



Town of Chapel Hill
North Carolina

2018–2019 ADOPTED BUDGET



Chapel Hill Town Council, 2018–2019

Your Town Council is Mayor Pam Hemminger and Mayor Pro tem Jessica Anderson and Council members Donna Bell, Allen Buansi, Hongbin Gu, Nancy Oates, Michael Parker, Rachel Schaevitz and Karen Stegman.

Town Manager
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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 2018-19. The budget includes an increase of 2 cents for a combined property tax rate of 52.8 cents per \$100 of assessed value. The property tax rate for the Downtown Service District is at 7.0 cents per \$100 of assessed value.

The Adopted Budget for 2018-19 recognizes Council's most important goals and makes investments in strategies to achieve those goals. 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 2018-19 budget year. In addition to continuing basic services, the adopted 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 includes the fund summaries that utilize the governmental budget practices recommended by the Government Finance Officers Association of the United States and Canada. The Budget Message is organized around key themes and goals of the Council.

Respectfully submitted,

Roger Stancil
Town Manager

June 13, 2018

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June 13, 2018

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

In accordance with the Local Government Budget and Fiscal Control Act, I hereby submit the adopted annual budget for the Town of Chapel Hill for Fiscal Year 2018-19.

This budget is balanced with a 2.0 cent tax increase. The total tax rate is 52.8 cents per \$100 of assessed valuation. The increase includes 1.0 cents for the General Fund and 1.0 cent for the Transit Fund.

Budget Highlights

Responsible, Resilient, Lean and Strategic

The decision to include a tax increase is not made lightly but with a commitment to fiscal responsibility and resiliency. We have balanced competing demands and have made choices that emphasize the Town's mission, values and goals with a long-term sustainable perspective. Finally, the adopted budget supports the advancement of the Council's Strategic Priorities, as described in the following section.

Budget Highlights

- The adopted budget includes several cost control measures to minimize the needed tax increase, while maintaining our focus on core services and Council Strategic Goals. These measures include:
 - Introducing a deductible for our employee medical insurance plan. The Employee Healthcare Taskforce supports this recommendation.
 - Maintaining OPEB pre-funding contributions at FY18 levels rather than increasing by 20% as planned.
 - Reducing pay-go capital expenditures by \$230,000
- Reducing certain General Fund operating costs totaling about \$464,000. There are no new positions.

- There are no reductions or additions to core municipal service levels provided by our operating departments. The personnel costs for these community programs and services represent about 75% of our expenditures.
- Our investment in maintenance of public facilities and infrastructure is increased about \$470,000 to avoid greater costs in the future for replacement and reconstruction of neglected assets.
- Employee compensation changes included in the budget are designed to keep the Town competitive in attracting and retaining the excellent employees who provide the excellent services recognized in the biennial community survey:
 - A 3.0% of market rate of pay adjustment for all employees effective July 1, 2018.
 - Pay adjustments to meet the Orange County Living Wage standards.

Telling the Budget Story

The bulk of the budget funds the core business services of the town, including such day to day operations as operating buses, police patrol of the Town, response to fire and medical emergencies, collecting solid waste and yard waste, providing recreation opportunities, and planning for the future. The organization of this document, however, begins with an overview of strategic initiatives that are underway or will be started in FY 19. This information is shared first to highlight that the budget supports the Council’s interests and priorities beyond basic operations.

Following the strategic section, the document provides summary quantitative information about each fund and contextual information about revenues and costs that are driving budgetary decision making. The intent of this document is to provide a narrative to the budget that includes the supporting financial information behind the FY19 budget.

Strategic Priorities

Vision, innovation, collaboration, and dedicated employees serve as the foundation of the Town’s efforts to build a community where people thrive. In 2012, the Town Council adopted the Chapel Hill 2020 Community Vision, a reflection of the values, aspirations, and ideas of the community. In 2017, the Town Council affirmed the Chapel Hill 2020 Vision and initiated a refinement to the strategic planning process to demonstrate how the community vision is the foundation for all the Town does.

Our workforce is committed to meeting the expectations of the community and supporting the strategic goals of the Council. The FY 2018-2019 Adopted Budget is reflective of, and responsive to, Council’s strategic goals established in the 2018 Strategic Planning Framework. A description of the Strategic Goals is provided below.

Goal Area	What Success Looks Like
Connected Community	To create a highly connected community where bicycling, walking, and transit are convenient, everyday choices for our neighborhoods, businesses, and public spaces.
Economic & Financial Sustainability	To steward public assets and support a vibrant economy where there is opportunity for jobs and entrepreneurship that positions Chapel Hill for the future.
Safe Community	To preserve and protect life and property through the fair and effective delivery of Town services.
Affordable Housing	To increase the availability of and access to housing for households and individuals with a range of incomes, from those who are homeless to those in middle-income households.
Vibrant & Inclusive Community	To enrich the lives of those who live, work, and visit Chapel Hill by building community and creating a place for everyone.
Environmental Stewardship	To strategically manage the Town's infrastructure and natural environment by promoting resiliency and sustainability.
Collaborative & Innovative Organization	To create an organization that works collaboratively from a mutual learning mindset, leads innovation, and produces effective outcomes for the betterment of the organization and community.

The following sections provide summary information about initiatives that will be maintained and added in FY 19 to support the Council's strategic goals.

Connected Community

Maintain	Add
Current Chapel Hill Transit Services (with 1 cent tax increase)	Chapel Hill Transit Service Development Plan
Chapel Hill Transit bus replacement program: 5 demand response vehicles and 3 fixed route buses	Chapel Hill Transit Memorandum of Understanding
Current parking services (with use of \$105,462 in fund balance)	Mobility and Connectivity street and sidewalk infrastructure improvements (Bond funds)
	Smart City Parking Technology
	Wallace Deck Repairs
	Downtown Ambassador Program
	Downtown Alleyway Improvements (Bond funds)

- **Maintaining convenient, everyday transit choices.** Over the past several years, we balanced the Chapel Hill Transit Budget using appropriated fund balance. This is not a sustainable practice. The FY19 Chapel Hill Transit Budget is balanced using a tax rate increase of 1.0 cents for the Town of Chapel Hill, along with significant increases from the University (\$1,360,000) and Town of Carrboro (\$327,000). The increases are necessary to rebuild fund balance and meet our capital expenditure needs. The budget also includes funding from the Orange County Transit Plan to support service improvements and to continue the environmental and design work for the North South Bus Rapid Transit Project.



- **Chapel Hill Transit Sustainability.** Chapel Hill Transit, like most transit systems, relies heavily on State and Federal funding in order to maintain operations. The lack of reliable Federal funding for bus replacements has created a critical fleet issue for Chapel Hill Transit that we have been working to address through the Capital Plan (through FY2027) recommended by the Transit Funding Partners and adopted by the Town Council. By the end of FY18 Chapel Hill, Transit anticipates having replaced or placed orders for 34 fixed route transit buses and seven (7) demand response vehicles. In FY19 Chapel Hill Transit plans to replace five (5) demand response vehicles with federal grant funds and place an order for an additional three (3) fixed route buses with Orange County Transit Plan funds.

- **Parking Enterprise Fund.** The FY19 Parking Fund Budget is balanced with revenues exceeding expenditures of \$105,462, adding to fund balance. This is a continuation of the trend over the past few years as fund balance use had been declining. This is a positive trend, however the fund has a minimal level of reserves and cannot absorb

major new expenditures yet. A period of fund balance spend-down was expected in the transition of Lot 5 to the 140 West, development however the addition of unexpected capital repair costs and a slower ramp-up of revenues from new facilities prolonged the period during which the fund ran budgetary deficits. Several downtown parking initiatives designed to improve the parking supply and user experience are currently in progress or under consideration, including:



- Addition of a floor to the top of the Wallace Parking Deck.
- Expansion of parking lots in the West Franklin Street area.
- Replacement of Parking Pay-stations

- Chapel Hill Transit Service Development Plan.** During FY19 we will finalize a service development plan that will serve as a roadmap for the next 10 years and position the system for continued success. This planning effort is focused on funding opportunities, integration of Bus Rapid Transit (BRT) into our system of public transportation, and longer-term strategic issues such as light rail integration and regional coordination.
- Chapel Hill Transit Memorandum of Understanding.** During FY19, we expect to finalize our discussion with the University and the Town of Carrboro regarding the development of a long-term memorandum of understanding, covering ongoing operations and shared costs of Chapel Hill Transit, consistent with our goal of creating a sustainable financial future for public transit in our community.
- Mobility and Connectivity.** The Adopted Budget continues the implementation of the 2015 Bond Referendum, issuing an additional \$5,500,000 of Streets & Sidewalks Bonds. These funds will be used for various projects including Downtown streetscapes and alleyway improvements, bike and pedestrian amenities, sidewalks, Mobility Plan projects, and other street infrastructure improvements.
- Investing in Smart City Technology.** The Adopted Budget provides funding for the implementation of new, user-friendly parking pay stations in our Downtown to improve parking accessibility and user experience. The Adopted Budget also continues to support Town staff working with public and private partners to enable smart city parking technology.
- Addressing Parking and Traffic Issues.** The Adopted Budget funds infrastructure improvements to the Wallace Deck, including the consideration of another level of parking to increase shared parking supply. A Downtown Streets and Sidewalk Study will inform discussions about how a limited right-of-way space can meet the needs for parking, walking, biking, loading, transit, and vehicle traffic downtown. The changes in parking technology in downtown will reallocate staff time from cashier responsibilities to concierge responsibilities that will include assisting visitors with the meters and helping them navigate downtown safely. In the Blue Hill District, the Adopted Budget supports the completion of a multi-modal transportation impact analysis for 2030 future year conditions.



Economic & Financial Sustainability

Maintain	Add
Program Support for Convention and Visitor's Bureau	Restore Pre-Recession Debt Fund with a 0.8 cent increase
Program Support for Chapel Hill Downtown Partnership	Investment in Public Facilities
Partnership Support to LaUNCH	
Commercial Development Strategy marketing and entrepreneurial ecosystem development	

- **Program Support.** Performance agreements with economic development agencies include base funding of \$200,000 for the Convention and Visitor's Bureau. Additionally, the Bureau will receive 50% of all Occupancy Tax receipts in excess of \$950,000 for the fiscal year. Also included in economic development agencies allocation is a \$70,000 General Fund allocation to the Downtown Partnership for services in the Downtown Municipal Service District (MSD). The Downtown Service District Budget also includes \$120,000 for services in the MSD.
- **Capital Investments.** The Adopted Budget maintains the existing 8.2 cents dedicated property tax rate. The Debt Fund supports the Town's capital program, including the recent issuance of \$12.5 million of General Obligation (G.O.) bonds. This was the second issuance from the 2015 referendum authority and the proceeds will be used to fund various major capital projects including:

 - \$5.5 million of Streets & Sidewalks Bonds for various projects including Downtown streetscapes and alleyway improvements, bike and pedestrian amenities, sidewalks, Bolinwood Drive bridge replacement, Mobility Plan projects, and street infrastructure improvements.
 - The \$4.3 million of Parks Facilities Bonds will be used for the installment payments for the purchase of the American Legion property.
 - The \$2.7 million of Stormwater Improvement Bonds will be used for the design and construction of the Elliott Road Flood Storage Project. The Flood Storage facility is the highest priority project identified in the Lower Booker Creek Subwatershed Study.
- **Investment in Public Facilities.** The Adopted Budget invests approximately \$472,000 of additional funding for building maintenance programs to optimize the use of the Town's assets



through capital improvement planning, preventative maintenance, and asset management. Below is a breakdown of the immediate needs that will be addressed with this investment:

- FY 19 Projects
 - Boiler Replacement for Pool Heating at Community Center
 - Soffit Repair/Laminate Beam Refinish at Aquatic Center
 - Hargraves Roof Replacement
 - Windows, Doors, and Awning Repairs/Replacement at Fire Station 5
 - Cupola Refurbishment at Post Office
 - Pool Repairs
 - Basic Exterior and Interior Maintenance
- FY 20 Projects
 - Interior Finishes at Community Center
 - Roof Replacement at Town Hall
 - Roof Replacement at Post Office
 - Exterior Wall Cleaning and Painting at Post Office
 - Basic Exterior and Interior Maintenance
- **Taking Chapel Hill's Place on the Map.** The Adopted Budget continues to support the Council's Commercial Development Strategy. Ongoing efforts focus on business recruitment and retention in the categories of Research and Development, Applied Sciences, and Technology. These efforts lead to opportunities that are considered by Council on an individual basis throughout the fiscal year.
- **LaUNCH Chapel Hill.** The Adopted Budget continues to partner with UNC and Orange County to support entrepreneurial activity and expand co-working and stage two spaces for small businesses and entrepreneurs. In its five years, the accelerator program has been home to 75 startup companies. In 2017, LaUNCH startups accounted for more than 1,100 employees and \$20.6 million in revenue. In the next fiscal year, the Town will work with UNC and other partners to implement a new nonprofit charter for LaUNCH that would increase the organization's long-term stability and adaptability.



