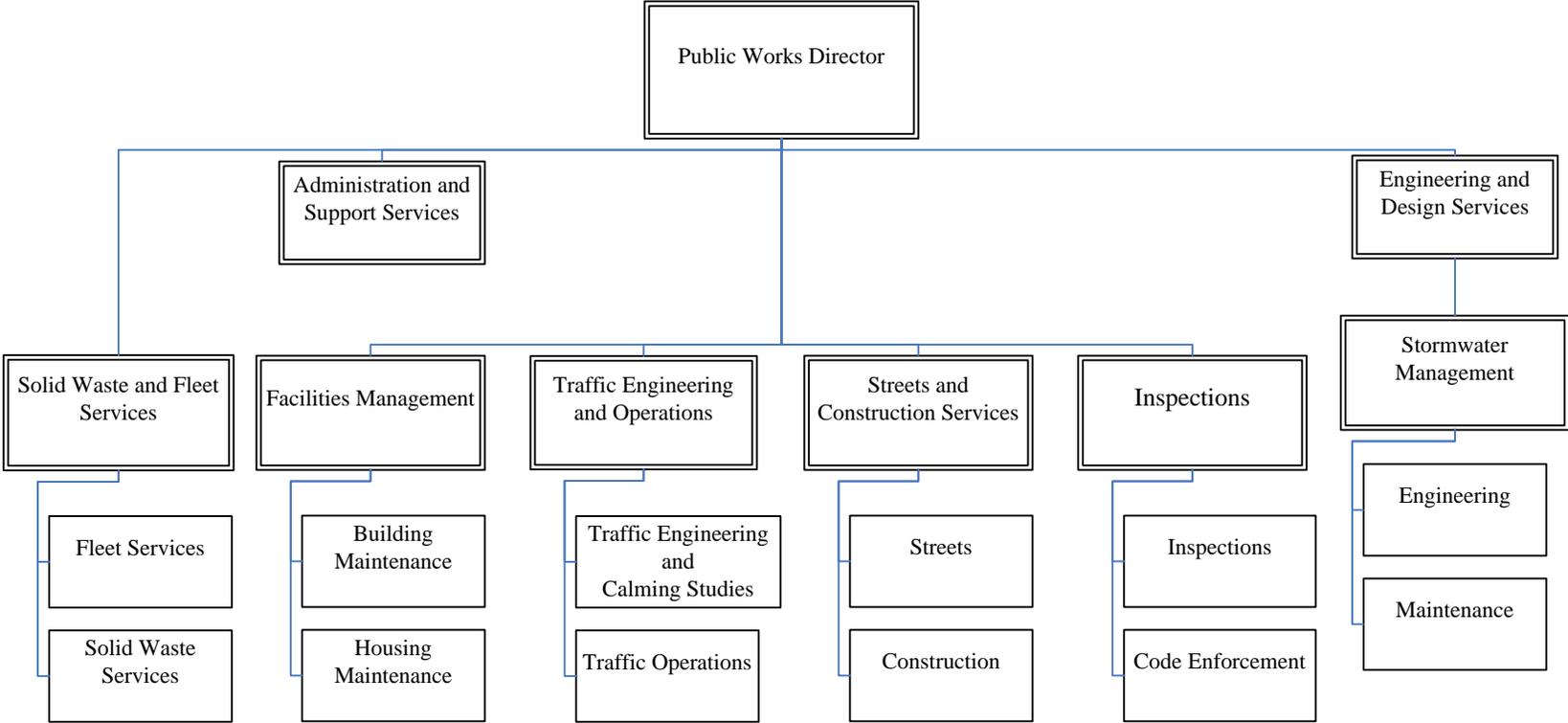
As a first step towards Priority-Based Budgeting, the Public Works Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Building Permits	Review construction plans for compliance with building codes. Issue building permits, perform building inspections, and issue certificates of occupancy.
Code Compliance and Enforcement	Investigate complaints and perform inspections. Perform routine inspections of daycare facilities and businesses for code compliance. Issue notices of violation along with correction orders.
Traffic Signals	Provide timing plans, traffic monitoring, emergency repairs, preventive maintenance, small improvements and larger contract project oversight.
Traffic Signs/Markings/Calming	Install and maintain all traffic control signs and pavement markings. Oversee traffic impact studies and manage the traffic calming program.
Street Lighting	Ensure new development compliance with established standards, respond to improvement requests, routinely inspect major roadways and the central business district for malfunctions.
Special Event Services	Plan for and assist with the installation of seasonal banners, flags and holiday decorations. Plan and assist in opening and closing streets, including event clean-up.
Inclement Weather	Provide planning, response and recovery to inclement weather events (high water, wind damage and ice/snow), including continuous service (around the clock) when required. Manage large scale inclement weather disasters including management and oversight of contracts.
Miscellaneous Construction	Construct small to medium construction projects using in-house crews, including: sidewalk and curb/gutter repairs; installation and maintenance of streetscape amenities; and projects such as the installation of a bus shelter, removal of playground equipment and construction of small parking lots.

PUBLIC WORKS

Streets and Parking Lots	Perform patching and street maintenance primarily with in-house labor, supplemented by temp labor assistance and contract patching during peak periods. Manage annual resurfacing contract. Oversee the evaluation and maintenance of all town-maintained or leased parking lots, bike paths and trails.
Facilities	Manage approximately 50 publicly owned facilities. Provide in-house maintenance and repair, oversight of service contracts and management of small projects.
Solid Waste Collection	Provide weekly collection of household solid waste, containerized vegetative materials and small piles of brush from approximately 11,000 single family properties. Collect larger piles of loose residential brush on an unscheduled basis, but typically within two weeks. Collect leaves from mid-October to mid- February. Collect waste from approximately 200 street and bus shelter trash receptacles seven days per week.
Special Collections	Provide fee-based, scheduled in-house collection of white goods, including appliances and furniture. Provide fee-based use of yard waste roll-off containers. Collect dead animals within the right-of-way at no cost.
Commercial Solid Waste Collection	Collect solid waste placed in dumpsters for a fee established annually by Town Council. Collect waste twice weekly by contract from the two Town-provided fee based compactors downtown.
Street Sweeping	Clean all publicly maintained streets within the town limits using in-house labor and equipment.
Civil Engineering and Landscape Architecture Services	Provide engineering services including capital project planning, surveying, design, urban forestry, landscape architecture, private developer review, infrastructure inspection, small facility upgrades, and project management. Provide surveying services related to public rights-of-way, easements and other public properties. Gather survey data required for development of in-house computer-aided drafting and design (CADD). Design sidewalk projects, street and parking lot improvements, recreation trails, landscape projects, and downtown streetscape improvements.

PUBLIC WORKS OVERVIEW



PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
<u>Administration</u>			
Director-Public Works	1.00	1.00	1.00
Administrative Analyst	1.00	1.00	1.00
Manager - Operations	1.00	1.00	1.00
Occupational Health and Safety Officer	1.00	1.00	1.00
Office Manager	1.00	1.00	1.00
Accounting Technician	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Administrative Clerk	1.00	1.00	1.00
Division Totals	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
<u>Inspections</u>			
Building Inspector Manager	1.00	1.00	1.00
Chief Building Inspector	1.00	1.00	1.00
Code Enforcement Officer	1.00	1.00	1.00
Inspector (Levels I-III)	4.00	4.00	4.00
Permits Technician	1.00	1.00	1.00
Division Totals	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
<u>Engineering and Design Services</u>			
Town Engineer	1.00	1.00	1.00
Engineering Coordinator-Sr	1.00	1.00	1.00
Buildings Program Manager	1.00	1.00	1.00
Survey/Project Coordinator ¹	1.00	1.00	1.00
Engineering Design Specialist	1.00	1.00	1.00
Engineering Inspector ¹	2.00	2.00	2.00
Landscape Architect	1.00	1.00	1.00
GIS Technician-Sr	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Office Manager ¹	1.00	1.00	1.00
Project Manager (Unfunded)	1.00	1.00	0.00
Special Projects Coordinator/Urban Forester	1.00	1.00	1.00
Unit Totals	<u>13.00</u>	<u>13.00</u>	<u>12.00</u>
<u>Traffic Engineering and Operations</u>			
Engineering Services Manager	1.00	1.00	1.00
Engineer	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Traffic Signal Analyst	0.00	0.00	1.00
Traffic Signal Technician (Levels I-III)	4.00	4.00	4.00
Sign and Marketing Technician (Levels I-II)	3.00	3.00	3.00
Unit Totals	<u>10.00</u>	<u>10.00</u>	<u>11.00</u>
Division Totals	<u>23.00</u>	<u>23.00</u>	<u>23.00</u>

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Drainage	1.00	1.00	1.00
Supervisor-Streets	1.00	1.00	1.00
Inspector-Streets	1.00	1.00	1.00
Supervisor-Streets Crew	1.00	1.00	1.00
Construction Worker (Levels I-IV)	10.00	10.00	9.00
Lead Construction Worker	1.00	1.00	1.00
Unit Totals	<u>15.00</u>	<u>15.00</u>	<u>14.00</u>
Construction			
Supervisor-Construction Crew	2.00	2.00	2.00
Construction Worker (Levels I - IV)	7.00	7.00	4.00
Senior Heavy Equipment Operator	1.00	1.00	1.00
Unit Totals	<u>10.00</u>	<u>10.00</u>	<u>7.00</u>
Division Totals	<u>25.00</u>	<u>25.00</u>	<u>21.00</u>
<u>Facilities Management</u>			
Buildings			
Superintendent- Sustainability and Facilities Mgmt	1.00	1.00	1.00
Supervisor-Buildings Program	1.00	1.00	1.00
Maintenance Mechanic (Levels I-III)	6.00	6.00	5.00
Maintenance Operations Specialist ²	0.25	0.25	0.25
Unit Totals	<u>8.25</u>	<u>8.25</u>	<u>7.25</u>
Division Totals	<u>8.25</u>	<u>8.25</u>	<u>7.25</u>
<u>Solid Waste and Fleet Services</u>			
Solid Waste			
Superintendent-Solid Waste	0.50	1.00	1.00
Supervisor-Solid Waste (Residential and Commercial)	2.00	2.00	2.00
Inspector-Solid Waste	1.00	1.00	0.00
Solid Waste Equipment Operator III	4.00	4.00	4.00
Solid Waste Equipment Operator II	10.00	10.00	9.00
Solid Waste Equipment Operator I	3.00	3.00	3.00
Solid Waste Collector	14.00	14.00	10.00
Division Totals	<u>34.50</u>	<u>35.00</u>	<u>29.00</u>
Public Works Totals	<u>106.75</u>	<u>107.25</u>	<u>96.25</u>

¹ The Stormwater fund assumes a portion of salaries of the Engineering Office Manager, Surveyor and Engineering Inspector positions.

² Position split between Building Maintenance and Vehicle Maintenance.

Note: Vehicle Maintenance employees are supervised by Public Works, but included with the Vehicle Maintenance Fund Staffing Summary.

PUBLIC WORKS BUDGET SUMMARY

The adopted budget for the Public Works Department reflects an overall decrease of 0.4% from last year. In addition to adjustments for the 3% employee pay increase, 3% reduction in medical costs and a reduction for vacant positions that are now included in the vacancy pool, the Public Works budget includes the return of \$111,000 in street maintenance funds that were removed in FY12 and the addition of a Traffic Signal Analyst position that will be offset by NC DOT reimbursement. While the reduction in Licenses and Permits reflects better estimates of development activity, the increase in charges for services includes new Engineering review fees and an increase in fees for street cuts.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Administration	\$ 749,111	\$ 774,111	\$ 794,109	\$ 791,644	\$ 788,791	1.9%
Inspections	661,842	771,867	709,660	705,182	766,659	-0.7%
Engineering & Design	1,238,094	1,117,854	1,110,154	1,100,115	1,121,059	0.3%
Traffic	1,468,467	1,597,208	1,677,566	1,641,347	1,812,934	13.5%
Construction	726,784	653,211	764,811	763,825	716,218	9.6%
Streets	1,948,752	1,555,591	1,483,013	1,489,322	1,514,649	-2.6%
Building Maintenance	1,223,199	1,463,076	1,345,701	1,336,535	1,383,928	-5.4%
Solid Waste	3,363,909	3,537,720	3,677,020	3,676,699	3,318,472	-6.2%
Total	\$ 11,380,158	\$ 11,470,638	\$ 11,562,034	\$ 11,504,669	\$ 11,422,710	-0.4%

REVENUES

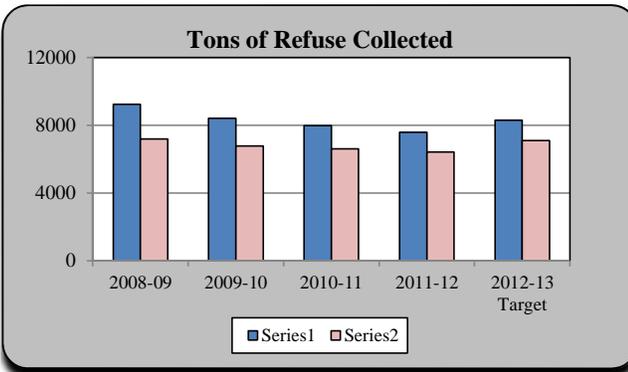
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 9,788,655	\$ 9,825,850	\$ 9,908,246	\$ 10,165,580	\$ 9,755,110	-0.7%
State Shared	38,488	20,000	20,000	35,000	35,000	75.0%
Grants	-	-	-	-	113,000	N/A
Charges for Services	787,534	682,168	691,168	625,079	736,450	8.0%
Licenses/Permits/Fines	663,860	886,370	886,370	642,000	746,550	-15.8%
Other Revenues	101,621	56,250	56,250	37,010	36,600	-34.9%
Total	\$ 11,380,158	\$ 11,470,638	\$ 11,562,034	\$ 11,504,669	\$ 11,422,710	-0.4%

PUBLIC WORKS

TRENDS

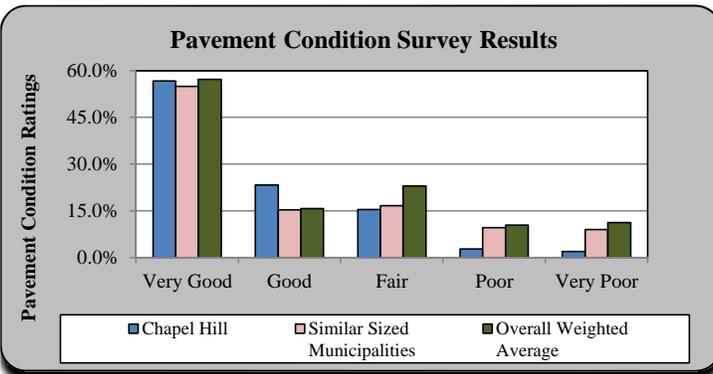
COUNCIL SERVICE GOALS: Maintain a safe environment and attractive public facilities. Maintain basic services.

GOAL: To provide 100% of the commercial and residential customers with on-time, same day service for all collection points while responding to the change in refuse needs.

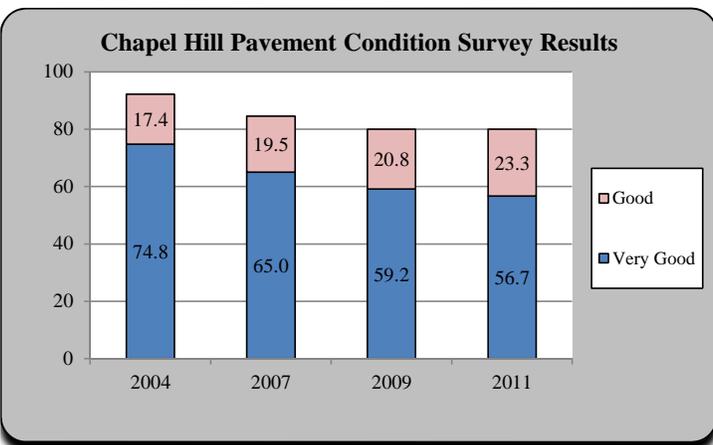


The Public Works Department maintained on-time service 100% of the time (with the exception of rescheduling due to inclement weather); total quantities of commercial and residential refuse collected have declined in the last several years, though the rate of decline has decreased in recent years. Compared to last fiscal year, residential solid waste collection decreased by 3%. Over the same period, commercial solid waste collection increased slightly by 2%, but the overall tonnage of commercial waste collections is still below FY 09-10 levels.

GOAL: To maintain a favorable pavement condition rating relative to the average for other municipalities.



The Institute for Traffic Research and Education survey reflects comparative pavement conditions among localities state wide. The "Similar Sized Municipalities" ratings represent the weighted average ratings of 4 municipalities similar in size to the Town of Chapel Hill in terms of the number of miles of pavement. The "Overall Weighted Average" is a weighted average of the pavement conditions of 29 municipalities, excluding the Town of Chapel Hill.



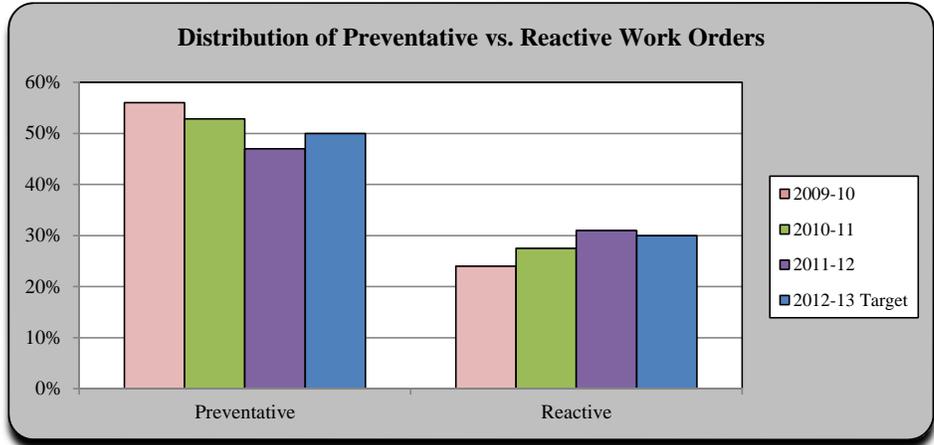
In 2010-11, 56.7% of Chapel Hill streets were rated "very good," a 2.5% decrease from 2008-09 and a 8.3% decrease from 2006-07. In all years rated, poor and very poor streets in Chapel Hill were always below 6.0%, with 1% rated very poor and 2.7% rated poor in 2010-11. Chapel Hill pavement conditions consistently rate above average compared to other North Carolina municipalities that participate in street condition analyses through the Institute for Traffic Research and Education. However, the trends suggest that the Town's pavement conditions will continue to deteriorate unless corrective action is taken.

PUBLIC WORKS

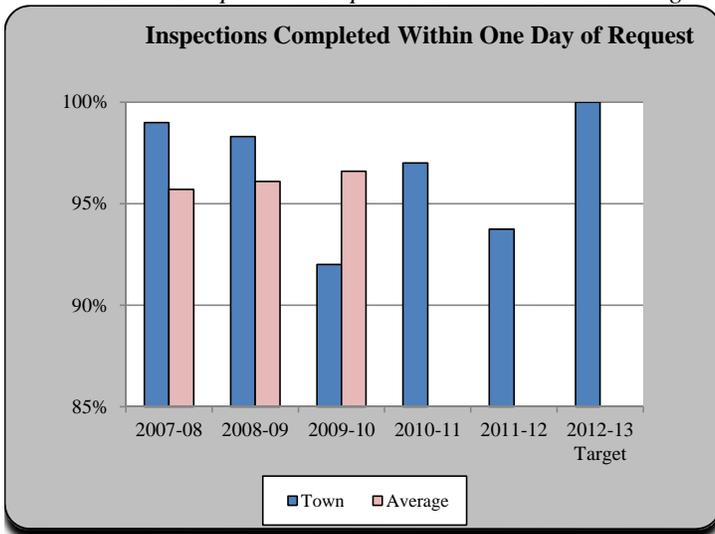
TRENDS *Cont.*

GOAL : *To assure all facilities are maintained in excellent condition through emphasis of preventive maintenance, with the number preventive work orders exceeding reactive work orders.*

Of the work orders issued by the facilities maintenance division in 2011-12, 47% were associated with preventive maintenance. In comparison, 31% of work orders were in the reactive (unscheduled) maintenance category in 2011-12.



GOAL : *To complete all inspections within three working days of the request.*



In 2011-12, 93.75% of inspections were completed within one business day of the request. Data for other NC municipalities was compiled by the UNC School of Government. (Note: municipal average not yet available for FY 2010-11 and FY 2011-12.)

PUBLIC WORKS - Administration Division

BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 1.9% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, and a slight decrease in the state retirement contribution. The operating increases can be attributed to slight increases in computer charges, fuel, and professional services.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 634,623	\$ 652,411	\$ 611,311	\$ 609,809	\$ 664,311	1.8%
Operating Costs	114,488	121,700	182,798	181,835	124,480	2.3%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 749,111	\$ 774,111	\$ 794,109	\$ 791,644	\$ 788,791	1.9%

PUBLIC WORKS - Inspections Division

BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure decrease of 0.7% from last year's budget. The net decrease in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, a slight decrease in the state retirement contribution, a reduction in callback pay, and turnover. The operating decrease of 46.9% can be attributed to an increase to Personnel Agency Payments for the purpose of maintenance to the development review system.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 555,964	\$ 689,267	\$ 608,350	\$ 604,832	\$ 645,339	-6.4%
Operating Costs	105,878	82,600	101,310	100,350	121,320	46.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 661,842	\$ 771,867	\$ 709,660	\$ 705,182	\$ 766,659	-0.7%

PUBLIC WORKS - Engineering and Design Services
BUDGET SUMMARY

The adopted budget for the Engineering and Design division reflects an overall expenditure increase of 0.3% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, and a slight decrease in the state retirement contribution. The operating increases can be attributed to an increase in vehicle replacement charges.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 976,763	\$ 997,079	\$ 983,754	\$ 979,860	\$ 997,934	0.1%
Operating Costs	261,331	120,775	121,900	120,255	123,125	1.9%
Capital Outlay	-	-	4,500	-	-	N/A
Total	\$ 1,238,094	\$ 1,117,854	\$ 1,110,154	\$ 1,100,115	\$ 1,121,059	0.3%

PUBLIC WORKS - Traffic

BUDGET SUMMARY

The adopted budget for the Traffic division reflects an overall expenditure increase of 8.4% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, a slight decrease in the state retirement contribution, and the addition of a Traffic Signal Analyst position. The operating increases can be attributed to an increase of \$45,000 over the prior year for electricity for street lighting, vehicle replacement charges, and software related to Traffic Signal Analyst addition.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 740,275	\$ 788,478	\$ 767,928	\$ 766,417	\$ 854,494	8.4%
Operating Costs	728,192	808,730	909,638	874,930	958,440	18.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,468,467	\$ 1,597,208	\$ 1,677,566	\$ 1,641,347	\$ 1,812,934	13.5%

PUBLIC WORKS - Construction Unit
BUDGET SUMMARY

The adopted budget for the Construction division reflects an overall expenditure increase of 9.6% from last year's budget. The net decrease in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, a slight decrease in the state retirement contribution, and turnover. The operating increases can be attributed to the restoration of \$100,000 in street construction offset by a decrease in fleet use charges.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 425,019	\$ 446,211	\$ 434,086	\$ 433,265	\$ 438,508	-1.7%
Operating Costs	301,765	207,000	330,725	330,560	277,710	34.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 726,784	\$ 653,211	\$ 764,811	\$ 763,825	\$ 716,218	9.6%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets division reflects an overall expenditure decrease of 2.6% from last year's budget. The net decrease in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, a slight decrease in the state retirement contribution, and turnover. The operating increases can be attributed to the restoration of \$11,000 in street resurfacing funds.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 855,294	\$ 904,191	\$ 844,191	\$ 842,472	\$ 846,789	-6.3%
Operating Costs	1,076,758	634,400	621,822	631,050	650,860	2.6%
Capital Outlay	16,700	17,000	17,000	15,800	17,000	0.0%
Total	\$ 1,948,752	\$ 1,555,591	\$ 1,483,013	\$ 1,489,322	\$ 1,514,649	-2.6%

PUBLIC WORKS - Building Maintenance Unit
BUDGET SUMMARY

The adopted budget for the Building Maintenance division reflects an overall expenditure decrease of 5.4% from last year's budget. The net decrease in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, a slight decrease in the state retirement contribution, and turnover. The operating increase is the result of an increase to fuel and contractual services.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 454,535	\$ 618,776	\$ 465,876	\$ 464,755	\$ 532,788	-13.9%
Operating Costs	761,887	844,300	879,825	871,780	851,140	0.8%
Capital Outlay	6,777	-	-	-	-	N/A
Total	\$ 1,223,199	\$ 1,463,076	\$ 1,345,701	\$ 1,336,535	\$ 1,383,928	-5.4%

PUBLIC WORKS - Solid Waste Services Unit
BUDGET SUMMARY

The adopted budget for the Solid Waste Services division reflects an overall expenditure decrease of 6.2% from last year's budget. The net decrease in the personnel budget reflects a combination of the 3% employee pay adjustment effective October 2012, 3% medical insurance decrease, a slight decrease in the state retirement contribution, and the loss of positions to the vacancy pool. The operating decreases can be attributed to a decrease in vehicle replacement charges offset by increases in landfill fees and fuel.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,740,260	\$ 1,838,320	\$ 1,770,005	\$ 1,769,699	\$ 1,663,802	-9.5%
Operating Costs	1,623,649	1,699,400	1,907,015	1,907,000	1,654,670	-2.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 3,363,909	\$ 3,537,720	\$ 3,677,020	\$ 3,676,699	\$ 3,318,472	-6.2%

***PUBLIC SAFETY
BUDGET SUMMARY***

Public Safety includes the Town's Police and Fire Departments.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Police	\$ 12,222,711	\$ 12,004,806	\$ 12,109,689	\$ 11,784,233	\$ 12,599,282	5.0%
Fire	6,837,106	7,407,627	7,429,512	7,409,963	7,833,812	5.8%
Total	\$ 19,059,817	\$ 19,412,433	\$ 19,539,201	\$ 19,194,196	\$ 20,433,094	5.3%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 17,248,752	\$ 17,762,473	\$ 17,821,362	\$ 17,656,314	\$ 18,922,141	6.5%
State-Shared Revenues	1,210,647	1,210,000	1,210,000	1,088,630	1,088,630	-10.0%
Grants	44,800	3,800	6,893	6,892	-	-100.0%
Charges for Services	383,931	320,710	320,710	320,710	294,710	-8.1%
Licenses/Permits/Fines	115,057	115,450	115,450	116,450	127,613	10.5%
Other Revenues	56,630	-	64,786	5,200	-	N/A
Total	\$ 19,059,817	\$ 19,412,433	\$ 19,539,201	\$ 19,194,196	\$ 20,433,094	5.3%

CHAPEL HILL POLICE DEPARTMENT

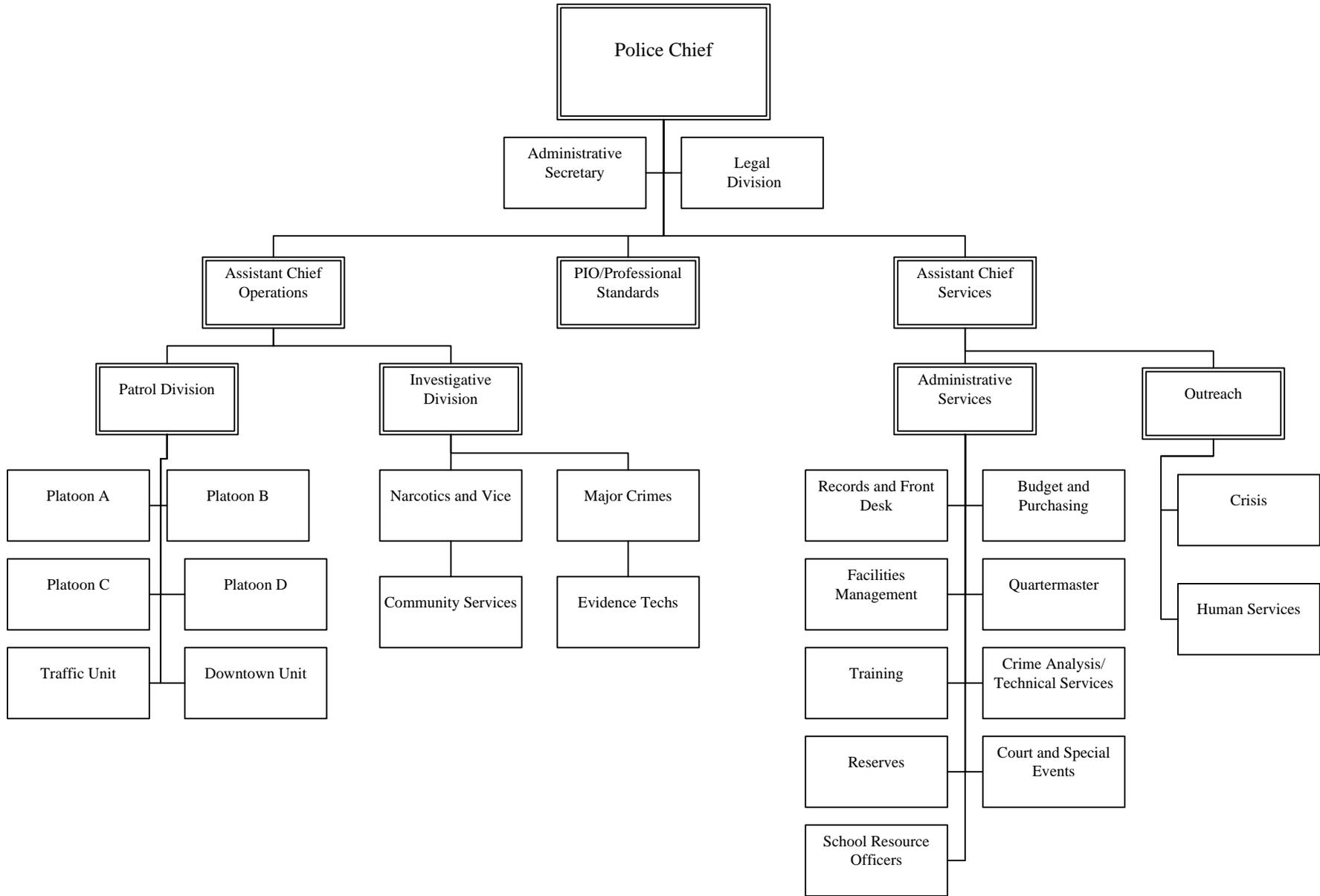
MISSION STATEMENT:

The primary mission of the Police Department is to preserve and protect life and property and enhance the quality of life in our community through the fair and effective delivery of services.

As a first step towards Priority-Based Budgeting, the Chapel Hill Police Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Patrol Division	Respond to 911 calls, investigate traffic accidents, conduct directed patrols, serve criminal processes, and provide patrols in the field. Participate in Community Watch Meetings and provide crime prevention and traffic education to public.
Investigative Division	Investigate crimes against people and property, including drug and alcohol related offenses. Gather and analyze evidence and investigate crime scenes.
Human Services	Follow-up after incidents to help those involved deal with social/emotional issues. Assist in organizing community watch groups and provide outreach to businesses.
Chiefs Staff	Provide management and general oversight for the department. Provide legal support, training, and advice. Investigate complaints from the community and conduct administrative investigations within the Police Department. Interact with news media and produce press releases and reports as needed.
Support Services	Coordinate and provide required training to meet State Criminal Justice standards of departmental employees. Manage and oversee budget and day to day financial records. Archive police records and make them available to community members.
School Resource Officers	Organize outreach to middle and high schools in Chapel Hill while serving as a liaison to the Police Department and providing security.
Special Events and Court Liaison	Provide logistical support for special events and coordinate with the local court.

