



Manager's Recommended Budget

May 13, 2013



Initiatives that Guide the Development of the FY14 Budget

- Priority Budgeting
- Strategic Planning
- Asset Management
- Systemic Thinking
- Performance Metrics
- Strategic Partnerships





Major Budget Challenges

- Library Expansion
- Solid Waste Transition
- Transportation System Sustainability
- Employee Initiatives
- Technology Support
- Youth Programming



Background

- Economic Collapse of 2008
- Sluggish growth
- No revenue “catch-up”
- Pressures of maintaining high service levels and pursuing community vision



Solid Waste

- Landfill Closure created need to find alternatives
- Additional cost of hauling to Durham \$355,000 for FY14
- Recycling Changes for FY15?



WORKFORCE OF THE FUTURE



- Quality of workforce equals quality of services
- 70% of General Fund Costs are personnel related
- Workforce initiatives:
 - Employee Performance Management and Development System
 - Employee Engagement Study
 - Personnel Policy and Procedure Revisions
 - Classification & Compensation Plan



Classification & Compensation Plan

- Three Phases to Implementation:
 1. Raise all to minimum grade
 2. Move all to next step
 3. Time in position compensation
- FY14 Recommended Budget includes funding for phase 1 & 2 (\$252,700 for all funds)



Pay Adjustment

- Recommended 2% adjustment for all employees
- Keeps salary levels competitive
- Consistent With surrounding communities
- Consistent with CPI increase



Street Paving

- Bond funds used for FY12 and FY13 Street Resurfacing - those funds are exhausted
- Facing \$550,000 funding gap
- Recommend repurposing 2/3rds bonds intended for bridge replacement project
- Bolinwood Drive Bridge project underfunded - \$380,000 available



Retiree Healthcare

- Long-term nature of commitment and rate of health care inflation create huge liability
- Set aside \$400,000 per year in FY09, FY10 & FY11 to fund liability
- Moved all new employees to defined contribution plan as of July 2011 (116 members)
- Recommending separate plan for post 65 retirees
- Reduction in employees currently covered by defined contribution



Capital Improvements

- Recommending \$828,500 for pay-go CIP
- Major maintenance projects for buildings, parks and other facilities
- Increase of \$178,500 due mostly to Ephesus/Fordham construction project engineering, mobile stage and police in-car cameras



Technology Initiatives

- **IT Positions** - Business Analyst, LAMA Administrator & Social Network Specialist
- **Technology Pool** – intelligent technology project funding
- **GIG-U** – North Carolina Next Generation network (NC NGN)
 - Evaluation of 8 responses to RFP underway
 - Final decision made by Council



Stormwater Fund

- Using fund balance to pay operating expenses
- No capacity for capital projects
- Elliot Road culvert project pending (\$750,000)
- Recommending \$9 per year increase per ERU



Transit Fund

- Increasing costs and loss of external funding sources has created an imbalance
- Reduction in State funding of \$872,000
- 1 cent tax increase is recommended
- Long-term sustainability of fare-free system needs to be addressed



Fund Balance Use

- Planned fund balance use in FY14 General Fund Budget is 3.6% of total revenues (\$1,973,201)
- Fund balance use should reflect “one-time” expenditures in operating budget
- Fund balance is projected to remain over 20% after this use



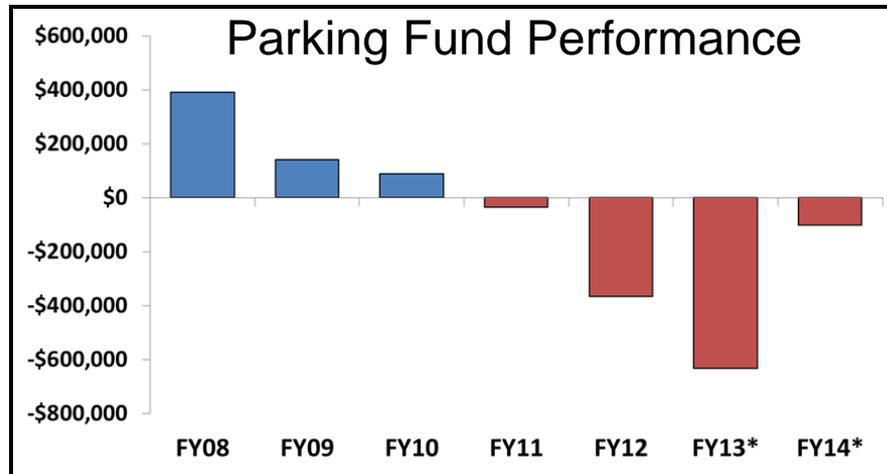
Priority Budgeting

- Partial Implementation
- Program structure created, goals and objectives drafted
- Using preliminary prioritization for reference during budget creation
- Will report back on next steps for FY15 during June work session