Safe Community

Maintain	Add
Coordination of private sector investment in internet infrastructure	Municipal Services Center Design
Improvement efforts to Inspections and Code Enforcement	Implement Online Residential Permitting
Youth Initiatives to engage High School Students in Fire Service	Decide course of action for coal ash remediation
Bike and Pedestrian Safety Initiatives	

- Police Headquarters.** The Adopted Budget continues to design the Municipal Services Center / Police Administration Building and reserves significant debt capacity to construct the building. The need to replace the existing police facility was first identified as a Council Goal in 2014.



- Supporting Inspections and Code Enforcement.** The Adopted Budget supports current Town efforts to address permitting and inspections process problems. In the next fiscal year, improvement efforts include the expanded use of SeeClickFix for reporting and accountability for code and inspections functions, a revision of residential parking permit strategies in Northside and Pine Knolls, enhanced outreach to the off-campus student population and the reallocation of resources to create an Assistant Inspections Manager.
- Internet Connectivity.** Staff from several departments are coordinating with wireless service carriers in the deployment of small cell poles to support 5G service, additional cellphone capacity and the infrastructure connecting that network. Staff continues to monitor the impact of this construction in rights-of-way to safeguard the interests of residents during the process. Ensuring residents have the wireless communication services they need is an ongoing priority requiring a multipronged approach. Work continues to coordinate with the private Internet Service Providers (ISPs) to connect more residents, community centers, schools and other facilities to high speed Internet including gigabit service.

Affordable Housing

Maintain	Add
Penny for Affordable Housing Funding	Contingency Planning for Continued Reduction of Federal Funding
Management of 336 units of Public Housing	Affordable Housing Bond Referendum
Program Support for Orange Community Housing and Land Trust	Development on Town-Owned Land
Program Support for Orange County Partnership to End Homelessness	Public Housing Master Plan
CDBG Funding to Affordable Housing Providers	

- Affordable Housing Development Reserve (Penny for Housing).** For the fourth year, the Manager’s preliminary budget continues to include \$688,395 for the Affordable Housing Development Reserve. These funds, nearly a penny on the property tax rate, develop and preserve affordable housing opportunities consistent with the Council-adopted Affordable Housing Strategy.
- Address Decrease in Federal Funding.** The President’s preliminary budget proposes reducing the Community Development Block Grant (CDBG) and HOME Program and a reduction in funds allocated for the Capital Fund Grant for public housing maintenance and operations. In response, we are evaluating options that would generate new revenue resources to continue to support the Town’s public housing program and the Council’s affordable housing and community development activities.
- Program Support.** The affordable housing agency funding recommendations includes a \$339,831 allocation to the Orange Community Housing and Land Trust. This represents an increase of \$7,317 from the FY18 performance agreement. This increase is based on the interlocal agreement, authorized by Council April 13, 2015, with the Towns of Carrboro and Hillsborough and Orange County formalizing the long-standing relationship with the Community Home Trust. The performance agreement for the Homeless Initiative is increasing by \$18,593 to \$63,899, based on the FY18-19 budget of the Orange County Partnership to End Homelessness (OCPEH) and the cost sharing agreement.
- Affordable Housing Funding Strategy.** The Town currently spends about \$6,235,000 annually on Affordable Housing strategies. The Adopted Budget also gives staff direction to prepare an affordable housing bond referendum to support affordable housing strategies. The adopted referendum, for up to \$10 million of Affordable Housing Bonds, would be scheduled for November 6, 2018. If approved by Chapel Hill residents, the debt issuance would establish a funding mechanism for Council to meet its affordable housing targets established in its strategic planning process. The Town’s five-year goal is to develop 400 affordable housing units and preserve 275 affordable housing units.

- Innovative Partnerships in Affordable Housing.** The Town continues funding nonprofits to support affordable housing in the amount of \$398,637. In addition, the Affordable Housing Work Plan for FY 18-20 sets several goals for increasing collaboration on projects with Orange County, UNC and UNC Healthcare, and Affordable Housing Providers. We continue to develop our working relationship with the Chapel Hill Carrboro Schools to support teacher housing initiatives.



- Development on Town-Owned Land** Both the Council-adopted Affordable Housing Strategy and the Affordable Rental Housing Strategy identify development of affordable housing on Town-owned land as a key priority and a method to increase the affordability of housing. For many years, the Town has donated land for affordable housing purposes, and there is significant value associated with these properties that is often not accounted for in the Town’s contributions to affordable housing. Recent recipients of Town-owned land include DHIC, Habitat for Humanity and Self-Help Ventures Fund. Additionally, in alignment with recommendations of the Town Properties Task Force, the Town is pursuing development of mixed-income affordable housing on a Town-owned parcel on Homestead Road and conducting evaluations of additional sites to determine their suitability for future affordable housing development.
- Public Housing Neighborhoods.** The Town manages 336 dwelling units in thirteen public housing neighborhoods.
- Public Housing Master Plan.** We identify public housing as an important part of affordable housing in Chapel Hill and strive to provide excellent public housing to the residents of Chapel Hill. In response, we engaged in an effort to assess the condition and value of our portfolio of units. With the assistance of an interdepartmental staff team and consultants, we are prioritizing sites and exploring options for how we could use our existing sites to leverage additional resources to support the revitalization and redevelopment of our communities.
- Relationship with Public Transit.** The Town Council targets affordable housing projects that are near fare-free public transit options, with 84% of existing subsidized housing units within a quarter-mile of a Chapel Hill Transit bus stop.

Vibrant & Inclusive Community

Maintain	Add
Program Support for Building Integrated Communities (2-year project)	Rogers Road Community First Plan
Increase cultural events	Implementation of Mobility and Connectivity Plan
Increase Arts and Culture partnerships	Blue Hill Design Guidelines and Potential Code Changes
LUMO Rewrite Project	Historic Preservation Staff
Downtown 2020 Work Plan	Prototype and Implement the People's Academy
Station Area Planning	Activate 140 West Plaza

- Community Conversations with Foreign-Born Residents.** The Adopted Budget continues the Town's support of dialogue and engagement through its Building Integrated Communities (BIC) project, a two-year project designed to engage with local foreign-born, refugee, and Hispanic/Latinx residents in order to improve relationships, enhance communication, and promote newcomers' civic participation and leadership in local government. This is a two-year collaboration between the Town of Chapel Hill, UNC, local community groups and residents, and the statewide Building Integrated Communities program.



- Arts & Culture.** The Adopted Budget reorganizes Town programs related to community arts and culture with the appointment of the Executive Director for Community Arts & Culture position. This role is responsible for developing policy and strategy that reflect community interests and leverage assets related to arts, culture, and community history. Current initiatives include planning for Historic Town Hall's future use as a community history center, reviewing and revising public arts policies, and developing strong partnerships with arts leaders at UNC, Orange County Arts Commission, and a variety of community arts-based organizations.
- Planning Initiatives and LUMO Rewrite.** The Adopted Budget addresses strategic policy concerns expressed by Council, including the following initiatives:
 - Continued funding for a LUMO Project Manager to rewrite the Land Use Management ordinance so the Town has a better tool for planning, managing, and achieving the community's vision. The first phase of the project is to complete a Future Land Use Map.

- Addressing other planning initiatives:
 - Implementation of Rogers Road Community-First Plan
 - Implementation of the Mobility & Connectivity Plan
 - Station Area Planning
 - Blue Hill Design Guidelines and potential code changes
 - Historic Preservation staff support for the Historic District Commission
 - Funding for the Town’s share of the cost of sewer construction in Rogers Road and advancing the discussion of tools to guide the future development of the Rogers Road/Greene Tract area.
- **Strategically Investing in Downtown.** The Adopted Budget continues to prioritize collaboration in the Downtown and focuses resources on the implementation of the Downtown 2020 Work Plan. FY19 Initiatives include:
 - Construct lighting, wayfinding and infrastructure improvements to the alleyways that connect the Wallace parking Deck and Franklin Street.
 - Construct streetscape improvements to cross roads between West Franklin and Rosemary Street.
 - Enact ordinance changes to support safe sidewalk dining and flexible retail options.
 - Conduct design process for public and private open spaces to increase activation
 - Create pedestrian and bike connection between Tanyard Branch Trail and the Downtown with the Northside Neighborhood.
 - Begin planning process to implement the recommendations of the Historic Town Hall Committee.
 - Coordinate with the Department of Transportation on repaving of East Franklin Street and planning for the Merritt Mill Road intersection.
 - Grow marketing and education campaign for downtown parking options.