POLICE DEPARTMENT



POLICE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Support Services			
Police Chief	1.00	1.00	1.00
Assistant Police Chief	1.00	1.00	1.00
Police Captain	1.00	1.00	1.00
Police Attorney/Legal Advisor	2.00	2.00	2.00
Police Analyst	1.00	1.00	1.00
Crisis Unit Supervisor	1.00	1.00	1.00
Crisis Counselor	3.00	3.00	3.00
Human Services Coordinator	1.00	1.00	1.00
Senior Information Technology Analyst	1.00	1.00	1.00
Alternative Sentencing Coordinator	1.00	1.00	0.00
Resident Activities Coordinator	1.00	1.00	1.00
Records Supervisor	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Alternative Sentencing Assistant	3.00	3.00	1.00
Information Services Technician	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Records Technician	1.00	1.00	1.00
Administrative Services Supervisor (Unfunded)	1.00	1.00	0.00
Customer Service Technician	4.00	4.00	2.00
Division Totals	<u>27.00</u>	<u>27.00</u>	<u>21.00</u>
Operations			
Assistant Police Chief	1.00	1.00	1.00
Police Major (Unfunded)	1.00	1.00	0.00
Police Captain	2.00	2.00	2.00
Police Lieutenant	9.00	9.00	9.00
Police Sergeant	13.00	13.00	13.00
Forensic and Evidence Specialist	2.00	2.00	2.00
Police Officer	90.00	90.00	91.00
Division Totals	<u>118.00</u>	<u>118.00</u>	<u>118.00</u>
Police Department Totals	<u>145.00</u>	<u>145.00</u>	<u>139.00</u>

POLICE

BUDGET SUMMARY

While the Police Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Most grant revenues were moved to a separate Grants Fund in 2007-08. Revenues are expected to remain largely unchanged overall in 2012-13. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 10,315,688	\$ 10,395,876	\$ 10,380,317	\$ 10,120,304	\$ 10,790,212	3.8%
Operating Costs	1,901,362	1,608,930	1,721,972	1,663,929	1,754,070	9.0%
Capital Outlay	5,661	-	7,400	-	55,000	N/A
Total	\$ 12,222,711	\$ 12,004,806	\$ 12,109,689	\$ 11,784,233	\$ 12,599,282	5.0%

REVENUES

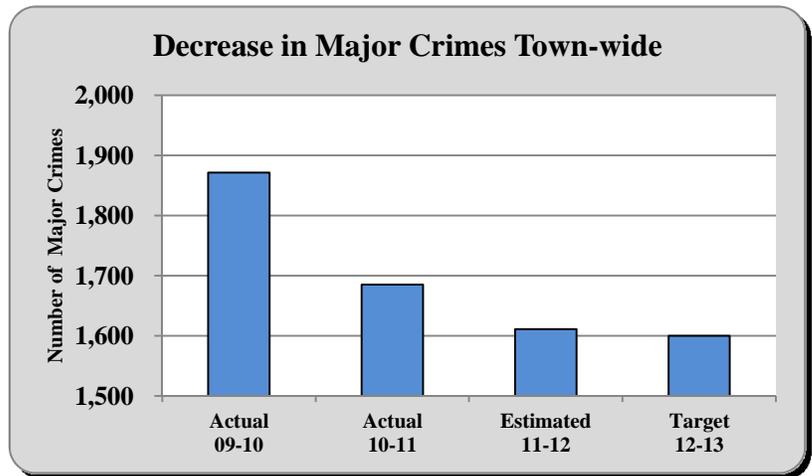
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 11,652,485	\$ 11,590,846	\$ 11,627,850	\$ 11,360,981	\$ 12,201,759	5.3%
Grants	43,800	3,800	6,893	6,892	-	-100.0%
Charges for Services	382,192	319,210	319,210	319,210	293,210	-8.1%
Licenses/Permits/Fines	87,904	90,950	90,950	91,950	104,313	14.7%
Other Revenues	56,330	-	64,786	5,200	-	N/A
Total	\$ 12,222,711	\$ 12,004,806	\$ 12,109,689	\$ 11,784,233	\$ 12,599,282	5.0%

POLICE TRENDS

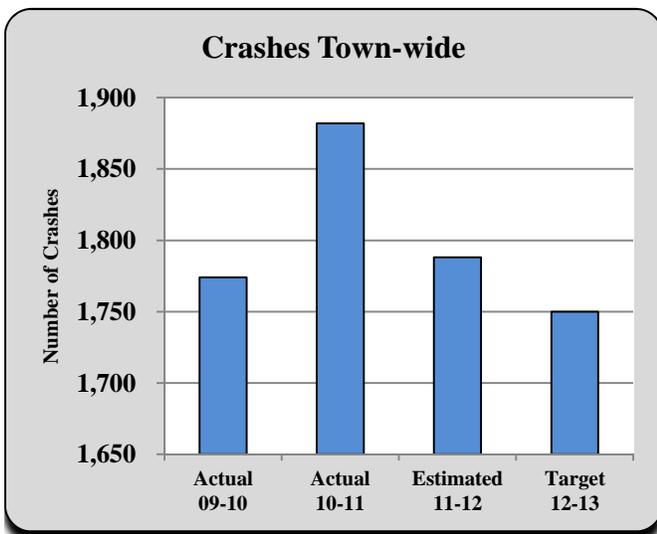
COUNCIL SERVICE GOAL: Provide protection and public safety.

OBJECTIVE: Continue decrease in major crimes (UCR Part I).

In fiscal year 2011-12, the number of Part I crimes (homicide, rape, robbery, assault, burglary, larceny, auto theft and arson) totaled 1,611. This represents nearly a 5% decrease in major crimes from the previous year. During the 2012-13 fiscal year, the Police Department will continue use strategies developed through analysis of data, crime prevention and enforcement procedures to continue the decrease in major crimes.



OBJECTIVE : Continue decrease in number of crashes Town-wide.



In fiscal year 2011-12, the number of crashes Town-wide totaled 1,788. This represents nearly a 5% decrease from the previous year. The Police Department will continue to analyze areas of most frequent crashes and develop plans to reduce them. The Crash Investigation Traffic Enforcement and Education unit along with the patrol division will use education, enforcement and directed patrols to enhance the safety of motorists, cyclists and pedestrians throughout Town.

POLICE - Support Services Division
BUDGET SUMMARY

The adopted budget for the Support Services division reflects an overall expenditure increase of 2.1% from last year's budget. This decrease in personnel is the net result of the 3% salary adjustment effective October 2012, 3% decrease in medical insurance, the slight decrease to the retirement contribution, and turnover. The operating increases can be attributed to purchases of software and equipment, building maintenance, and professional services.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,856,070	\$ 1,766,273	\$ 1,765,037	\$ 1,749,822	\$ 1,701,836	-3.6%
Operating Costs	691,200	581,540	586,782	574,453	645,875	11.1%
Capital Outlay	-	-	7,400	-	50,000	N/A
Total	\$ 2,547,270	\$ 2,347,813	\$ 2,359,219	\$ 2,324,275	\$ 2,397,711	2.1%

POLICE - Operations Division
BUDGET SUMMARY

The Personnel Budget for the Operations Division reflects a 5.3% increase in personnel costs, the net of a 3% pay increase effective October 2012, a 3% reduction in medical insurance costs, the funding for career progression, sale of holiday time, and pay for reserve and on-call officers.

The 7.5% increase in operating expenses can be attributed to the increase in fuel costs.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 8,459,618	\$ 8,629,603	\$ 8,615,280	\$ 8,370,482	\$ 9,088,376	5.3%
Operating Costs	1,080,639	920,690	1,023,864	972,365	989,695	7.5%
Capital Outlay	5,661	-	-	-	5,000	N/A
Total	\$ 9,545,918	\$ 9,550,293	\$ 9,639,144	\$ 9,342,847	\$ 10,083,071	5.6%

POLICE - Special Events
BUDGET SUMMARY

The Special Events division was established in 2007-08 to track the cost of additional police presence at special events including impromptu University of North Carolina student celebrations, Halloween and Festifall. Following successful efforts to contain the downtown Halloween celebration and a more subdued Final Four season. The adopted budget for FY13 includes an increase in operating costs of 11.1% due to increases to contractual services.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	129,523	106,700	111,326	117,111	118,500	11.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 129,523	\$ 106,700	\$ 111,326	\$ 117,111	\$ 118,500	11.1%

FIRE DEPARTMENT

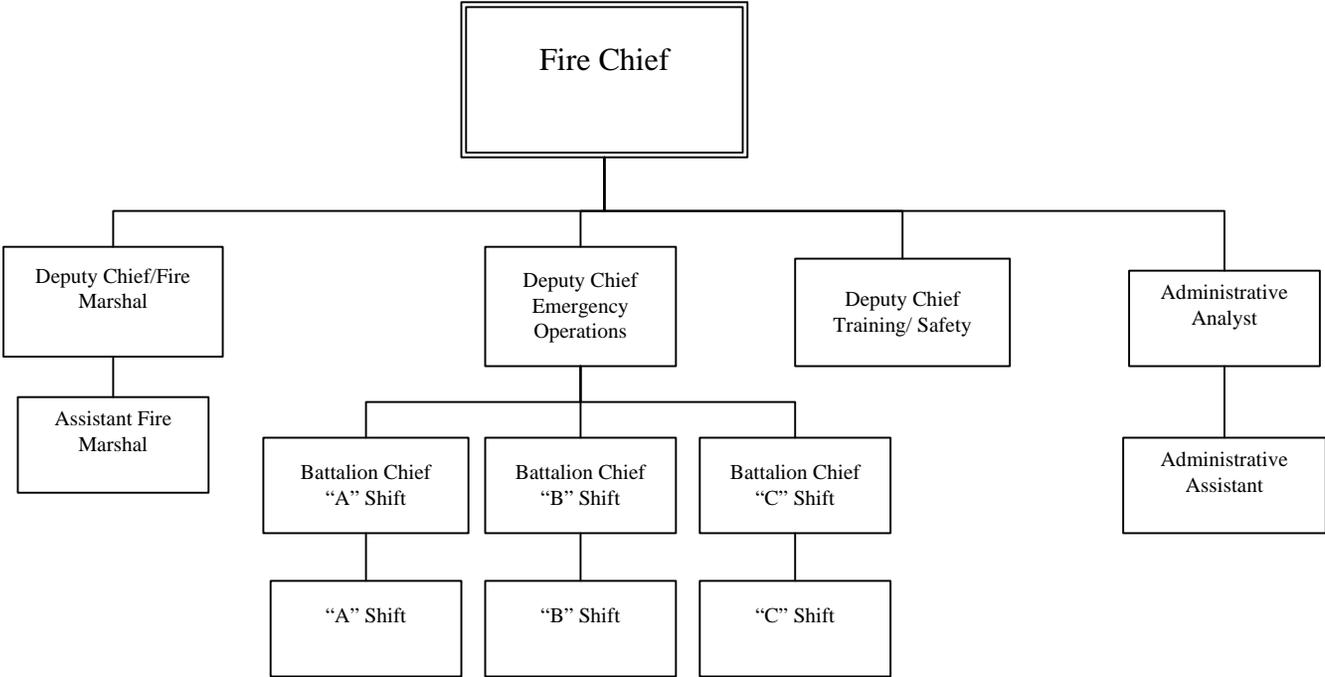
MISSION STATEMENT:

The primary mission of the Chapel Hill Fire Department is to protect life, property and the community environment from the destructive effects of fire, disasters or other life hazards by providing public education, incident prevention and emergency response services.

As a first step towards Priority-Based Budgeting, the Fire Department identified the following primary programs that are included in the projected budget for FY13.

Program	Description
Emergency Operations	Provide Fire Suppression, rescue, extrication/accident response, hazard mitigation and response to environmental threats in the Town of Chapel Hill and to neighboring jurisdictions under Mutual Aid agreements. Manage disaster operations.
Code Enforcement	Enforce the fire and safety codes of the Town and State through inspection, plan review and investigating the causes of fires.
Command-Control-Administration	Provide command and control of emergency incidents and fire operations. Provide Departmental administration and training of fire personnel. Coordinate emergency preparedness of Town including related resources.
Support Services	Provide logistical and management support as needed to Parks & Recreation, Public Works, Police and University of North Carolina. Provide technical support and equipment (such as lighting or elevated operations) for investigations and law enforcement operations as needed.
Fire Prevention and Safety Education	Conduct public education and outreach services providing information on fire prevention, CPR, child safety seats, home safety and smoke alarms.
First Responder Medical Services	Provide response to medical emergencies within Town limits as part of emergency operations.
Urban Search and Rescue	Rescue people buried in debris after a disaster and respond to heavy rescue, water rescue, and victim search operations. The Urban Search and Rescue Team is a FEMA Type 1 Team which is operated in cooperation with Raleigh, Cary and Durham.

FIRE



FIRE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Administration			
Fire Chief	1.00	1.00	1.00
Deputy Fire Chief	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Office Assistant	0.53	0.53	0.00
Administrative Analyst	1.00	1.00	1.00
Emergency Management Planner (Unfunded)	1.00	1.00	0.00
Division Totals	<u>5.53</u>	<u>5.53</u>	<u>4.00</u>
Emergency Operations			
Deputy Fire Chief	1.00	1.00	1.00
Battalion Fire Chief	3.00	3.00	4.00
Fire Captain/Lieutenant	16.00	16.00	20.00
Fire Equipment Operator/Firefighter	63.00	63.00	55.00
Division Totals	<u>83.00</u>	<u>83.00</u>	<u>80.00</u>
Life Safety			
Deputy Fire Chief (Fire Marshal)	1.00	1.00	1.00
Deputy Fire Marshal	2.00	1.00	1.00
Fire Captain (Assistant Fire Marshal)	2.00	3.00	4.00
Division Totals	<u>5.00</u>	<u>5.00</u>	<u>6.00</u>
Fire Department Totals	<u><u>93.53</u></u>	<u><u>93.53</u></u>	<u><u>90.00</u></u>

FIRE

BUDGET SUMMARY

While the Fire Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Revenues are expected to remain largely unchanged overall in 2012-13, with the exception of the reduction of the state fire protection (\$121,370). Changes related to expenditures are noted on division summaries.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 5,814,848	\$ 6,361,581	\$ 6,334,440	\$ 6,314,157	\$ 6,592,955	3.6%
Operating Costs	1,022,258	1,046,046	1,095,072	1,095,806	1,240,857	18.6%
Total	\$ 6,837,106	\$ 7,407,627	\$ 7,429,512	\$ 7,409,963	\$ 7,833,812	5.8%

REVENUES

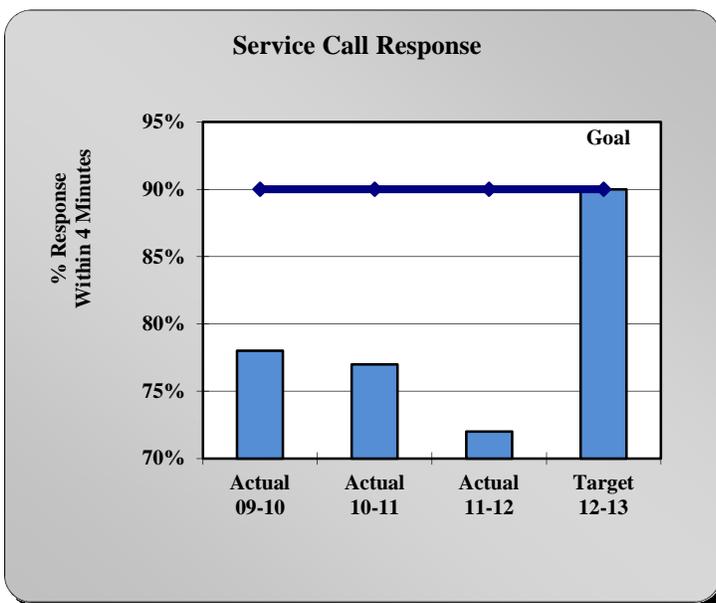
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 5,596,267	\$ 6,171,627	\$ 6,193,512	\$ 6,295,333	\$ 6,720,382	8.9%
State-Shared Revenues	1,210,647	1,210,000	1,210,000	1,088,630	1,088,630	-10.0%
Grants	1,000	-	-	-	-	N/A
Charges for Services	1,739	1,500	1,500	1,500	1,500	0.0%
Licenses/Permits/Fines	27,153	24,500	24,500	24,500	23,300	-4.9%
Other Revenues	300	-	-	-	-	N/A
Total	\$ 6,837,106	\$ 7,407,627	\$ 7,429,512	\$ 7,409,963	\$ 7,833,812	5.8%

FIRE TRENDS

COUNCIL SERVICE GOAL: Provide protection and public safety.

GOAL: Respond with emergency services in an expedient manner to all fire, rescue, and appropriate medical requests for help of an emergency nature in a consistent time frame across the community.

OBJECTIVE: Achieve and maintain a response time (dispatch to on-scene) consistent with the national standards of coverage (NFPA 1710) of a 4-minute arrival time for the first due area and 8-minute arrival time for the second or third due in at least 90% of all incidents.

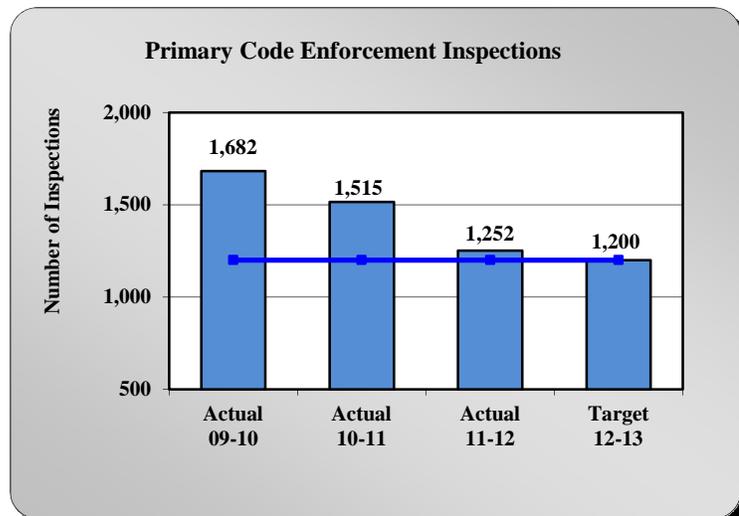


In fiscal year 2011-12, the response to emergency services calls within five minutes dropped from 77% to 72%. We believe in order to get a more accurate analysis of our service response times, we will begin expressing data differently beginning in fiscal year 2012-13. Part of our response time is dependent on the Orange County Communication system. This system has been partially upgraded with a complete upgrade expected by the end of 2012. We will also separate structure fire call data from the other services we provide. This change is mainly because NFPA 1710 standards only apply to structure fire calls.

GOAL: Reduce preventable fire hazards.

OBJECTIVE: Conduct 1200 primary code enforcement inspections in commercial buildings.

In fiscal year 2011-12, fire marshals conducted 1,252 primary code enforcement inspections and will continue efforts to conduct at least 1,200 primary inspections in fiscal year 2012-13. We have improved our service by having inspections conducted by fire marshals who have specialized certifications to conduct extremely comprehensive inspections. This improves our attempt to reduce preventable fire hazards.



FIRE - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 1.7% from last year's budget. This decrease in personnel is the net result of the 3% employee pay adjustment effective October 2012, 3% decrease in medical insurance, slight decrease in the state retirement contribution, and the elimination of a part-time position. The operating increases (\$35,000) are comprised of increases to training, equipment rental, and fuel.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 416,239	\$ 436,640	\$ 413,138	\$ 405,061	\$ 409,962	-6.1%
Operating Costs	76,368	74,631	81,538	82,140	109,803	47.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 492,607	\$ 511,271	\$ 494,676	\$ 487,201	\$ 519,765	1.7%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects an 4.8% increase in personnel costs due to the 3% employee pay adjustment effective October 2012, increase of the Town's share of the 12 firefighters paid by the SAFER grant, 3% decrease in medical insurance, and slight decrease in the state retirement contribution. The 16.3% increase in operating costs is the result of additional costs for Narrowbanding, increased fuel costs, various equipment purchases, building maintenance, cell phone additions, contractual services, vehicle replacement charges, and various supplies.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 4,824,746	\$ 5,334,556	\$ 5,378,557	\$ 5,389,046	\$ 5,590,705	4.8%
Operating Costs	932,985	958,990	1,005,138	1,004,116	1,114,979	16.3%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 5,757,731	\$ 6,293,546	\$ 6,383,695	\$ 6,393,162	\$ 6,705,684	6.5%

FIRE - Life Safety Division

BUDGET SUMMARY

The adopted budget for the Life Safety division reflects an overall expenditure increase of 0.9% from last year's budget. This increase in personnel is the net result of the 3% employee pay adjustment effective October 2012, 3% decrease in medical insurance, and a slight decrease in the state retirement contribution. The operating increase is due to a increase in printing and supplies.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 573,863	\$ 590,385	\$ 542,745	\$ 520,050	\$ 592,288	0.3%
Operating Costs	12,905	12,425	8,396	9,550	16,075	29.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 586,768	\$ 602,810	\$ 551,141	\$ 529,600	\$ 608,363	0.9%

LEISURE
BUDGET SUMMARY

Leisure includes the Parks and Recreation Department and the Chapel Hill Public Library.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Parks and Recreation	\$ 5,917,500	\$ 5,963,430	\$ 6,124,369	\$ 6,031,183	\$ 6,014,134	0.9%
Library	2,069,298	2,231,645	2,243,262	2,154,193	2,366,563	6.0%
Total	\$ 7,986,798	\$ 8,195,075	\$ 8,367,631	\$ 8,185,376	\$ 8,380,697	2.3%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 6,506,867	\$ 6,861,575	\$ 6,939,145	\$ 6,791,045	\$ 6,818,595	-0.6%
Grants	371,286	122,750	466,736	458,631	469,253	282.3%
Charges for Services	906,713	923,150	827,150	819,750	971,349	5.2%
Licenses/Permits/Fines	3,060	10,500	10,500	3,500	5,500	-47.6%
Other Revenues	153,872	71,100	71,100	67,450	71,000	-0.1%
Transfers/Other Sources	45,000	206,000	53,000	45,000	45,000	-78.2%
Total	\$ 7,986,798	\$ 8,195,075	\$ 8,367,631	\$ 8,185,376	\$ 8,380,697	2.3%

PARKS AND RECREATION DEPARTMENT

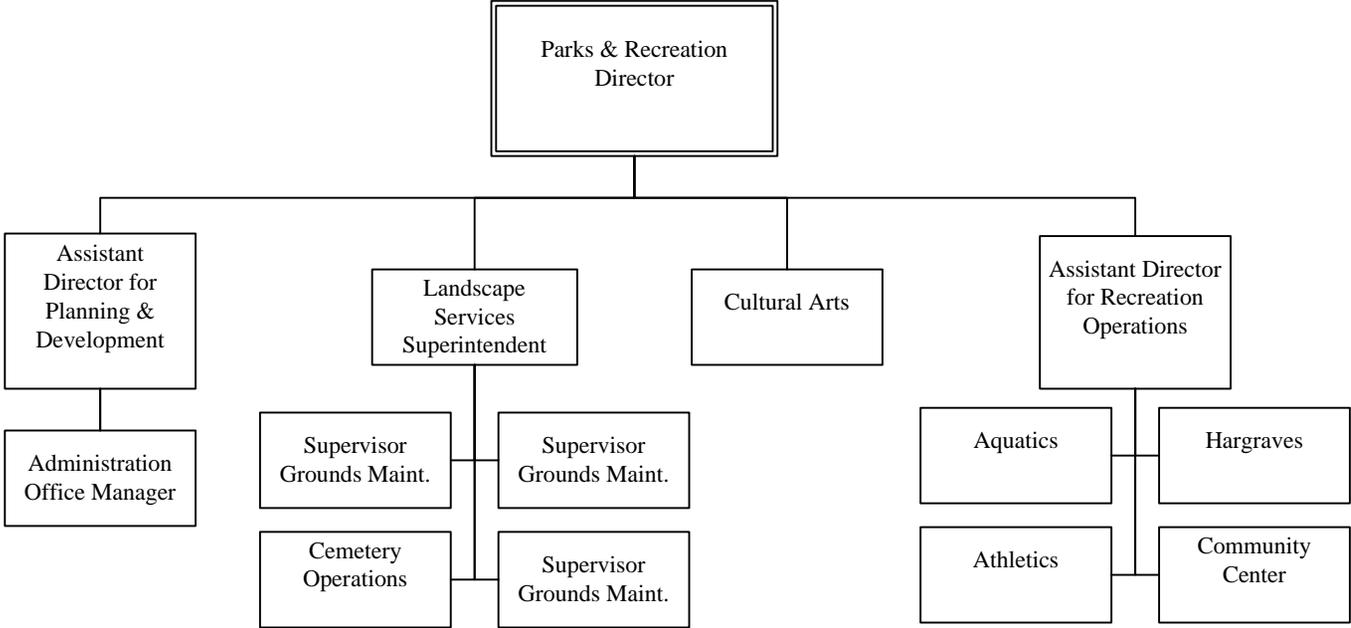
MISSION STATEMENT:

The primary mission of the Parks and Recreation Department is to enhance the quality of life of all citizens and foster a sense of community by providing superior recreation, cultural and educational services through the effective maintenance and protection of the Town's natural resources.

As a first step towards Priority-Based Budgeting, the Parks and Recreation Department identified the following primary programs that are included in the adopted budget for FY13.

Program	Description
Park Maintenance and Landscape Services	Maintain all Town owned and controlled outdoor properties, including: parks, playgrounds, recreation fields, open space, greenways, landscaping around all public buildings including public housing neighborhoods, all park and ride lots and rights of way along public roadways. Assist with set up and cleanup of Town sponsored events. Remove snow and ice in winter storms and trees during inclement weather events.
Cemetery Operations	Administer operations of 4 Town cemeteries, including sale of burial plots, scheduling of burials, maintenance and mowing of cemeteries, record keeping, and restoration work in cooperation with local historical society.
Recreational Programming	Provide recreational programming throughout Town, including: operating recreation and athletic buildings; leasing athletic fields, gyms, meeting rooms, picnic facilities, and other facilities. Provide aquatics and swimming programs, youth and adult instructional sports, athletic leagues, fitness and arts programs, open gym and field play opportunities.
Public & Cultural Arts	Provide Town wide arts programs including: administering the Town's Percent for Art Program and projects from CIP allocations; art installations in Town Hall and other public spaces; and public arts programs such as the Artist-in-Residency, Community Art, and Sculpture Visions Programs. Maintain and conserve the Town's public art assets. Operate annual festivals and community celebrations. Provide technical and logistical support to internal events and meetings.

Parks & Recreation



PARKS & RECREATION DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Administration			
Director-Parks & Recreation	1.00	1.00	1.00
Assistant Director-Parks and Recreation	1.00	2.00	2.00
Office Manager	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Office Assistant	0.60	0.60	0.60
Division Totals	<u>4.60</u>	<u>5.60</u>	<u>5.60</u>
Landscape Services and Park Maintenance			
Superintendent-Grounds Maintenance Operations	1.00	1.00	1.00
Landscape Supervisor I	2.00	2.00	2.00
Landscape Supervisor II	1.00	1.00	1.00
Arborist	1.00	1.00	1.00
Arborist-Assistant	1.00	1.00	1.00
Landscape Specialist.Landscape Crew Leader	22.00	22.00	18.00
Administrative Technician	1.00	1.00	1.00
Maintenance Assistant	1.00	1.00	1.00
Division Totals	<u>30.00</u>	<u>30.00</u>	<u>26.00</u>
Athletics			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	2.53	3.53	3.53
Division Totals	<u>3.53</u>	<u>4.53</u>	<u>4.53</u>
Community Center			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Assistant	2.00	2.00	2.00
Division Totals	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>

PARKS & RECREATION DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
<i>continued</i>			
Aquatics Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Aquatics	1.00	1.00	1.00
Recreation Specialist	0.53	0.53	0.00
Lifeguard	4.00	4.00	4.00
Division Totals	6.53	6.53	6.00
Public Arts			
Public Arts Administrator	1.00	1.00	1.00
Public Arts Coordinator	1.00	1.00	1.00
Division Totals	2.00	2.00	2.00
Hargraves Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	0.80	0.80	0.80
Recreation Assistant	1.58	1.58	1.58
Division Totals	4.38	4.38	4.38
Community Cultural Arts			
Assistant Director-Recreation	1.00	0.00	0.00
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	2.80	1.80	1.00
Division Totals	4.80	2.80	2.00
Parks & Recreation Department Totals	58.84	58.84	53.51

¹ One additional Groundskeeper is funded by the Downtown Service District.

PARKS AND RECREATION

BUDGET SUMMARY

The adopted budget for Parks and Recreation reflects an overall expenditure increase of 0.9% from last year's budget. The 1.6% decrease in personnel is the net result of the 3% employee salary adjustment, 3% decrease in medical insurance, slight decrease in the state retirement contribution, and a reduction for vacant positions that are now in the vacancy pool. The 6.1% operating increase can be attributed to restoration of funding for the 4th of July event (\$42,800), increased fuel costs (\$14,500), Narrowbanding (\$35,625), and costs associated with adding a new tractor to the vehicle replacement schedule (\$4,825). The \$15,100 in Capital Outlay purchases represent the purchase of a new piece of utility equipment and a brush grappler.

The budget for service charges is increased by 22.8% due largely to expected increases in pool passes based on recent trends and various fee increases.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 4,234,904	\$ 4,278,552	\$ 4,184,877	\$ 4,185,147	\$ 4,210,739	-1.6%
Operating Costs	1,670,189	1,684,878	1,939,492	1,846,036	1,788,295	6.1%
Capital Outlay	12,407	-	-	-	15,100	N/A
Total	\$ 5,917,500	\$ 5,963,430	\$ 6,124,369	\$ 6,031,183	\$ 6,014,134	0.9%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Revenues	\$ 4,932,869	\$ 5,142,420	\$ 5,302,359	\$ 5,166,838	\$ 5,039,025	-2.0%
Grants	86,187	83,760	84,760	84,145	83,760	0.0%
Charges for Services	755,718	677,150	677,150	719,750	831,349	22.8%
Other Revenues	142,726	60,100	60,100	60,450	60,000	-0.2%
Total	\$ 5,917,500	\$ 5,963,430	\$ 6,124,369	\$ 6,031,183	\$ 6,014,134	0.9%

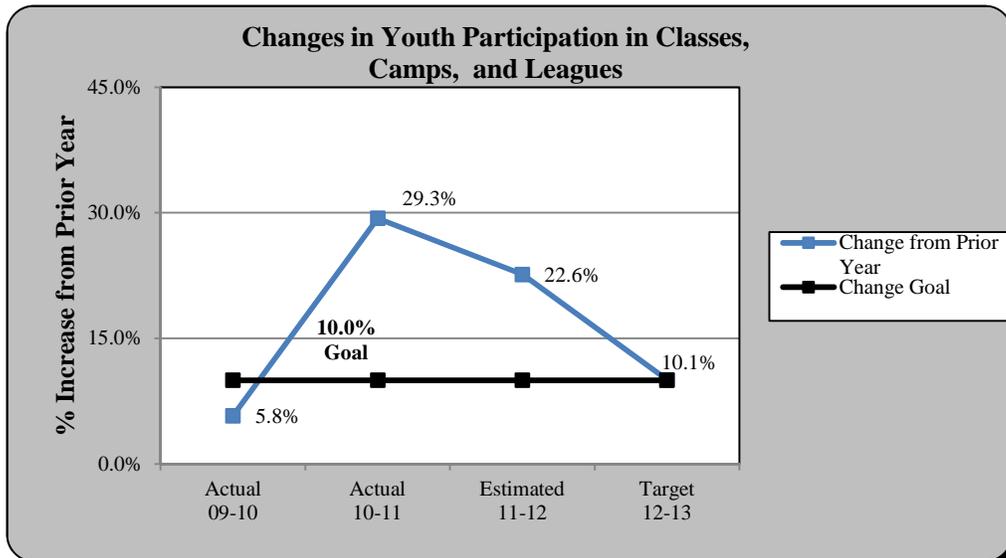
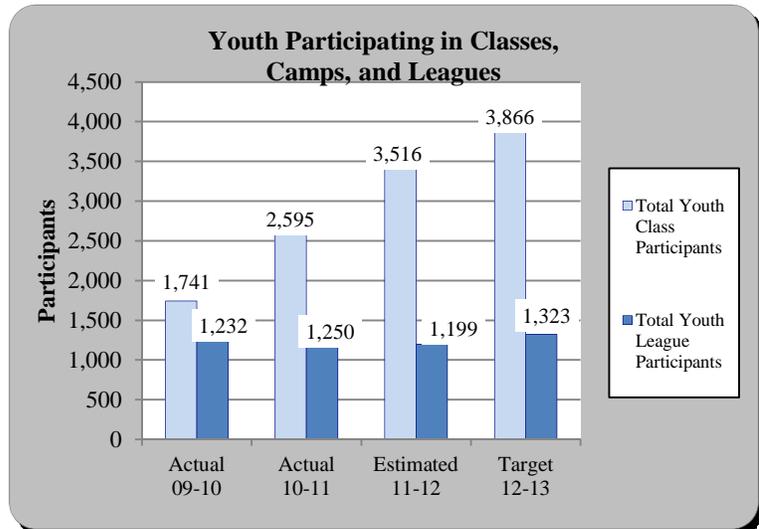
PARKS AND RECREATION TRENDS

COUNCIL SERVICE GOAL: Provide leisure and cultural opportunities.

DEPARTMENT GOAL: Increase participation in youth programming.

OBJECTIVE: Increase the number of participants in youth programming, including camps, classes, and youth leagues by 10% each year.

In Fiscal Year 2011-12, the Parks and Recreation Department saw an increase in participation in youth classes and leagues by 22.6% from 3,845 participants to 4,715 participants. This trend is expected to continue in 2012-13.



