



TOWNtalk

A newsletter for Town of Chapel Hill employees

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Special Issue

www.townofchapelhill.org

Message to Employees on Budget

from Town Manager Roger L. Stancil

Just as the Town Team works hard every day to provide excellent service to our community, we have put together a proposed budget for 2008-09 that continues to fund current service levels, addresses the Town's debt challenge and maintains competitive employee compensation. I presented this budget to the Town Council at its regular meeting Monday night, May 5. The recommendation includes a 5.9 cent tax increase to achieve these goals.

This is a significant tax increase, but the Town has completed many new facilities such as the Town Operations Center, the Aquatics Center, Southern Community Park, and the refurbished Community Center. We borrowed money to build those facilities and, just like buying a new house, we must pay the money back. The tax increase will provide the funds to do that without diminishing service levels or affecting our ability to retain and attract good employees. The Council deferred this tax increase by using funds from the Town's savings account, the fund balance, but those funds are no longer available. The recommendations of this budget will be a major step toward creating a sustainable balance between what the Town spends to provide services and meet debt obligations with available revenues.

The recommended budget continues to recognize that employees are our most valuable resource and includes the following:

- \$611,000 for a 3 percent pay raise for employees
- \$363,000 for a 10 percent increase in medical insurance
- \$400,000 for retiree medical benefits liability
- \$546,000 for retiree medical insurance
- \$295,000 for Police Separation allowance

Maintaining and developing a high performing workforce through recruitment and training is essential to the Town's mission. The cost of compensating employees is the Town's largest cost component accounting for more than 62 percent of all General Fund expenditures. In addition to employee costs, the recommended budget includes funds to support the operating costs of our new facilities. Additional pressures on the budget stem from rising fuel, energy and utility costs.

While there are no new initiatives in the recommended budget, our efforts are guided by the priorities as established by the Council at its planning retreat with members of the Senior Management Team. These planning priorities that guide the budget are as follows:

- Continue the Organizational Culture Change
- Champion Downtown
- Continue Focus on Land Use, Transit and Development
- Maintain and Improve Community Facilities and Services
- Improve the Town's Fiscal Condition
- Plan Ahead for Carolina North

Details of the Manager's Recommended Budget are available on the Town's website and through print copies at the Communications and Public Affairs Department and Library. Senior Management Team members also will be glad to provide information to anyone who is interested. The public will have an opportunity to review and comment as the Council considers the community's budget at a public hearing set for 7 p.m. May 14. The budget is scheduled for adoption on June 9.