Environmental Stewardship

Maintain	Add
Community Resiliency and Emergency Management Functions	Triangle Regional Resilience Assessment
Town Facilities and Fleet Energy Management	OWASA Water Conservation Partnership
Continue Year Two of Explore More at Pritchard Park	Electric Bus Purchase
	Install LED lights in Park and Rides
	Create Metrics to track success
	Construction of Elliott Road Flood Storage Project
	Eastwood Lake Subwatershed Study

- **Community Resiliency.** Cities are facing more and more challenges and disruptions every year. Some are climate related, like extreme heat, drought and flooding; others like congestion, resource scarcity, social inequality and population growth are not driven by changes in our climate. The Adopted Budget supports the Town’s goals for environmental stewardship through the appointment of a Community Resilience Officer. With a focus on sustaining our community through resilience, this position will work in conjunction with the Town’s Emergency Management Coordinator to identify and anticipate the growing challenges we face, and to develop multi-disciplinary teams to think about how we can be better prepared for the growing physical, social, and economic challenges of the 21st century.
- **Stormwater Fund.** Although the FY19 Stormwater budget does not include a fee increase, the FY18 Stormwater budget included a \$6.00 increase in the annual Stormwater fee. A portion of the increase (\$3.50) was to help support the operating budget, which has relied on fund balance to balance the budget in the past few years. The remaining portion of the FY18 fee increase (\$2.50) was to pay for debt service for the recently issued Stormwater G.O. bonds.
- **Triangle Regional Resilience Partnership.** The Triangle Regional Resilience Partnership (TRRP) is a cooperative partnership between Orange County, the Town of Chapel Hill, the City of Durham, Durham County, the Town of Cary, and the City of Raleigh, with administration assistance from Triangle J Council of Governments. The Community Resilience Officer and the Emergency Management Coordinator have worked with a core team of staff from Engineering, Planning and Stormwater to represent the Town in the creation of a regional resiliency assessment over the past year. The project team is using a five-step process guided by UNC Asheville’s National Environmental Modeling and Analysis Center (NEMAC). Once complete, this assessment will identify stressors, both climate-related (e.g. storm events, extreme heat) and non-climate related (e.g. population growth, affordable housing), and the vulnerabilities of certain regional assets to those stressors. This work will inform long-range planning and action to increase Chapel Hill’s resilience in a time of rapid change. Specific areas for input include the LUMO Re-write project and emergency management planning.
- **Clean and Renewable Energy.** Building on a recent grant from Duke Energy, staff will look for ways of promoting electric vehicle adoption and increasing access to publically accessible EV charging stations. With the recent announcement about Duke Energy’s solar rebate program, staff will also look for ways to promote solar installations and solar readiness in new construction.
- **Water and Energy Conservation.** In partnership with OWASA, the Town will explore opportunities to promote water conservation using the new Agua Vista metering technology. The Town plans to continue to partner with OWASA and Duke Energy to help low-income families conserve water and energy to sustainably lower their bills.

Staff will also investigate options to incentivize green building that reduces our community's use of natural resources and fossil fuels.

- **Town Facilities and Fleet.** Building off the success of a recent energy performance contract that has lowered energy consumption in Town Hall, the Aquatic Center and the Community Center, staff will continue to explore opportunities for additional energy saving investments for both new construction and existing buildings. Additionally, staff will explore additional fuel economy savings through vehicle replacement (e.g., electric vehicles, hybrids, rightsizing).
- **Electric Buses and LED Lighting:** In the current fiscal year, Chapel Hill Transit developed and issued an Invitation for Bid (IFB) for electric buses that will allow us to purchase or debt-finance a 40-foot electric bus in order to evaluate the feasibility of expanding our use of alternatively powered vehicles. We anticipate this project moving forward in FY19 and we will also continue to pursue state and federal grant funding for electric buses. Additionally, Transit and Community Resilience staff initiated a project to replace all of the surface lights at the Eubanks Road and Southern Village Park and Ride Lots with more sustainable LED lighting. In December 2017, we issued a Request for Proposals (RFP) for the work. Following a proposal review by Transit, Procurement, and Community Resilience staff, we have issued a contract to DTL Energy Solutions Inc., to replace the existing lights at Southern Village and Eubanks Park and Rides with LEDs at the cost of \$22,000. With energy utility rebates, this project has an expected break-even point at 18 months, and a projected savings of more than \$28,000 within the first five years
- **Metrics.** As a way of measuring progress towards Town goals for sustainability and resilience, staff will establish manageable and meaningful metrics for energy, water, waste and related measures.
- **Stormwater Infrastructure:** The recent issuance of Stormwater Improvement Bonds will allow for construction of the Elliott Road Flood Storage project, the top priority project identified in the Lower Booker Creek Subwatershed Study report. This project includes installation of a flood storage area of about 4 acres in the area between Eastgate Shopping Center and South Elliott Road and will incorporate passive park features. Other prioritized projects identified by subwatershed studies will be included in the next issuance of G.O. referendum bonds. The Eastwood Lake Subwatershed Study is nearing completion, the Cedar Fork Subwatershed Study will begin in spring of 2018 and continue into FY19, and the Crow Branch Subwatershed Study is anticipated to begin in FY19. Similar to the Lower Booker Creek Subwatershed Study, these studies will include additional project recommendations.

- Environmental Education:** The Library’s Explore More at Pritchard Park project leveraged federal grant funding with community partnerships to activate Pritchard Park as an extension of the Library’s mission, with nature play spaces, citizen science opportunities, and environmental education programs for all ages. The Library has been officially recognized as an Environmental Education Center by the state, which will allow them access to more resources and grant funding opportunities. Using this designation, the Library will seek Year 2 support, focusing on funding from the Friends of the Library, in-kind support form partners, including UNC’s Institute for the Environment, and continued collaboration with Town departments.



Collaborative & Innovative Organization

Maintain	Add
Customer Service Focus and Analysis	Work Life Balance Initiatives
Leadership Development	Open Data Automating Processes
Wellness	Implement Office 365
Employee Engagement Survey	Complete Diversity and Inclusion Assessment

- Community Satisfaction and Customer Service.** The Town conducted its biennial Community Survey in 2018 and received completed surveys from over 400 households across Chapel Hill. The survey found that 79% of respondents were satisfied with the overall quality of services provided by the Town, approximately 30% higher than national benchmarks. Over the next fiscal year, staff will use analytical tools to overlay the community survey data with other benchmarking data and open lines of inquiry about topics that saw significant change in approval.
- Attracting and Developing Leaders.** The Adopted Budget raises current employee salaries by 3% of market rate to attract and develop leaders who can work collaboratively, lead innovation, and produce effective outcomes for the betterment of the community.
- Complete Diversity and Inclusion Assessment.** The Adopted Budget continues our focus on equity training by including funding to complete an organizational diversity and inclusion assessment. The assessment is the first phase of a program that will eventually build a “Train-the-Trainer” program for every employee. The assessment began this fiscal year by organizing several teams that will conduct the assessment, including a cross-departmental team, a senior leadership team and a compass team.

- **Leading for Collaborative Innovation.** The Adopted Budget develops its employees and organizational capacity for innovation through the Leading for Collaborative Innovation program, a six-month program which includes an assessment center exercise, classroom learning and activities, a team project, and coaching for participants. The purpose of the program is to develop leaders who significantly influence Town strategy, performance, and culture.



- **Long-term Wellness.** The Adopted Budget implements the recommendations of the employee-led Healthcare Taskforce, which includes support for a \$250 deductible. The savings generated from this healthcare plan change are being invested into the Town’s Wellness@Work program, a partnership with UNC Healthcare. The goal of this program is to help our employees be healthier by reducing high-risk health behaviors, improving prevention of chronic health conditions, and promoting healthy lifestyles.
- **Employee Engagement Survey.** The Town’s biennial Employee Engagement Survey was conducted in spring 2018 with an overall participation rate of 66%. Town Leaders and affected departments will use the results to develop action plans to address areas of concern. Over the next fiscal year, staff will open lines of inquiry about topics that saw significant change in satisfaction and topics that relate to the organization’s ability to be innovative and collaborative.
- **Work Life Balance.** The Adopted Budget continues to fund paid parental leave, which was an important first step in building out the Town’s work-life balance program. In the next fiscal year, the Manager will pilot a flexible schedule program and the work-life task force will consider how to support the needs of employees who are primary care-givers for aging family members.
- **Open Data.** The Adopted Budget continues its support of Chapel Hill Open Data, promoting government transparency and access to information, with nearly 100 data sets publicly available. The focus of the next fiscal year will include automating processes to extract, transform and load data and increasing engagement with end users of the system to understand their needs as well as connecting with Code for Chapel Hill group to increase community utilization of the open data portal.
- **Improve Town Services:** The use of technology to support and improve Town services is an ongoing priority. In FY18 technology projects included the implementation of SeeClickFix as a service/work order management system, relocating the phone system to a cloud service, upgrading the public computers in the Library, security camera upgrades throughout the town and supporting the technology needs at

the new Fire Station #2. In addition to continuing the roll out of these systems, FY19 plans include a system wide upgrade of operating systems, the implementation of cloud based Office 365 and the deployment of smart city technology.

Budget Context

The overarching theme for the FY19 budget is one of perspective; balancing competing demands and making smart choices that emphasize the Town's mission, values and goals with a long-term sustainable perspective. Learning from our past and using those lessons learned informs our decision making, refines our focus, and directs our strategies.



Viewed in the context of the last ten years, the Town's progress has been considerable, despite the challenges of an uneven economy, adverse legislative actions and sustained demand for expanding services, while maintaining the high quality that resident of Chapel Hill expect. Some of the trends over that time period include:

- **Stable Taxes Rates:** For 7 out of the last 10 years tax rates have not increased. The average annual increase in tax rates over that time period, including the FY19 increase is about 1.2%.
- **Slow Tax Base Growth:** Growth in the tax base over the past 10 years has been considerably slower than the increase in our costs.
- **Employee Healthcare and Other Post-Employment Benefits Costs Rising:** These costs are a larger portion of the operating budget. Medical insurance costs increased at double digit rates the last two years.
- **Legislative Setbacks:** Recent history suggests that the interests of local governments are not priorities of the state and federal governments. This is shown by the State's repeal of local business licensing and the Fed's tax legislation eliminating advanced refunding of bonds; an important tool for local governments to reduce interest costs. Legislation that is harmful to our interests, whether it is HB2 or the proposed elimination of CDBG and HOME programs, is a continuing risk to the Town.
- **Economy Based Revenue Growth:** Revenues that fluctuate with changes in the economy, such as sales taxes, occupancy taxes and fees for services have grown as a percentage of General Fund Revenues while property taxes, our most dependable revenue source, has decreased as a percentage of revenues.
- **Environmental Hazards:** Adverse weather events have been increasing in frequency and intensity. While some debate the effects of climate change, we continue to experience storm events that impact public safety with greater frequency and with greater intensity. As we saw with the Town Hall flood of 2013, the effect of these events can be expensive, long-lasting and a challenge to our ability to deliver services. In addition to

natural environmental risks, the Town also must address manmade environmental hazards such as the coal ash under the Police Headquarters.

- **Restraint after the Economic Collapse of 2008:** The recession of 2008 was an unprecedented event in its global impact and the subsequent slow recovery. The Town of Chapel Hill was not as deeply impacted as many communities, however the 10% drop in economy based revenues forced us to make the following decisions in order to maintain services at expected levels:
 - Delayed capital expenditures, including postponing the expansion of the Library for two years.
 - No increase to employee salary levels for three years. This includes one year of no pay adjustments and two years of an \$800 one-time payment for all full-time employees.
 - No increase in the tax rate for four consecutive years (FY10-FY13)
 - Shifted 1.8 cents of the Debt Fund tax rate to the General Fund tax rate to compensate for the loss of economy driven revenues.

What does our past tell us about the future?

- **Prepare for uncertainty by being resilient:** Resiliency is the capacity to absorb unexpected negative events without compromising your basic goals and values. The Town faces a number of risks ranging from federal and state policies that are hostile to local governments to environmental dangers both natural and manmade. The Town is preparing itself for these challenges in the following ways:
 - Developing a nimble and adaptable workforce
 - Maintaining facilities and reserves
 - Being thoughtful about preparing for risks as we plan for the future
- **Develop and retain an excellent Workforce:** Our future relies on our ability to attract, retain and promote excellent employees that are capable of meeting the high expectations and ideals that are encompassed in the Town's values and goals. We have done this by maintaining competitive pay and benefits, by creating an environment where people want to work and providing opportunities for employees to learn, grow and lead.
- **Invest in Facility Maintenance:** Foregoing basic maintenance to save money only works in the short-term. In the long-run it costs more and is more disruptive to allow public assets and infrastructure to decline due to lack of maintenance. Stewardship of public assets is a foundational responsibility of local government that must be properly funded and thoughtfully considered in making spending choices. The FY19 Budget makes key investments in the maintenance of public facilities and the establishment of a stronger maintenance function.
- **Manage Debt Strategically:** Balancing near-term capital investment opportunities with financing capacity constraints and future needs. Delaying some capital projects to match the pay-down of existing debt obligations.
- **Economic Growth:** Specifically target nonresidential development and job creation through streamlined processes and limited, focused and strategic financial incentives. The Council's current five-year incentive policy for reimbursement from incremental tax revenue produced will deliver significant long-term revenue enhancements.