CHAPEL HILL PUBLIC LIBRARY

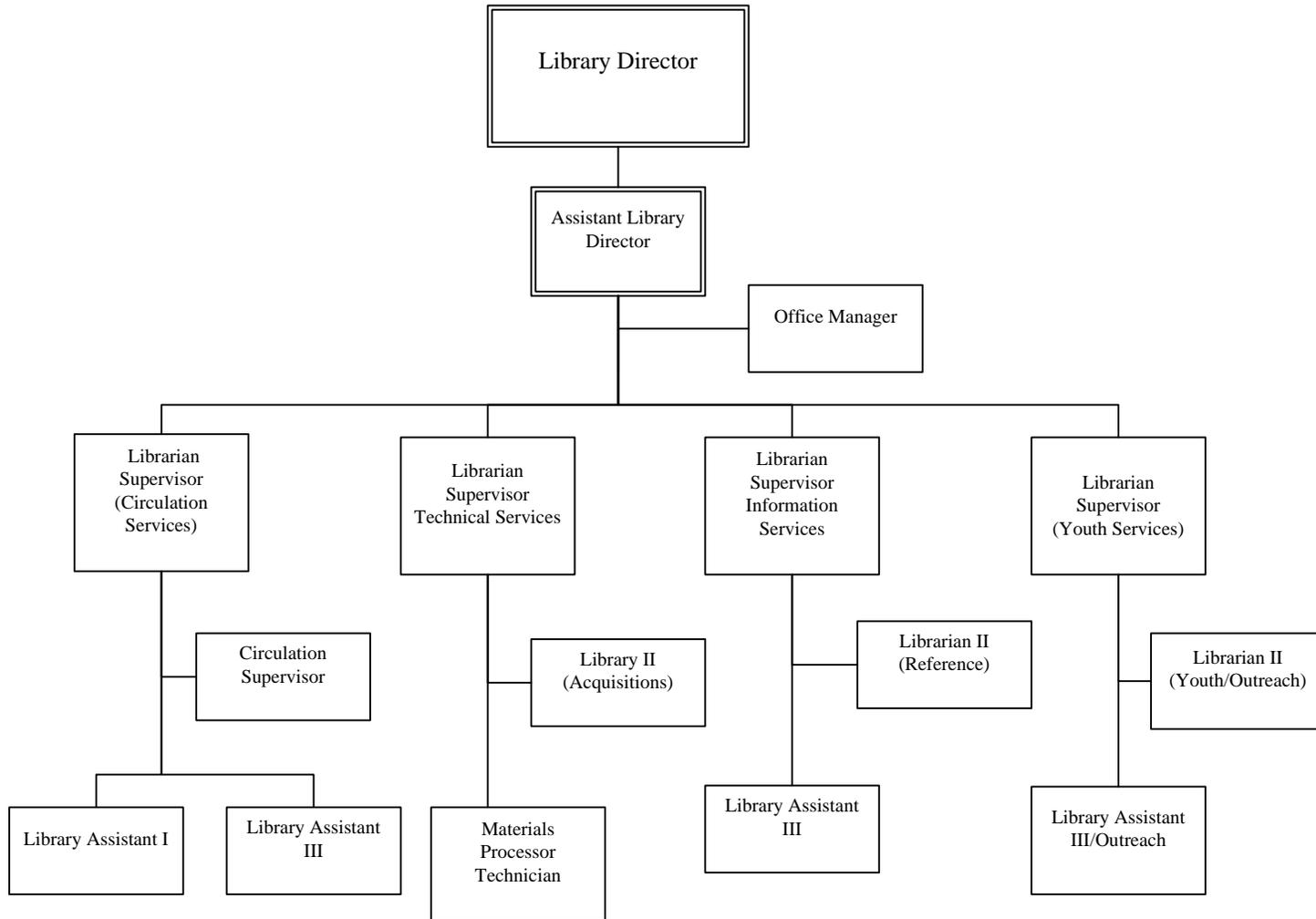
MISSION STATEMENT:

The mission of the Chapel Hill Public Library, based on the Town's Comprehensive Plan Goals 11.2 and 11A-6, is to "provide community facilities and services that meet the physical, social and cultural needs of Chapel Hill's population" and to "develop and implement a plan to meet future community needs for library service."

As a first step towards Priority-Based Budgeting, the Chapel Hill Public Library Department identified the following primary programs that are included in the adopted budget for FY13.

Program	Description
Library Collection Development & Maintenance	Select and purchase materials in a variety of formats for in-house and remote use by children, teens and adults. Prepare and categorize collection materials to make them easily accessible to the public.
Collection Lending	Assist patrons with the following: checkout of collection materials; interlibrary loan of materials from other libraries; reserving materials; reserving meeting room space; fines and fees notices and processing.
Information/Reference Services	Provide in-house and remote 24/7 reference and readers' advisory services to children, teens and adults. Provide and support the public computer lab and children's computers.
Library Programs	Provide, partner and/or contract for programs for children, teens and adults. Programs include story times, book groups, summer reading programs, movies, author presentations, free computer classes and job search workshops.
Community Gathering Space	Provide meeting rooms, art display space, study rooms and seating.
On-line Patron Support	Maintain the library website to provide access to library services, including the library catalog, online databases, 24/7 reference and homework assistance, recommended websites and tutorials, best books lists, library news and information and library/community events calendars.

LIBRARY



LIBRARY DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Director-Library	1.00	1.00	1.00
Assistant Director-Library/Head of Public Services	1.00	1.00	1.00
Supervisor-Librarian	4.00	4.00	4.00
Librarian	2.60	2.60	3.75
Supervisor-Circulation	1.00	1.00	1.00
Information Services Technician	0.00	0.00	0.50
Office Manager	1.00	1.00	1.00
Materials Processor	3.53	3.53	3.53
Library Assistant I-III	14.95	14.95	14.61
Library Department Totals	<u>29.08</u>	<u>29.08</u>	<u>30.39</u>

LIBRARY

BUDGET SUMMARY

The adopted budget for the Library assumes operation in a temporary location for 2012-13 for 9 months and operation in the expanded facility for 3 months. The budget reflects an overall expenditure increase of 6.0% from last year's budget. The 7.8% increase in personnel is the net result of the 3% employee pay adjustment, 3% decrease in medical insurance, slight decrease in the state retirement contribution, and an increase of \$108,000 for 3 months of increased staffing needs due to the library expansion. The overall operating budget is largely unchanged. However, the 2012-13 adopted budget includes \$46,600 of increased utility expenses for the 3 months in the expanded library, which have been offset with various cuts to circulation materials.

Library revenues reflect support from Orange County in the amount of \$353,276. Transfer from the Library Gift Fund is reduced to the historic level of \$45,000 in 2012-13.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,667,495	\$ 1,710,971	\$ 1,715,971	\$ 1,681,425	\$ 1,844,589	7.8%
Operating Costs	401,803	520,674	527,291	472,768	521,974	0.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,069,298	\$ 2,231,645	\$ 2,243,262	\$ 2,154,193	\$ 2,366,563	6.0%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
General Fund	\$ 1,573,998	\$ 1,719,155	\$ 1,636,786	\$ 1,624,207	\$ 1,779,570	3.5%
Grants	285,099	38,990	381,976	374,486	385,493	888.7%
Charges for Services	150,995	246,000	150,000	100,000	140,000	-43.1%
Licenses/Permits/Fines	3,060	10,500	10,500	3,500	5,500	-47.6%
Other Revenues	11,146	11,000	11,000	7,000	11,000	0.0%
Transfers/Other Sources	45,000	206,000	53,000	45,000	45,000	-78.2%
Total	\$ 2,069,298	\$ 2,231,645	\$ 2,243,262	\$ 2,154,193	\$ 2,366,563	6.0%

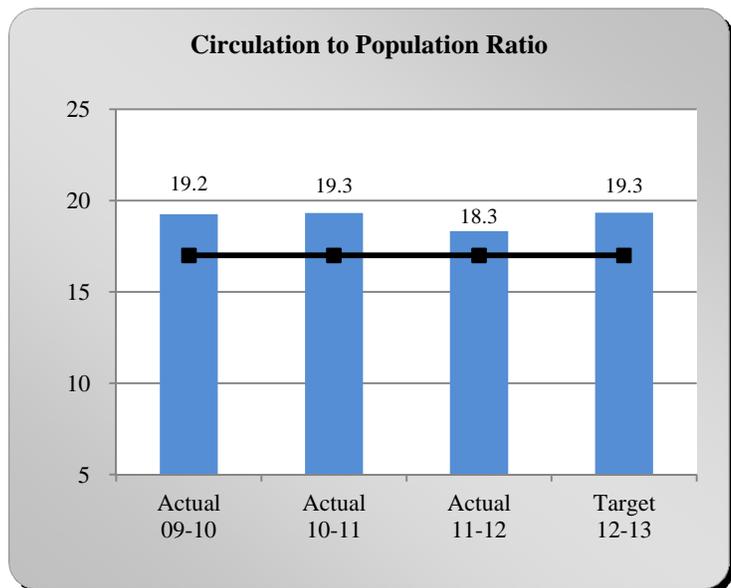
LIBRARY TRENDS

COUNCIL SERVICE GOALS: Provide leisure and cultural opportunities. Provide accurate and timely current and historical public information.

DEPARTMENT GOAL: Provide quality customer service and a library collection that will foster increased usage by citizens.

OBJECTIVE: Provide a circulation to population ratio of at least 17.

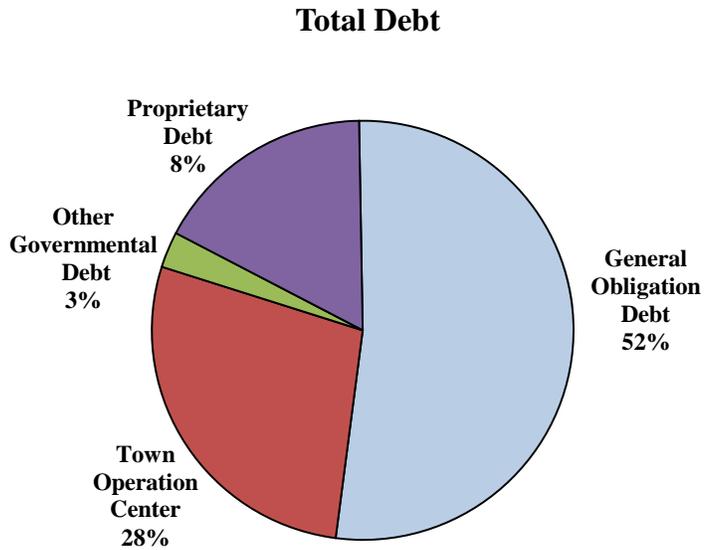
Previous years ratio of total circulation to Town population reflects an increased number of materials available to patrons due to a special 4-year capital project to expand the collection. Actual 2011-12 circulation was affected by library's move to the University Mall and loss of 23 operating days during that time.



OBJECTIVES: 2011-12	ANNUAL REPORT: 2011-12
To meet the information, educational, and recreational reading needs of the community during the 68 hours the library is open each week by: circulating books and other library materials (1,040,801; -5%); staffing the Reference Desk with two employees an average of 60 hours per week; supporting 17 internet terminals for reference; answering reference and readers advisory questions (95,100).	Materials circulated (includes e-resources): 1,040,801 (-5%)* Reference questions logged: 99,251 (+15%)* Patron visits to the library: 352,472 (-7.7%) * Reflects increased patron use of online resources for information. ** Increased interest in e-materials and e-readers with patrons needing more support for downloads
Provide a well-balanced, up-date collection of library materials which meets the reading and informational needs and interests of the community by: adding new, gift, and replacement materials to the collection (19,000 items); establishing target endowments and a gift list for the expansion project to encourage community donations; supporting fundraising efforts by the Friends and Foundation (\$100,000) for the expanded library's opening day collection by December 2012; repairing existing collection items (9,000).	Items cataloged and added to the collection: 13,772 Materials withdrawn from the collection: 12,369 Uncataloged donations added to the collection: 694 Collection items repaired: 7,454 Total # of current titles: 152,012 Total # of current collection items: 186,290

DEBT SERVICE FUND

The Debt Service Fund accounts for the principal and interest payments for the Town's general obligation bonds and certificates of participation issued for construction of the Town Operations Center and the 140 West Downtown Initiative.



DEBT & BOND RATINGS

As of June 30, 2012 the Town will have about \$63 million in debt outstanding. On May 15, 2012 the Town sold \$1.7 million of two-thirds general obligation (GO) bonds and \$4.94 million in GO refunding bonds. The bonds were sold at very competitive rates due to the Town's triple A rating. The rate for the refunding bonds that closed in FY12, was 2.26%, generating \$432,217 in net present value savings. The rate for the two-thirds bonds, which will close in FY13, was 1.42%. The debt service for the two-thirds bonds and the savings from the refunding are reflected in the Debt Management Fund's budget.

On June 14, 2012 the Town sold \$6.9 million of Limited Obligation Bonds (LOBs) to finance the Town's portion of the 140 West parking garage, other parking improvements and improvements to the Town's Operation Center. The transaction included refunding of approximately \$24 million of existing installment financings, including the Town Operations Center debt. The LOBs were sold at very competitive rates, 3.22% for the "new money" Parking bonds and 2.28% for the refunding bonds. The refunding portion of the transaction resulted in a net present value savings of \$746,580 over the remaining life of the bonds. The debt service costs for 140 West will be funded by the Parking Fund budget and the savings from the refunding will be split between the Parking Fund and the Debt Management Fund.

		Projected Long-Term Debt June 30, 2012
Governmental Debt		
General obligation debt	\$	31,445,000
COPS/Limited Obligation Bonds		17,680,000
Installment debt		1,768,000
Separation allowance (est.)		269,438
Compensated absences (est.)		<u>2,310,915</u>
Total	\$	<u>53,473,353</u>
Proprietary Fund Debt		
Enterprise Funds		
COPS/Limited Obligation Bonds	\$	4,320,000
Compensated absences (est.)		637,503
Internal Service Funds		
Motor vehicle equipment		<u>4,440,441</u>
Total	\$	<u>9,397,944</u>

On October 12, 2010, the Town issued \$20.41 million in general obligation bonds for the Library Expansion Project, Streets and Sidewalks, and Parks and Recreation facilities. About half of the bonds were issued as taxable Build America Bonds that will receive a 35% interest rebate from the Federal Government. The balance of the general obligation bonds were issued as conventional tax-exempt bonds. The next largest portion of debt, \$17.7 million, was issued in 2005 to finance the construction of the Town Operations Center project. The Town has an additional \$4.3 million in debt that was used to finance the parking deck and other off-street parking facilities. This debt is paid entirely from parking fee revenue.

DEBT & BOND RATINGS

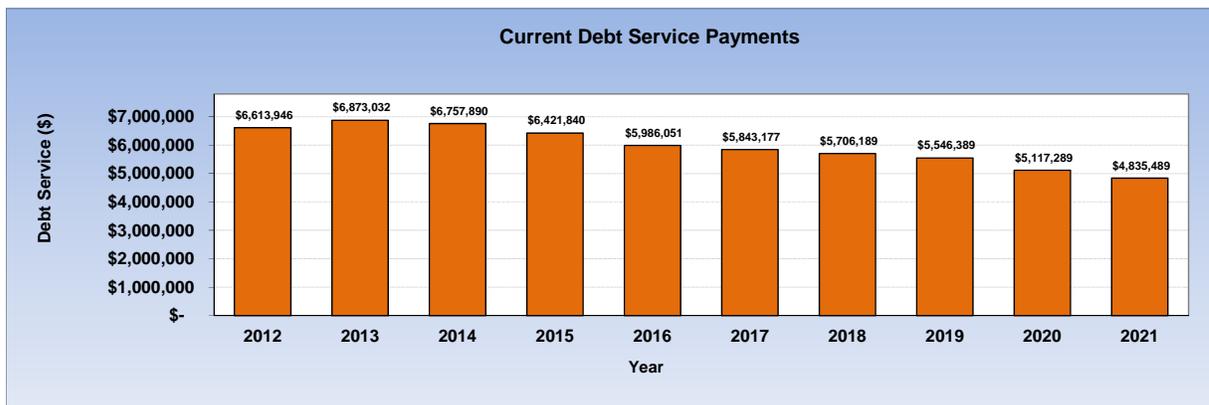
FY13 expenses include the issuance of \$1.7 million in Two-Thirds bonds and refunding of \$4.94 million in GO bonds in June 2012, along with issuance of \$6.9 million in Limited Obligation Bonds (LOBs) for the 140 West downtown project issued in July 2012. The long term debt also includes installment financing for equipment, land and reserves for compensated absences, that is, the amount that the Town owes for future payments for employee vacation.

Current Debt Obligations

The Town delayed the issuance of the remaining authorized 2003 General Obligation bonds in order to build additional capacity in the Debt Management Fund. By delaying the issuance the Town was also able to take advantage of the Build America Bond program under the Federal Stimulus Act. The 2010 General Obligation bonds were issued with a level principal structure and the annual debt service is about \$1.6 million in FY2011-12, declining each year to \$1.06 million in FY2030-31.

In December of 2009, the Town issued \$4,490,000 of general obligation bonds to refund bonds issued in 1998 and 2000. The sale resulted in a savings of \$487,393 in interest costs spread over the remaining 10 year life of the bonds.

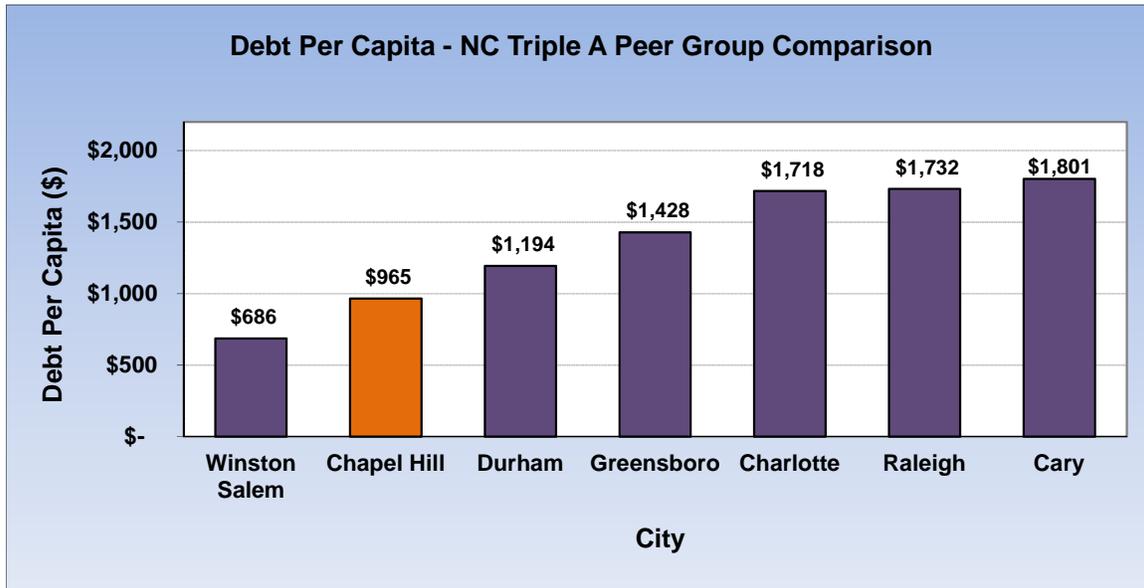
The Town's long-term debt payments for existing general obligation bonds and certificates of participation are shown below for the next ten years:



Future Additional Debt

Town Council placed a bond referendum before the citizens of Chapel Hill in November of 2003. The October 2010 General Obligation debt issuance represented the balance of that authority. In order to issue additional General Obligation Bonds the Town would need to receive approval from voters through the public referendum process. The next bond referendum will probably take place after FY2016-17 as the Debt Management Fund builds capacity for new debt service.

DEBT & BOND RATINGS



(Ratios of total outstanding G.O.B. debt, authorized & unissued G.O.B. debt, and IP debt, excluding enterprise, for N.C. populations greater than 50,000. Source: Analysis of Debt of N.C. Municipalities 6/30/2011, Department of State Treasurer, Division of State and Local Government Finance.)

Debt Limits

By State law, local governments may issue debt totaling 8% of the total assessed value of its property tax base. The 8% limit applies to general obligation bonds and certificates of participation. The Town is allowed seven years to issue general obligation debt once it is approved by the taxpayers, which allows the Town to phase in debt as it is

TOWN OF CHAPEL HILL, NORTH CAROLINA	
COMPUTATION OF LEGAL DEBT MARGIN	
June 30, 2012	
Total assessed valuation at June 30, 2012	\$ <u>7,240,147,503</u>
Debt limit - 8% of total assessed value	\$ <u>579,211,800</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>31,445,000</u>
Legal debt margin	\$ <u>547,766,800</u>

needed and as older debt drops off the repayment schedule. An additional three years extension of the authority to issue general obligation debt is available with approval of the Local Government Commission. Outstanding debt in most governmental units falls well below the 8% of the total assessed value limit, and typically ranges from about 1% to 4% for most governments, depending on the utility enterprises operated by the unit.

The Town's projected outstanding debt that applies to this limit at June 30, 2012 will total \$31,445,000 in outstanding general obligation bonds. The total is less than 1% of the Town's June 30, 2012 tax base (\$7.24 billion).

DEBT & BOND RATINGS

The Town's annual general obligation and certificate of participation debt service cost for 2012-13 is estimated to be about \$6.87 million, or about 13.7% of the General Fund original budget. A general guideline by bond rating agencies is that annual debt service is considered to be low to moderate if it is less than 10% of its annual General Fund budget. We are aware that we have exceeded our own debt guidelines in recent years by increasing debt service to over 10% of the estimated budget. Our projections show that we will have debt service levels between 10% and 13% of budget for several years. We will continue to monitor this indicator because it is one of numerous factors used to determine the Town's credit rating.

RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS					
Fiscal Year Ended June 30	Population Estimate	Taxable Assessed Value	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita
2003	51,005	4,167,181,402	20,070,000	0.48	393
2004	51,485	4,305,436,972	18,400,000	0.43	357
2005	51,519	4,458,136,168	46,725,000	1.05	907
2006	52,397	5,300,417,389	44,045,000	0.83	841
2007	53,416	5,472,958,888	46,130,000	0.84	864
2008	54,904	5,839,993,985	42,650,000	0.73	777
2009	55,616	5,835,597,388	39,185,000	0.67	705
2010	56,778	7,045,574,326	38,520,000	0.55	678
2011	57,233	7,411,059,390	55,445,000	0.75	969
2012	58,076	7,240,147,503	50,893,000	0.70	876

Note: Net bonded debt includes general obligation bonds and certificates of participation.

Bond Ratings

The Town's bond ratings evidence its financial strength. When the

Moody's	AAA
Standard & Poor's	AAA

Town issues general obligation bonds or other securities, rating agencies reevaluate the Town's current and future ability to repay debt. As a part of the evaluations, the agencies examine the Town's management, reserves, current debt obligations, community growth and stability of key revenue sources. Because of a solid employment base in and around the Town of Chapel Hill and the Town's careful management of resources, the Town has maintained especially high bond ratings for a municipality of its size. In June of 2012, the Town's bond ratings were confirmed at triple A from Moody's Investor Service and from Standard and Poor's, the highest rating attainable.

DEBT SERVICE FUND

BUDGET SUMMARY

The Debt Service Fund is used to account for debt payments on the Town's general obligation bonds issued for capital improvement projects and on the certificates of participation issued for construction of the Town Operations Center. Funding for debt service historically came from a transfer from the General Fund to the Debt Service Fund, but beginning in 2008-09, a portion of the property tax rate was allocated to debt service payments. The continuing tax rate of 7.5 cents is expected to yield \$5.4 million in revenues in FY13.

Expenses for FY13 are based on projected issuance of \$1.7 million in Two-Thirds bonds and refunding of \$4.94 million in GO bonds in June 2012, along with issuance of \$6.5 million in COPS for the 140 West downtown initiative in July 2012. The adopted budget for FY13 includes appropriation of about \$941,000 of fund balance, and the remaining reserved funds will be available for appropriation by the Council for future debt.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Principal Payments	\$ 3,485,000	\$ 4,490,000	\$ 4,490,000	\$ 4,490,000	\$ 4,676,000	4.1%
Interest Expense	1,996,990	2,270,930	2,270,930	2,270,930	2,272,652	0.1%
Issuance Expense	49,528	-	-	-	75,000	N/A
Total	\$ 5,531,518	\$ 6,760,930	\$ 6,760,930	\$ 6,760,930	\$ 7,023,652	3.9%

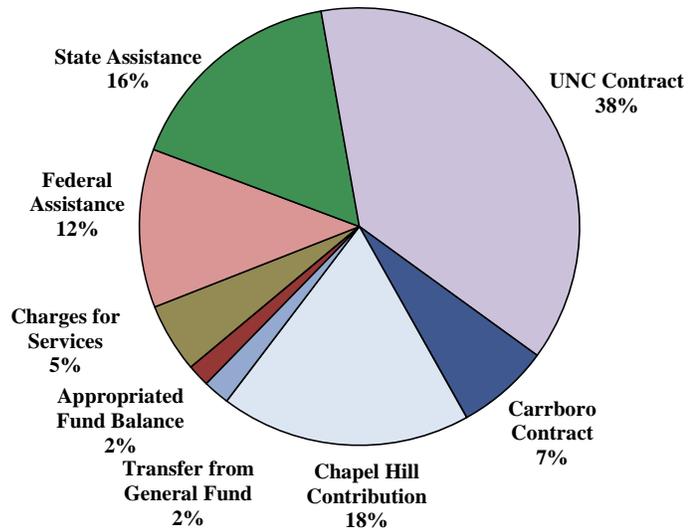
REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Property Taxes	\$ 6,634,998	\$ 5,380,000	\$ 5,380,000	\$ 5,380,752	\$ 5,462,000	1.5%
Transfer from Off-Street Parking	-	-	-	-	438,000	N/A
Premium on Bond Sale	266,583	-	-	-	-	N/A
BABS Interest Subsidy	85,676	182,506	182,506	182,506	183,000	0.3%
Interest Income	6,728	3,000	3,000	2,000	-	-100.0%
Appropriated Fund Balance	(1,462,467)	1,195,424	1,195,424	1,195,672	940,652	-21.3%
Total	\$ 5,531,518	\$ 6,760,930	\$ 6,760,930	\$ 6,760,930	\$ 7,023,652	3.9%

TRANSIT FUND

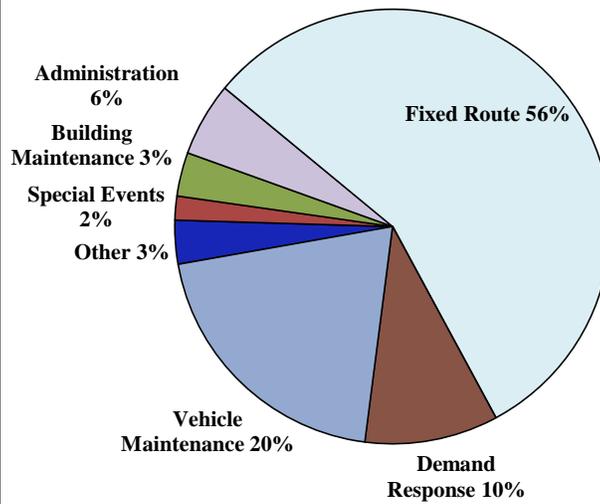
The Transit Fund is used to account for the operations of the Town's public transit system.

Transit Revenues



Total \$18,685,436

Transit Expenditures



TRANSIT

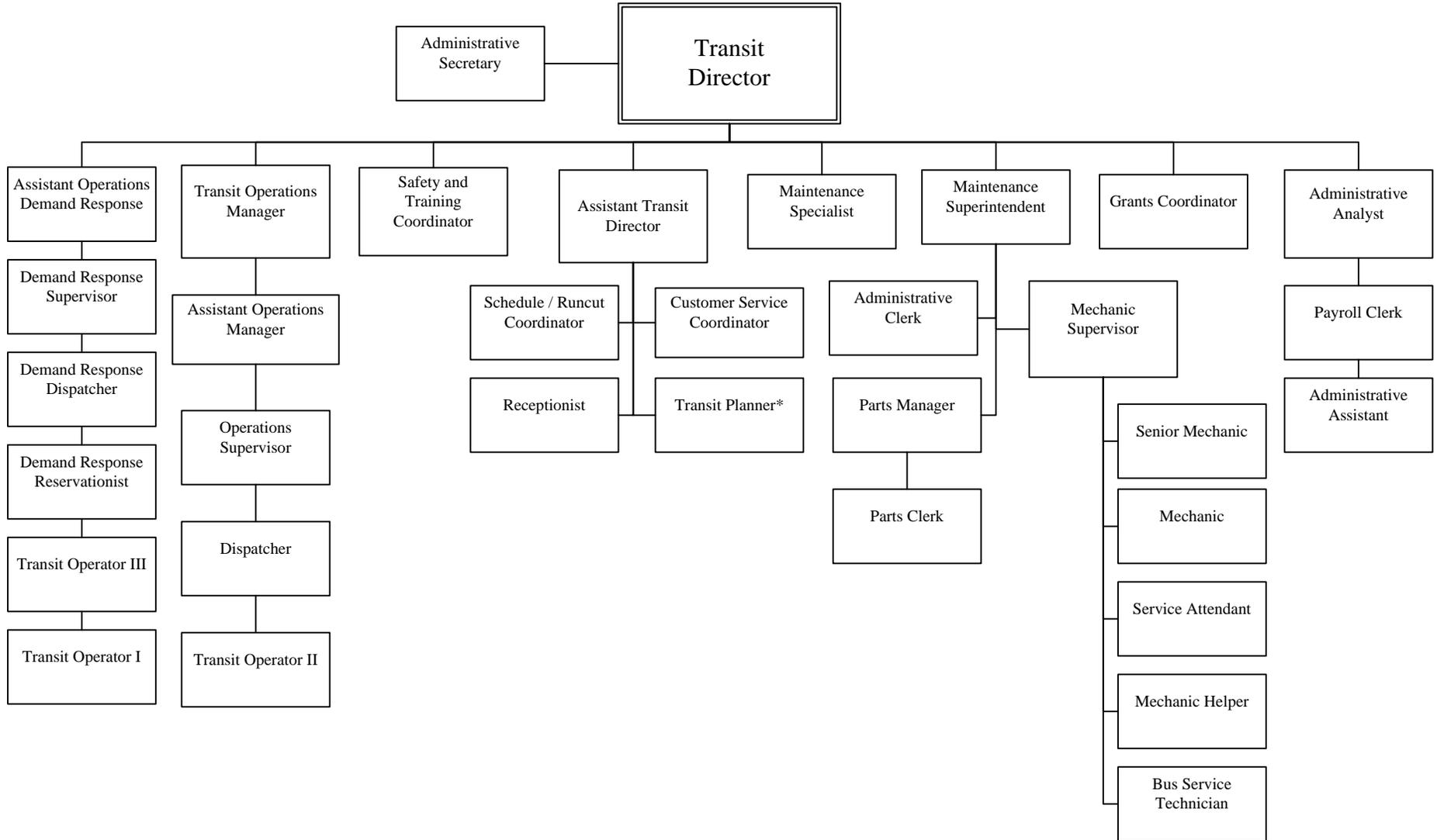
MISSION STATEMENT:

Chapel Hill Transit's mission is to build and operate a public transit system that provides personal mobility, while supporting local development and environmental goals of our community.

As a first step towards Priority-Based Budgeting, the Transit Department identified the following primary programs that are included in the adopted budget for FY13.

Program	Description
Fixed-Route Bus Service	Provide public transportation for the Towns of Chapel Hill and Carrboro and the University of North Carolina-Chapel Hill (UNC). CHT provides fare-free fixed route bus service on 31 weekday and weekend routes, utilizing 98 transit buses. Includes local, express, regional express and Tar Heel Express routes.
Demand-Response Service	Provide ADA Paratransit service within three-quarter miles of each fixed route for persons with a qualified disability who are unable to use fixed-route services, utilizing 22 lift-equipped vehicles. The service operates the same days and times as fixed-route services.
Maintenance	Maintain and repair CHT fleet of 120 buses/vans and 18 support/maintenance vehicles. Responsible for general maintenance of the transit facility and all customer amenities (e.g. shelters, benches, trash cans, etc.)
Administration and Finance	Manage all aspects of the transit system, including: Administration and Finance, Short and Long Range Planning, Regional Service Coordination, Grant Management (Federal and State) Marketing and Public Relations and Taxi Franchises.

TRANSIT



179

* Grant-funded positions.

TRANSIT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Administration			
Director-Transit	1.00	1.00	1.00
Manager Systems Dev. Planning (Unfunded)	1.00	1.00	0.00
Assistant Director-Transit	1.00	1.00	1.00
Compliance Manager	0.00	0.00	1.00
Administrative Analyst	1.00	1.00	1.00
Advertising Sales Manager	0.00	0.00	1.00
Coordinator-Scheduling/Run Cut	1.00	1.00	1.00
Coordinator-Grants	1.00	1.00	1.00
Coordinator-Project	0.00	0.00	0.00
GIS Technician	1.00	1.00	1.00
Transit Services Planner	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Receptionist	1.00	1.00	0.00
Administrative Clerk	1.00	1.00	1.00
Division Totals	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Operations			
Transit Operations Manager	1.00	1.00	1.00
Coordinator-Safety and Training	1.00	1.00	1.00
Assistant Transit Operations Manager	2.00	2.00	2.00
Supervisor-Transit	6.00	6.00	4.00
Transit Dispatcher	4.00	4.00	4.00
Transit Operator III (E-Z Rider Driver)	15.57	15.57	13.25
Transit Operator II (Bus Driver)	120.26	120.26	102.98
Transit Operator I (Shared Rider Driver)	1.00	1.00	1.00
Transit Reservationist	2.00	2.00	1.00
Division Totals	<u>152.83</u>	<u>152.83</u>	<u>130.23</u>
Equipment Maintenance			
Superintendent-Transit Maintenance	1.00	1.00	1.00
Supervisor-Mechanic	2.00	2.00	2.00
Mechanic, Senior	1.00	1.00	0.00
Parts Manager	1.00	1.00	1.00
Maintenance Specialist	1.00	1.00	0.00
Mechanic	12.00	12.00	14.00
Bus Service Technician	2.00	2.00	2.00
Mechanic Helper	2.00	2.00	2.00
Administrative Clerk	1.00	1.00	1.00
Parts Clerk	1.00	1.00	1.00
Service Attendant	6.50	6.50	5.50
Division Totals	<u>30.50</u>	<u>30.50</u>	<u>29.50</u>
Transit Department Totals	<u><u>195.33</u></u>	<u><u>195.33</u></u>	<u><u>171.73</u></u>

TRANSIT FUND

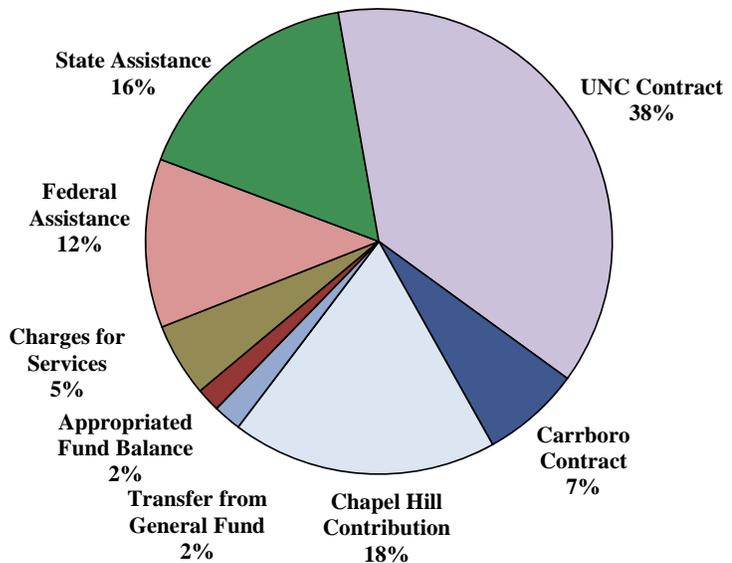
Major Revenue Sources - Descriptions and Estimates

The Town provides public transit services for the Town of Chapel Hill and the neighboring Town of Carrboro, the University of North Carolina and the UNC Health Care System on a contractual basis. In 2001, the transit system initiated fare free services, eliminating fare box and pass sale revenues previously collected for the basic system. (Exceptions are fares for specific routes to Hillsborough and Pittsboro and the Tar Heel Express service provided for athletic and other special events for the University.)