Parking Fees

- Parking Fund is operating in the red due to increasing costs and 140 West debt service
- Fee adjustments needed to balance the fund
 - Increase on-street & some off-street lots to \$1.50/hr
 - Discounts to encourage use during non-peak periods





Debt Management Fund

- With the current tax structure the Town can issue \$20 million in new debt in FY17
- Eligible to issue 2/3rds bonds in FY15
- Town can issue \$20 million in FY24, FY27 and FY30 (Total of \$60 million after FY23)
- Start referendum planning for FY17 in FY15



Planned Debt Funded Projects*

Project(s)	Amount
Public Safety Headquarters **	\$ 16,620,000
Fire Station Renovations/Replacements**	14,000,000
Transfer Station	3,000,000
Town Hall Renovations	4,840,000
Parks & Recreation Master Plan (net)	44,917,000
100 West Rosemary Renovations**	2,484,000
523 East Franklin Renovations**	2,214,000
Total	\$ 88,075,000

* Does not include projects that will be paid for by other funds

** Asset Management Plan



FY15 Budget Issues

- Planned Issuance of two-thirds bonds
- Changes to the County recycling program
- Planning for local transfer station for solid waste
- Third phase of the Class. and Comp. Plan
- Adjustments to the Library hours of operation
- Financial sustainability model for Transit
- Restoration of resurfacing in the operating budget
- Retiree healthcare costs
- Youth Initiative Programs funding



Performance Agreements

- Town's outside agency funding level maintained for FY14 (\$852,850) including:
 - Affordable Housing: \$200,000 allocation to Orange County Housing and Land Trust
 - Economic Development:
 - Convention and Visitor's Bureau - \$175,000 plus 50% of receipts above \$950,000
 - Downtown Partnership: \$70,000 plus Downtown Service District allocation of \$120,000



Library Expansion

- Culmination of 10 years of planning
- Increase in operating costs for building & staff
- Interim staffing plan:
 - \$100,000 funding for additional 4hrs per week
 - 58 hours per week
 - Report in January on staffing for FY15





Raising Rates





Tax Rates and Stormwater Rates

- Recommended 1 cent tax increase for both General Fund and Transit (2 cents total)
 - GF and Transit tax rates have been unchanged for 4 and 7 years respectively
- Recommended \$9 /yr increase in Stormwater fee
 - Fee has not changed since 2004

	FY2009-10	FY2010-11	FY2011-12	FY2012-13	Recommended FY2013-14
General Fund	36.0	36.0	37.8	37.8	38.8
Debt Fund	9.3	9.3	7.5	7.5	7.5
Transit Fund	4.1	4.1	4.1	4.1	5.1
Total	49.4	49.4	49.4	49.4	51.4



Youth Initiative

- Formation of a Cross-departmental Youth Initiative Task Team
 - Determine service needs
 - Inventory currently available resources
 - Identify gaps in current services
 - Develop solutions to address service gaps



Bridging the Gap





Youth Initiative Task Team Recommendations

- Develop systemic approach to service delivery
- Renovations to the Teen Center
- “Mayor’s Forum on youth opportunities”
- Support for summer youth employment program
- Emphasis on public transportation connecting key locations

Making Connections



Youth Programming

Transit Sustainability

Library Expansion

Solid Waste

Economic Development

Technology

Systemic Thinking

Strategic Planning

Performance Metrics

Asset Management

Strategic Partnerships

Priority Budgeting

Decisions

Request	Funded in FY2013-14 Operating Budget	Alternative
Library Staffing for 68 Hours	NO	Funded for 58 hrs
Police Motorcycle Unit	NO	Consider in FY15
Technology Related Positions (3)	YES	-
Class & Comp Plan Funding	Partial	Phases 1 & 2
Restore Street Paving in Operating Budget	NO	Using 2/3rds Bond
Various Software Requests (\$270,000)	NO	Funded thru Tech Pool
Economic Development Incentives	NO	-
Stormwater Fee Increase	YES	-
GF and Transit 1 cent each tax increase	YES	-
Solid Waste Hauling to Durham	YES	-
Various Parking Rate Changes	YES	-
Increase pay-go CIP to \$1 million	Partial	\$828,500



Next Steps

- **May 20** - Public Hearing
- **May 22** - Work Session – Class & Comp and retiree healthcare
- **June 3** – Follow-up & Transit Budget
- **June 5** - Follow-up discussions
- **June 10** - Budget Adoption