- **Preparing for risks:** The key to preparation is understanding and addressing known risks and maintaining capacity to deal with unknown risks. The Town is improving its preparedness in the following ways:
 - Maintaining strong financial reserves that provide capacity for dealing with unexpected occurrences both economic and operational. The FY19 Recommended Budget moves the Town closer to our target fund balance.
 - Establishing a Risk Management function and strengthening our commitment to safety is an important step in protecting against preventable losses and their aftermath. In addition, the collaboration among our public safety and operational functions has been strengthened under the leadership of our Emergency Management Coordinator.

Budget by the Numbers

The FY2018-19 Adopted Budget is balanced with a combined 2.0 cent increase in property tax rates. The increase includes 1.0 cents for General Fund and 1.0 cents for Transit.

The aggregate increase for all funds is 3.4% and the increase in the General Fund is 4.4%. We are projecting a moderate increase in overall revenues that includes small increases in some economy driven revenues, such as sales and occupancy taxes and decreases in others such as state shared revenues and grants.

The following table compares the FY2017-18 Adopted Budget with the FY2018-19 Recommended Budget for all Town funds.

BUDGET SUMMARY – ALL FUNDS

Fund	FY18 Adopted	FY19 Recommended	Incr./Decr.	Incr./Decr. %
General Fund	\$ 63,531,000	\$ 66,357,000	\$ 2,826,000	4.4%
Transit Funds	23,942,992	24,024,185	81,193	0.3%
Stormwater	2,722,030	2,724,400	2,370	0.1%
Parking Funds	2,668,762	2,706,830	38,068	1.4%
Housing	2,304,199	2,204,372	(99,827)	-4.3%
Debt Service	7,542,793	8,274,231	731,438	9.7%
Capital Projects	561,260	322,260	(239,000)	-42.6%
Other Funds	4,034,352	4,357,916	323,564	8.0%
Total	\$ 107,307,388	\$ 110,971,194	\$ 3,663,806	3.4%

Note: Includes intrafund transfers

- **General Fund** – The net increase in the General Fund budget for FY19 is 4.4%. This is a combination of increases, including a 3.0% of market salary adjustment, an additional

\$470,000 for maintenance of public facilities, and a reduction in the use of “lapsed salaries” (shorting salary accounts to compensate for vacancies) of \$1.25 million. There are also about \$464,000 in reductions in various operating accounts. The increase in property tax revenues resulting from the proposed tax rate increase of 1.0 cents and the 4.4% increase in assessed valuation, along with growth in Licenses/Permits/Fines provide sufficient revenue to balance the General Fund Budget.

- **Transit Fund** – The major change in the Transit Fund Budget is the reduction in the use of fund balance and the addition of 1.0 cent on the tax rate. The level of fund balance used in the FY18 budget is unsustainable and the tax rate increase is needed for the Town to maintain its funding commitments to the partnership.
- **Stormwater Fund** – The FY19 Stormwater budget is balanced without a change in the stormwater fee, which was raised \$6.00 in FY18 to cover increases in operating costs and debt service for major capital projects.
- **Parking Funds** – On-street Parking operations are expected to generate \$23,567 in revenues above the amount required to support operations. The additional revenue will be transferred to Off-street parking. The combined Off-street and On-street budgets are balanced with an excess of revenues over expenditures of \$105,465, adding to fund balance.
- **Housing** – The 4.26% net decrease in the Housing Fund Budget reflects a 9.8% decrease in operating costs due to one-time expenditures in FY18 and an expected 8.3% increase in HUD subsidies, based on need. The budget is balanced using \$229,538 in fund balance. While this is a decrease in the budgeted fund balance from FY18, it represents an unsustainable level of fund balance use.
- **Debt Service** – The Town issued \$12.5 million of General Obligation referendum bonds in FY18. The first debt service payments for these bonds will be payable in FY19. Revenues in the Debt fund include a transfer from the General Fund representing Ephesus Fordham (Blue Hill) District Tax Increment Financing (TIF). This transfer pays the debt service on the financing of the public roadway improvements in Phase I of the Ephesus Fordham project. In addition, there is a \$914,631 transfer from the Parking Enterprise Fund to pay the debt service on the Wallace Deck and 140 West parking facility. A \$16,919 contribution to reserves is budgeted. It is anticipated that the Debt Fund will need an increase in the dedicated tax in the next year or two in order to address a projected cash flow deficit in FY24-25, based on the current financing plan.
- **Capital Projects** - This budget represents the “pay-go” portion of the Town’s Capital Funding Plan. While the amount falls well short of the \$1 million annual pay-go target, planned debt issuance will fund several high priority projects that might otherwise be funded through pay-go.
- **Other Funds** – The aggregate reduction in these funds, that include internal service and grant funds, is due in part to reductions in one-time expenditures.

The following table shows the expected changes to major revenue categories in the General Fund:

GENERAL FUND REVENUES

Revenue Source	FY18 Adopted	FY19 Adopted	Incr./Decr.	Incr./Decr. %
Property Taxes	\$ 29,635,000	\$ 31,771,000	\$ 2,136,000	7.2%
Sales Taxes	13,677,177	13,853,827	176,650	1.3%
Other Taxes	1,300,000	1,357,500	57,500	4.4%
State Shared Revenues	8,069,340	7,820,590	(248,750)	-3.1%
Charges for Services	4,748,308	4,820,808	72,500	1.5%
Licenses & Permits	2,129,153	2,461,890	332,737	15.6%
Grants	779,963	680,899	(99,064)	-12.7%
Other Revenues	508,053	493,600	(14,453)	-2.8%
Appropriated Fund Balance	2,684,006	3,096,886	412,880	15.4%
Total	\$ 63,531,000	\$ 66,357,000	\$ 2,826,000	4.4%

- **Property Taxes** – As described in the following section, FY2018-19 property tax revenue numbers reflect a 1.0 cent increase in the General Fund tax rate. In addition, the tax base for FY19 grew by 4.4% for a total increase in expected property tax receipts of 7.7%. Property tax revenues were flat the prior two years.
- **Sales Taxes** – Sales tax growth in the current year is estimated to be about 4% which is significantly below the FY18 adopted number. We expect FY19 sales tax receipts to increase about 5% over the current year estimates, although this is only a 1.3% increase when comparing budget to budget.
- **Other Taxes** – The hotel occupancy tax is the main component of this category. Receipts for FY18 are expected to exceed FY17 actuals by about 3.2%. FY17 numbers were down slightly due to a water crisis during a UNC home game weekend and the impact of HB2 on the North Carolina tourism industry. We are budgeting a small increase of less than 1% in FY19 based on current year receipts.
- **State Shared Revenues** – Growth in the Utility Sales Tax is expected to decline slightly based on state-wide forecasts.
- **Charges for Services** – The net increase in this category is due mostly to increases in Parks & Recreation fees and increases in charges to other funds.
- **Licenses and Permits** – The Increase in this category is due to an expected increase in development based permit revenue.
- **Grants & Other Revenues** – Revenues in these categories are declining due to reductions in available grant funding.
- **Appropriated Fund Balance** – The amount of fund balance included in the FY19 budget is an increase of 11.8% over the current year’s adopted budget. Overall, the budget reduces the amount of non-current revenue used to balance the budget by eliminating the practice of budgeting lapsed salaries (shorting salary accounts to compensate for vacancies). This was done based on fund balance dipping below the 22% target at the end of FY17.

Property Tax Increase

The FY2018-19 budget includes tax rate increases in the General and Transit funds. These increases total 2 cents, representing a 3.9% increase in the Town's overall property tax rate. The tax rate changes for the three funds that rely on property taxes are described below:

- **General Fund:** The General Fund increase is 1.0 cents which is needed to maintain services at their current level. This is only the second increase in the last seven years. Over that period the Town has been using increasing amounts of fund balance to compensate for the fact that revenues were not keeping pace with costs. Operating results for FY17 (Fund balance reduction of more than \$2 million) and expected results for FY18 (break-even at best) show that our reliance on fund balance has reached its limit.
- **Debt Fund:** The Debt Fund tax rate will remain unchanged for FY19. The cash flow needed to support the debt service for capital projects that are planned for the next five years will require a tax increase or a reduction in the dollar amount of planned projects. Based on our projections the debt fund tax increase needed in FY20 will be 0.95 cents per \$100 of valuation. The major projects that are planned for the next five years include the following:
 - Municipal Services Center \$ 31,400,000
 - Wallace Deck 2,400,000
 - Streets & Sidewalks 7,700,000

The increase needed in FY20, described above, does not cover the proposed affordable housing referendum bonds that are scheduled to come before voters in November of 2018. It is anticipated that funding to repay those bonds will come from an increase to the Debt Fund tax when the bonds are approved.

- **Transit Fund:** The unreliability of federal funding for bus replacement has significantly changed the financial picture for the Town's Transit operations. In the past, 80% of the cost of replacement buses has been funded through Federal grants. As those grants dried up, the Town and its funding partners have been forced to finance the purchase of buses through debt in order to keep the fleet from falling into a state of decline that would ultimately jeopardize service delivery. While debt spreads the cost over a 10-year period, the Town and its funding partners are now paying 100% of the cost of these new buses. In order for the Town to maintain its proportional share of the cost of operating the transit system, the Transit tax, the primary source of the Town's funding, needs to be increased.

Over the past ten years the Town has been reluctant to increase taxes, recognizing the burden on taxpayers of having one of the highest combined tax rates in the state. We have been successful in limiting tax increases by using strategies that maximize existing resources and in some cases

delaying major expenditures. As shown in the following table the Town’s tax rate has increased an average of about 1.2% per year, with no increase in 7 out of 10 years.