The adopted budget for the Transit Fund for fiscal year 2012-13 totals about \$18.67 million, an increase of 5.5% over FY12's budget. Below is a description of the major revenue sources for the Transit Fund. The pie chart below shows the major revenue sources for fiscal year 2012-13.

Federal Operating Assistance

The Transit system receives an operating assistance allocation each year from the federal government based on a variety of factors and funding formulas. We estimate the continuation of federal funding for operations at \$1.9 million in 2012-13. The adopted budget for FY13 includes an additional \$472,000 in non-recurring federal grants anticipated or awarded. Additional operating grants will be sought for FY12 as opportunities arise and will be added to the budget through amendment if awarded.



State Operating Assistance

The Transit system also receives an operating assistance allocation each year from the State based on a formula involving various operating statistics for the system. The subsidy for FY12 is expected to be about \$100,000 more than budgeted, but latest estimates indicate a level of \$3.09 million for 2012-13.

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

University Contract

The University of North Carolina contracts with the Town for bus service for routes on and surrounding the campus of the University and UNC Health Care System. The University contract also covers routes determined to serve mainly students and employees of the University. The cost of these services is based on cost sharing arrangements among the Town, the University and Carrboro, as agreed to in an annual contract. The University's contracted share has remained about \$5.9 million from 2010 through 2012, and their share of cost for 2012-13 totals about \$7.06 million, an increase of about \$1.1 million.

Carrboro Contract

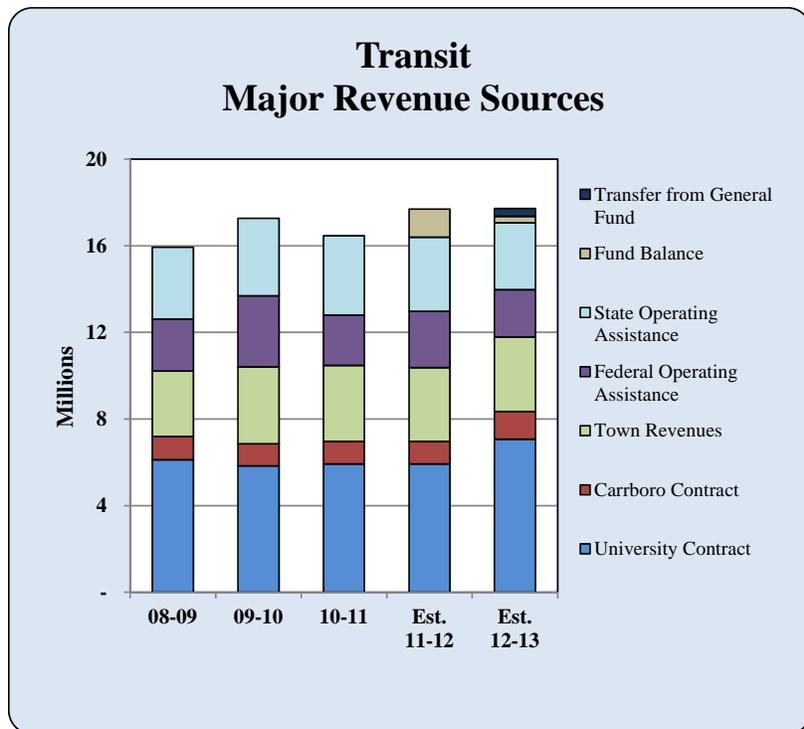
The Town of Carrboro also contracts with the Town for transit service with costs also based on the Memorandum of Understanding. Carrboro's cost for 2010-11 remains at \$1,032,825, and for 2012-13 is increased to \$1,283,367.

Town Revenues

The Town's share of cost for the Transit system is funded primarily by a property tax levy for transit. The adopted budget for the Transit Fund in fiscal year 2012-13 includes continuation of the tax rate of 4.1 cents for budgeted tax revenue of about \$2.9 million. A transfer from the General Fund in the amount of \$364,000 is also being used to balance the Transit budget.

Other revenues expected for the system include about \$390,000 in fares for the Tar Heel Express and other special events, \$415,000 for vehicle license fees and about \$228,000 in services for Triangle Transit Authority.

The Transit system expects expenditures in excess of revenues in FY12 of about \$1.3 million, to be provided by the use of fund balance. An additional use of about \$306,000 of fund balance is adopted to balance the budget in FY13.

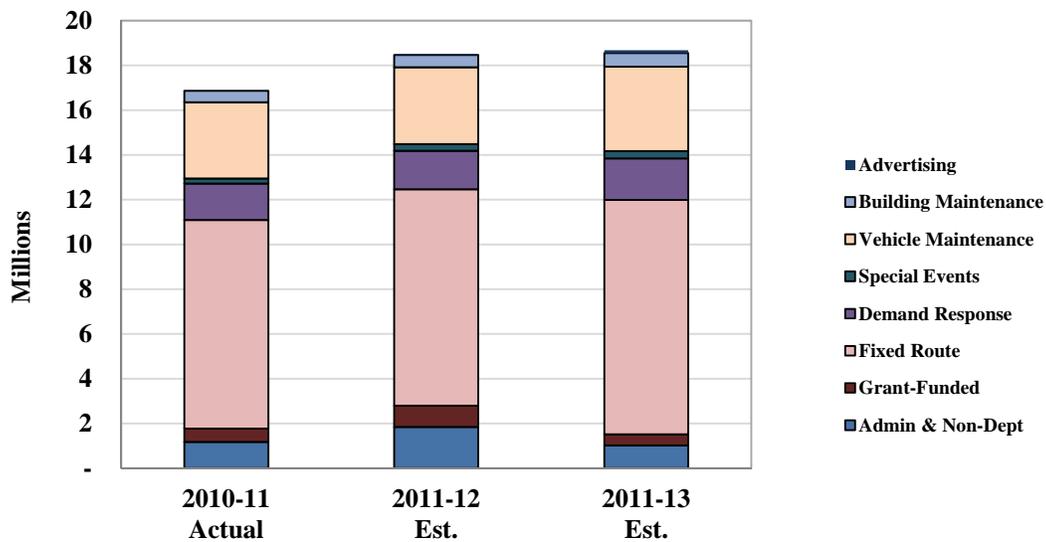


TRANSIT FUND

Major Expenditures - Descriptions and Estimates

The adopted budget continues fare free services for fixed routes in the system and totals \$18.68 million for the 2012-13 budget. Major expenditures of the system consist primarily of personnel, operating and maintenance costs for a planned fleet of 99 buses, two 15-passenger vans, 15 lift-equipped vans, 13 wagons or minivans, and four maintenance service trucks that provide transit service to the entire community.

Transit Expenses



The chart above illustrates the portions of the budget allocated to the major categories of Fixed Route, Demand Response, Vehicle Maintenance, Administration and Building Maintenance. Operational costs total about \$13.1 million, Maintenance costs total about \$4.4 million and Administrative costs total about \$1.1 million.

The adopted budget for 2012-13 includes an employee pay adjustment effective October 2012, a 3% reduction in medical insurance costs for employees and retirees, and an increase in overtime salaries for a total increase of 2.4% in personnel costs. The largest increase in operating cost at about \$460,000 is for vehicle maintenance. Fuel accounts for about \$158,000 of the operating increase. The Town has signed a fuel contract for about half the expected fuel needed for FY13, and the current estimate for diesel is \$3.45 per gallon. The FY13 budget also includes \$100,000 in costs for NextBus, funded in previous years by a federal grant that has expired. The estimates for FY12 include a transfer of \$1,067,500 as matching funds for a federal bus grant, but the FY13 adopted budget does not include a transfer to the Capital Reserve Fund for future grant matches.

TRANSIT BUDGET SUMMARY

The budget for the Transit Department continues fare-free service initiated during fiscal year 2001-02. The 2012-13 budget is based on the receipt of approximately \$2.9 million in property taxes at a continuing tax rate of \$4.1 cents/\$100 valuation. While federal and State operating assistance are relatively stagnant overall, contributions from UNC and Carrboro reflect the first increase in several years to relieve reliance on fund balance. The chief components of the 5.4% increase in costs are fuel prices and maintenance costs. Operations in FY12 are expected to require the use of about \$1.2 million in fund balance and the FY13 budget is balanced with the use of about \$306,000 of fund balance and a transfer of \$364,000 from the General Fund.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Admin & Non-Dept	\$ 1,184,828	\$ 1,051,584	\$ 2,075,304	\$ 1,844,041	\$ 1,020,884	-2.9%
Grant-Funded	587,376	-	1,432,441	959,946	504,924	N/A
Advertising	-	-	110,054	53,410	133,696	N/A
Fixed Route	9,318,228	10,142,984	9,820,234	9,663,345	10,472,165	3.2%
Demand Response	1,642,028	1,983,479	1,936,152	1,725,628	1,848,164	-6.8%
Special Events	223,066	326,842	329,342	290,453	332,471	1.7%
Vehicle Maintenance	3,406,427	3,562,758	3,679,865	3,441,145	3,765,778	5.7%
Building Maintenance	506,707	640,680	644,253	550,852	607,354	N/A
Total	\$ 16,868,660	\$ 17,708,327	\$ 20,027,645	\$ 18,528,820	\$ 18,685,436	5.5%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Charges for Services	\$ 661,983	\$ 741,565	\$ 891,565	\$ 836,606	\$ 956,355	29.0%
Federal Assistance	1,900,000	1,900,000	2,363,416	2,363,416	1,900,000	0.0%
Federal Operating Grants	408,285	-	505,210	242,418	291,580	N/A
State Assistance	3,671,170	3,319,737	3,319,737	3,419,853	3,077,868	-7.3%
UNC Contracts	5,930,168	5,930,168	5,930,168	5,930,168	7,065,667	19.1%
Carrboro Contracts	1,032,825	1,032,825	1,032,825	1,032,825	1,283,367	24.3%
Chapel Hill Revenues	3,519,774	3,385,520	3,385,520	3,408,839	3,440,300	1.6%
Transfer from General Fund	-	-	-	-	364,000	N/A
Appropriated Fund Balance	(255,545)	1,398,512	2,599,204	1,294,695	306,299	-78.1%
Total	\$ 16,868,660	\$ 17,708,327	\$ 20,027,645	\$ 18,528,820	\$ 18,685,436	5.5%

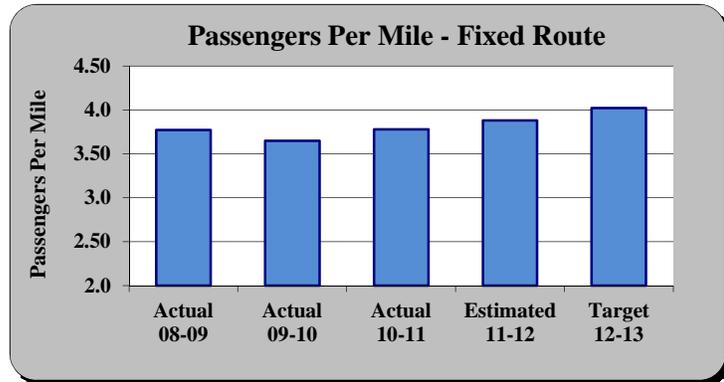
TRANSIT TRENDS

COUNCIL SERVICE GOALS: Provide fair, effective, efficient and prompt customer service. Maintain current transit service levels and routes.

GOAL: Increase the efficiency and effectiveness of transit services.

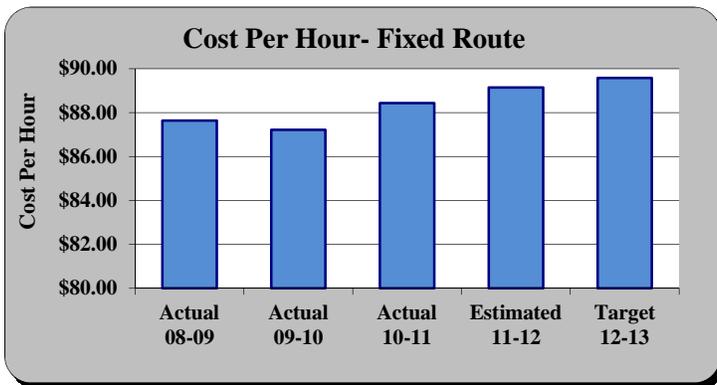
OBJECTIVE: Increase the number of passengers per mile in fixed route transit service.

In fiscal year 2011-12, the number of passengers per mile increased by approximately 2.6% above 2010-11, as the Town continued to provide fare-free service.



GOAL: Increase the efficiency and effectiveness of transit services.

OBJECTIVE: Maintain a stable system cost per hour for fixed route services.



In fiscal year 2011-12, the fixed route cost per hour increased about 1% over 2010-11 at approximately \$89.1. With the target number of passengers set to increase next year, efforts are focused on controlling the fixed route cost per hour.

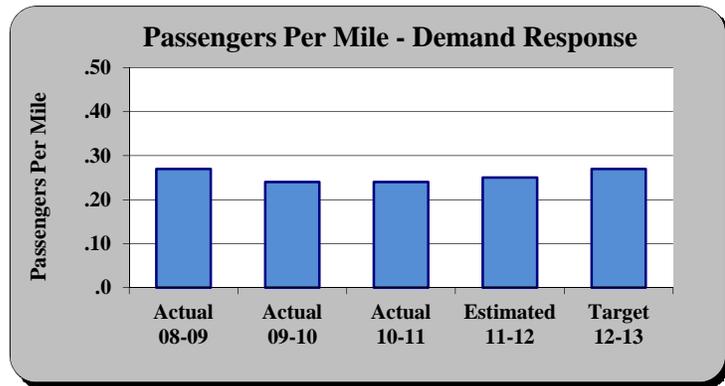
TRANSIT

TRENDS Cont.

GOAL: Increase the efficiency and effectiveness of transit services.

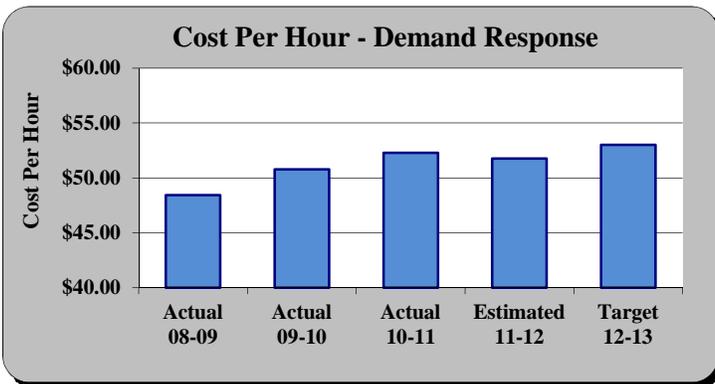
OBJECTIVE: Increase the number of passengers per mile in demand response paratransit service.

In fiscal year 2011-12, the number of passengers per mile remained consistent with 2010-11, as the Town continued to provide fare-free paratransit service.



GOAL: Increase the efficiency and effectiveness of transit services.

OBJECTIVE: Maintain a stable system cost per hour for demand response paratransit services.

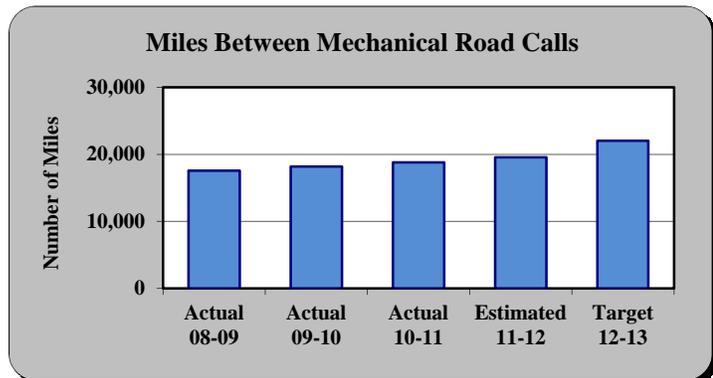


In fiscal year 2011-12, the demand response cost per hour decreased about 1% from 2010-11, due to reallocation of costs more appropriately captured in the fixed route budget. With anticipated increases in operational costs, the 2012-13 target is to hold increases to 3% or less.

GOAL: Increase the efficiency and effectiveness of transit services.

OBJECTIVE: Maintain or increase service miles between road calls that may interrupt service.

In fiscal year 2011-12, the miles between road calls increased by about 4%, but remained below the industry standard of 24,000 miles or more. For 2012-13, the target is to have fewer maintenance calls and an average of 22,000 miles or more between road calls that may interrupt service.



TRANSIT - ADMINISTRATION DIVISION

MISSION STATEMENT: *The Mission of Chapel Hill Transit is to build and operate a safe, efficient, responsive public transit system serving Chapel Hill, Carrboro and the University of North Carolina with trained and dedicated employees.*

Chapel Hill Transit will provide mobility, support local development and environmental goals while improving the quality of life and preserving the natural beauty of our community.

The Administration Division supervises departmental operations, manages grant and service contracts and participates in transportation planning. Duties of the division include:

- Contract monitoring and negotiation with the University of North Carolina and the Town of Carrboro for transportation services and funding arrangements.
- Grants management (from the Federal Transit Administration and the State of North Carolina).
- Transit planning activities including short range and long range transit plans and special transit initiatives.
- Review of development proposals to assess impact on public transportation.
- Marketing and public relations activities.
- Participation in local, regional and state-wide public transit activities.
- Monitor, evaluate and analyze transit operations to ensure that services are being provided with the highest level of customer service in the most efficient and cost effective manner possible.

TRANSIT - Administration and Non-Departmental BUDGET SUMMARY

The adopted budget for 2013 includes the addition of a grants coordinator and a 3% raise offset by a 3% reduction in medical insurance costs. The reduction in operating costs is due to the transfer of Regional Call Center funds to the operations division.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 475,302	\$ 626,587	\$ 623,467	\$ 450,450	\$ 673,436	7.5%
Operating Costs	281,075	377,834	381,098	322,852	344,209	-8.9%
Transfer to Grant Match	35,518	47,163	1,070,739	1,070,739	3,239	-93.1%
Transfer to Capital Reserve	392,933	-	-	-	-	N/A
Total	\$ 1,184,828	\$ 1,051,584	\$ 2,075,304	\$ 1,844,041	\$ 1,020,884	-2.9%

TRANSIT - Grants
BUDGET SUMMARY

A number of federal operating grants are included in the Transit Fund for FY13, including continuing grants for the Pittsboro Route, HS/Rogers Road route, Regional Call Center, and the Shuttle Service.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 449,780	\$ -	\$ 831,790	\$ 694,709	\$ 167,507	N/A
Operating Costs	137,596	-	570,651	235,237	337,417	N/A
Capital Outlay	-	-	30,000	30,000	-	N/A
Total	\$ 587,376	\$ -	\$ 1,432,441	\$ 959,946	\$ 504,924	N/A

TRANSIT - Advertising
BUDGET SUMMARY

The Transit Advertising Program was adopted in FY12, and the budget for FY13 reflects the first full year of service. Revenues are projected at \$100,000 in FY12 and \$250,000 for FY13.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ -	\$ -	\$ 87,554	\$ 42,950	\$ 102,168	N/A
Operating Costs	-	-	22,500	10,460	31,528	N/A
Capital Outlay	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ 110,054	\$ 53,410	\$ 133,696	N/A

TRANSIT- OPERATIONS DIVISION

MISSION STATEMENT: *The Mission of Chapel Hill Transit is to build and operate a safe, efficient, responsive public transit system serving Chapel Hill, Carrboro and the University of North Carolina with trained and dedicated employees.*

Chapel Hill Transit will provide mobility, support local development and environmental goals while improving the quality of life and preserving the natural beauty of our community.

The Operations Division manages fixed-route bus service and demand-responsive services with smaller vehicles. Duties of the division include:

- Provide fixed-route bus service to meet the mobility goals of Chapel Hill, Carrboro and the University of North Carolina.
- Coordinate transit service with other public transit systems in the Triangle to enhance the mobility of our citizens.
- Operate demand-responsive door-to-door service for certified persons with disabilities, using lift-equipped vans and sedans.
- Operate shuttle service (Tar Heel Express) to all UNC home football and basketball games.
- Hire, train and motivate bus operators and support staff to ensure efficient, safe, on-time and courteous service to the public.

TRANSIT - Fixed Route

BUDGET SUMMARY

The adopted budget for 2012-13 reflects a 1.5% increase in personnel costs, the net of increases for a 3% raise effective October 2012, medical insurance rate reduction of 3%, an increase (\$157,000) in overtime salaries, and a small reduction in the required contribution to the retirement system.

The 6.6% increase in operating costs includes the cost of NextBus operations, formerly grant-funded, and the Regional Call Center, budgeted in Non-Departmental in prior years. The balance of the increase is chiefly the result of an increase in fuel & tire costs with the rising cost of petroleum-based products. The \$71,326 ncrease in fuel estimates for this division is based on the increase in the price of fuel. When the budget was adopted, the Town had signed a fuel contract for about half the expected fuel needs for FY13. Current projected fuel prices are at \$3.45 per gallon.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 6,803,997	\$ 6,658,431	\$ 6,550,496	\$ 6,510,504	\$ 6,758,008	1.5%
Operating Costs	2,514,231	3,484,553	3,264,054	3,152,841	3,714,157	6.6%
Capital Outlay	-	-	5,684	-	-	N/A
Total	\$ 9,318,228	\$ 10,142,984	\$ 9,820,234	\$ 9,663,345	\$ 10,472,165	3.2%

TRANSIT - Demand Response

BUDGET SUMMARY

The adopted budget for FY13 reflects an overall reduction of 6.8% as we adjust to the first full year of capturing all costs within the division. The 8.4% reduction in personnel costs is the net of a 3% employee pay adjustment effective October 2012, a 3% reduction in medical insurance costs and a reduction in overtime salaries of \$112,000. The 3.4% reduction in operating costs reflects decreases in training and contracted services, offset by an increase in gasoline costs due to higher fuel prices. Gasoline is projected at \$3.20 per gallon.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,241,133	\$ 1,354,216	\$ 1,333,171	\$ 1,213,986	\$ 1,240,059	-8.4%
Operating Costs	400,895	629,263	602,981	511,642	608,105	-3.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,642,028	\$ 1,983,479	\$ 1,936,152	\$ 1,725,628	\$ 1,848,164	-6.8%

TRANSIT - Tarheel Express / Special Events

BUDGET SUMMARY

The adopted budget for Tarheel Express/Special Events for FY13 includes a 1.7% increase over the previous year, chiefly due to an increased budget for overtime salaries and benefits. The Tarheel Express/Special Events budget is funded by fees to patrons, estimated to bring in about \$465,000 for FY13.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 174,157	\$ 211,022	\$ 211,022	\$ 213,910	\$ 213,654	1.2%
Operating Costs	48,909	115,820	118,320	76,543	118,817	2.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 223,066	\$ 326,842	\$ 329,342	\$ 290,453	\$ 332,471	1.7%

TRANSIT - MAINTENANCE DIVISION

MISSION STATEMENT: *The Mission of Chapel Hill Transit is to build and operate a safe, efficient, responsive public transit system serving Chapel Hill, Carrboro and the University of North Carolina with trained and dedicated employees.*

Chapel Hill Transit will provide mobility, support local development and environmental goals while improving the quality of life and preserving the natural beauty of our community.

The Maintenance Division services and repairs transit vehicles and support equipment to ensure safe, reliable and clean transit vehicles. Duties of the division include:

- Daily service, fueling and cleaning of all transit vehicles.
- Ongoing maintenance, inspection and repair of buses, vans and support vehicles.
- Ongoing maintenance of transit amenities, such as benches and shelters.
- Maintain and inventory system of fuel and bus parts to support the timely operation of services.
- Develop capital improvement plan and procurement of major capital equipment.
- Ensure that employees have the proper training and skills to ensure the safe efficient operation of Town vehicles.

TRANSIT - Vehicle Maintenance
BUDGET SUMMARY

The 4% increase in personnel costs are due to the 3% increase for employee pay adjustments effective October 2012, the 3% decrease in medical insurance and an increase (\$71,000) in overtime and other pay. The 7.4% increase in operating costs reflects a \$199,660 increase in Maintenance and Repairs over prior year's budget for vehicle repairs.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 1,740,544	\$ 1,807,804	\$ 1,794,804	\$ 1,772,586	\$ 1,880,738	4.0%
Operating Costs	1,665,883	1,754,954	1,885,061	1,668,559	1,885,040	7.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 3,406,427	\$ 3,562,758	\$ 3,679,865	\$ 3,441,145	\$ 3,765,778	5.7%

TRANSIT - Building Maintenance

BUDGET SUMMARY

The adopted budget for Transit's Building Maintenance division reflects a 5.2% decrease overall, due largely to not budgeting for a position. The 8.9% increase in operating costs is chiefly comprised of increases for contracted services and maintenance of equipment.

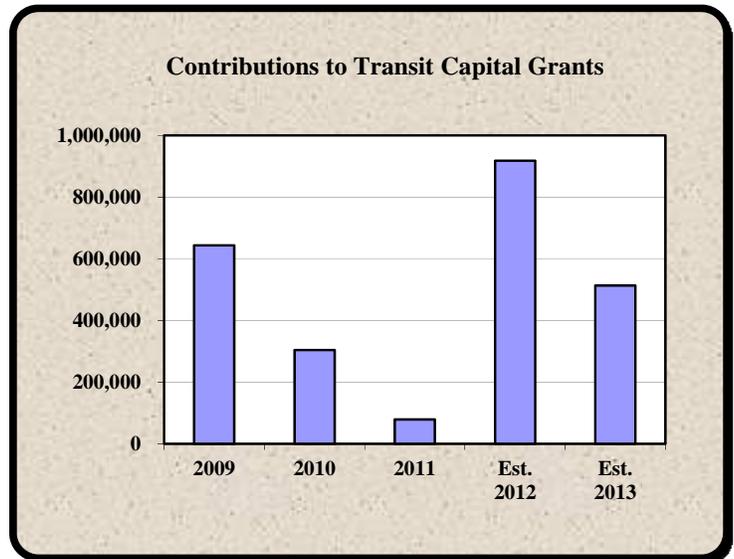
EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 88,613	\$ 82,930	\$ 82,930	\$ 26,491	\$ -	-100.0%
Operating Costs	418,094	557,750	561,323	524,361	607,354	8.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 506,707	\$ 640,680	\$ 644,253	\$ 550,852	\$ 607,354	-5.2%

TRANSIT CAPITAL RESERVE FUND

The Transit Capital Reserve Fund is used to account for funds reserved for matching capital funds for buses and facilities related to the Town's transportation system.

Donations vary substantially from year to year, depending on anticipated future needs for reserves.



TRANSIT CAPITAL RESERVE BUDGET SUMMARY

The Transit Capital Reserve Fund is intended to accumulate funding to make capital purchases and to meet matching requirements for capital grants for replacement buses and other equipment. Grant match estimates for FY12 and FY13 will nearly exhaust the fund balance, so matching funds for the FY12 bus grant are being made from the operating fund. There is no contribution to the fund budgeted for FY13.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Contribution to Capital Grant Reserve	\$ 78,626 316,529	\$ 315,000 -	\$ 1,115,000 -	\$ 917,520 -	\$ 512,989 -	62.9% N/A
Total	\$ 395,155	\$ 315,000	\$ 1,115,000	\$ 917,520	\$ 512,989	62.9%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Interest Income	\$ 2,222	\$ -	\$ -	\$ -	\$ -	N/A
Transfer from Transit Fund	392,933	-	-	-	-	N/A
Appropriated Fund Balance	-	315,000	1,115,000	917,520	512,989	62.9%
Total	\$ 395,155	\$ 315,000	\$ 1,115,000	\$ 917,520	\$ 512,989	62.9%

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

Transit capital and planning grants awarded by the Federal Transit Administration are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as the grant awards are received. Twelve current project ordinances in the Transportation Department are shown below:

2006-07 Capital Grant

The project ordinance for the fiscal year 2006-07 Section 5307 capital grant was adopted on September 10, 2007. Funds are being used to conduct a feasibility study, environmental assessment, and preliminary engineering for the expansion of park and ride capacity at the existing Eubanks Road Park and Ride lot.

	Project Budget	Estimated Expenditures Through June 30, 2012
2006-07 Transit Capital Grant	\$733,120	\$225,000-

2007-08 Capital Grant

The project ordinance for the fiscal year 2007-08 Section 5307 capital grant was adopted on February 13, 2012. Funds are being used to conduct a feasibility study, environmental assessment, and preliminary engineering for the expansion of park and ride capacity at the existing Eubanks Road Park and Ride lot.

	Project Budget	Estimated Expenditures Through June 30, 2012
2007-08 Transit Capital Grant	\$453,957	\$-0--

2008-09 Capital Grant

The project ordinance for the fiscal year 2008-09 Section 5307 capital grant was adopted on February 13, 2012. Funds are being used to conduct a feasibility study, environmental assessment, and preliminary engineering for the expansion of park and ride capacity at the existing Eubanks Road Park and Ride lot.

	Project Budget	Estimated Expenditures Through June 30, 2012
2008-09 Transit Capital Grant	\$423,225	\$-0-

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2007-08 Transit Capital and Planning Grant

The project ordinance for the fiscal year 2007-08 Section 5307 Transit Capital and Planning Grant was adopted on June 9, 2008. The funds were used to continue the ongoing lease of a park and ride facility, to provide enhancements to bus shelter sites, to assist the transportation department staff in conducting transit planning activities, to prepare the annual Transportation Improvement Plan, and to prepare annual statewide planning reports. The balance of funds will be used to purchase land for bus parking at the Town Operations Center.

	Project Budget	Estimated Expenditures Through June 30, 2012
2007-08 Transit Capital and Planning Grant	\$633,143	\$427,265

2007-08 Capital Grant

The project ordinance for the fiscal year 2007-08 Section 5307 capital grant was adopted on June 9, 2008. Funds are being used to purchase replacement buses and one spare engine/transmission component.

	Project Budget	Estimated Expenditures Through June 30, 2012
2007-08 Transit Capital Grant	\$2,870,000	\$2,850,183

2008-09 Capital and Planning

The project ordinance for the fiscal year 2008-09 Section 5307 capital grant was adopted on June 22, 2009. Funds are being used to continue the on-going lease obligation for a park-ride facility at Carrboro Plaza, re-design the Chapel Hill Transit web page, purchase and repair bus shelters, provide repairs and maintenance at park and ride lots served by the Chapel Hill Transit and to conduct transit planning activities.

	Project Budget	Estimated Expenditures Through June 30, 2012
2008-09 Transit Capital and Planning Grant	\$189,520	\$189,520

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2008-09 Capital Grant

The project ordinance for the fiscal year 2008-09 Section 5307 capital grant received under the American Recovery and Reinvestment Act of 2009 was adopted on June 22, 2009. Funds are being used to purchase 2 replacement hybrid buses, 8 replacement paratransit vehicles, 1 service truck, bus stop shelters with lighting, automatic vehicle locator signs and computer hardware and software for the fleet inventory system.

	Project Budget	Estimated Expenditures Through June 30, 2012
2008-09 Transit Capital Grant	\$1,714,867	\$1,714,867

2009-10 Capital Grant

The project ordinance for the fiscal year 2009-10 Section 5307 capital grant received under the American Recovery and Reinvestment Act of 2009 was adopted on June 21, 2010. Funds are being used to purchase 1 replacement and 1 expansion paratransit vehicle for lease to Orange County, North Carolina. Funds will also be used to purchase schedule holders for Orange County.

	Project Budget	Estimated Expenditures Through June 30, 2012
2009-10 Transit Capital Grant	\$183,00	\$182,675

2009-10 Capital Grant

The project ordinance for the fiscal year 2009-10 Section 5307 capital grant was adopted on June 21, 2010. Funds were requested to continue the on-going lease obligation for a park-ride facility at Carrboro Plaza, to purchase a replacement low-floor demand response vehicle and a replacement support vehicle, purchase and repair bus shelters as needed, and to provide repairs and maintenance at park and ride lots served by the Chapel Hill Transit.

	Project Budget	Estimated Expenditures Through June 30, 2012
2009-10 Transit Capital and Planning Grant	\$167,369	\$161,739

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2009-10 Capital Grant

The project ordinance for the fiscal year 2009-10 Section 5307 technology grant was adopted on October 11, 2010. Funds are being used to purchase a maintenance inventory system for Chapel Hill Transit.

	Project Budget	Estimated Expenditures Through June 30, 2012
2009-10 Transit Capital Grant	\$100,000	\$95,000

2010-11 Capital Grant

The project ordinance for the fiscal year 2010-11 Section 5307 technology grant was adopted on October 10, 2011. Funds are being used for camera installation and re-paving at Town-owned park and ride lots.

	Project Budget	Estimated Expenditures Through June 30, 2012
2010-11 Transit Capital Grant	\$82,243	\$82,243

2010-11 Capital Grant

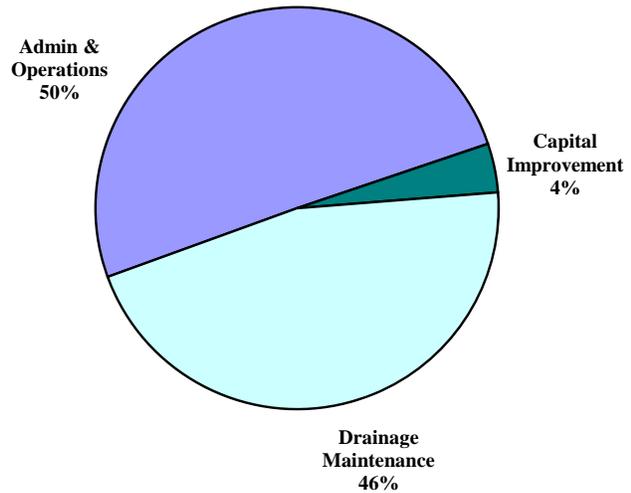
The project ordinance for the fiscal year 2010-11 Section 5307 technology grant was adopted on January 18, 2011. Funds are being used for a bus stop inventory project.

	Project Budget	Estimated Expenditures Through June 30, 2012
2010-11 Transit Capital Grant	\$537,683	\$97,000

STORMWATER MANAGEMENT FUND

The Stormwater Management Fund was established in 2004-05 to protect and restore local streams, reduce flood damage through capital improvements, safeguard Jordan Lake water quality and educate citizens about water quality, flood damage and stream protection.

Stormwater Expenses



Total \$1,909,642

PUBLIC WORKS-STORMWATER MANAGEMENT

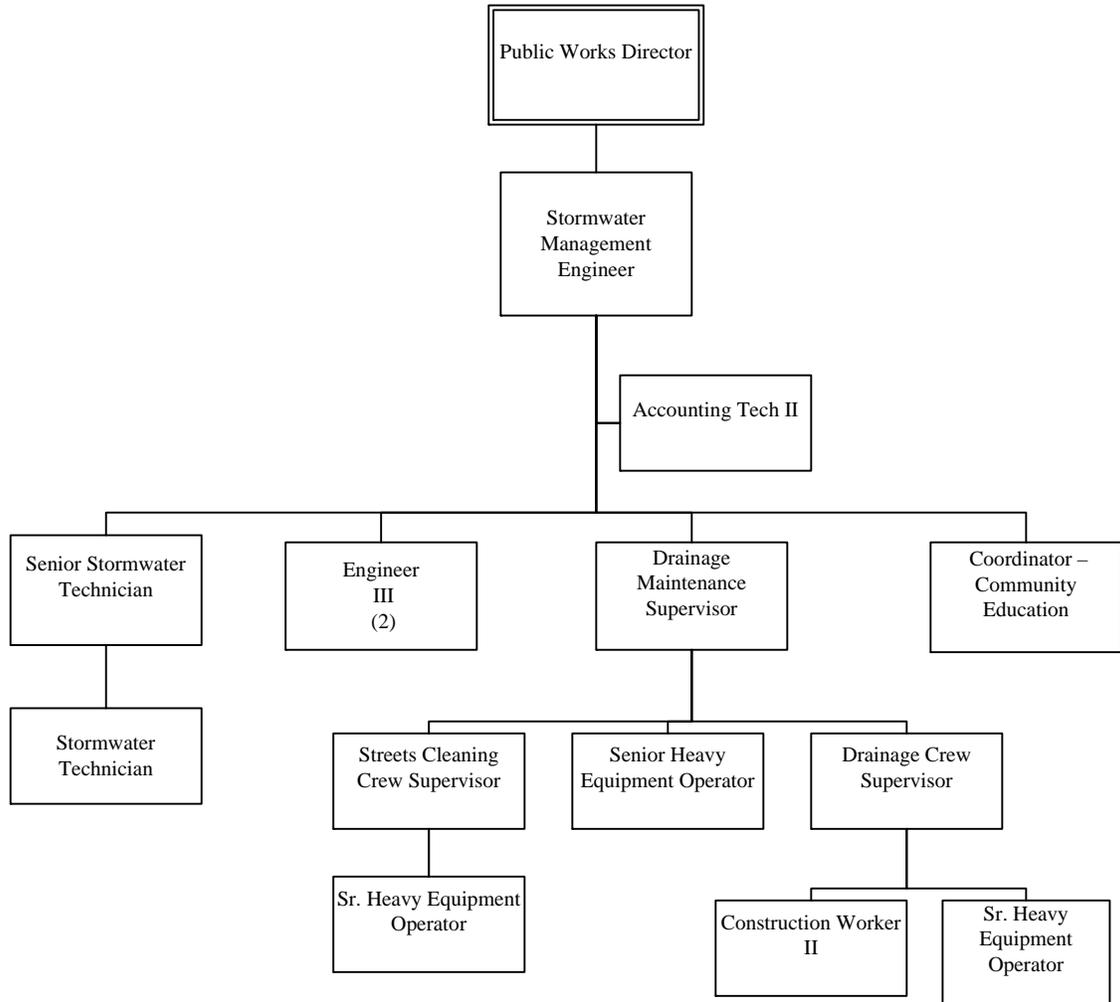
MISSION STATEMENT:

The overall mission of the Stormwater Management Fund is to implement the provisions of the Town's Comprehensive Stormwater Management Program.

As a first step towards Priority-Based Budgeting, the Public Works-Stormwater Management Department identified the following primary programs that are included in the adopted budget for FY13.

Program	Description
Stormwater Regulatory Compliance	Develop, implement, perform, and administer activities and programs to maintain compliance with Town, State and Federal regulatory requirements (LUMO, NPDES, Jordan TMDL, FEMA Floodplain Management, and Hazard Mitigation).
Stormwater Infrastructure	Perform routine maintenance, remedial repairs, and capital improvements to the town-maintained stormwater infrastructure using in-house and contracted resources.
Stormwater Technical Assistance	Provide technical assistance, respond to inquiries, and investigate complaints from residents, Town staff, and the development community.

STORMWATER MANAGEMENT FUND



***STORMWATER MANAGEMENT FUND
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Stormwater			
Engineer (Stormwater)	3.00	3.00	3.00
Engineering Technician	2.00	0.00	0.00
Stormwater Technician	0.00	1.00	1.00
Senior Stormwater Technician	0.00	1.00	1.00
Coordinator - Community Education	1.00	1.00	1.00
Accounting Tech II	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
Drainage			
Supervisor-Drainage Maintenance	1.00	1.00	1.00
Supervisor-Drainage Crew	1.00	1.00	1.00
Supervisor-Streets Cleaning Crew	1.00	1.00	1.00
Senior Heavy Equipment Operator	0.00	3.00	3.00
Heavy Equipment Operator	2.00	0.00	0.00
Construction Worker (Levels I-IV)	2.00	0.00	0.00
Construction Worker II	0.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
 Stormwater Management Fund Totals	 <u>14.00</u>	 <u>14.00</u>	 <u>14.00</u>

Note: The Stormwater Fund also assumes a portion of salaries of the Engineering Office Manager, Surveyor and Engineering Inspector positions.

STORMWATER MANAGEMENT FUND

Major Revenue Sources - Descriptions and Estimates

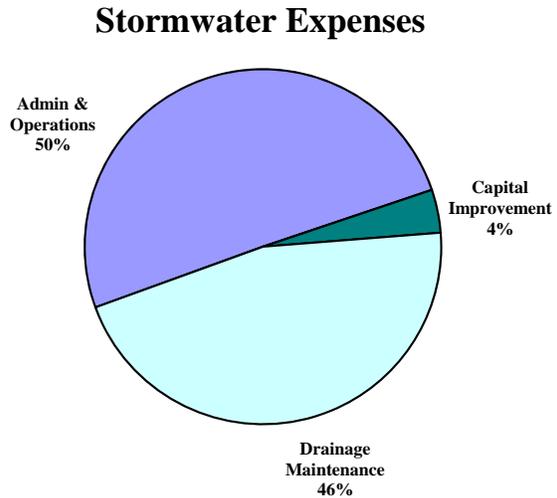
In order to continue to enhance stormwater management services currently provided by the Town, and to implement stormwater management activities necessary to comply with State and federal regulations, the Town established a Stormwater Management Fund in 2004-05. Stormwater management activities are funded by a fee charged to property owners based on the amount of impervious surface area on a property. The fee remains unchanged at the initially established rate of \$39 for each 2,000 square feet of impervious surface, and fees are estimated at \$1,800,000 in 2012-13. With no fee increase, the FY12 budget is balanced with the use of about \$237,000 from fund balance. The 2012-13 adopted budget includes use of about \$110,000 in fund balance.

Major Expenditures and Estimates

The budget for 2012-13 totals \$1,909,642, a reduction of about 0.5% from the 2011-12 budget. This budget level maintains current levels of service and includes operating and maintenance costs of the vacuum truck and operator for storm drain cleaning and repair.

As indicated in the chart at the right, 46% of the 2012-13 budget provides for the Drainage division to conduct stormwater-related drainage and maintenance projects.

The \$75,000 budgeted for capital expenditures is intended to supplement federal grant funds to continue the ongoing Bolin Creek Restoration project.



STORMWATER MANAGEMENT FUND BUDGET SUMMARY

The adopted budget for 2012-13 includes the costs of Stormwater Management and the Drainage Maintenance division, which conducts drainage-related maintenance and repair projects. Personnel expenditures include a 3% employee pay adjustment effective October 2012, a 3% decrease in medical insurance costs and a slight decrease in the state retirement contribution, and changes in individual employee's medical insurance dependent coverage elections, which accounts for the slight decrease in personnel costs over prior year. Operating expenditures increased by 2.7% largely due to increased fuel costs and the tipping fee increase. The budget includes planned capital drainage projects totaling \$75,000. The budget is balanced with the use of about \$110,000 in fund balance.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 997,478	\$ 1,096,180	\$ 1,096,180	\$ 1,074,740	\$ 1,091,620	-0.4%
Operating Costs	674,839	723,786	919,180	860,787	743,022	2.7%
Capital Outlay	-	100,000	105,600	100,000	75,000	-25.0%
Total	\$ 1,672,317	\$ 1,919,966	\$ 2,120,960	\$ 2,035,527	\$ 1,909,642	-0.5%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Stormwater Fees	\$ 1,846,976	\$ 1,750,000	\$ 1,750,000	\$ 1,799,000	\$ 1,800,000	2.9%
Fee Exemption	(5,824)	(5,800)	(5,800)	(4,500)	(5,000)	N/A
Transfer from General Fund	5,824	5,800	5,800	4,500	5,000	-13.8%
Interest Income	2,609	-	-	-	-	N/A
Appropriated Fund Balance	(177,268)	169,966	370,960	236,527	109,642	-35.5%
Total	\$ 1,672,317	\$ 1,919,966	\$ 2,120,960	\$ 2,035,527	\$ 1,909,642	-0.5%

STORMWATER MANAGEMENT TRENDS

COUNCIL SERVICE GOAL: Maintain a safe environment and attractive public facilities.

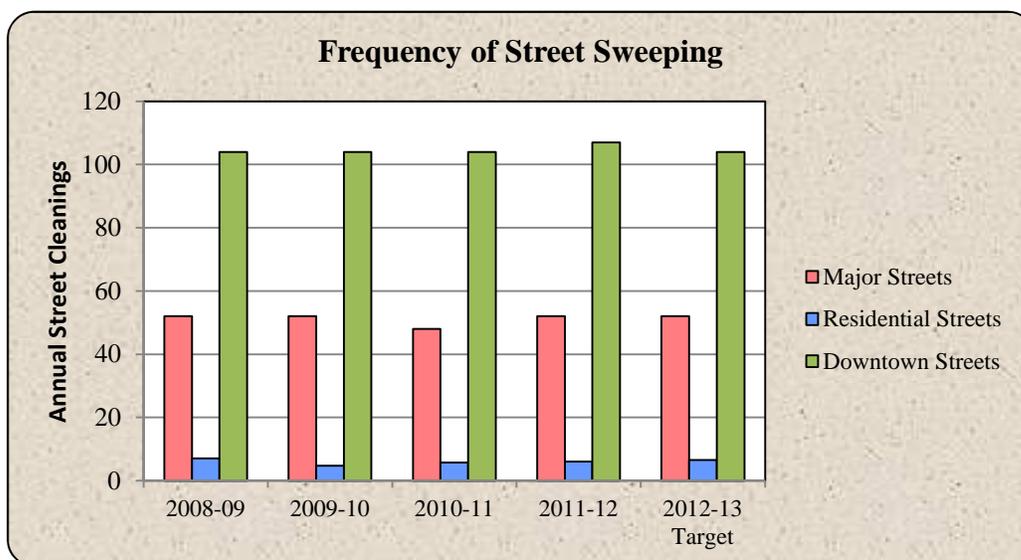
GOAL: To sweep streets downtown twice weekly, major streets weekly, and check and clean residential streets as needed once every six to eight weeks.

While on an average the division is typically able to meet service objectives, on a weekly basis it is difficult to do so due to inclement weather, equipment maintenance, schedule leave or the need to make adjustments to accommodate extra street cleaning for special events during certain weeks of the year.

On a weekly basis, we met or exceeded our target for downtown streets 50 of the 52 weeks or 96% of the time and major streets all 52 weeks or 100% of the time. Residential streets were swept on a 9 week cycle during the fall and winter months (3 months) and the remaining 9 months were swept on a 6 week cycle.

In total, downtown streets were swept 105 times for an average of 2 times per week, major streets were swept 52 times for an average of once per week, and residential streets were swept on an average of once every 6.75 weeks.

Overall the service level is relatively consistent with recent history.



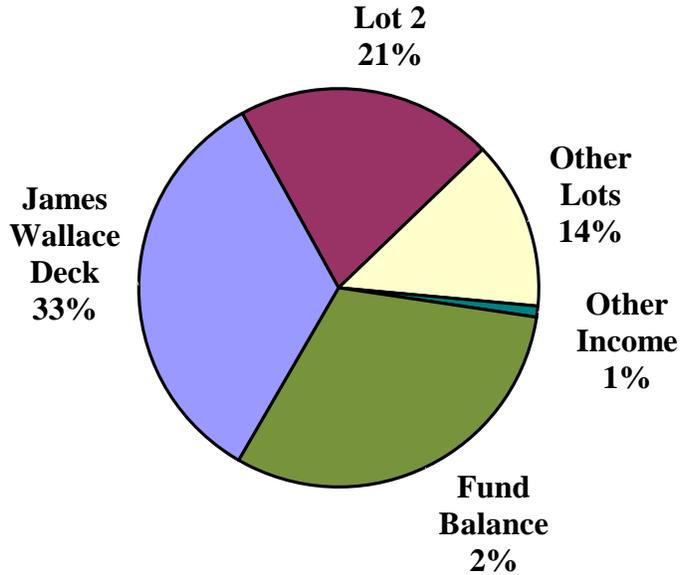
PARKING SERVICES

Parking Services includes operation of two major Off-Street parking lots, all On-Street metered parking and parking enforcement activities.

Off-Street Parking

Off-Street Parking accounts for the operations of the Town's parking facilities at several off-street lots.

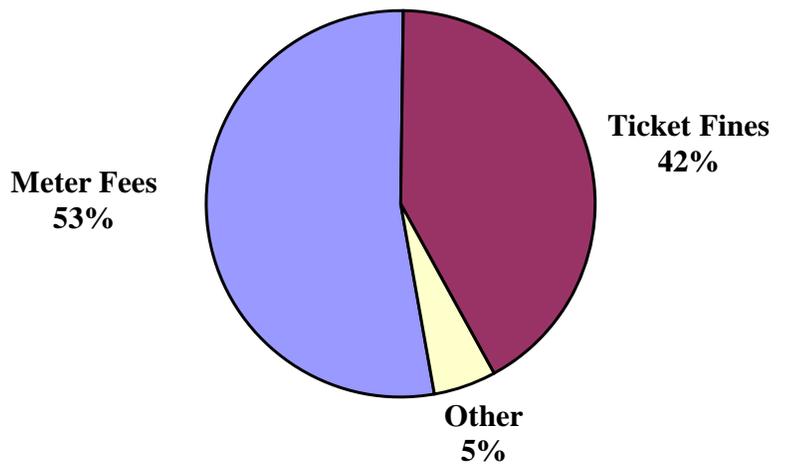
Off-Street Parking Revenues



On-Street Parking

On-Street Parking accounts for meter revenue and parking fines.

On-Street Parking Revenues



PARKING SERVICES

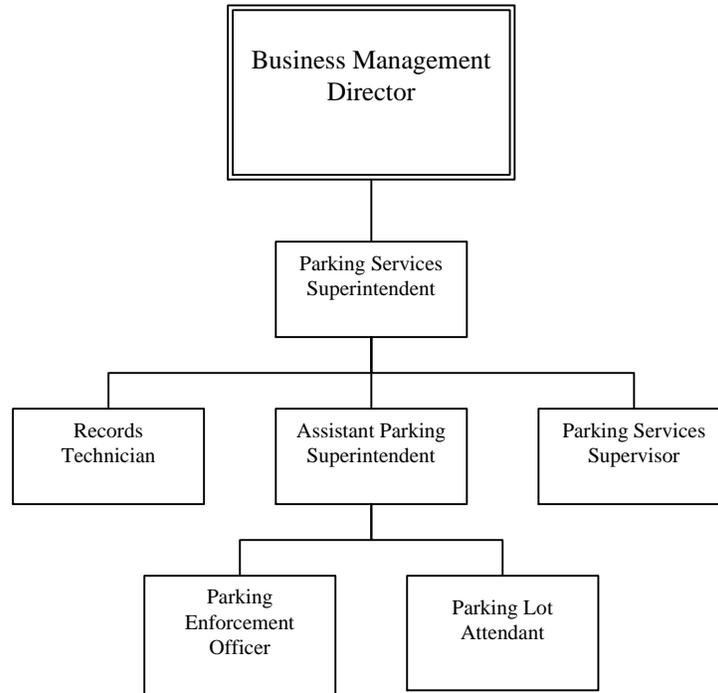
MISSION STATEMENT:

Our primary mission is to provide safe and efficient on-street and off-street parking to Chapel Hill's citizens and visitors in a courteous manner, offer support and promote economic development, and to operate a parking enforcement system in compliance with the parking regulation adopted by the Town Council.

As a first step towards Priority-Based Budgeting, the Parking Services Department identified the following primary programs that are included in the adopted budget for FY13.

Program	Description
On-Street Parking	Maintain on-street parking inventory (210 spaces), parking meters and pay-stations. Collect meter revenue and monitor utilization and meter/pay station maintenance.
Off-Street Parking	Maintain off-street parking inventory (694 spaces) including the Wallace Parking Deck. Manage hourly, monthly and special event parking and revenue control.
Parking Enforcement	Enforce the Town's parking ordinances in the Downtown and permit parking areas. Collect ticket revenue and administer appeal process.
Parking Administration and Parking Permit Programs	Administer the Town's Parking facilities and programs. Issue parking permits, collect misc. revenues and manage the Town's residential Parking Permit Program and the mixed use permit parking programs.

PARKING SERVICES



Note: Parking Services is supervised by the Business Management Director.

PARKING SERVICES
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Superintendent-Parking Services	1.00	1.00	1.00
Assistant Superintendent-Parking Services	1.00	1.00	1.00
Supervisor-Parking Services	1.00	1.00	1.00
Parking Enforcement Officer	3.00	3.00	3.00
Records Technician	1.80	1.80	1.80
Parking Lot Attendant I	4.00	4.00	3.00
Parking Lot Attendant II	1.00	1.00	1.00
	<hr/>		
Parking Fund Totals	12.80	12.80	11.80
	<hr/> <hr/>		

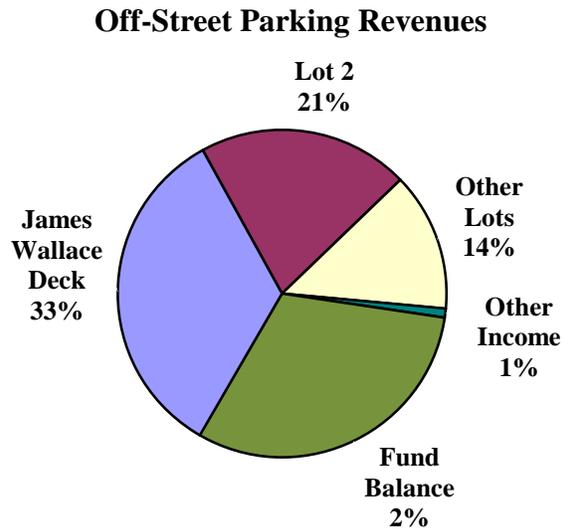
Note: Parking Services is supervised by the Business Management Director

PARKING FUNDS

Major Revenue Sources – Descriptions and Estimates

The Town budgets parking-related revenues in two funds: the Off-Street Parking Fund and the On-Street Parking Fund.

The Off-Street Parking Fund, with an adopted budget of \$2,039,603 for 2012-13, accounts for revenues from the James Wallace Deck and other parking lots in the downtown area. Revenues consist almost exclusively of the fees charged for parking in these lots. About \$687,000, or 33% of total off-street parking revenues, is budgeted from the James Wallace Deck and about \$425,000, or 21%, is budgeted from Lot 2 at the corner of Rosemary and Columbia Streets. Lot 5, which generated about \$285,000 in parking fees in FY10, closed in January 2011. Construction of a mixed use development on the Lot 5 site is currently under way and the Town expects no revenue from that lot in FY13. Replacement parking during the period of construction is in place, and we are reflecting modest increases in other parking due to the closing of Lot 5.



The On-Street Parking Fund, with an adopted budget for 2012-13 of \$760,000, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$403,000 and parking ticket fines about \$318,000 in 2012-13.

Major Expenditures and Estimates

The primary expenditures of the Off-Street Parking Fund include the costs of personnel to manage the lots (approximately \$399,000) and payments for principal and interest on the James Wallace Deck of \$462,065. The budget for FY13 will require a use of fund balance of \$631,323 due to addressing capital needs (\$207,000) including repaving of Lot 2, installation of new gate and ticket dispensing equipment, and a pay-in-lane system as well as the first \$438,000 annual transfer to the Debt Fund to pay for debt service on the underground parking.

The On-Street Parking Fund includes expenditures primarily for the personnel to administer and collect meter revenues and parking tickets, about \$378,000. The budget of \$760,000 includes a 3% employee salary adjustment and a decrease in medical insurance and retirement.

The FY13 Adopted Budget also includes \$176,511 to be transferred to the General Fund.

PARKING SERVICES BUDGET SUMMARY

The Parking Services Fund is comprised of two divisions: On-Street Parking that accounts for meters and enforcement and Off-Street Parking that accounts for the parking deck and lots.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
On-Street Parking	\$ 870,704	\$ 745,750	\$ 784,899	\$ 670,900	\$ 760,500	2.0%
Off-Street Parking	1,584,458	1,358,420	1,602,085	1,593,694	2,039,603	50.1%
Total	\$ 2,455,162	\$ 2,104,170	\$ 2,386,984	\$ 2,264,594	\$ 2,800,103	33.1%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
On-Street Parking	\$ 550,704	\$ 745,750	\$ 784,899	\$ 670,900	\$ 760,500	2.0%
Off-Street Parking	1,904,458	1,358,420	1,602,085	1,593,694	2,039,603	50.1%
Total	\$ 2,455,162	\$ 2,104,170	\$ 2,386,984	\$ 2,264,594	\$ 2,800,103	33.1%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking reflects a slight increase in revenues from parking meter fees due to volume and a 10.6% increase in other revenues due to a new visitor permit fee for residents in established permit zones (\$70). This new fee & revenue increases will yield an additional \$14,750 in revenue.

The budget also includes a 3% employee pay adjustment, a medical insurance decrease of 3%, and slight retirement decrease, and removal of the one-time employee bonus in FY12, the net of which results in a slight decrease in personnel costs. The budget also includes \$176,511 to be transferred to the General Fund.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Enforcement:						
Personnel	\$ 321,656	\$ 330,455	\$ 330,455	\$ 318,868	\$ 329,497	-0.3%
Operations	124,325	144,213	160,718	147,919	141,711	-1.7%
Capital	274,967	-	42,594	42,525	-	N/A
Meters:						
Personnel	18,170	49,767	49,767	49,784	48,942	-1.7%
Operations	13,132	67,396	47,446	61,031	63,839	-5.3%
Transfer to General Fund	118,454	153,919	153,919	50,773	176,511	14.7%
Total	\$ 870,704	\$ 745,750	\$ 784,899	\$ 670,900	\$ 760,500	2.0%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Parking Meter Fees	\$ 316,591	\$ 392,000	\$ 392,000	\$ 395,325	\$ 403,000	2.8%
Parking Ticket Fines/Fees	232,068	318,000	318,000	246,575	318,000	0.0%
Interest Income	222	250	250	250	250	0.0%
Other Income	1,823	35,500	35,500	28,750	39,250	10.6%
Appropriated Fund Balance	320,000	-	39,149	-	-	N/A
Total	\$ 870,704	\$ 745,750	\$ 784,899	\$ 670,900	\$ 760,500	2.0%

OFF-STREET PARKING BUDGET SUMMARY

Off-Street Parking revenues for the adopted 2012-13 budget reflect an increase of about \$77,000 due to the increase in hourly parking rate from \$1 to \$1.25, and due to increased use as patrons discover the replacement parking that is available.

Increases to expenditures for FY13 reflect the cost of renting additional replacement parking spaces (\$46,000), additional marketing (\$10,000) and restoration of evening security (\$13,500), as well as addressing capital needs (\$207,000) including repaving of Lot 2, installation of new gate and ticket dispensing equipment, and a pay-in-lane system. Administrative expenses include the first \$438,000 annual transfer to the Debt Fund to pay for debt service on the underground parking.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
James Wallace Deck	\$ 324,600	\$ 425,088	\$ 448,697	\$ 403,523	\$ 472,658	11.2%
Parking Lots	349,492	431,094	638,404	505,434	594,757	38.0%
Administration	910,366	502,238	514,984	684,737	972,188	93.6%
Total	\$ 1,584,458	\$ 1,358,420	\$ 1,602,085	\$ 1,593,694	\$ 2,039,603	50.1%

REVENUES

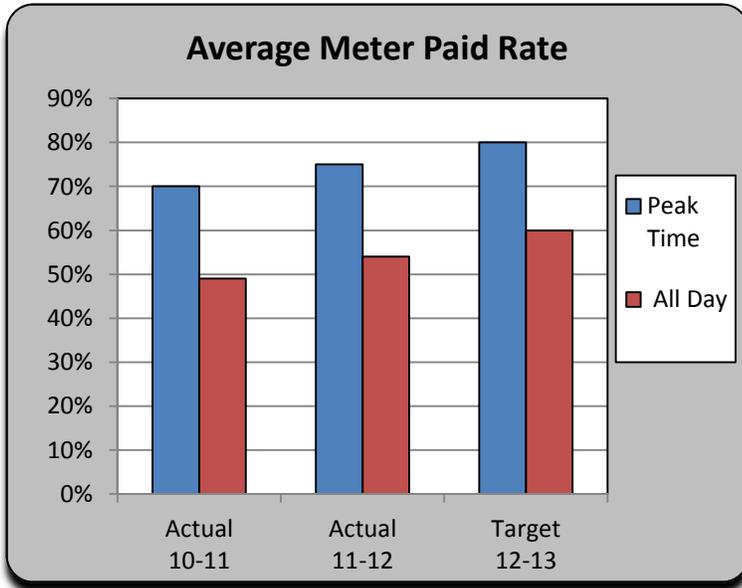
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
James Wallace Deck	\$ 635,156	\$ 666,300	\$ 666,300	\$ 685,300	\$ 686,640	3.1%
Lot 2	418,771	435,000	435,000	410,000	425,000	-2.3%
Lot 3	82,236	80,000	80,000	105,950	109,000	36.3%
Lot 4	8,636	35,000	35,000	21,850	24,000	-31.4%
Lot 5	129,689	-	-	230	-	N/A
Lot 6	8,500	14,280	14,280	12,240	13,240	-7.3%
Graham Street	-	35,000	35,000	1,000	15,000	-57.1%
Craig Lots	34,264	50,000	50,000	72,519	95,400	90.8%
Riddle Lot Revenues	-	-	35,000	29,900	1,000	N/A
Mallette Street	-	-	-	3,000	21,000	N/A
Interest Income	5,943	7,000	7,000	1,700	7,000	0.0%
Miscellaneous Income	9,823	8,500	8,500	14,000	11,000	29.4%
Appropriated Fund Balance	571,440	27,340	236,005	236,005	631,323	2209.2%
Total	\$ 1,904,458	\$ 1,358,420	\$ 1,602,085	\$ 1,593,694	\$ 2,039,603	50.1%

PARKING TRENDS

COUNCIL SERVICE GOAL: Provide fair, effective, efficient, and prompt customer service.

DEPARTMENTAL GOAL : To provide ready access to public parking throughout the downtown area.

OBJECTIVE: To maintain a meter paid rate (i.e., lawful parking) of at least 60%.

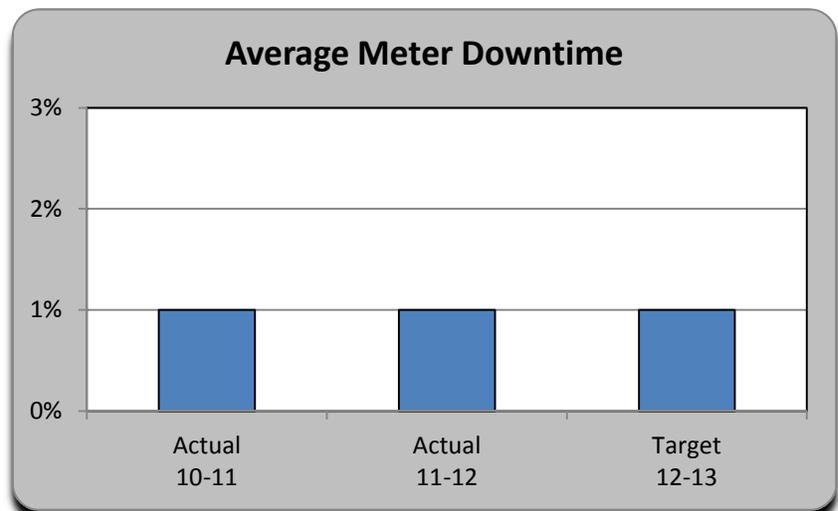


In FY11-12, during the peak hours of 11:00am to 4:00pm, we maintained a average meter paid rate of 75%. We anticipate a continued increase for FY12-13 as patrons continue to become familiar with our new meter system in addition to the launch of pay-by-phone technology which will offer patrons an additional payment means with even greater ease and convenience.

DEPARTMENTAL GOAL : To manage and provide maintenance and repair of all municipally metered on-street and off-street parking facilities.

OBJECTIVE: To maintain an average meter downtime rate of 1% or less.

In FY 11-12, we managed to meet our goal of a 1% or less meter down time rate consistently. Our goal for FY12-13 is to not only maintain this standard, but to surpass it through utilization of the enhanced features available within our new meter system.

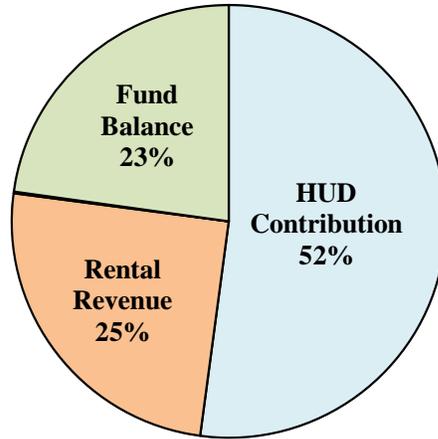


PUBLIC HOUSING FUND

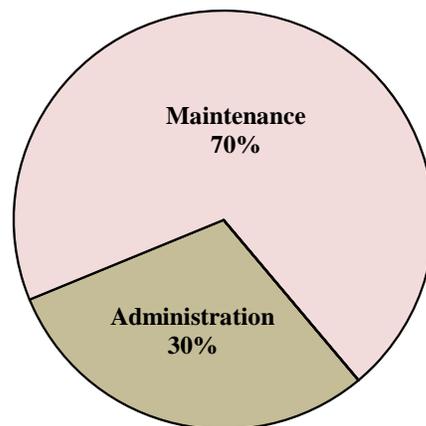
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

Since those with fewer than 400 units have been exempt each year from HUD's new funding model (AMPs) since 2007-08, we are returning to a simpler budget presentation comprised of Administrative and Maintenance divisions.