Property Tax Rates

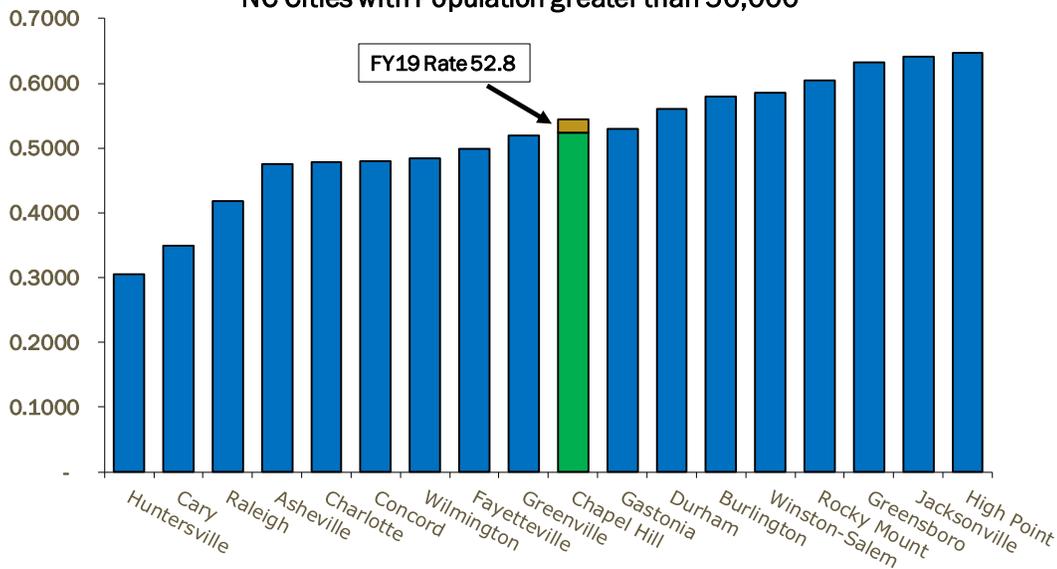
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
General Fund	36.0	36.0	37.8	37.8	38.8	38.8	38.8	38.8	37.6	38.6
Debt Fund	9.3	9.3	7.5	7.5	7.5	8.5	8.5	8.5	8.2	8.2
Transit	4.1	4.1	4.1	4.1	5.1	5.1	5.1	5.1	5.0	6.0
Total	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4	50.8	52.8
Rate of Increase	(0.8)*	0	0	0	4.0%	1.9%	0	0	0*	3.9%

Downtown Fund 7.0 cents

** Revaluation year – increase measured from revenue neutral rate*
Average Annual Rate of Tax increase over last 10 years 1.0%

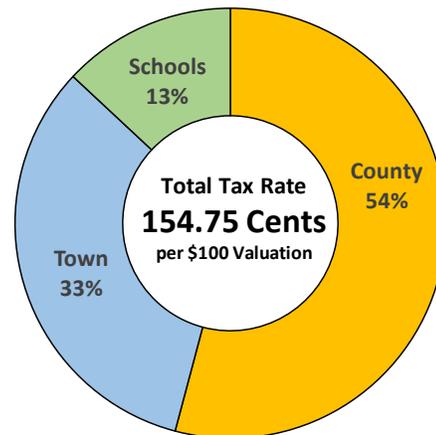
How does the Town’s tax rate compare to other jurisdictions? The following graph compares the Town’s tax rate for FY19 with the FY18 tax rates for all NC municipalities with populations of over 50,000. This graph does not include any changes in tax rates for FY19 from the other jurisdictions. As shown, the Town’s tax rate, including the 2 cent increase, is in the middle of the pack of the peer group. While services in each jurisdiction varies in scope and quality, it is significant to note that the Town is unique, in that it supports a library with the highest circulation per capita in the state and the second largest transit system in North Carolina.

FY18 Property Tax Rates
 NC Cities with Population greater than 50,000



Combined Tax Rates: Many taxpayers do not differentiate between overlapping taxing districts. Because tax bills combine the taxes for all three jurisdictions, it is easier to focus on the bottom line: the total of the three jurisdictions. The Town's tax rate is not out of line with its peers and we provide unique (Library and Fare Free Transit) and high quality (rated 29% higher than the national benchmark in the community survey) services, but adding the County and the Schools results in a tax rate that is among the highest in the State. This fact creates a high degree of sensitivity to tax rate changes and this has been a factor in decisions to **not** raise taxes in prior years. As shown in the following graph, among the overlapping jurisdictions in Chapel Hill, the Town currently accounts for 33% of the total tax rate.

Chapel Hill Combined Tax Rate FY18



Capital Investment

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.

The Town has been working to address a significant backlog of capital projects that were deferred during the fiscal crisis. At that time, 1.8 cents of the Debt Fund tax rate was shifted to the General Fund to cover the decline in economy based revenues. In FY16 Council added 1.0 cent back to the Debt Fund tax rate to partially restore the Debt Fund revenue lost in the rate shift of FY12 in anticipation of funding the 2015 referendum bond projects. This has allowed us to begin addressing more of the Town's capital needs, including the following recent financing activity:

- \$12.5 million G.O. Referendum Bonds for streets and sidewalks (\$5.5 million), stormwater improvements (\$2.7 million), and parks facilities (\$4.3 million). Debt service will be paid from the Stormwater Fund for the stormwater improvement bonds and from the Debt Fund for the other bonds.
- \$9.0 million G.O. Referendum Bonds for streets and sidewalks (\$3.0 million), trails and greenways (\$5.0 million), and parks facilities (\$1.0 million). Debt service will be paid from the Debt Fund.
- \$1.4 million G.O. Two-thirds bonds for the purchase of public safety equipment including a fire ladder truck. Debt service will be paid from the Debt Fund.
- \$6.4 million Installment Financing for the purchase of 14 transit buses. Debt service will be paid from the Transit Fund.
- \$4.3 million installment financing for the purchase of the American Legion property. This is an interim financing that will be defeased by the \$4.3 million of parks facilities bonds described above.

- \$7.9 million installment financing for Ephesus Fordham Phase I, Hamilton Road Fire Station, Town Hall Renovation and other projects. Source of repayment will be the Debt Fund and tax increment from the Ephesus Fordham District.
- \$2.4 million installment financing for public safety and public facility improvements. Debt service will be paid from the Debt Fund.

Voter Approved Debt

In November of 2015, Chapel Hill voters approved 5 bond orders giving the Town the Authority to issue up to \$40.3 million of G.O. bonds before November of 2022. The following table shows the authority by bond order, the amounts issued to date and the balance remaining.

Bond Order	Authority	Issued	Balance
Streets & Sidewalks	\$ 16,200,000	\$ 8,500,000	\$ 7,700,000
Trails & Greenways	5,000,000	5,000,000	0
Recreation facilities	8,000,000	5,300,000	2,700,000
Solid waste Facility	5,200,000	0	5,200,000
Stormwater Improvements	5,900,000	2,700,000	3,200,000
Total	\$ 40,300,000	\$ 21,500,000	\$ 18,800,000

The Debt Fund

The Debt Fund is the Town’s primary source of repayment for capital borrowing. The fund was established in FY10 to isolate debt service payments from the General Fund so that capital investment decisions could be made independent of their impact on the operating budget. In other words, by assigning a dedicated tax to the debt fund, increases in capital investment would be dependent on the adequacy of Debt Fund revenues instead of competing with operating costs.

For FY19 the Debt Fund is at break-even, with revenues expenditures both at about \$8.2 million. The accumulated fund balance in the Debt Fund plus an increase in the dedicated tax rate in the next few years will be needed to pay debt service on the major projects planned over the next 5 years.

Public Safety

Planning for a Municipal Services Center (MSC) that would include Police, Fire, Parks & Recreation and other Town Offices will continue in FY19. Negotiations for a site for the project are ongoing and it is expected that design will be completed by spring of 2019. The proceeds of the sale of 523 East Franklin are being used for the design and pre-construction costs of the new facility. The balance of the project costs may be funded through a combination of G.O. bonds and an installment financing. This project will also include costs related to the ultimate disposition of the current Police Headquarters Building. The site is a former coal ash dump and analysis to determine the required remediation and clean-up is currently ongoing.

Affordable Housing Referendum

The Town is planning a \$10 million affordable Housing G.O. Bond referendum for November of 2018 to accelerate progress toward the Town's affordable housing goals. The Town has developed an Affordable Housing Investment Plan to guide our efforts in meeting Council's affordable housing goals. The five-year goals for the investment plan include development of 400 new affordable housing units and preservation of 275 units. To further progress toward our goals, general obligation bonds were identified as one of the key resources to leverage additional funding for affordable housing. The \$10 million referendum amount is based on five-year targets and the estimated amount of subsidy needed per unit. In addition, the survey of planned projects suggested that there is sufficient demand to use the \$10 million for eligible projects over the next 5 years.

Asset Management

The sale of Town owned properties is an important potential source of funding for major capital projects. The asset management initiative was designed to assess the value of underutilized Town assets and leverage those assets to address critical needs. The following projects involve the reuse of Town owned properties:

- **523 East Franklin** - The sale of 523 East Franklin generated about \$1.7 million that is being used for the planning and design of the new Municipal Services Center complex that will house the new Police Headquarters.
- **Hamilton Road Fire Station Site** - The Council approved a public-private partnership to redevelop the Hamilton Road Fire Station property. The development includes a new fire station and private office building. This innovative partnership provides the Town with a new fire station at a fraction of the cost of building it ourselves and creates an office building on land that was previously not subject to property tax. The new station will be completed and occupied in FY19.
- **DHIC Project** – Repurposing underused Town properties can also serve to further Council Goals, such as affordable housing. The use of 10 acres of Town owned land as the site of a Low Income Tax Credit project has made it possible to add about 140 units of much needed affordable rental housing in the Blue Hill District.
- **Sale of Rosemary Street Parking Lot** – The recent sale of a small gravel parking lot on Rosemary Street for \$300,000 to an adjacent property owner will provide funding to design the Wallace Deck expansion project. This sale will also allow the new owner to consolidate parking facilities while allowing for public use after-hours.



Development and Tax Base Growth

Decisions involving future development often have long-lasting and dramatic effects on the character of a community. Thoughtful deliberation and careful planning take up a great deal of Council time and staff resources. While this is to be expected, what may be unexpected, is the lack of tax base growth associated with the volume of developments being processed for approval. This is due to two factors. First, the amount of new taxable property needed to “move the needle” with regard to growth of our tax base is enormous. Second, the amount of time between initial application and new developments paying taxes can be as long as 8-10 years.

Moving the Needle

The assessed value of the Town’s tax base is about \$8,100,000,000 (\$8.1 billion). In order to increase the Town’s tax base by 1%, \$81 million of taxable value needs to be added to the tax rolls. To put that in perspective, the taxable value of some of the Town’s largest developments, such as the University Mall (\$32,792,795) and East 54 (\$35,239,900) are individually less than one half of one percent of the tax base. In other words, the Town would need to add more than two East 54 size developments in one year in order to raise the tax base by about 1%.

Since the 2009 revaluation, the average annual increase in the tax base has been 1.72%. This equates to an annual increase in tax value of about \$125 million or four University Malls. While this seems to be a large increase it is less than the annual increase in the cost of providing Town services.



The Development Cycle

The amount of developable land in Chapel Hill is relatively small, adding pressure for land use decisions to be made cautiously and with great care to ensure congruity with the Council’s vision for the community. This level of scrutiny can stretch out the approval process and require multiple iterations. The amount of effort used in this process can seem out of proportion to the results, with regard to tax base growth. This disconnect appears larger when you consider large developments that make it through the approval process and construction does not begin for an extended period of time, such as Glen Lennox and Obey Creek developments.

Another trend that increases the delay between development approval and tax base impact is the use of economic incentives. The Caraway Village and Wegmans projects include economic incentives that reduce the net gain from tax base growth for several years after construction is

completed. Development in the Ephesus Fordham District will have a similar delayed tax impact because increases in the tax base of the district will be used to offset the cost of the debt service for public improvements in the district.

Fund Balance

The Town has maintained a strong and consistent General Fund fund balance (see graph below) over the last 6 years, keeping unassigned fund balance levels between 20% and 30% . Unassigned fund balance is the portion that is available for appropriation and represents the Town “rainy day fund.”

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. The Town’s strong fund balance levels are a positive factor in assigning credit ratings to the Town’s debt. The Town has continually received the highest possible rating for its general obligation bonds. The Town’s triple A rating was recently affirmed by Moody’s and Standard & Poors with the issuance of G.O. bonds in April of 2018.