Housing Revenues



Housing Expenses



HOUSING DEPARTMENT

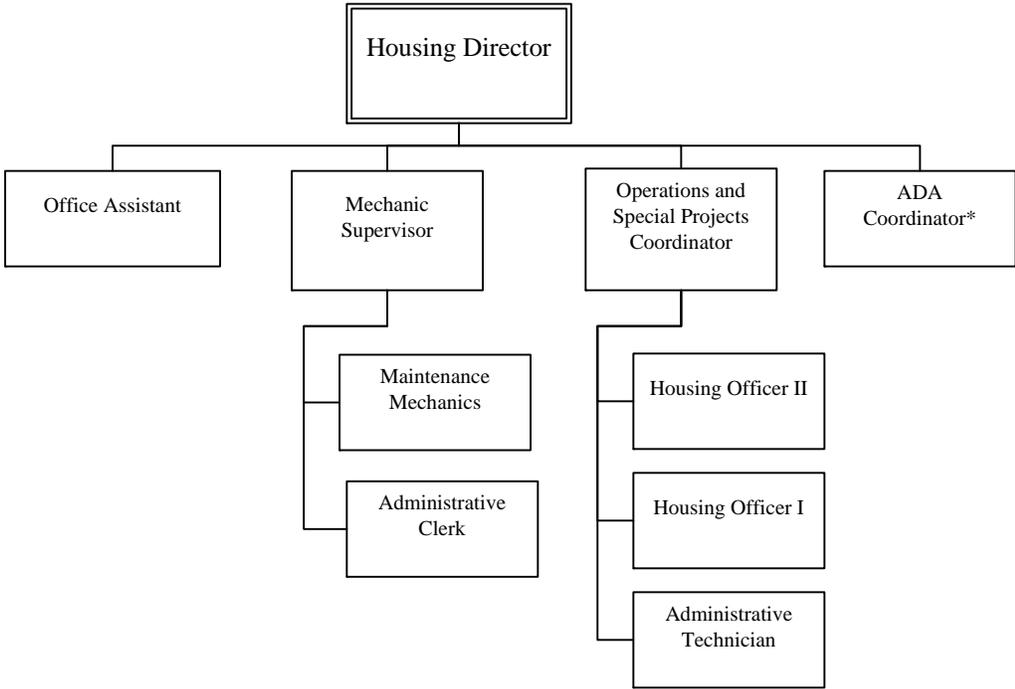
MISSION STATEMENT:

The mission of the Housing Department is to provide decent, safe and well maintained affordable rental housing for Chapel Hill's 336 public housing families. Our mission is also to provide programs and services to help public housing families improve basic life skills and achieve economic independence.

As a first step towards Priority-Based Budgeting, the Housing Department identified the following primary programs that are included in the adopted budget for FY13.

Program	Description
Rental Housing for Low-Income Families	Manage the 336 public housing units (13 locations) overseen by the Housing Department. Monitor resident eligibility and administer rental assistance programs. Calculate and collect rental payments and manage the waiting list of those requesting residency.
Maintenance Services	Respond to requests for repair of rental units, appliances and fixtures. Respond to emergency repair requests on a 24 hour 7 day per week basis. Manage comprehensive modernization program that retrofits units on a rotating basis, including upgrading electrical systems, replacing doors and windows, installing central a/c and upgrading appliances.
Resident Services	Refer residents to outside agencies for job training or budgeting assistance when residents have difficulty paying rent. Refer residents to outside agencies in order to deal with social issues such as alcohol and drug dependency.

HOUSING



*ADA Coordinator position is grant-funded.

PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Operations and Special Projects Coordinator	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00
Administrative Technician	0.00	0.00	1.00
ADA/Section 504 Coordinator ¹	1.00	1.00	0.00
Division Totals	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
Maintenance			
Maintenance Services Manager	1.00	1.00	0.00
Mechanic Supervisor	0.00	0.00	1.00
Maintenance Mechanic (Repair Worker, I, II, III)	9.00	9.00	8.00
Administrative Clerk	1.00	1.00	1.00
Division Totals	<u>11.00</u>	<u>11.00</u>	<u>10.00</u>
Resident Services			
Housing Officer II	1.00	1.00	1.00
Housing Officer I	1.00	1.00	1.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Housing Department Totals	<u><u>17.00</u></u>	<u><u>17.00</u></u>	<u><u>16.00</u></u>

¹ Grant-funded position.

PUBLIC HOUSING FUND

Major Revenue Sources - Descriptions and Estimates

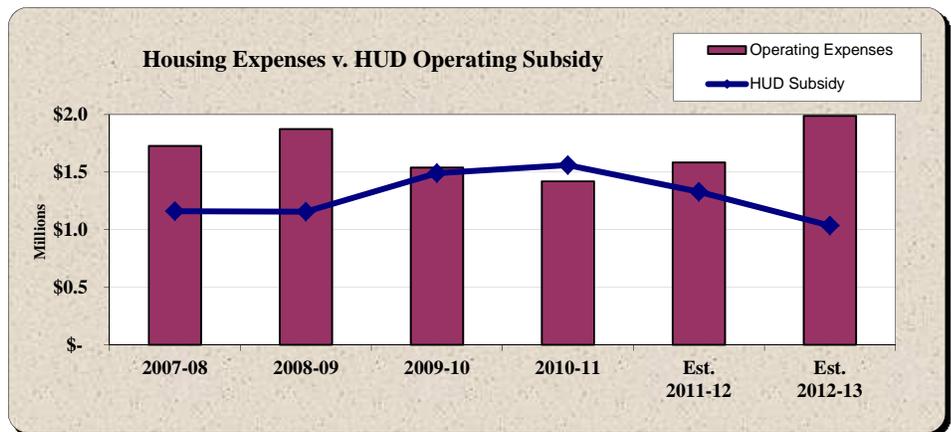
The Town’s Public Housing program provides for the administration and operation of the Town’s 336 public housing units, and is funded primarily through federal grants and rents paid by residents.

In 1987, the Chapel Hill Public Housing Authority was abolished by the Chapel Hill Town Council. Since then, the Town’s public housing program has been operated as a Town Department administered by Town staff and a Public Housing Director.

Primary revenue sources include dwelling rents paid by residents and operating grants from the Department of Housing and Urban Development (HUD). In the fall of 2005, HUD adopted a “new Operating Fund final rule” which prescribed a phased series of changes to public housing management and reporting requirements. As a first step of implementation, HUD determined to begin budgeting on a calendar year basis. Difficulty with the new online reporting model delayed funding determination, and HUD has been funding housing agencies for a few months at a time since 2008.

Smaller housing agencies have been allowed to opt out of Asset Management since 2008. HUD has continued to provide the exception to smaller units, one a year at a time. We believe that “opting out” will continue permanently, and so have prepared the budget for FY12 and FY13 under a simpler budget model that more closely reflects the way we are reporting to HUD, eliminating the necessity of separating expenditures into AMPs or Asset Management Projects.

HUD has provided funding estimates for calendar year 2012 but we have no information about calendar 2013. Based on interim allocations, our estimate of HUD’s subsidy for 2011-12 is \$1,328,974, about a 15% decrease from the FY11 subsidy of \$1,559,586. With



HUD’s reduced funding for calendar year 2013, we are estimating \$1,035,588 in subsidy, a reduction of 21.8% over the amount budgeted for FY12.

The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$496,000, an increase over current year estimates with the completion of a renovation project.

Major Expenditures and Estimates

Major expenditure categories include about \$992,000 for salaries and benefits, \$172,000 for utilities, \$76,000 for liability and flood insurance and about \$548,000 for maintenance of the units.

The personnel costs include a 3% increase in employee pay effective October 2012, netted with a 3% reduction in medical insurance costs and a slight decrease in the Town's required retirement contribution for employees. Changes in personnel include the addition of an administrative assistance and reclassifying a Maintenance Services Manager position. About \$76,000 of personnel costs are budgeted to be paid through Housing Capital and Community Development Block Grants, both subject to federal grant awards that are pending.

Maintenance costs for FY13 include \$138,000 for contracted landscaping services, previously provided by the landscaping division of Parks and Recreation, and \$98,000 in one-time costs to connect public housing apartments to the Town's fiber network to provide highspeed internet service to public housing tenants.

	2011-12 Original Budget	2012-13 Adopted Budget	% Change from 2011-12
Salary and Benefits - Administration	\$ 337,744	\$ 439,250	30.05%
Salary and Benefits - Maintenance	627,978	552,887	-11.96%
Maintenance Costs	352,592	548,401	55.53%
Utilities	156,570	172,300	10.05%
Liability and Flood Insurance	75,625	76,500	1.16%
Capital Expense	-	79,200	N/A
Other Expenses	172,261	118,865	-31.00%
Total Budget	\$ 1,722,770	\$ 1,987,403	15.36%

PUBLIC HOUSING BUDGET SUMMARY

The Town's 336 public housing units are funded primarily through federal grants from the U.S. Department of Housing and Urban Development and rents paid by residents. HUD's funding formula changed to implement Asset Based Budgeting in 2007-08, but each year, HUD has waived many Asset-based requirements for housing authorities of our size. We believe it is likely the waiver will be made permanent, so the budget for 2011-12 retains the simpler model re-adopted last year that includes an Administrative Division and a Maintenance Division.

The budget for FY13 reflects the reduction in HUD subsidy anticipated for calendar year 2012. As yet, there has been no indication of HUD's funding for calendar year 2013. Rental revenue reflects an increase with the anticipated reopening of apartments that were closed for renovation.

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Revenue Summary						
HUD Contributions	\$ 1,559,586	\$ 1,323,490	\$ 1,323,490	\$ 1,328,974	\$ 1,035,588	-21.8%
Rental Revenue	506,981	395,130	395,130	545,939	496,160	25.6%
Other Revenues	27,366	250	42,735	42,735	250	0.0%
Interest Income	4,363	3,900	3,900	2,237	2,200	-43.6%
Approp. Fund Balance	-	-	6,931	-	453,205	N/A
Total Revenues	\$ 2,098,296	\$ 1,722,770	\$ 1,772,186	\$ 1,919,885	\$ 1,987,403	15.4%

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 777,506	\$ 965,722	\$ 965,722	\$ 867,417	\$ 992,137	2.7%
Operating	642,094	757,048	806,464	715,790	995,266	31.5%
Contribution to Reserves	678,696	-	-	336,678	-	N/A
Total	\$ 2,098,296	\$ 1,722,770	\$ 1,772,186	\$ 1,919,885	\$ 1,987,403	15.4%

PUBLIC HOUSING DIVISION BUDGETS

The Town's 336 public housing units are funded primarily through federal grants from the U.S. Department of Housing and Urban Development and rents paid by residents. HUD's funding formula changed to implement Asset Based Budgeting in 2007-08, but each year, HUD has waived many Asset-based requirements for housing authorities of our size. It appears likely the waiver will be made permanent, so the budget presentation for 2012-13 remains with the simpler model of an Administrative Division and a Maintenance Division.

Revenues anticipated for the 2012-13 fiscal year reflect HUD's calendar year 2012 reduction in grants to agencies with reserves or fund balance. The Adopted Budget proposes the use of about \$453,000 in fund balance to compensate for the reduction in federal funding.

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
AMP 1						
HUD Contributions	\$ 690,055	\$ 607,000	\$ 607,000	\$ 674,707	\$ 501,462	-17.4%
Rental Revenue	263,640	231,500	231,500	258,870	237,500	2.6%
Other Revenues	175	125	125	125	125	0.0%
Total AMP 1	\$ 953,870	\$ 838,625	\$ 838,625	\$ 933,702	\$ 739,087	-11.9%
AMP 2						
HUD Contributions	\$ 869,531	\$ 716,490	\$ 716,490	\$ 654,267	\$ 534,126	-25.5%
Rental Revenue	243,341	163,630	163,630	287,069	258,660	58.1%
Other Revenues	150	125	125	125	125	0.0%
Total AMP 2	\$ 1,113,022	\$ 880,245	\$ 880,245	\$ 941,461	\$ 792,911	-9.9%
Central Office Cost Center						
Interest Income	\$ 4,363	\$ 3,900	\$ 3,900	\$ 2,237	\$ 2,200	-43.6%
Other Revenues	27,041	-	42,485	42,485	-	N/A
Approp. Fund Balance	-	-	6,931	-	453,205	N/A
Total Central Office	\$ 31,404	\$ 3,900	\$ 53,316	\$ 44,722	\$ 455,405	11577.1%
Total Revenues	\$ 2,098,296	\$ 1,722,770	\$ 1,772,186	\$ 1,919,885	\$ 1,987,403	15.4%

PUBLIC HOUSING DIVISION BUDGETS

The budget for FY13 includes employee pay increase of 3% effective in October and the transfer of a maintenance position to Administration, along with the creation of a new administrative position. The recommended operating budget includes an addition of \$138,000 for contracted landscaping services, previously provided by the Town's Landscaping division of Parks and Recreation and one-time costs of \$108,000 for providing access to the Municipal Fiber project to public housing residents.

Revenues are expected to exceed expenditures by \$336,678 in the current year FY12, with the difference shown as "contribution to reserves" below in order to present a balanced budget. These reserves will in large part provide for the use of fund balance in FY13.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
AMP 1						
Personnel	\$ 195,252	\$ -	\$ -	\$ -	\$ -	N/A
Operating	275,734	-	-	-	-	N/A
Total	\$ 470,986	\$ -	\$ -	\$ -	\$ -	N/A
AMP 2						
Personnel	\$ 338,478	\$ -	\$ -	\$ -	\$ -	N/A
Operating	293,335	-	-	-	-	N/A
Total	\$ 631,813	\$ -	\$ -	\$ -	\$ -	N/A
Central Maintenance						
Personnel	\$ -	\$ 627,978	\$ 627,978	\$ 521,974	\$ 552,887	-12.0%
Operating	-	558,517	606,042	582,808	840,401	50.5%
Total	\$ -	\$ 1,186,495	\$ 1,234,020	\$ 1,104,782	\$ 1,393,288	17.4%
Central Office Cost Center						
Personnel	\$ 243,776	\$ 337,744	\$ 337,744	\$ 345,443	\$ 439,250	30.1%
Operating	73,025	198,531	200,422	132,982	154,865	-22.0%
Contribution to Reserves	678,696	-	-	336,678	-	N/A
Total	\$ 995,497	\$ 536,275	\$ 538,166	\$ 815,103	\$ 594,115	10.8%
Total Expenses	\$ 2,098,296	\$ 1,722,770	\$ 1,772,186	\$ 1,919,885	\$ 1,987,403	15.4%

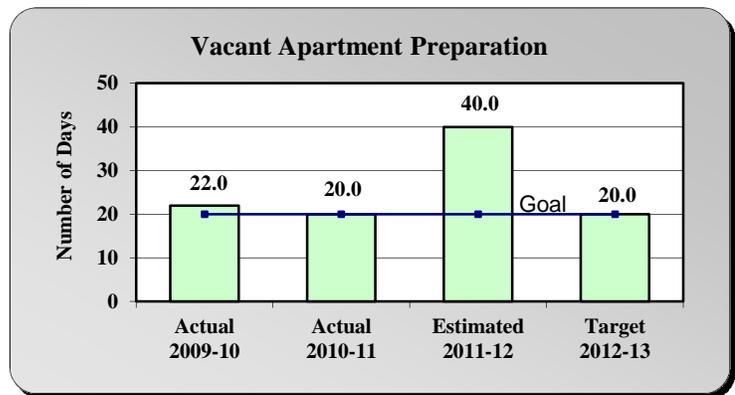
HOUSING TRENDS

COUNCIL SERVICE GOALS: Offer secure, reliable and affordable services. Maintain safe and attractive public facilities.

GOAL : Maximize livable housing stock.

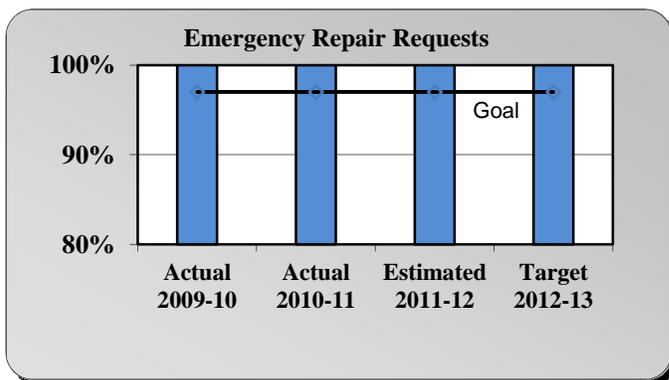
OBJECTIVE : Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2011-12, the Housing Department did not achieve this goal. Sixty-three units were vacant. It took an average of 40 days to prepare units for occupancy.



GOAL : Maximize livable housing stock.

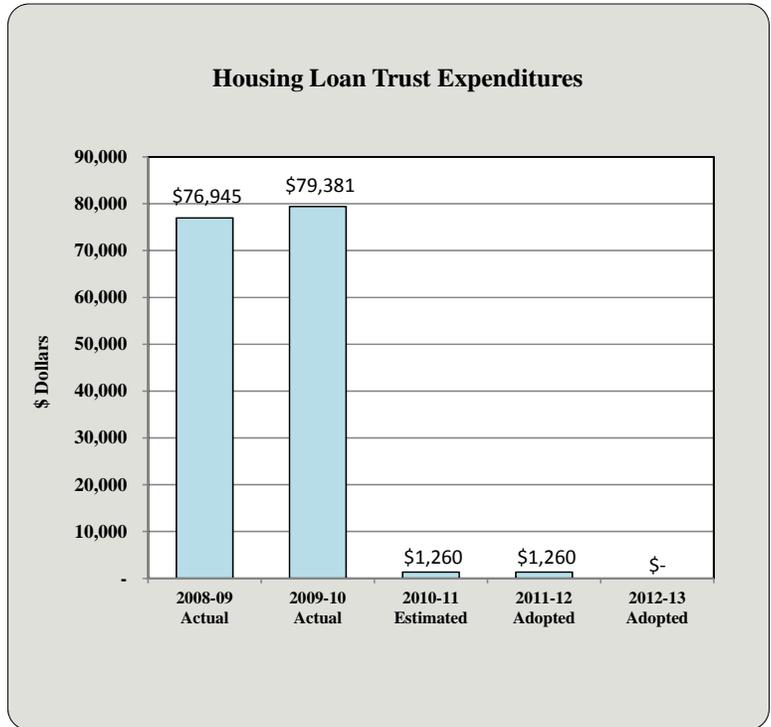
OBJECTIVE : Complete or abate 97% of emergency repairs within 24 hours.



In fiscal year 2011-2012, the Housing Department completed or abated 100% of its 207 emergency repairs within 24 hours, following standards set forth by the U.S. Department of Housing and Urban Development.

HOUSING LOAN TRUST FUND

The Housing Loan Trust Fund accounts for the Town's loan programs for the purchase and renovation of homes for lower income families.



HOUSING LOAN TRUST FUND BUDGET SUMMARY

The Housing Loan Trust Fund budget for 2011-12 was set to exhaust the remaining funds available for mortgage assistance programs and the Town's share of matching funds for the HOME program administered by Orange County. The fund will be closed in FY12 and the Town's affording housing budget will be concentrated in the Affordable Housing Fund in future.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Other Expenses	\$ -	\$ 1,260	\$ 1,260	\$ 1,260	\$ -	-100.0%
Grants/Deferred Loans	-	-	-	-	-	N/A
Contributions to Agencies: HOME Program Match	-	-	-	-	-	N/A
Total	\$ -	\$ 1,260	\$ 1,260	\$ 1,260	\$ -	-100.0%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Interest Income	\$ 10	\$ -	\$ -	\$ -	\$ -	N/A
Appropriated Fund Balance	(10)	1,260	960	1,260	-	-100.0%
Total	\$ -	\$ 1,260	\$ 960	\$ 1,260	\$ -	-100.0%

COMMUNITY DEVELOPMENT PROJECT ORDINANCES
U.S. Department of Housing and Urban Development
Community Development Program
Summary of Activities

The Town became an "entitlement" Community Development city in 1984, which means that the Town is entitled to receive Community Development grant funds annually upon submission of a final statement. Community Development grants awarded by Housing and Urban Development are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as the grant awards are received.

The 2007 project ordinance budgets a \$596,282 grant for rehabilitation of public housing, homeownership assistance, a comprehensive housing rehabilitation program for the Northside and Pine Knolls neighborhoods, neighborhood revitalization activities, and community services.

The 2008 project ordinance budgets a \$574,804 grant for rehabilitation of public housing, homeownership assistance, neighborhood revitalization activities, rehabilitation of rental units for individuals with disabilities and at risk of homelessness, and community services.

The 2009 project ordinance budgets a \$584,379 grant and \$7,338 of program income for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, infrastructure development, homeownership assistance and community services.

The project ordinance for the 2009 American Reinvestment Recovery Act grant of \$156,110 budgets funds for public housing renovations and infrastructure development at Habitat for Humanity's Phoenix Place subdivision.

The 2010 project ordinance budgets a \$633,405 grant and \$7,338 of program income for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, rehabilitation of affordable rental properties, rehabilitation of a public facility, homeownership assistance and community services.

The 2011 project ordinance budgets a \$529,660 grant, and \$18,410 of program income and residual funds for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, homeownership assistance, neighborhood revitalization and community services.

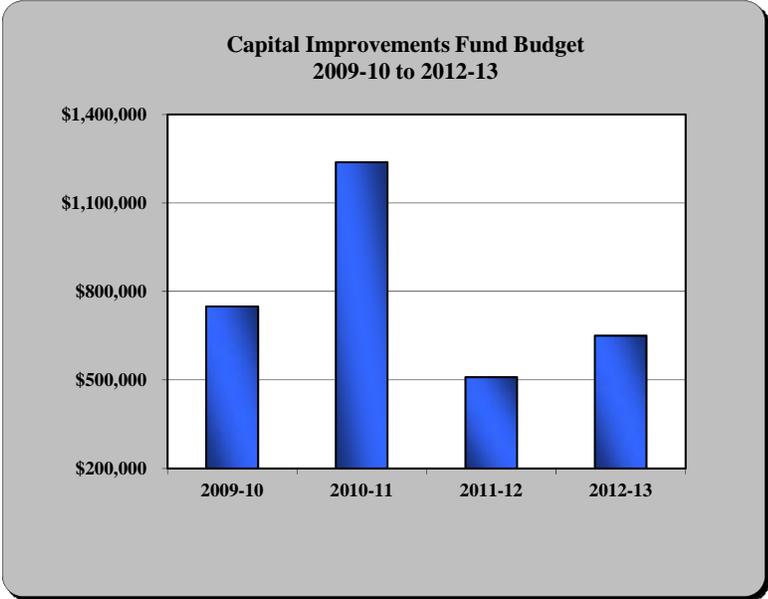
CAPITAL PROGRAM

The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The program identifies capital needs, establishes priorities and identifies potential funding sources.

Key sources for development of the Capital Program include the Facility Condition Assessment completed in 2000, special studies, the Comprehensive Plan, and requests from the Council, citizens and Town staff.

The Capital Program includes projects financed with bond funds, grants or other sources. The Capital Improvements Fund and Capital Reserve Fund are generally funded by annual transfers from the Town's General Fund.

Expenditures in the Capital Improvements and Reserve Funds for 2012-13 are part of the 2012-13 annual budget. All other years are projected expenditures. Proposed funding levels will change in future years as capital programs are refined and the official Town budget is adopted for a given fiscal year.



CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Capital Improvements Program

The Capital Improvements Program is a 15-year plan to fund capital projects that are selected based on a set of priorities and anticipated availability of funding. The program emphasizes projects at Town facilities, with the goal of addressing capital-related problems as they arise in order to avoid more costly repairs in the future.

2003 Bonds

In November 2003, voters approved \$29.36 million in bonds. The bond projects are assigned to five individual categories as follows:

- *Sidewalk and Streets* (\$5.6 million):
 - \$2.6 million for construction of sidewalks on the Town's Sidewalk Priority List and for meeting the local match requirement for programmed State improvements
 - \$350,000 for improvements at pedestrian crossings
 - \$650,000 for neighborhood traffic calming and pedestrian and bicycle safety improvements such as speed humps and raised crosswalks and improved pedestrian and bicycle signage
 - \$2 million for downtown streetscape improvements consistent with the Downtown Streetscape Master Plan adopted by the Town Council in 1993
- *Library Facilities* (\$16.26 million): For expansion of the Town Library on Library Drive
- *Parks and Recreational Facilities* (\$5 million): For greenway construction projects
- *Open Space and Areas* (\$2 million): For open space purchases
- *Energy Efficiency Projects* (\$500,000): For energy efficiency improvements at public buildings and other Town facilities

Two-Thirds Bonds

By NC General Statutes, the Town is able to issue two-thirds bonds without a referendum in an amount equivalent to two-thirds of the principal amount of debt retired in the prior fiscal year. The Town intends to issue \$1.7 million in two-thirds bonds in June 2012.

Stormwater Management Funds

Stormwater Management fees provide funding for the Town's Stormwater Management Department, including capital projects.

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Parking Funds

Fees collected from Town-operated on-street and off-street parking areas provide funding for the Parking Services Department, including capital projects.

Other Sources

- *Community Development Block Grant (CDBG)*: The Town receives annual federal grants from the U. S. Department of Housing and Urban Development (HUD). The Council approves a general 5-year spending plan to benefit lower-income neighborhoods, and adopts an annual budget for these funds by a capital projects ordinance.
- *Housing Capital Grant*: In fiscal year 1993-94, the Town began receiving an annual entitlement for public housing renovations from the U. S. Department of Housing and Urban Development (HUD).
- *N.C. Department of Transportation (NCDOT)*: For most public transit projects, the Federal Transit Administration provides 80% funding and the NCDOT provides an additional 10% match. For the State's thoroughfare, bikeways and pedestrian programs, the NCDOT funds projects selected from an annual Transportation Improvements Program in which local governments request that the State fund these types of projects in their community. Local requests are considered in a State-wide priority list. Projects are implemented by the NCDOT.
- *Surface Transportation Program (STP)*: The Surface Transportation Program provides flexible funding for projects on Federal-aid highways, including shared use paths and related facilities that may have recreational use, bridge projects on public roads, transit capital projects, and intracity and intercity bus terminals and facilities.
- *American Recovery and Reinvestment Act (ARRA) of 2009*: The American Recovery and Reinvestment Act of 2009 is an economic stimulus package that allocates special Capital grants. The Town received funding for fiscal year 2009-10 for repairing and modernizing public housing, increasing energy efficiency, and for building streets, sidewalks, and greenways.
- *Gifts*: Occasionally, citizens of Chapel Hill will provide the Town with contributions to be used toward a project for which the citizen holds a special interest.

CAPITAL PROGRAM – KEY PROJECTS

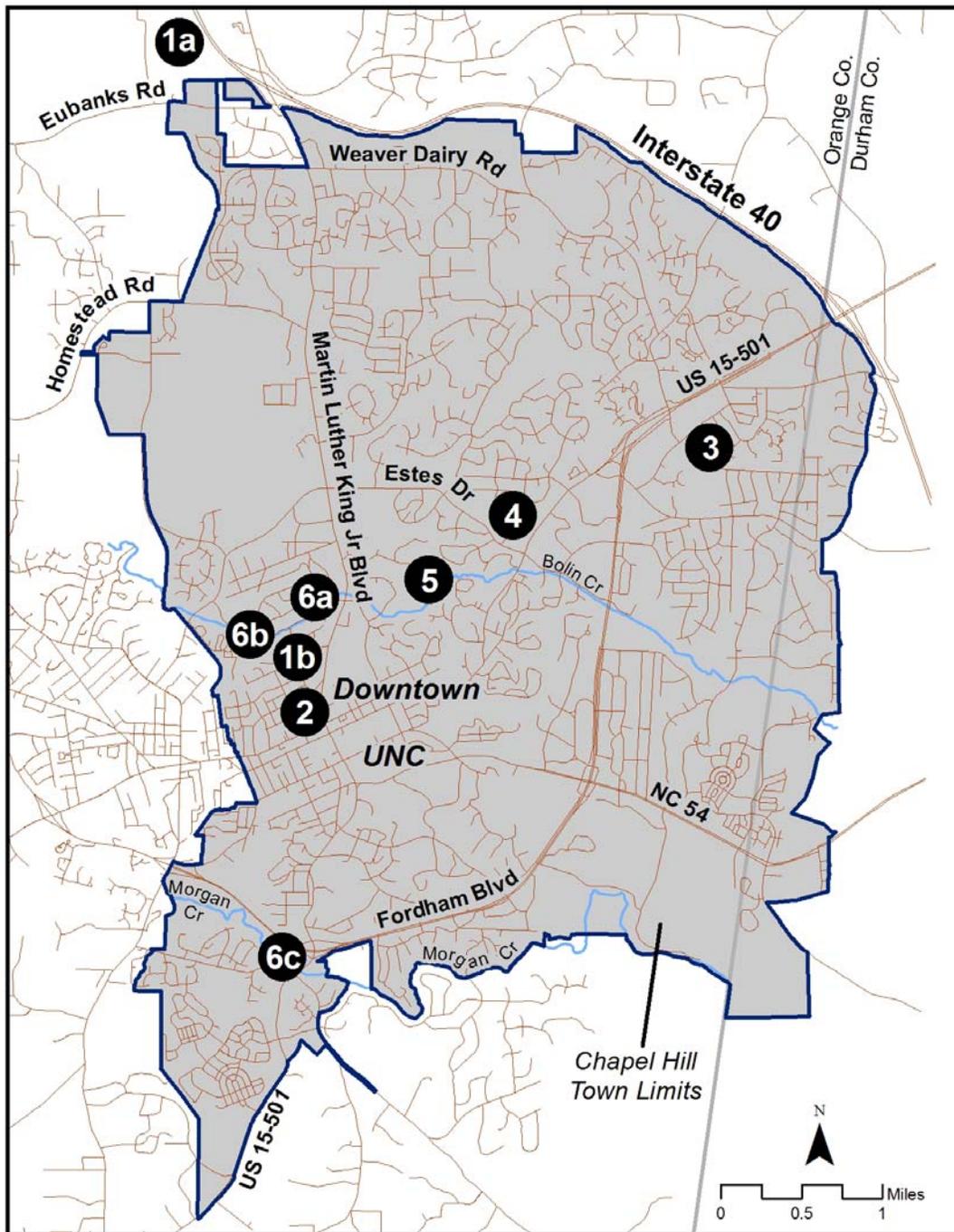
This section highlights key projects included in the 2012-27 Capital Program. The map on the following page shows project locations.

Major projects in the Program anticipated to take place over the next five years include installation of a municipal fiber optic cable network, Morgan Creek Trail expansion, Bolin Creek Trail expansion and replacement of playground equipment at Umstead Park. Other capital projects include the expansion of the Public Library, construction of sidewalk and bicycle facilities, construction of new greenways and cemetery beautification.

The Capital Program also emphasizes maintenance and renovation projects at Town facilities and Town-owned facilities leased by others, with the goal of addressing problems as they arise in order to avoid more costly repairs in the future.

The Town has negotiated an agreement with RAM Development Corporation for the construction of a mixed use development on the Town's Lot 5 property. The project will include a level of public parking in an underground parking deck and a public plaza adjoining the development. Construction began in 2010.

CAPITAL PROGRAM – KEY PROJECTS



Location of Key Capital Projects

KEY

1a. Town Operations Center (Fiber optic hub); 1b. Town Hall (Fiber optic hub); 2. Parking Lot 5; 3. Colony Woods. Public Housing; 4. Library expansion; 5. Bolin Creek Watershed Improvements; 6a. Bolin Creek Trail; 6b. Umstead Park; 6c. Morgan Creek Trail

CAPITAL PROGRAM – KEY PROJECTS

1. Municipal Fiber Project

The Town of Chapel Hill Municipal Fiber Project will install fiber optic communications cable linking Town administrative, service and recreation facilities. The project will provide high speed data communications to facilitate voice, data and video services for Town facilities. The work is being undertaken in conjunction with a North Carolina Department of Transportation project to upgrade traffic signals throughout Chapel Hill and Carrboro.

The Town municipal fiber will provide reliable site-to-site communication services for both emergency and day-to-day activities. The project is expected to be completed in 2012.

2. Downtown Economic Development Initiative

The Town Council has selected Ram Development Company of Florida to develop Town Parking Lot 5. The mixed-use project will include the construction of residential condominiums, retail space, public space and underground parking at Lot 5. The design and permitting process is completed and construction began in 2010.

3. Public Housing

The FY13 CIP includes funding for needed repairs to public housing apartments, facilities and sites. The renovation work will be comprehensive and provide upgrades to all building components and systems throughout the apartments. These improvements to the public housing apartments will provide safe and sanitary living conditions to the lower-income citizens of Chapel Hill.

4. Library Building Expansion

In November 2003, voters approved a \$16.23 million bond for improvements to the Chapel Hill Public Library. In June of 2004, the Town Council appointed a 15 member Library Building Committee to select an architect for a facility expansion project, and work with the architect through the schematic design process. In October of 2006 the Town executed a contract with Corley, Redfoot, Zack Inc., working with Robert A. M. Stern Architects, to prepare plans for the Library expansion project.

During the winter and spring of 2007, the design consultants worked with Town staff and developed design options for consideration by the Library Building Committee. The process involved a number of meetings with the Library Building Committee resulting in a Conceptual Plan that was approved by the Committee on June 14, 2007.

On July 20, 2007, the Town Manager executed a contract with Clancy & Theys Construction Company to provide construction management services for the Library expansion project. Consistent with the Council's February 13, 2006 authorization this

CAPITAL PROGRAM – KEY PROJECTS

agreement permits the selected firm to proceed with the project as a Construction Manager at Risk pending agreement on a “guaranteed maximum price” at the time construction documents are complete.

Acting in its role as owner, the Town Council approved the Schematic Design proposal and authorized the Town’s consultants to proceed with Design Development drawings. On January 14, 2008, the Town Council approved the Special Use Permit Modification plans. Construction began in FY 2011-12.

5. Bolin Creek Watershed Improvements

The Bolin Creek Watershed project includes stream channel and infrastructure improvements, stream restoration, and infrastructure repair/retrofit along Bolin Creek. This project will mitigate flooding/drainage problems as well as improve water quality conditions.

6. Parks & Recreation Projects

Morgan Creek Trail (Phase 2): The Morgan Creek Trail (Phase 2) project will connect the existing Morgan Creek and Fan Branch Trails. The new segment will be approximately 1/3 mile long and will include two bridges and a tunnel under Culbreth Road. The project will provide direct trail connections to Merritt’s Pasture, Southern Village, Culbreth Road, and Southern Community Park. Construction should start in calendar year 2012.

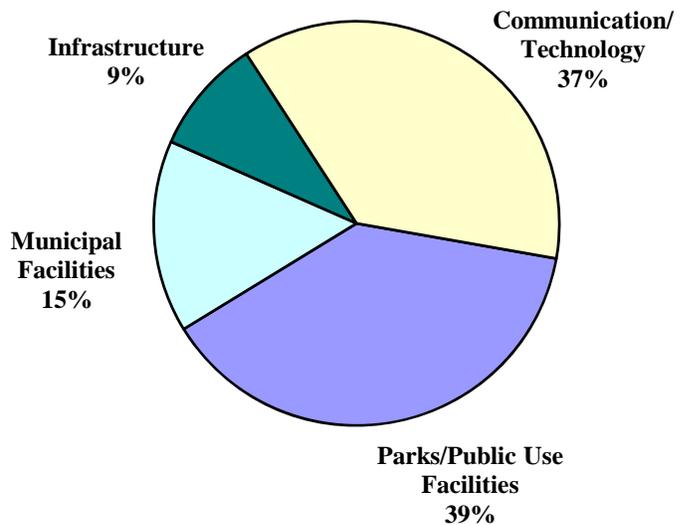
Bolin Creek Trail (Phase 3): The Bolin Creek Trail (Phase 3) project includes an extension of the existing Bolin Creek Trail about .5 miles west along Bolin Creek to Umstead Park. The project will involve underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction should start in calendar year 2012.

In FY10, the Town began a four year process of replacing playground equipment in at least four Town parks there were in need of replacement due to aging and in order to comply with Americans with Disabilities Act and Consumer Product Safety Commission guidelines. The Town is now in year 4 of this four year process and will focus on Umstead Park for FY13. The goal of playground replacement is to provide safe, accessible facilities for the citizens of Chapel Hill.

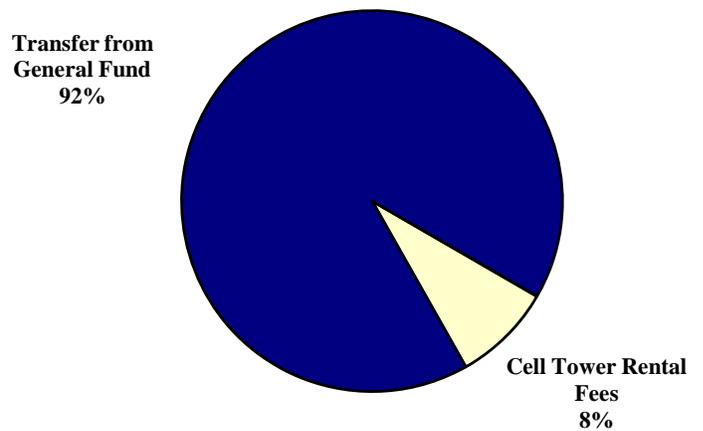
CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund generally accounts for purchases and construction that can be completed within a single year. Capital Improvements Fund (CIP) projects are prioritized as part of the Town's 15-year capital program.

Capital Improvements Fund Expenditures



Capital Improvements Fund Revenues



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2012-13 totals \$650,000, and includes projects to be completed in the next five years.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget
Municipal Facilities	\$ 125,642	\$ 70,000	\$ 94,042	\$ 85,500	\$ 100,000
Public Safety	260,684	-	-	-	-
Facilities Leased by Others	7,446	-	6,983	6,983	-
Infrastructure	86,088	90,000	195,424	155,738	60,000
Communication/Technology	333,178	172,300	930,257	929,157	240,000
Parks/Public Use Facilities	303,801	177,524	551,394	550,874	250,000
Total	\$ 1,116,839	\$ 509,824	\$ 1,778,100	\$ 1,728,252	\$ 650,000

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget
NCDOT Reimbursements	\$ -	\$ -	\$ 30,000	\$ 22,838	\$ -
National Recreation Trails Grant	19,533	-	55,467	55,467	-
Miscellaneous Grants	2,000	-	-	-	-
Cell Tower Rental Fees	54,748	55,000	55,000	55,000	55,000
UNC Reimbursement	110,877	-	239,122	239,122	-
Rent-Sport Art Gymnasium	13,800	-	-	5,750	-
Interest on Investments	2,250	-	-	1,000	1,000
Revenue in Lieu	75,424	-	-	-	-
Transfer from 440 Capital Project	-	22,524	22,524	22,524	-
Transfer from General Fund	1,172,800	432,300	432,300	432,300	594,000
Appropriated Fund Balance	(334,593)	-	943,687	894,251	-
Total	\$ 1,116,839	\$ 509,824	\$ 1,778,100	\$ 1,728,252	\$ 650,000

***CAPITAL IMPROVEMENTS FUND
DETAIL EXPENDITURES***

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adoped Budget
MUNICIPAL OPERATIONS FACILITIES					
Town Hall: Replacement of HVAC Units	\$ 4,143	\$ -	\$ -	\$ -	\$ -
Extraordinary Maintenance, Emergency Repairs	99,354	70,000	85,571	85,500	100,000
Fire Station #3 Capital Maintenance	22,145	-	7,975	-	-
Town Hall & Council Chamber Capital Improvements	-	-	496	-	-
Subtotal	\$ 125,642	\$ 70,000	\$ 94,042	\$ 85,500	\$ 100,000
PUBLIC SAFETY					
Reserve Fire Truck	\$ 260,684	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 260,684	\$ -	\$ -	\$ -	\$ -
TOWN FACILITIES LEASED BY OTHERS					
523 East Franklin Maintenance	7,446	-	6,983	6,983	-
Subtotal	\$ 7,446	\$ -	\$ 6,983	\$ 6,983	\$ -
INFRASTRUCTURE					
Street Maintenance	-	50,000	122,903	115,738	-
Stamped Asphalt	-	-	32,521	-	-
Path, Trail and Lot Maintenance	66,224	25,000	25,000	25,000	30,000
Curbs / ADA	19,864	15,000	15,000	15,000	30,000
Subtotal	\$ 86,088	\$ 90,000	\$ 195,424	\$ 155,738	\$ 60,000

CAPITAL IMPROVEMENTS FUND

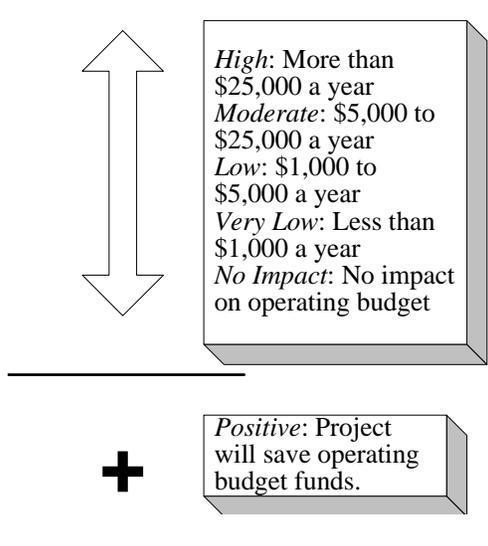
DETAIL EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adoped Budget
COMMUNICATIONS AND TECHNOLOGY					
Traffic Signal Upgrade	\$ 119,230	\$ -	\$ 286,369	\$ 286,369	\$ -
Fiber Optic Network	-	90,000	532,503	532,503	240,000
Fire House Mobile & GIS System for Response Units	108,232	-	3,115	2,015	-
Police Technology Upgrades	105,716	82,300	108,270	108,270	-
Subtotal	\$ 333,178	\$ 172,300	\$ 930,257	\$ 929,157	\$ 240,000
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	\$ 22,702	\$ 40,000	\$ 35,170	\$ 35,170	\$ 75,000
Transfer to Grants Fund (Greenways Maps)	2,480	-	520	-	-
Battle Branch Trail	26,044	-	154,577	154,577	-
Transfer to Multi-Year Capital Project Fund (Percent for Art)	(9,857)	-	-	-	-
Southern Community Park	-	-	-	-	-
Playground Replacement	79,297	50,000	132,564	132,564	85,000
Cemetery Beautification	15,309	-	137,027	137,027	-
Small Park Improvements	124,831	67,524	71,536	71,536	90,000
Parks ADA Improvements	-	20,000	20,000	20,000	-
Skate Park	42,995	-	-	-	-
Subtotal	\$ 303,801	\$ 177,524	\$ 551,394	\$ 550,874	\$ 250,000
TOTALS	\$ 1,116,839	\$ 509,824	\$ 1,778,100	\$ 1,728,252	\$ 650,000

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

This section provides descriptions of capital projects funded in the 2012-13 budget shown in Table 1. The projects listed are those funded or proposed to receive funding through the Capital Improvements Fund, Stormwater Management Funds, Grant Funds and/or Special Purpose Funds.

The descriptions include information on the total funding proposed for each project, the funding source, the project location, the estimated impact on the operating budget, and where the project is listed in the 15-Year Project Tables which follow this section.

<p><i>Explanation: Operating Budget Impact</i></p> <p>Each project description includes an assessment of the operating budget impact from implementing the project. For example, the development of a new park would increase the maintenance and programming costs for the Parks and Recreation Department. Not all projects would increase the operating budget costs. For example, renovations of a Town facility would have a net positive effect on the operating budget by reducing maintenance items funded out of departments' operating budgets. The impact levels are shown in the adjacent chart.</p>	 <p><i>High:</i> More than \$25,000 a year <i>Moderate:</i> \$5,000 to \$25,000 a year <i>Low:</i> \$1,000 to \$5,000 a year <i>Very Low:</i> Less than \$1,000 a year <i>No Impact:</i> No impact on operating budget</p> <p>+</p> <p><i>Positive:</i> Project will save operating budget funds.</p>
---	---

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Illustration: Tips for Reading Project Descriptions

Project Name	MUNICIPAL OPERATIONS FACILITIES	Project Category
	<p><u>Extraordinary Maintenance, Emergency Repairs</u></p> <p>From time to time, unanticipated failures occur in building systems that require immediate emergency repairs. Examples of projects include roof repairs, HVAC system repairs, asbestos/lead abatements, vandalism remediation, swimming pool mechanical system repairs and hazardous material spill abatements.</p>	Description
Effect on Town's operating budget when project is implemented.	<p><i>Table and Ref #:</i> Table 1, Ref #2</p> <p><i>Location:</i> Various sites</p> <p><i>Operating Budget Impact:</i> Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.</p>	Where to find project in Tables 1, 2 or 3, which appear after this section

Adopted 2011-12 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$70,000	\$100,000	\$100,000	\$100,000	\$100,000	\$475,000	\$1,470,000	Capital Improvements Fund

Summary of 2012-13 budget and projected expenditures for project. See Projects by Funding Source tables (Tables 1 through 3) for projected expenditures for all 15 years.

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

MUNICIPAL OPERATIONS FACILITIES

Extraordinary Maintenance, Emergency Repairs

From time to time, unanticipated failures occur in building systems that require immediate emergency repairs. Examples of projects include roof repairs, HVAC system repairs, asbestos/lead abatements, vandalism remediation, swimming pool mechanical system repairs and hazardous material spill abatements.

Table and Ref #: Table 1, Ref #1
Location: Various sites
Operating Budget Impact: Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	Capital Improvements Fund

Comprehensive Public Housing Renovation

Federal funding sources will be used to upgrade the condition of the public housing apartments and sites. In recent years work has been completed in the Trinity Court, South Estes Drive, Craig-Gomains, S. Roberson St. and Lindsay St. neighborhoods.

Table and Ref #: Table 2, Ref #22
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually): Renovations will reduce need to make repairs using operating budget funds.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$594,401	\$594,401	\$594,401	\$594,401	\$594,401	\$2,972,005	\$8,916,015	Community Development Block Grant Program

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

INFRASTRUCTURE

Capital Repairs - Bike Paths, Paved Trails and Public Parking Areas

Funds will pay for repair and maintenance of existing paved pedestrian paths, trails and parking lots. Repair needs have been identified at fire stations, public housing developments, Parks and Recreation facilities and other locations.

Table and Ref #: Table 1, Ref #5
Location: Various Sites
Operating Budget Impact: Positive (More than \$1,000 annually):
 Repairs will reduce need to use operating budget funds to address needs.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$30,000	\$50,000	\$50,000	\$50,000	\$50,000	\$230,000	\$730,000	Capital Improvements Fund

Curb Repairs: ADA Compliance

The Town is retrofitting curb ramps by installing truncated domes that alert pedestrians with vision impairments of their approach into a street. The inclusion of funds in the Town’s annual CIP confirms our commitment to meeting ADA requirements as presently interpreted to include truncated domes. We also believe that this plan satisfies legislative intent.

Table and Ref #: Table 1, Ref #7
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000	\$450,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Stormwater Project Construction/Design

Funding will provide stream channel and infrastructure improvements, stream restoration, and infrastructure repair/retrofit along Bolin Creek. This project will mitigate flooding/drainage problems as well as improve water quality conditions.

Table and Ref #: Table 2, Ref #35
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$75,000	\$175,000	\$175,000	\$175,000	\$425,000	\$1,025,000	\$3,525,000	Stormwater Management Fund

Rosemary/Columbia Lot Resurfacing

Funding will be used to resurface Rosemary/Columbia Parking Lot. Extreme deterioration exists on the lower portion of the lot, including large potholes and broken asphalt that may constitute a safety hazard to both staff and our customers.

Table and Ref #: Table 2, Ref #40
Location: Rosemary/Columbia Lot
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$90,500	-	-	-	-	\$90,500	\$90,500	Parking Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Parking Lot Improvements

Funding will replace/upgrade ticket dispensers, ticket validators, and gate equipment at the Wallace Deck and the Rosemary/Columbia Lot. The new equipment will improve functionality as well as the aesthetic appearance.

Table and Ref #: Table 2, Ref #41
Location: Various Lots
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$75,300	-	-	-	-	\$75,300	\$75,300	Parking Fund

Pay-in-Lane System

Funding will be used to purchase a Pay-in-Lane system for the Rosemary/Columbia Lot. A Pay -in Lane System will offer the ability to capture lost revenues and save staffing by easily converting from attended to an unattended operation.

Table and Ref #: Table 2, Ref #42
Location: Rosemary/Columbia Lot
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$42,000	-	-	-	-	\$42,000	\$42,000	Parking Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Street Resurfacing/ Bridge Replacement

Funding will be used for resurfacing and reconstruction of streets that fallen behind street condition standards. This project will also provide funding for replacement of the Bolinwood Bridge. The existing bridge is forty-seven years old, has a load restriction, and was not designed with a dedicated section for pedestrian crossing.

Table and Ref #: Table 3, Ref #58
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$1,000,000	-	-	-	-	\$1,000,000	\$1,000,000	Two-thirds Bonds (2012)

COMMUNICATIONS AND TECHNOLOGY

Fiber Optic Network

This project will provide for the installation of fiber optic cable in conjunction with the NCDOT Traffic Signal System Upgrade Project.

Table and Ref #: Table 1, Ref #11
Location: Various sites
Operating Budget Impact: Positive (Thousands annually): Once complete, the project should reduce data communication service costs by \$75,000 per year.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$240,000	-	-	-	-	\$240,000	\$240,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

PARKS AND OTHER PUBLIC USE FACILITIES

Small Park Improvements

These projects involve improvements, repairs and replacement of equipment in Town parks. Examples of potential projects include bleacher replacements, replacement of playground equipment and turf repairs at athletic fields.

Table and Ref #: Table 1, Ref #15
Location: Various Sites
Operating Budget Impact: Positive (More than \$1,000 annually):
 Projects will reduce need to use operating budget funds for repairs at parks.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$90,000	\$100,000	\$100,000	\$100,000	\$100,000	\$490,000	\$1,490,000	Capital Improvements Fund

Greenways

The funds associated with this project will be used to replace bridges, signs, re-grade trails, correct erosion problems, and perform maintenance throughout trail system. In addition, long range plans include new trail construction. In addition, funds are expected to be used to match grants and pay for materials for volunteer projects.

Table and Ref #: Table 1, Ref #16
Location: Various Sites
Operating Budget Impact: Positive (Hundreds to thousands annually):
 Projects will reduce need to use operating budget funds for greenway repairs.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$75,000	\$80,000	\$80,000	\$80,000	\$80,000	\$395,000	\$1,195,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Playgrounds

Playground equipment in various locations throughout the Town is in need of replacement in order to comply with current safety and ADA guidelines. Playground equipment will be replaced at one playground per year in the following priority order: Burlington Park, Umstead Park, Oakwood Park, North Forest Hills Park, and Westwood Park. Umstead Park equipment would be fully accessible for mobility challenged youth.

Table and Ref #: Table 1, Ref #20
Location: Various locations
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$85,000	\$150,000	\$80,000	\$80,000	\$80,000	\$475,000	\$1,375,000	Capital Improvements Fund

Bolin Creek Trail

The Bolin Creek Trail (Phase 3) project includes an extension of the existing Bolin Creek Trail about .5 miles west along Bolin Creek to Umstead Park. The project will involve underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek.

Table and Ref #: Table 3, Ref #60
Location: Bolin Creek
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year (\$2,245,889 budgeted in multi-year fund in FY 2010-11)</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
-	-	-	-	-	-	-	2010 Bond Issue

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Parks Facilities

Funding will provide for the replacement of the Cedar Falls toilet building, tennis court reconstruction, and playground equipment at Umstead Park. All of these projects address capital needs that have been deferred in prior years' CIP.

Table and Ref #: Table 3, Ref #65
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2012-13 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2012-13	2013-14	2014-15	2015-16	2016-17	<i>Through 2016-17</i>	<i>Through 2026-27</i>	
\$700,000	-	-	-	-	\$700,000	\$700,000	Two-thirds Bonds (2012)

CAPITAL PROGRAM TABLES – INTRODUCTION

The Capital Improvements Program contains tables that outline the adopted budget for CIP projects in fiscal year 2012-13 and projected expenditures in future fiscal years for all funds, from 2012-13 through 2026-27. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include adopted projects for 2012-13 and other identified capital improvement needs for future years.
- **Table 2. Other Sources.** Table 2 lists capital projects funded by grants or other available or anticipated funding sources other than the Capital Improvements Fund. These project budgets would be established by separate project ordinances.
- **Table 3. 2003 Bonds – Approved Bond Schedule.** Table 3 lists projects to be funded using bonds voters approved in November 2003 and shows the bond-sale schedule approved by the Council.

TABLE 1: Capital Improvements

Reference #	Project	2011-12 Budget Revised	2012-13 Adopted Budget	2013-14
Municipal Operations Facilities				
1	Extraordinary Maintenance	\$ 85,571	\$ 100,000	\$ 100,000
2	Fire Station # 3 Capital Maintenance	7,975	-	-
3	Town Hall & Council Chamber Capital Improvements	496	-	-
Town Facilities Leased by Others				
4	523 East Franklin Maintenance	6,983	-	-
Infrastructure				
5	Parking Lots/Paths/Trails	25,000	30,000	50,000
6	Sidewalks	-	-	-
7	Curb Cut Improvements (ADA)	15,000	30,000	30,000
8	Stamped Asphalt	32,521	-	-
9	Street Infrastructure Improvements	122,903	-	100,000
Communications				
10	Traffic Signal System Upgrade (Town share - Design)	286,369	-	-
11	Fiber Optic Network	532,503	240,000	-
12	Fire House Mobile & GIS System for Response Units	3,115	-	-
13	Police Technology Upgrades	108,270	-	-
Parks and Other Public Use Facilities				
14	Cemetery Beautification	137,027	-	-
15	Small Parks Improvements	71,536	90,000	100,000
16	Greenways	35,170	75,000	80,000
17	Battle Branch Trail	154,577	-	79,000
18	Transfer to Grants Fund (Greenways Maps)	520	-	-
19	Parks ADA Improvements	20,000	-	-
20	Playgrounds	132,564	85,000	150,000
	Total	\$ 1,778,100	\$ 650,000	\$ 689,000

*Future years after FY2012-13 are for planning purposes only.

2014-15	2015-16	2016-17	2017-27	Reference #
\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000	1
-	-	-	-	2
-	-	-	-	3
-	-	-	-	4
50,000	50,000	50,000	500,000	5
-	-	250,000	2,500,000	6
30,000	30,000	30,000	300,000	7
-	-	-	-	8
50,000	50,000	50,000	500,000	9
-	-	-	-	10
-	-	-	-	11
-	-	-	-	12
-	-	-	-	13
-	-	-	-	14
100,000	100,000	100,000	1,000,000	15
80,000	80,000	80,000	800,000	16
176,000	-	-	-	17
-	-	-	-	18
-	-	-	-	19
80,000	80,000	80,000	900,000	20
\$ 666,000	\$ 490,000	\$ 740,000	\$ 7,500,000	

TABLE 2: Other Sources - Current Year Budget and Future Year Budget Requests

Reference #	Project	Revised Budget 2011-12	Adopted 2012-13	2013-14
	Municipal Operations Facilities			
21	Parking - Graham Street Lot	\$ 40,000	\$ -	\$ -
22	Comprehensive Public Housing Renovations	594,401	594,401	594,401
23	Comprehensive Public Housing Renovations	506,097	-	-
24	Comprehensive Public Housing Renovations	448,270		
25	Town Hall Renovation	-	-	-
26	100 West Rosemary Renovation	-	-	-
27	Public Safety Headquarters	-	-	-
28	Parks & Recreation Administration Building	-	-	-
29	523 East Franklin Renovation	-	-	-
30	Roof Replacement at Town Operations Center	-	-	-
31	Town Data Center	-	-	-
32	Wallace Parking Facility	-	-	320,000
33	SEEA Energy Grant	910,331	-	-
34	Energy Conservation	554,900	-	-
	Infrastructure			
35	Stormwater Projects	100,000	75,000	175,000
36	Bolin Creek Watershed Improvements	-	-	50,000
37	Watershed Restoration Project	-	-	-
38	Downtown Development Initiative	1,116,000	-	-
39	Traffic Signal System Upgrade	450,000	-	-
40	Rosemary/Columbia Lot Resurfacing	-	90,500	-
41	Replace gate and ticket equipment - Wallace Decl	-	75,300	-
42	Pay-in-Lane System	-	42,000	-
43	Bolin Creek Restoration	533,620	-	-
44	Traffic Signal Improvement	450,000		
45	Traffic Signal Upgrade	175,000	-	-
	Communications and Technology			
46	Library Technology-Radio Frequency Control System	513,608	-	-
47	Development Software Project	300,000	-	-
	Parks and Other Public Use Facilities			
48	Fordham Landscape Buffer	50,000	-	-
49	Percent for Art - Art Purchase	12,500		
50	Pritchard Park	184,000	-	-
51	Bolin Creek Trail	268,560	-	-
	TOTAL	\$ 7,207,287	\$ 877,201	\$ 1,139,401

Note: Future years after FY2012-13 are for planning purposes only.

2014-15	2015-16	2016-17	2017-27	Fund Source	Reference #
\$ -	\$ -	\$ -	\$ -	Parking Revenues	21
594,401	594,401	594,401	5,944,010	HUD Grant	22
-	-	-	-	HUD Grant	23
				HUD Grant	24
-	-	-	4,840,000	Future Bond Issuance	25
-	-	-	2,483,500	Future Bond Issuance	26
-	520,000	830,000	15,270,000	Future Bond Issuance	27
-	384,000	-	3,200,000	Future Bond Issuance	28
-	366,000	1,848,000	-	Future Bond Issuance	29
-	-	-	975,000	Future Bond Issuance	30
-	-	-	1,390,000	Future Bond Issuance	31
-	-	-	-	Parking Revenue	32
-	-	-	-	DOE Grant	33
-	-	-	-	ARRA Grant	34
175,000	175,000	425,000	2,500,000	Stormwater Management Funds	35
50,000	-	-	-	Stormwater Management Funds	36
-	-	-	2,500,000	Stormwater Management Funds	37
-	-	-	-	Multi-year Capital Bond Project Ord.	38
-	-	-	-	Multi-year Capital Bond Project Ord.	39
-	-	-	-	Parking Revenue	40
-	-	-	-	Parking Revenue	41
-	-	-	-	Parking Revenue	42
-	-	-	-	EPA Grant and Stormwater Funds	43
				NCDOT Direct Allocation Grant	44
-	-	-	-	ARRA Grant	45
-	-	-	-	Library Gift Fund/General Fund	46
-	-	-	-	Multi-year Capital Bond Project Ord.	47
-	-	-	-	Multi-year Capital Bond Project Ord.	48
				Multi-year Capital Bond Project Ord.	49
-	-	-	-	Multi-year Capital Bond Project Ord.	50
-	-	-	-	Multi-year Capital Bond Project Ord.	51
\$ 819,401	\$ 2,039,401	\$ 3,697,401	\$ 39,102,510		

Table 3: 2003 Bonds: Approved Bond Projects

Reference #	Council Priority	Project Name	Category	2004 Bond Sale (\$4,000,000)	
				2004-05	2005-06
Municipal Operations Facilities					
52	2	Energy Efficiency Projects	Public Buildings	\$ 392,600	\$ -
53	2	Sustainable Community Project - Local Match	Public Buildings	17,400	-
54	7	Energy Management System: Town Hall HVAC	Public Buildings	-	90,000
Infrastructure					
55	2	Downtown Improvements - Streetscape	Sidewalks & Streets	500,000	-
56	2	Neighborhood Traffic Calming, Pedestrian, and Bicycle Improvements	Sidewalks & Streets	50,000	250,000
57	2	Pedestrian Amenities at Town Owned Traffic Signals	Sidewalks & Streets	20,000	80,000
58	2	Streets and Bridges	Sidewalks & Streets	-	-
59	2	Sidewalks and Bicycle Facilities	Sidewalks & Streets	600,000	-
Parks and Other Public Use Facilities					
60	2	Bolin Creek Trail	Parks/Recreational Facilities	100,000	-
61	2	Dry Creek Trail	Parks/Recreational Facilities	125,000	-
62	2	Morgan Creek Trail	2003 Bond	75,000	-
63	2	Open Space Acquisition	Open Space and Areas	1,200,000	-
64	2	Upper Booker Creek Trail	2003 Bond	-	-
65	2	Parks Facilities	Parks/Recreational	-	-
66	2	Library Expansion	Library Facilities	500,000	-
		TOTAL		\$ 3,580,000	\$ 420,000

COLUMN DESCRIPTION KEY

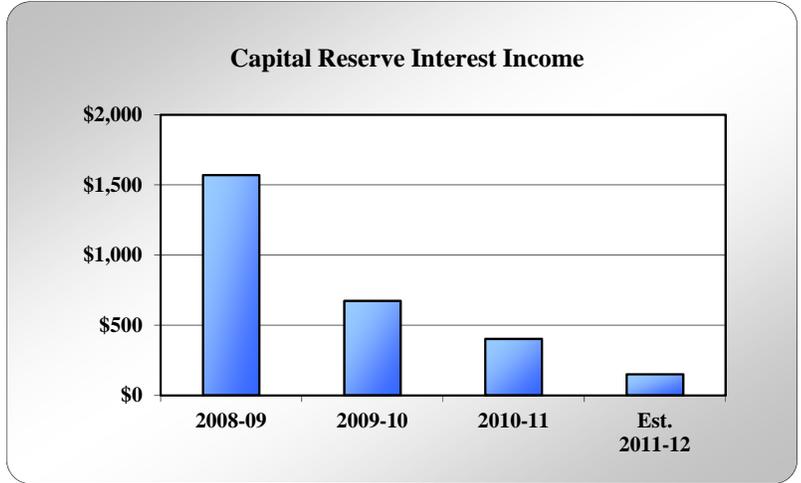
Council Priority

- 1 - Council Authorized Contracts
- 2 - Projects that have a Council mandate
- 3 - Projects that we have a legal requirement to perform or complete
- 4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
- 5 - Projects involving public safety
- 6 - Projects which are part of an adopted master plan
- 7 - Other projects

2006 Bond Sale (\$4,950,000)				2010 Bond Sale (\$20,760,237)		Two-Thirds Bonds (\$1,700,000)		
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	TOTAL	Reference #
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,600	52
-	-	-	-	-	-	-	\$ 17,400	53
-	-	-	-	-	-	-	\$ 90,000	54
1,000,000	-	-	-	64,000	-	-	\$ 1,564,000	55
-	-	-	-	225,000	-	-	\$ 525,000	56
50,000	-	-	-	100,000	-	-	\$ 250,000	57
-	-	-	-	661,000	-	1,000,000	\$ 1,661,000	58
600,000	-	-	-	1,442,042	-	-	\$ 2,642,042	59
-	-	-	-	2,245,889	-	-	\$ 2,345,889	60
16,000	-	-	-	150,540	-	-	\$ 291,540	61
968,000	-	-	-	1,212,455	-	-	\$ 2,255,455	62
800,000	-	-	-	-	-	-	\$ 2,000,000	63
16,000	-	-	-	154,608	-	-	\$ 170,608	64
-	-	-	-	-	-	700,000	\$ 700,000	65
1,500,000	-	-	-	14,504,703	-	-	\$ 16,504,703	66
\$ 4,950,000	\$ -	\$ -	\$ -	\$ 20,760,237	\$ -	\$ 1,700,000	\$ 29,710,237	

CAPITAL RESERVE FUND

The Capital Reserve Fund accounts for funds reserved for specific capital improvement projects including water and sewer improvements.



CAPITAL RESERVE FUND BUDGET SUMMARY

No appropriations are planned for the Capital Reserve Fund for 2012-13, which had a balance of \$214,031 at June 30, 2011.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Reserved for CIP	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Transfer to Capital Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Interest on Investments Appropriated	\$ 401	\$ -	\$ -	\$ 150	\$ -	N/A
Fund Balance	(401)	-	-	(150)	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

MAJOR CAPITAL BOND PROJECTS

Several major capital improvement projects were approved by bond referenda in November of 1996 and November of 2003.

As authorized by General Statute 159.13.2, capital project ordinances were established for each of the projects for the life of the projects.

Expenditures for these projects through June 30, 2012 are shown in the table at the right.

Major Capital Bond Projects	Budget	Estimated Expenditures as of June 30, 2012
1996 Bond Projects		
Parks and Recreation Facilities	\$ 5,000,000	\$ 5,000,000
Open Space/Greenways	3,000,000	3,000,000
Public Safety Improvements	2,000,000	2,000,000
Streets and Sidewalks	3,000,000	2,929,000
Public Works Facilities	500,000	477,000
Subtotal	<u>\$ 13,500,000</u>	<u>\$ 13,406,000</u>
2003 Bond Projects		
Public Buildings	\$ 500,000	\$ 152,000
Streets and Sidewalks	5,600,000	2,696,000
Library Expansion	16,260,000	6,700,000
Open Space	2,000,000	2,000,000
Parks and Recreation	5,000,000	2,010,000
Subtotal	<u>\$ 29,360,000</u>	<u>\$ 13,558,000</u>
2012 LOBS Projects		
Lot 5 Project	6,000,000	-
Parking Projects	500,000	-
TOC Projects	200,000	-
Subtotal	<u>\$ 6,700,000</u>	<u>\$ -</u>
2012 Two-Thirds Projects		
Street Resurfacing	\$ 600,000	\$ -
Bolinwood Drive Bridge	400,000	-
Cedar Falls Park Building	250,000	-
Umstead Playground	100,000	-
Tennis Court Reconstruction	195,000	-
Southern Comm Park Lighting	155,000	-
Subtotal	<u>\$ 1,700,000</u>	<u>\$ -</u>
TOTAL	<u>\$ 51,260,000</u>	<u>\$ 26,964,000</u>

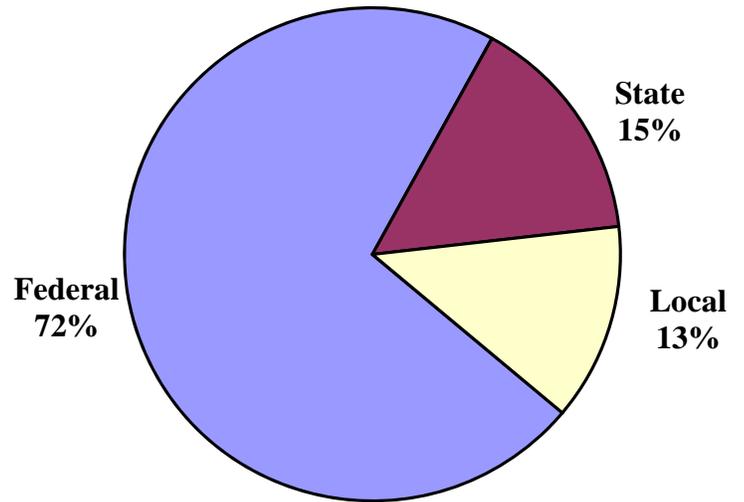
TABLE OF CONTENTS – OTHER FUNDS

<u>Fund Title</u>	<u>Page</u>
<u>Other Special Revenue Funds</u>	
Grants Fund.....	271
Downtown Service District Fund.....	273
Library Gift Fund.....	276
<u>Internal Service Funds</u>	
Vehicle Replacement Fund.....	278
Vehicle Maintenance Fund.....	280
Computer Replacement Fund.....	286

GRANTS FUND

The Grants Fund was established to account for miscellaneous small grants that would otherwise be accounted for in the General Fund.

Grant Sources - Historical Trend



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. The grants already included for 2012-13 consist of four Planning grants that provides personnel and operating funding for transportation planning.