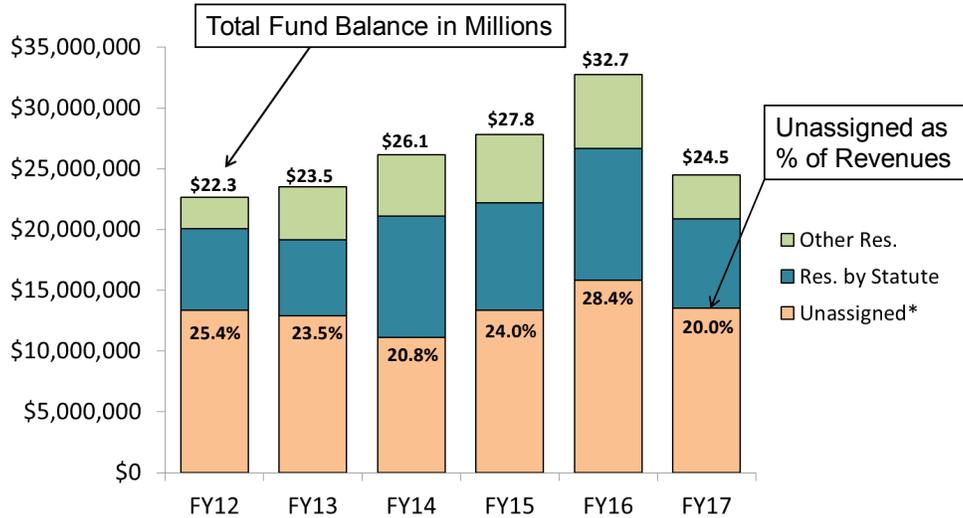
The 22% target fund balance level was established by evaluating the Town’s cash flow needs, dependability of revenue sources, and environmental and economic risks. In past years, unassigned fund balance over the 22% (target) was split between high priority capital investments, such as Rogers Road, and funding for the retiree healthcare liability (OPEB). Beginning with the FY17 Budget the Town included pre-funding of the OPEB liability in the operating budget, thereby making all fund balance over target available for one-time capital needs. The appropriation of fund balance over 22% in FY17 – based on FY16 results (\$3.6 million) was used as a first installment for the purchase of the American Legion property.

For FY17 the Town dipped below its 22% unassigned fund balance target due to a combination of lower revenues than expected and not achieving the expected level of savings. In order to build fund balance back to the target level, the FY19 budget eliminates the use of lapsed salaries.

For FY19 the Town is budgeting about \$3.0 million of fund balance to balance the General Fund operating budget. This amount is consistent with prior year’s use of fund balance, however the budget does not include budgeted lapsed salaries. Budgeting lapsed salaries means “shorting” salary accounts to account for vacancy savings at the beginning of the budget year rather than at the end. Basically, appropriated fund balance and budgeting lapsed salaries are both uses of non-current revenues to balance the budget. We believe that this net reduction in the use of non-current revenues will help build the fund balance back to target levels.

Total GF Fund Balance

FY2011-12 thru FY2016-17



Town Employees

Employee Compensation

The Town is a service-based organization that relies on a skilled and nimble workforce to deliver a broad scope of governmental services. Personnel related costs account for 75% of the FY19 General Fund Budget. The costs of maintaining a high performing workforce is increasing as the competition for labor increases. In recent years we have seen increased



**Workforce
of the Future**

turnover, including a significant increase in retirements. The Town's Turnover rate (about 10%) is typical for local governments in our region. The Town can stay competitive in the labor market by maintaining its comprehensive benefits package and through annual market based salary adjustments.

The FY19 Budget includes a 3.0% salary adjustment effective July 1, 2018. This adjustment will be based on the market rate (mid-point) within each pay grade so that employees currently making less than market will receive slightly larger percentage increases than those currently making more than the market. As described below the FY19 budget introduces an employee paid deductible for medical insurance, as a cost control measure.

	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%)
FY2013-14	2%	0	4%
FY2014-15*	3%	0	7.0%
FY2015-16*	2% - 2%	0	(8.5%)
FY2016-17*	2% - 1.5%	0	16.9%
FY2017-18*	2.5%	0	12.3%
FY2018-19*	3.0%	0	(1.5%)

* Increase calculated from market (mid-point) for each grade

Living Wage

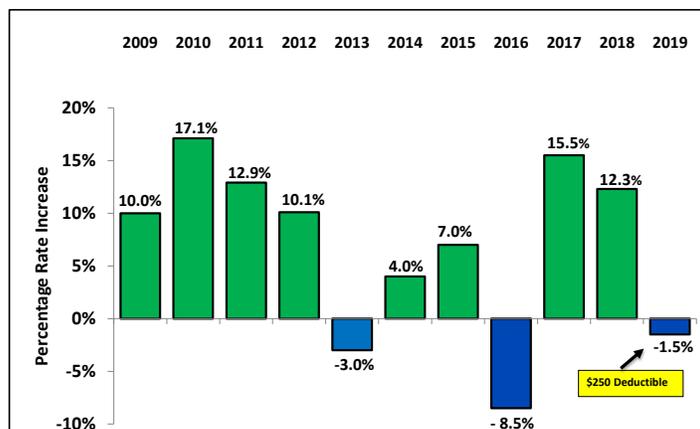
The FY19 Adopted Budget includes additional funding to pay for an increase in the Orange County Living Wage (OCLW) standard. The 2019 standard is \$13.70 per hour for employees without health benefits. This affects some seasonal and program support employees in the Parks and Recreation Department and the budget includes an additional funding to cover this cost. With this change, the Town will be in compliance with the OCLW standard for 2019.

Employee Health

An Employee Healthcare Task Force, similar to the one that helped create the wellness program and clinic was convened to develop strategies for addressing the rising costs of healthcare. The Task Force supports the manager in recommending a deductible amount for our plan that he considers in the best interests of the Town and its employees and using any savings in healthcare costs to enhance wellness programs. This budget includes the implementation of a \$250 health insurance deductible. After two years of double-digit increases, healthcare insurance costs with the new deductible will decrease by 1.5%.

As shown in the following graph, after several years of moderate increases including an 8.5% reduction in FY16, our rates increased significantly in FY17 and continue to increase at a double-digit rate for FY18. While this reverses favorable claims experience prior to FY17,

Medical Insurance Cost
Increase from Prior Year



it does not negate the progress made in the Town's Wellness @ Work Program. The spike in rates is due to a combination of bad claims experience from a relatively small number of high dollar claims and a general increase in the cost of healthcare. The rate of increase for FY17 and FY18 is not sustainable and the implementation of a deductible will reduce premiums by 1.5%.

Wellness@Work

In 2012 the Town embarked on a wellness initiative designed to identify and treat chronic illnesses, reach-out to employees who may be medically underserved, and help our employees make good healthcare and lifestyle decisions.

The program is a comprehensive wellness initiative for the employees of the Town of Chapel Hill administered through a partnership with UNC Health Care Department of Family Medicine and the Town of Chapel Hill. The success of this program is a direct result of this partnership and the work of the Wellness @ Work Committee. Participation in the program has grown each year with 95% of employees taking the health risk assessment (HRA) in FY17. The HRA includes screenings for important health issues and provides information for employees to



better manage their health. The Town is continuing its commitment to this partnership because we believe that employee wellness pays dividends beyond the cost of health insurance by improving

the quality of employees' lives and helping them to be healthier, happier and more productive.

The recent reversal of a positive trend in health insurance premiums is disappointing, but improving employee health is the most important outcome of the program. The FY19 budget continues these efforts by encouraging participation in the HRA program by giving a discounted employee medical insurance rate for program participants. Also enhancements to wellness program as recommended by Wellness Committee focused on addressing chronic conditions

Retiree Healthcare

The Town has taken several positive steps in managing its retiree healthcare liability, including establishing a defined contribution plan in 2010 for all new employees, making periodic pre-funding contributions and setting-up an irrevocable trust for pre-funding assets. In order to accelerate pre-funding of the liability we starting making annual pre-funding contributions from the operating budget in FY17. The total pre-funding contribution in the FY19 budget is \$840,000. This is the same contribution as FY18.

Conclusion

We feel that the FY19 Budget takes positive steps toward creating a resilient and nimble organization that is better positioned to deal with uncertainty and to make progress toward our shared vision and goals. Among other things, the FY2018-19 budget does the following:

- Maintains Town services at the high levels expected by Town residents
- Increases the total property tax rate by 2.0 cents (1.0 cents for the General Fund and 1.0 cents for the Transit Fund)
- Maintains our commitment to public/affordable housing and continues the affordable housing master planning process.
- Leverages our relationships with human service agencies to more efficiently provide services to communities in need.
- Makes important investments to renew and maintain our infrastructure and public facilities to make them safer and more efficient for all users.
- In cooperation with our Transit Partners and regional transit agencies, continues the process of replacing our aging bus fleet and starts the planning/design process for future transportation options.
- Continues the design process for a new facility (Municipal Services Center) to replace the inadequate and antiquated Police Headquarters and other sub-par Town offices.
- Provides Town employees with a market competitive compensation package that will help us retain and recruit excellent employees.
- Continues our commitment to pre-funding our retiree healthcare liability.

The budget is the tool we use to allocate resources to achieve Council's strategic goals and to move us toward a future based on our shared vision. Moreover, the budget is about choices. Choices dictated by factors both within and outside of our control. Our ability to understand, manage and anticipate these factors is greatly enhanced by our ability to build trust and respect through open communication and the participation of the public in our planning, goal setting and decision making processes. The choices reflected in the Adopted Budget represent our best efforts to listen to the people we serve and to move forward toward achieving their goals. The 2018-19 Adopted Budget keeps the Town on its path toward sustainably achieving the long-term goals of the community.

Respectfully Submitted,

A handwritten signature in black ink, appearing to be a stylized name or set of initials, possibly "R. J. P.". The signature is written in a cursive, somewhat scribbled style.

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, 2018 through June 30, 2019.

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 2018-19.

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 2018-19 by July 1. State laws also determine the types of services and regulatory authority which the Town can

CITIZENS' GUIDE TO REVIEWING THE BUDGET

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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

Budget Process

The Mayor and Council's process and schedule for developing the 2018-19 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 positions within the department in full-time equivalents in order to provide a snapshot of staffing for the various department functions.

CITIZENS' GUIDE TO REVIEWING THE BUDGET

◆ **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:

- 2016-17 Actual
- 2017-18 Original Budget
- 2017-18 Revised Budget
- 2017-18 Estimated
- 2018-19 Adopted Budget
- % Change from 2017-18 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 2018-19 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	2016-17	2017-18	2017-18	2017-18	2018-19	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2017-18
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			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.

REVENUES	2016-17	2017-18	2017-18	2017-18	2018-19	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2017-18
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%

Community Vision, Strategic Goals, and Performance Management

Community Vision

The community vision for Chapel Hill is articulated in the Town’s Comprehensive Plan, Chapel Hill 2020. The Town’s budget, strategic plan, and departmental business plans are tools that align resources and decisions with the community’s vision. With a tag line of *Connections. Choices. Community.*, Chapel Hill 2020 sets forth a vision for traditional land use categories of housing, transportation, and sustainability, as well as policy goals for Town/Gown relations, economic development and community engagement. Following the adoption of Chapel Hill 2020, the Council initiated further comprehensive planning and outreach to add specificity the Town’s land use vision and policy intentions that are listed below.