EXPENDITURES

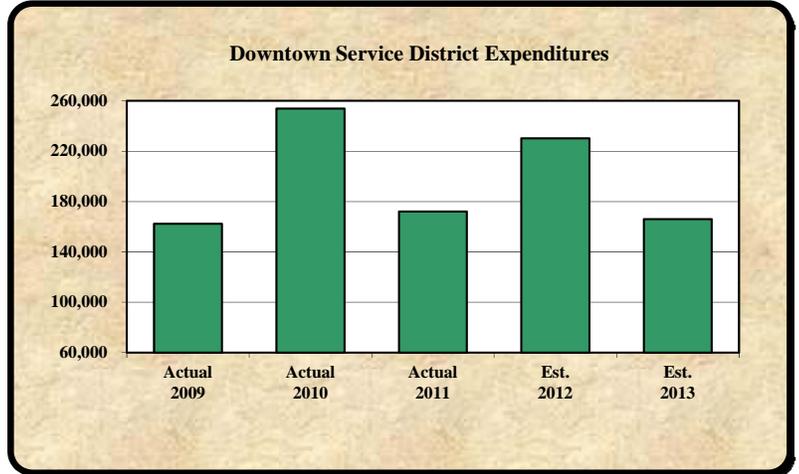
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Police Grants	\$ 168,547	\$ -	\$ 126,267	\$ 126,265	\$ -	N/A
Fire Grants	532,358	252,456	252,456	252,456	-	-100.0%
Planning Grants	426,984	297,080	397,928	394,378	436,149	46.8%
Other Grants	46,290	-	150,555	144,838	-	N/A
Total	\$ 1,174,179	\$ 549,536	\$ 927,206	\$ 917,937	\$ 436,149	-20.6%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Grants	\$ 464,859	\$ 229,641	\$ 442,345	\$ 527,984	\$ 342,336	49.1%
Transfer from General Fund	650,049	316,656	453,618	358,710	90,574	-71.4%
Transfer from Transit	20,135	3,239	12,615	12,615	3,239	0.0%
Transfer from Capital Imp. Fund	2,480	-	-	-	-	N/A
Appropriated Fund Balance	36,656	-	18,628	18,628	-	N/A
Total	\$ 1,174,179	\$ 549,536	\$ 927,206	\$ 917,937	\$ 436,149	-20.6%

DOWNTOWN SERVICE DISTRICT FUND

The Downtown Service District Fund accounts for the programs and capital improvements for the downtown service district established by the Town Council.



DOWNTOWN SERVICE DISTRICT FUND

Major Revenue Sources – Descriptions and Estimates

The revenue source for the Downtown Service District is the special district property tax. The tax rate of 7.1 cents is unchanged from FY 2011-12, and is expected to yield a total of about \$166,000 in FY 2012-13.

Adjustments to the Downtown Service District border were last made for the 2006-07 fiscal year to take into account changes in business status between commercial and residential uses.

Major Expenditures and Estimates

The budget provides for continued funding for the Chapel Hill Downtown Partnership of about \$120,000. The Chapel Hill Downtown Partnership brings the resources of the Town, University and downtown community together to maintain, enhance and promote downtown as the social, cultural and spiritual center of Chapel Hill through economic development. The budget for FY13 continues funding for a groundskeeper (\$46,067) dedicated to the downtown area.

<i>DOWNTOWN SERVICE DISTRICT FUND</i>			
<i>STAFFING COMPARISONS - IN FULL-TIME</i>			
	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Groundskeeper*	1.00	1.00	1.00
Downtown Service District Fund Totals	1.00	1.00	1.00
*Position supervised by Parks and Recreation			

DOWNTOWN SERVICE DISTRICT FUND BUDGET SUMMARY

The adopted Downtown Service District Fund tax rate of 7.1 cents for 2012-13 provides for continued funding of the groundskeeper position dedicated to the downtown area, including removal of the one-time bonus in FY12, a 3% salary adjustment, a 3% decrease in medical insurance and a slight decrease in the employee contribution to the retirement system. The balance of revenues is allocated to the Chapel Hill Downtown Partnership.

EXPENDITURES

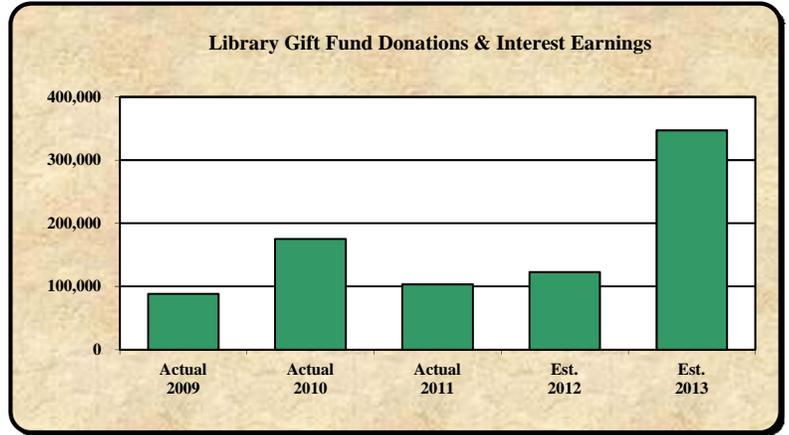
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 44,811	\$ 46,764	\$ 46,764	\$ 45,939	\$ 46,067	-1.5%
Professional Services	20,000	-	-	-	-	N/A
Contracted Services	116,376	119,236	119,236	119,236	119,933	0.6%
Reserve	-	-	-	65,140	-	N/A
Total	\$ 181,187	\$ 166,000	\$ 166,000	\$ 230,315	\$ 166,000	0.0%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Property Taxes	\$ 171,420	\$ 166,000	\$ 166,000	\$ 230,000	\$ 166,000	0.0%
Interest Income	674	-	-	315	-	0.0%
Gifts and Donations	-	-	-	-	-	0.0%
Appropriated Fund Balance	9,093	-	-	-	-	N/A
Total	\$ 181,187	\$ 166,000	\$ 166,000	\$ 230,315	\$ 166,000	0.0%

LIBRARY GIFT FUND

The Library Gift Fund accounts for private contributions to the Town's library.



LIBRARY GIFT FUND

BUDGET SUMMARY

The adopted budget for the Library Gift Fund for 2012-13 reflects an increase in expected donations as patrons help to prepare for the new facility, which includes the new Opening Day Collection Grant (\$150,000). Purchases during FY12 include computers for the lab, a Friends' bookshelf for the new facility, and additions to the collection. FY13 expenses include additions to the collection and a contribution to the reserve that could address needs that might arise with the opening of the new facility. The Library Gift Fund continues to budget a transfer to the General Fund to support Library operations, at an amount of \$45,000 for FY13.

EXPENDITURES

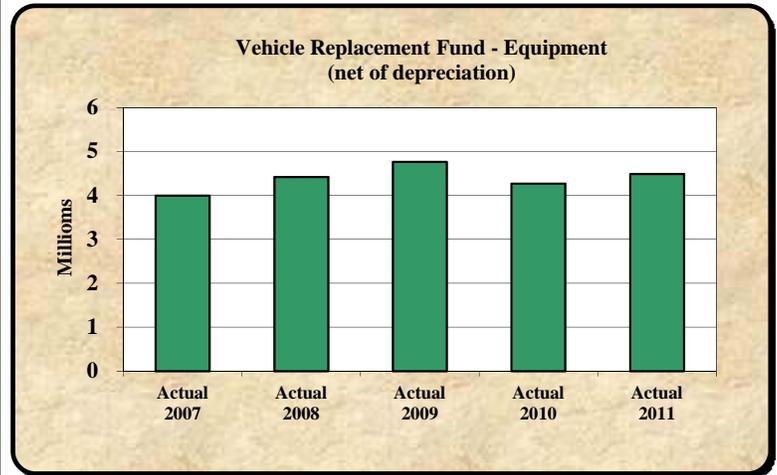
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Computers/Database	\$ 10,760	\$ 24,400	\$ 24,400	\$ 13,200	\$ -	-100.0%
Collection Purchases	47,395	8,000	51,000	8,268	158,000	1875.0%
Contribution to Reserve	-	-	30,600	56,077	144,000	N/A
Transfer to General Fund	45,000	206,000	53,000	45,000	45,000	-78.2%
Total	\$ 103,155	\$ 238,400	\$ 159,000	\$ 122,545	\$ 347,000	45.6%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Interest Income	\$ 521	\$ -	\$ -	\$ 120	\$ -	N/A
Opening Day Grant	-	-	-	-	150,000	N/A
Gifts and Donations	99,727	116,000	156,000	122,425	197,000	69.8%
Appropriated Fund Balance	2,907	122,400	3,000	-	-	-100.0%
Total	\$ 103,155	\$ 238,400	\$ 159,000	\$ 122,545	\$ 347,000	45.6%

VEHICLE REPLACEMENT FUND

The Vehicle Replacement Fund accounts for the purchase and financing of motor vehicles and related costs to other Town departments.



VEHICLE REPLACEMENT FUND BUDGET SUMMARY

The adopted budget for 2012-13 for the Vehicle Replacement Fund includes a pared-down list of of the most critical capital equipment needs, with one garbage truck and four police cars accounting for the majority of the cost.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Lease Purchase Payments	\$ 1,237,877	\$ 1,510,000	\$ 1,510,000	\$ 1,361,739	\$ 1,443,098	-4.4%
Other Expense	19,326	25,000	29,275	5,175	4,500	-82.0%
Capital Equipment	1,545,418	887,000	1,811,087	1,803,496	470,000	-47.0%
Contribution to Reserve	610,546	54,900	54,900	-	117,159	113.4%
Total	\$ 3,413,167	\$ 2,476,900	\$ 3,405,262	\$ 3,170,410	\$ 2,034,757	-17.9%

REVENUES

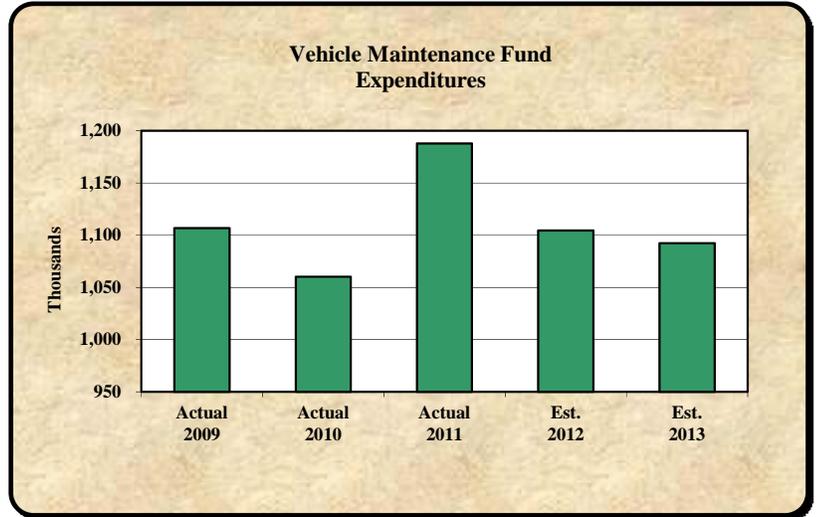
	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Vehicle Use Fees	\$ 1,650,000	\$ 1,486,900	\$ 1,486,900	\$ 1,486,900	\$ 1,518,557	2.1%
Interest Income	6,036	3,000	3,000	5,000	1,200	-60.0%
Sale of Fixed Assets	121,871	100,000	100,000	45,000	45,000	-55.0%
Insurance Claims	-	-	-	-	-	N/A
Financing Proceeds	1,600,000	887,000	887,000	887,000	470,000	-47.0%
Clean Fuels Grant	35,260	-	-	-	-	N/A
ARRA Grant	-	-	31,577	29,711	-	N/A
Transfer from General Fund	-	-	675	675	-	N/A
Appropriated Fund Balance	-	-	896,110	716,124	-	N/A
Total	\$ 3,413,167	\$ 2,476,900	\$ 3,405,262	\$ 3,170,410	\$ 2,034,757	-17.9%

VEHICLE MAINTENANCE FUND

The Vehicle Maintenance Fund accounts for the repair and maintenance of all the Town's cars, trucks, and heavy equipment, excluding those used in public transit operations.

Vehicle maintenance is an internal service fund; its cost is charged out to other Town departments based on actual repairs.

The division is supervised by Public Works.



VEHICLE MAINTENANCE

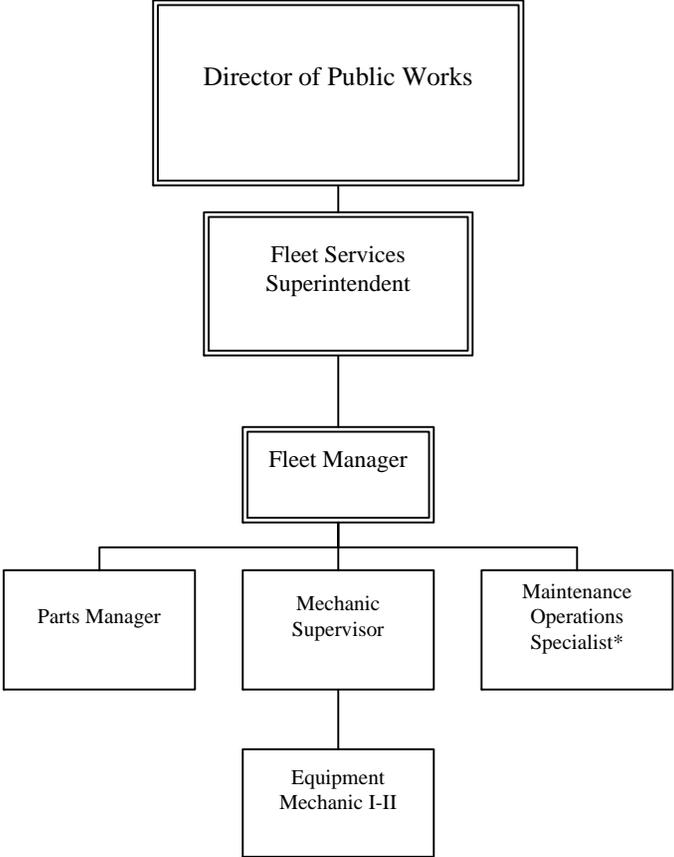
MISSION STATEMENT:

The overall mission of the Fleet Maintenance Fund is to ensure safe, reliable fleet and equipment essential for provision of public services, with an emphasis on sustainability, efficiency and effectiveness.

Summary of services provided in support of department's mission:

- Full-service automotive garage, including refueling station.
- Use of state-of-art fuel efficiency techniques.
- Comprehensive preventive maintenance program for vehicles and equipment.
- Major repair program, including both in-house and outside vendors.
- Around-the-clock emergency road services.
- Overall management of the Town's vehicle replacement program with emphasis on greening our fleet.

VEHICLE MAINTENANCE



*Position is split with Building Maintenance.

VEHICLE MAINTENANCE FUND
STAFFING COMPARISONS - IN FULL-TIME

	2010-11 ADOPTED	2011-12 ADOPTED	2012-13 ADOPTED
Superintendent-Solid Waste ¹	0.50	0.00	0.00
Supervisor-Mechanic	1.00	1.00	1.00
Parts Manager	1.00	1.00	0.00
Mechanic (I-III)	5.00	5.00	5.00
Manager-Fleet	1.00	1.00	1.00
Maintenance Operations Specialist ¹	0.75	0.75	0.75
Unit Totals	<u>9.25</u>	<u>8.75</u>	<u>7.75</u>

¹ Superintendent and Maintenance Operations Specialist positions were split between Solid the Vehicle Maintenance Fund through FY2010-11.

Note: Vehicle Maintenance is supervised by the Public Works Department.

VEHICLE MAINTENANCE FUND

BUDGET SUMMARY

Despite the 3% pay adjustment effective in October 2012, the Vehicle Maintenance Fund's adopted budget for personnel reflects a decrease from the prior year due to the contracting out of parts management, which had required a full-time position. This reduction along, with the 3% decrease in medical insurance and the slight decrease in the contribution to the retirement system, accounts for the 13% decrease in Personnel costs. The increase in operating costs provides for the contract for parts management. There are no planned capital expenditures.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Personnel	\$ 603,675	\$ 608,329	\$ 606,929	\$ 584,610	\$ 529,068	-13.0%
Operating Costs	457,696	539,671	541,222	519,790	563,200	4.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,061,371	\$ 1,148,000	\$ 1,148,151	\$ 1,104,400	\$ 1,092,268	-4.9%

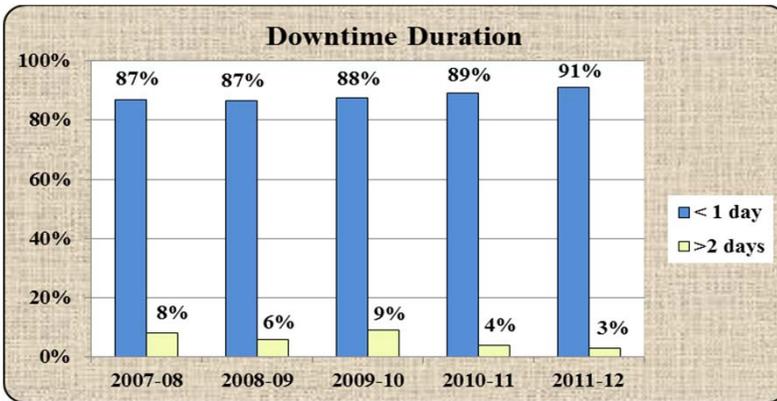
REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Vehicle Maintenance Fees	\$ 1,171,189	\$ 1,128,000	\$ 1,128,000	\$ 1,098,400	\$ 1,057,850	-6.2%
Interest Income	34	-	-	-	-	N/A
Other Income	65	-	-	-	-	N/A
Insurance Claims	16,364	20,000	20,000	6,000	13,000	-35.0%
Appropriated Fund Balance	(126,281)	-	151	-	21,418	N/A
Total	\$ 1,061,371	\$ 1,148,000	\$ 1,148,151	\$ 1,104,400	\$ 1,092,268	-4.9%

VEHICLE MAINTENANCE TRENDS

COUNCIL SERVICE GOALS : Maintain basic Town services.

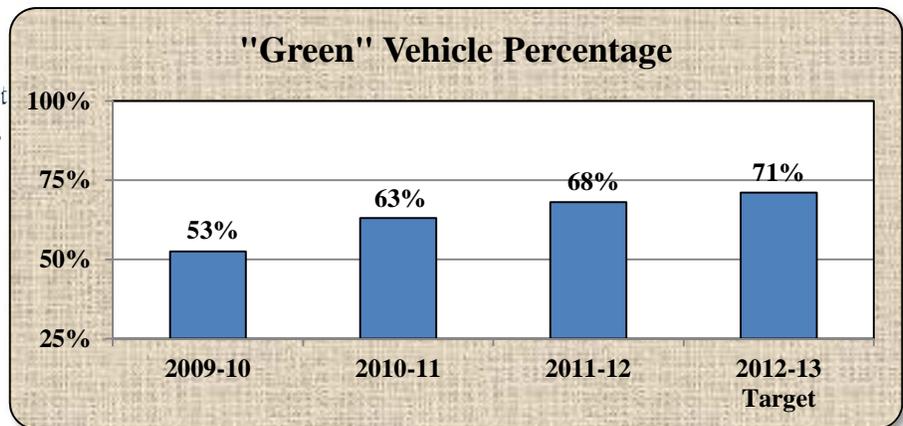
GOAL : To complete 85% of repair orders within 1 day, with no more than 10% requiring in excess of 2 days.



In FY 2011-12, 91% of work orders were completed in less than one day, with only 3% in excess of two days, as compared to 89.6% and 4% respectively in 2010-11.

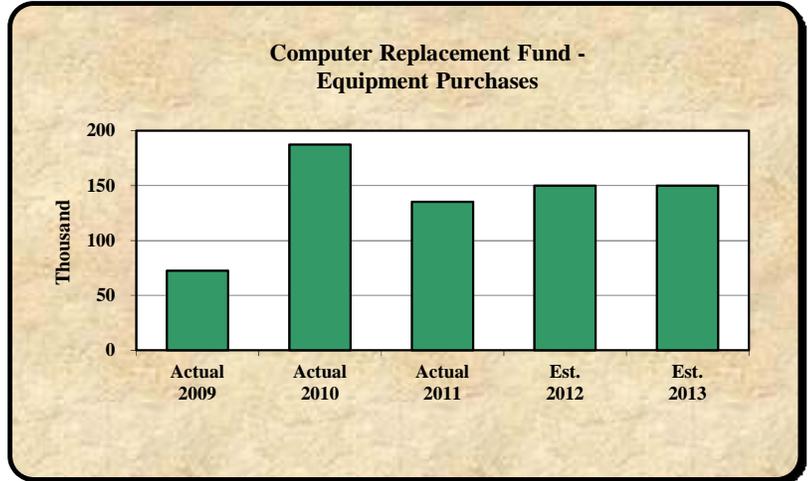
GOAL : Achieve 100% replacement of unleaded vehicles with “green” vehicles—hybrids, alternative fuels, etc.—by 2016

In 2011-12, the percentage of "green" vehicles in the Town's fleet increased by 5% from the previous year, and by 15% from 2009-10.



COMPUTER REPLACEMENT FUND

The Computer Replacement Fund accounts for the purchase and financing of computer equipment and software to the Town departments.



COMPUTER REPLACEMENT FUND

BUDGET SUMMARY

The adopted budget for 2012-13 provides for replacement of computer equipment on a pay-as-you-go basis. \$100,000 is included in the FY13 Budget to purchase standard desktop software.

EXPENDITURES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Small Equipment	\$ 135,322	\$ 150,000	\$ 165,263	\$ 150,000	\$ 150,000	0.0%
Other Expense	81	100,000	100,000	100,288	100,500	0.5%
Reserve	-	-	-	-	-	N/A
Total	\$ 135,403	\$ 250,000	\$ 265,263	\$ 250,288	\$ 250,500	0.2%

REVENUES

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
Computer Use Fees	\$ 260,036	\$ 159,375	\$ 159,375	\$ 159,375	\$ 160,100	0.5%
Interest Income	836	-	-	250	-	N/A
Sale of Equipment	1,085	-	-	3,842	-	N/A
Appropriated Fund Balance	(126,554)	90,625	105,888	86,821	90,400	-0.2%
Total	\$ 135,403	\$ 250,000	\$ 265,263	\$ 250,288	\$ 250,500	0.2%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2012 (2012-06-25/O-6)

BE IT ORDAINED by the Council of the Town of Chapel Hill, the following appropriations are hereby made:

ARTICLE I

GENERAL FUND

<u>Department</u>	<u>Department Total</u>
Mayor/Council	\$ 393,010
Town Manager/CaPA	1,905,924
Human Resources Development	1,306,915
Business Management	2,923,007
Attorney	296,834
Planning	1,481,340
Public Works	11,422,710
Police	12,599,282
Fire	7,833,812
Parks and Recreation	6,014,134
Library	2,366,563
Non-Departmental	4,020,469
GENERAL FUND TOTAL	\$ 52,564,000

OTHER FUNDS

Transit Fund	\$ 18,685,436
Transit Capital Reserve Fund	512,989
Debt Service Fund	7,023,652
Vehicle Replacement Fund	2,034,757
Vehicle Maintenance Fund	1,092,268
Computer Replacement Fund	250,500
Public Housing Fund	1,987,403
Housing Loan Trust Fund	0
On-Street Parking Fund	760,500
Off-Street Parking Facilities Fund	2,039,603
Library Gift Fund	347,000
Capital Improvements Fund	650,000
Downtown Service District Fund	166,000
Stormwater Management Fund	1,909,642
Grants Fund	436,149
TOTAL ALL FUNDS	\$ 90,459,899

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2012 and ending June 30, 2013 to meet the foregoing appropriations. It is determined that where estimated revenues are higher than the previous year, the increases were warranted.

GENERAL FUND

Property Taxes	\$ 27,680,000
Other Taxes & Licenses	987,000
State-Shared Revenues	16,230,630
Grants	582,253
Charges for Services	3,471,081
Licenses/Permits/Fines	1,609,663
Interest on Investments	20,000
Other Revenues	233,240
Transfers/Other Sources	221,511
Fund Balance Appropriated	1,528,622
General Fund Total	\$ 52,564,000

OTHER FUNDS

Transit Fund	\$ 18,685,436
Transit Capital Reserve Fund	512,989
Debt Service Fund	7,023,652
Vehicle Replacement Fund	2,034,757
Vehicle Maintenance Fund	1,092,268
Computer Replacement Fund	250,500
Public Housing Fund	1,987,403
Housing Loan Trust Fund	0
On-Street Parking Fund	760,500
Off-Street Parking Facilities Fund	2,039,603
Library Gift Fund	347,000
Capital Improvements Fund	650,000
Downtown Service District Fund	166,000
Stormwater Management Fund	1,909,642
Grants Fund	436,149
TOTAL ALL FUNDS	\$ 90,459,899

ARTICLE III

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property, located within the Town of Chapel Hill, as listed for taxes as of January 1, 2011 for the purpose of raising revenue from property tax as set forth in the foregoing estimates of revenues, and in order to finance the foregoing appropriations.

General Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.378/\$100
Debt Service Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.075/\$100
Transit Fund (for the payment of expenses related to transportation approved by referendum)	\$0.041/\$100
TOTAL	\$0.494/\$100

ARTICLE IV

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property located in the Downtown Revitalization Municipal Service District established by the Town Council's resolution of June 12, 1989:

Downtown Service District Fund	\$0.071/\$100
--------------------------------	---------------

This the 25th day of June, 2012.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Chapel Hill
North Carolina**

For the Fiscal Year Beginning

July 1, 2011

Linda C. Danson Jeffrey R. Emery

President

Executive Director

Performance Agreements with Other Agencies

	2011-12 Adopted Budget	2012-13 Adopted Budget
Performance Agreements with Other Agencies		
Human Services		
Human Services Advisory Board Recommendations	\$ 321,100	\$ 337,100
Total Human Services	321,100	337,100
Environment		
Piedmont Wildlife	1,000	1,000
Total Arts	1,000	1,000
Arts		
Cultural Arts Dinner	500	500
ArtsCenter	10,000	10,000
Total Arts	10,500	10,500
Affordable Housing		
Orange Community Housing and Land Trust	200,000	200,000
Homeless Initiative	28,600	30,750
Empowerment	13,500	13,500
Total Affordable Housing	242,100	244,250
Economic Development		
Chapel Hill/Orange County Visitors Bureau	130,000	175,000
North Carolina High School Athletic Association	15,000	15,000
Chapel Hill Downtown Partnership	70,000	70,000
Additional allocation to the Chapel Hill Orange County Visitor's Bureau	20,000	-
Total Economic Development	235,000	260,000
Total Contributions to Agencies	\$ 809,700	\$ 852,850

GLOSSARY

Accrual – Revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

Ad Valorem tax - A tax levied in proportion to the value of a property.

ADA - American Disabilities Act

Allocate - To set apart portions of budgeted expenditures which are specifically designated to organizations for special activities and purposes.

AMP - Asset Management Project. A division of the Town's public housing communities.

ARRA - American Recovery and Reinvestment Act.

Annual Budget - A budget covering a single fiscal year.

Appropriation - The amount budgeted on a yearly basis to cover projected expenditures which the Town Council legally authorizes through the Budget Ordinance.

Approved Budget - The budget as formally adopted by the Town Council for the upcoming fiscal year.

Assessed Valuation - The estimated dollar value placed upon real and personal property by the County Assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

Authorized Bonds - Bonds which have been legally authorized but may or may not have been sold.

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Town Council be balanced.

Bond - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

Bond Rating - A grade indicating a governmental unit's investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government's strong financial position. Ratings range from AAA (highest) to D (lowest).

Bonds Issued - Bonds that are sold.

Budget - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

GLOSSARY

Budget Message - A written overview of the proposed budget from the Town Manager to the Town Council. This overview discusses the major budget items of the Manager's recommended budget.

Capital Improvements Plan - A long term plan of proposed capital improvements projects, which includes estimated project cost and funding sources, that the Town expects to undertake within a five year period. The plan is updated annually to reassess capital needs.

Capital Outlay - An expenditure which results in the acquisition of or addition to a fixed asset.

Capital Project - A project expected to have a useful life greater than 10 years and an estimated cost of \$10,000 or more. Capital projects include the construction, purchase or major renovation of buildings, utility systems, parks, or other physical structures or property; purchase of land; and purchase of large equipment.

Capital Project Fund - A fund used to account for the acquisition or construction of major capital facilities and equipment.

Category - Expenditure budgets are presented in one of three categories: Personnel Services, Operations and Capital Outlay.

CDBG – Community Development Block Grant

Community Development Fund - A fund used to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act.

Compensated Absences – Paid time off made available to employees in connection with vacation leave, sick leave, and similar benefits.

Contingency - Appropriation intended for unanticipated expenditures. Transfer of these funds into an expendable account is controlled by the Town Council.

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Delinquent Taxes - Taxes that remain unpaid after the due date on which a penalty for nonpayment is incurred.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Depreciation – An allowance made for the loss in the value of property over time.

District Tax - Taxes paid by those owning property in a special district of the Town.

GLOSSARY

Employee Benefits - For budgeting purposes, employee benefits include employer payments for social security, retirement, group health and life insurance, and workers' compensation and any similar form of employee compensation.

Encumbrances - A financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Equivalent Rate Unit (ERU) – A unit of area of impervious surface.

Expenditures - The total cost of a program or capital project.

EZ Rider - A special service which uses lift equipped vehicles to transport individuals with mobility limitations that prevent them from using Chapel Hill Transit's regular bus service.

Fiscal Year - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset - An asset of long-term character. For budgetary purposes, a fixed asset is defined as an item costing \$5,000 or more with an expected life of more than one year.

FTA – Federal Transit Administration

Full-time Equivalent - One F.T.E. refers to the equivalent of one permanent position.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.

Function - A broad grouping of activities and departments whose objectives and expenditures are inter-related. Examples of functions within the Town include General Government, Public Safety, Leisure, etc.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, recreation and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

GLOSSARY

Goal - A broad statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – Funds generally used to account for tax-supported activities.

Impervious Surface – Hard surfaces such as concrete, compressed gravel, asphalt and rooftops. These surfaces increase the amount of stormwater runoff.

Indirect Cost - The component of the total cost for a service which is provided by one department but budgeted within another department or division. Indirect costs are budgeted to more accurately reflect the true total cost for such services.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Intergovernmental Revenues - Revenues from other governments (State, federal, and local) which can be in the form of grants, shared revenue, or entitlement.

Land Use Management Ordinance - The Chapel Hill Land Use Management Ordinance establishes standards and procedures for new development or redevelopment in the Town. The major purpose of the Land Use Management Ordinance is to implement the Town's adopted *Comprehensive Plan*. It is designed to provide clear rules about what is expected of applicants in order to gain approval to develop land in the Town.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessments imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

MPO/DA – Metropolitan Planning Organization/Direct Allocation

NCDOT – North Carolina Department of Transportation

Non-operating Expenses - Expenses which are not directly related to the provision of services such as debt service.

Non-operating Revenues - Revenues which are generated from other sources and are not directly related to service activities.

Objective - A specific statement or objective that is to be accomplished or achieved for a particular

GLOSSARY

program during the fiscal year.

Ordinance - A formal legislative enactment by the Town Council which has the full force and effect of law within the boundaries of the Town.

Operating Budget - The Town's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.

Operating Expenses - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.

Personal Property - Movable property classified within two categories: tangible and intangible. "Tangible" or touchable, property includes items of visible and movable property not permanently affixed to real property. "Intangible" or non-touchable, property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights and similar assets.

Personnel Services - Salaries and wages paid to employees for full-time, part-time and temporary work, including overtime and similar compensation. Also included in this account group are employee benefits paid for employees.

Program - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.

Property Tax Rate - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

Property Tax - Tax paid by those owning property in the Town.

Proprietary Fund - A fund used to account for the operations similar to those in the private sector. This includes enterprise funds. The focus is on determination of net income, financial position and changes in financial position.

Public Safety - A group of expenditures related to the provision and enforcement of law enforcement and fire and disaster protection.

Real Property - Land, buildings, and items permanently affixed to land or buildings.

Real Property Value - The value of land and buildings which are taxable.

Reappraisal - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Property was revalued as of January 1, 2001.

Reclassification - A change in the classification and corresponding job title of an existing position

GLOSSARY

which results from a major change in assigned responsibilities.

Reserve - An account designated for a portion of the fund balance which is to be used for a specific purpose.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue Neutral Tax Rate – G.S. §159-11(e) states that “the revenue-neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.”

Rolling Stock – Vehicles and other similar equipment which use wheels to move about.

Rural Buffer - Established by the 1987 Joint Planning Agreement between Carrboro, Chapel Hill and Orange County, the Rural Buffer is defined as a belt of land surrounding the Towns of Chapel Hill and Carrboro, that will remain rural in character, contain low-density residential uses (1 dwelling unit per two acres of land), and not require urban services (public water and sewer).

Sales Tax - Tax paid by retail consumers.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Shared Ride – An extension of transit service to designated areas of town which do not receive regular bus service.

Special Assessment - A levy on certain properties to defray part or all of the cost associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied against property owners who have petitioned for paving a street.

Special Districts – A tax district approved by the voters to provide specified services. A special district in the Town is the Downtown Service District which provides improvements in the Town center.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.

TOC – Town Operations Center: Town property on Eubanks Road, site of Public Works and Transit Operations.

GLOSSARY

Town Council - Nine-member Council elected at large by the voters of the Town for four year terms.

Triangle – Chapel Hill is located in central North Carolina, in the area commonly referred to as the Triangle, including Orange, Durham and Wake Counties.

Two-Thirds Bonds - General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State of two-thirds of the previous year's net debt reduction.

Urban Services Area - Defined as the area within which public utilities and services are currently available or will be provided in the future. The Urban Services Area includes not only the urban area of Chapel Hill, but also of Carrboro and several “transition areas” which are in the process of changing from rural to urban character.