Chapel Hill 2020 Comprehensive Plan June 25, 2012		
Master Plans	Strategies	Future Focus Area Plans
2013: Parks Comprehensive Plan, Greenways Master Plan	2014: Affordable Housing Rental Strategy	2013: Central West Small Area Plan
2014: Chapel Hill Bike Plan, Stormwater Management Master Plan	2016: Commercial Development Strategy	2014: Ephesus Fordham Form Based Code District (Blue Hill)
2016: Cultural Arts Master Plan		2016: Downtown 2020 Work Plan
2017: Mobility Plan		2017: West Rosemary Street Development Guide

Strategic Goals

In 2016, the Council affirmed that Chapel Hill 2020 and the subsequent Master Plan, Strategies, and Future Focus Area Plans accurately communicated the Town’s vision and asked staff to create a strategic framework to organize their priorities. Staff worked with the Council to create seven strategic goal areas that operationalize the vision of Chapel Hill 2020 and its associated master plans, strategies, and future focus areas. The goals were used in the 2018 Council Retreat to create a list of strategic objectives and actions and used in the Manager’s Recommended Budget to communicate the strategic objectives for FY 19.

Strategic Goal	
Connected Community	To create a highly connected community where bicycling, walking, and transit are convenient, everyday choices for our neighborhoods, businesses, and public spaces.
Economic & Financial Sustainability	To steward public assets and support a vibrant economy where there is opportunity for jobs and entrepreneurship that positions Chapel Hill for the future.

Safe Community	To preserve and protect life and property through the fair and effective delivery of Town services.
Affordable Housing	To increase the availability of and access to housing for households and individuals with a range of incomes, from those who are homeless to those in middle-income households.
Vibrant & Inclusive Community	To enrich the lives of those who live, work, and visit Chapel Hill by building community and creating a place for everyone.
Environmental Stewardship	To strategically manage the Town’s infrastructure and natural environment by promoting resiliency and sustainability.
Collaborative & Innovative Organization	To create an organization that works collaboratively from a mutual learning mindset, leads innovation, and produces effective outcomes for the betterment of the organization and community.

Performance Management

Performance management uses evidence from measurement to evaluate how Town resources are meeting community and Council expectations. Departmental business plans set strategic priorities and performance metrics for core programs and services for each fiscal year. The plans are updated in the first quarter of each fiscal year and are used manage organizational performance toward the Council’s goals.

The FY19 Budget document illustrates performance data and targets that departments have identified as “mission-level” measures in their FY19 Departmental Business Plans. The FY19 Budget document also highlights the actions being taken by departments during the fiscal year to improve performance.

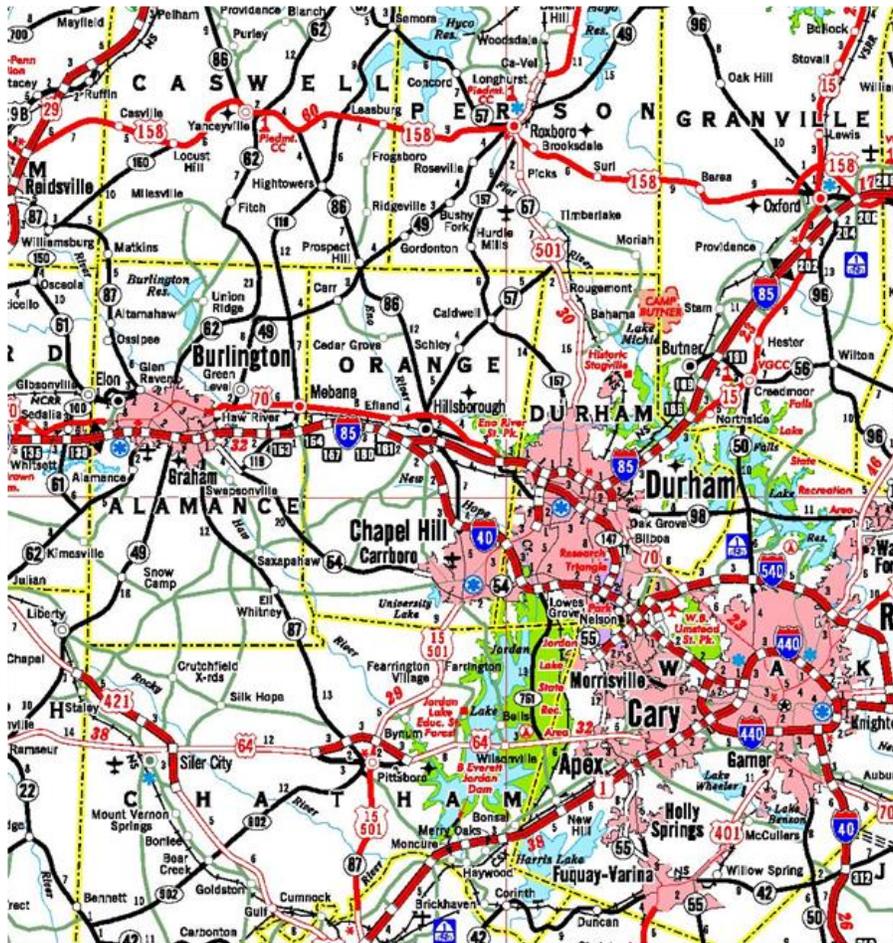
Listed below are additional Performance Management tools used by the Town to communicate how annual investments are being used to meet Council goals and Community vision.

Performance Tools	Data and Dashboards
Business Plans, Performance Measures, Community Survey, Employee Engagement, Capital Project Management	Chapel Hill Open Data, GIS & Analytics, Personnel Dashboard, UNC Benchmarking Project

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Location

The Town of Chapel Hill is located principally in Orange County and partially in Durham County in the north central portion of North Carolina on the Piedmont Plateau, approximately equidistant between Washington, D.C. and Atlanta, Georgia. The area's topography is characterized by rolling hills. The Town, which was incorporated in 1819, presently covers an area of 21.3 square miles and has a population of 59,851 according to the latest estimate issued by the State of North Carolina for July 2016. The Town is the home of the University of North Carolina at Chapel Hill, the nation's oldest public university, established in 1789. Today, the University enjoys a reputation as one of the best public universities in the United States.



The Town conducts an ongoing planning and programming process through which it implements orderly expansion and management of the growth and development of the community in accord with the Comprehensive Plan, last revised in spring of 2000 and updated in May 2003. At present, the Town exercises zoning and building controls over a 27.6 square mile area that includes the corporate limits and a 6.3 square mile planning jurisdiction.

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 29,911 in 2017-18. 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

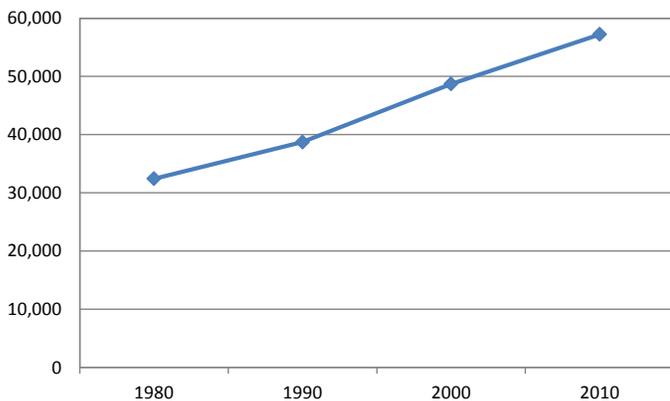
POPULATION GROWTH AND CHARACTERISTICS

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 2005 to 2016 amounts to 16.2 percent, about 1.3 percent faster than the County’s growth, and 0.7 percent slower than the 16.9 percent statewide population growth.

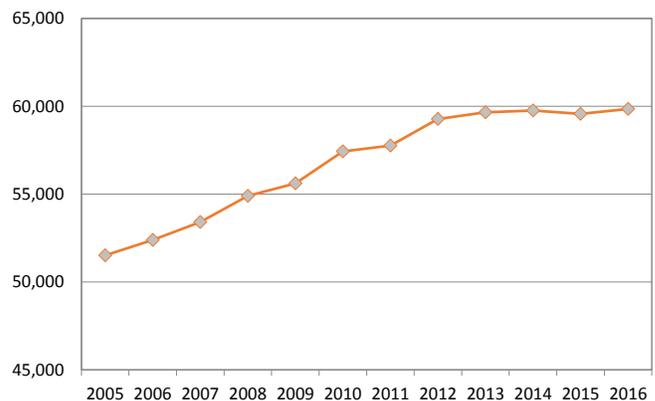
Figure 2 shows the Town’s growth since the 2000 Census.

Figure 1. Chapel Hill Population: 1980-2010



Source: US Census Bureau, 2010

Figure 2. Chapel Hill Population: 2005-2016



Source: North Carolina Office of Budget & Management

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 1. Chapel Hill Population by County

County	Chapel Hill Population
Durham County	3,160
Orange County	56,691
TOTAL	59,851

Source: NC Office of State Budget and Management, 2016

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	2010	%
White	41,666	72.8%
Black or African American	5,552	9.7%
American Indian and Alaska Natives	172	0.3%
Asian and Pacific Islander	6,811	11.9%
Some Other Race	1,488	2.6%
Two or More Races	1,545	2.7%
Total	57,233	100.0%
Hispanic Origin (any race)	3,663	6.4%

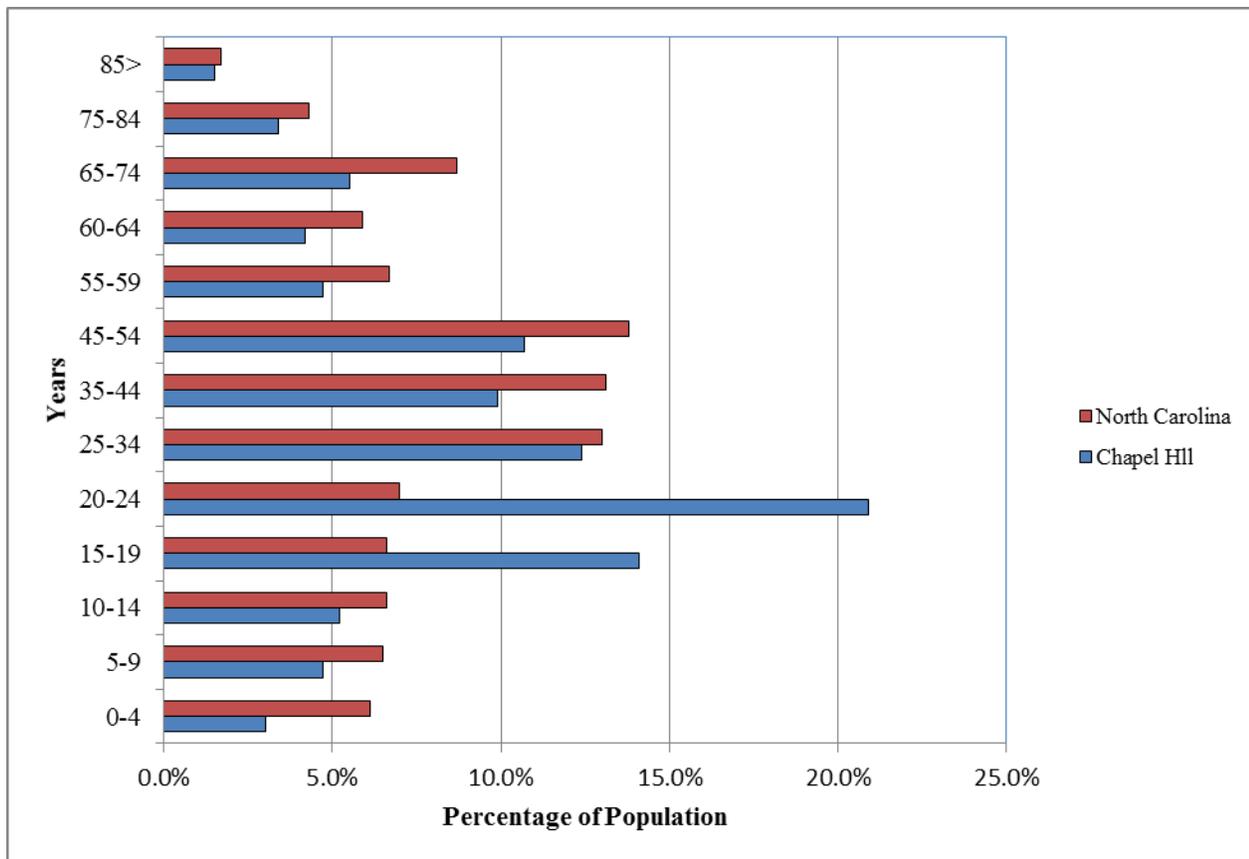
Source: US Census Bureau, 2010

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 14.1 percent of the Town’s population, while the 20 to 24 age group comprises 20.9 percent. As a comparison, the 20 to 24 age group represents 7.0 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 26.2 years old, while North Carolina’s median age is 38.3.



Source 2011-2016 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 2011-2016 American Community Survey 5-Year Estimates. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.

Table 3: Family Income (# of families)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	378	1,044	133,313
\$10,000 to \$14,999	194	728	90,552
\$15,000 to \$24,999	302	1,646	233,926
\$25,000 to \$34,999	453	1,867	261,595
\$35,000 to \$49,999	1,036	3,798	364,724
\$50,000 to \$74,999	1,371	4,969	490,491
\$75,000 to \$99,999	950	3,545	344,601
\$100,000 to \$149,999	2,105	5,602	349,632
\$150,000 to \$199,999	1,360	3,102	125,767
\$200,000 or more	2,656	5,381	120,736
Total Households/Families	10,805	31,683	2,515,338
Median Income	\$115,538	\$88,887	\$59,667
Mean Income	\$159,522	\$127,746	\$79,446

Table 3a: Family Income (% of total)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	3.50%	2.80%	5.00%
\$10,000 to \$14,999	1.30%	1.80%	3.50%
\$15,000 to \$24,999	3.70%	5.20%	8.90%
\$25,000 to \$34,999	4.80%	6.10%	10.10%
\$35,000 to \$49,999	8.50%	11.10%	14.30%
\$50,000 to \$74,999	11.60%	16.00%	19.50%
\$75,000 to \$99,999	9.50%	11.90%	14.00%
\$100,000 to \$149,999	18.90%	17.60%	14.30%
\$150,000 to \$199,999	11.80%	9.80%	5.20%
\$200,000 or more	26.30%	17.80%	5.30%
\$50,000 or more	78.10%	73.10%	58.30%

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 4: Educational Attainment

<u>Educational Attainment</u>	<u>Chapel Hill</u> <u>(% of total)</u>	<u>Orange County</u> <u>(% of total)</u>	<u>North Carolina</u> <u>(% of total)</u>
Less than 9th	2.40%	3.9%	5.4%
9th to 12th, No Diploma	2.10%	4.1%	8.8%
High School Graduate	7.70%	15.6%	26.7%
Some College, No Degree	9.20%	13.9%	21.8%
Associate's Degree	4.70%	6.0%	9.0%
Bachelor's Degree	29.30%	25.4%	18.4%
Graduate or Professional Degree	44.70%	31.2%	9.9%

Table 5: School Enrollment

<u>School Enrollment</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Elementary (grades K-5)	5,570	5,529	5,508	5,529	5,582
Intermediate (grades 6-8)	2,858	2,865	2,870	2,827	2,828
Secondary (grades 9-12)	3,778	3,698	3,644	3,701	3,717
Total	12,206	12,092	12,022	12,057	12,127

Source: Chapel Hill-Carrboro City Schools Enrollment Report

Table 6: Unemployment Rates

<u>Regional Average Unemployment Rates 2006-2018</u>			
<u>Year</u>	<u>Chapel Hill</u>	<u>Orange Co.</u>	<u>NC</u>
2006	2.9	3.3	4.8
2007	2.9	3.2	4.7
2008	3.5	4.0	6.1
2009	5.4	6.5	10.6
2010	6.1	6.6	10.9
2011	6.6	6.5	10.3
2012	6.3	6.1	9.3
2013	5.7	5.3	8.0
2014	4.9	4.4	6.3
2015	5.2	4.6	5.8
2016	5.0	4.3	5.1
2017	4.6	3.8	4.6
2018	4.1	3.5	4.2

*2018 rates based on monthly averages through May.
Source: N.C. Employment Security Commission, U.S. Bureau of Labor

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7a: Economic Indicators – Building Permits

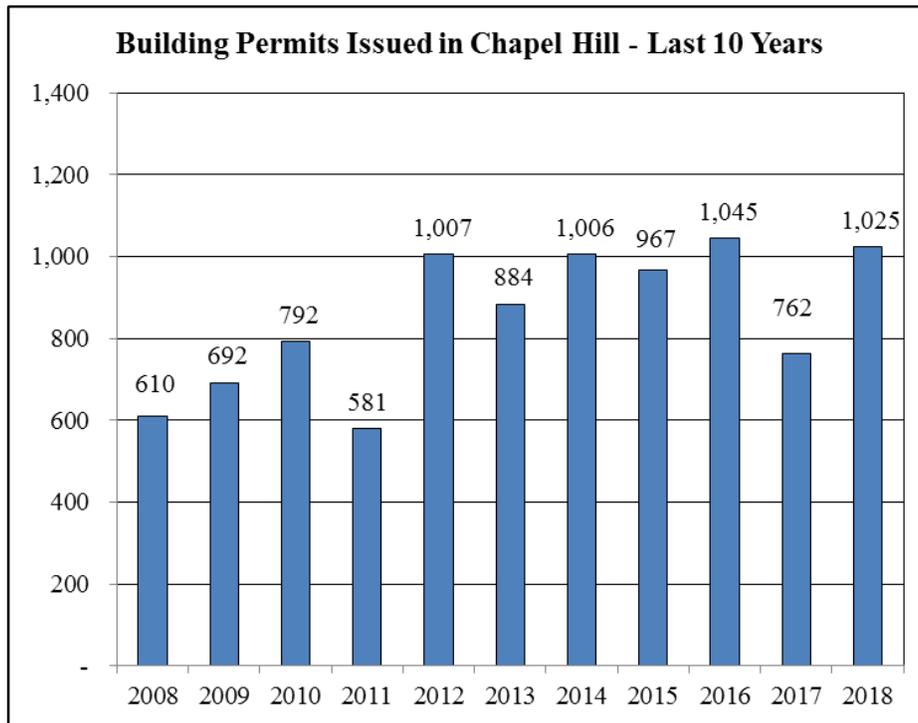
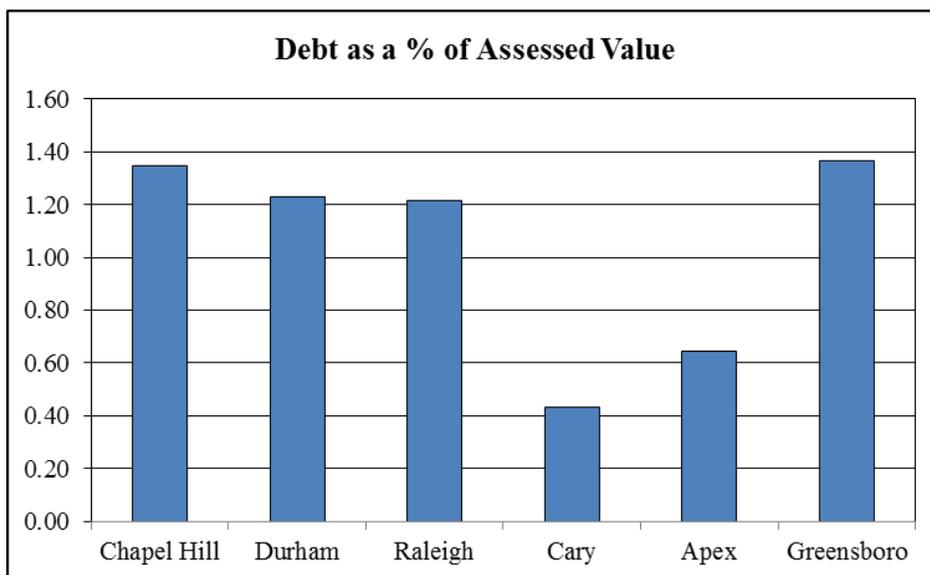


Table 7b: Economic Indicators – Debt Percentage



Outstanding debt due to Governmental Activities

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7c: Economic Indicators – Median Home Price

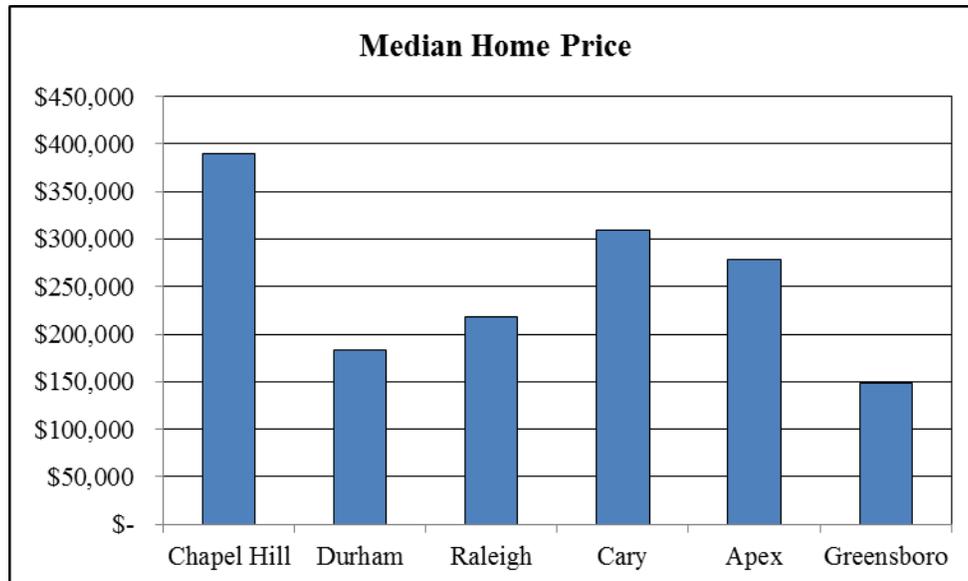


Table 8: Top Employers

Chapel Hill Top Employers By Size	
Employer	Number of Employees
University of North Carolina at Chapel Hill	20,000+
UNC Health Care	13,000+
Chapel Hill-Carrboro City Schools	2,000+
Town of Chapel Hill, Inc.	1,000+
Aramark Food and Support Services	500+
The Chapel Hill Residential Center	400+
UNC Physicians Network LLC	400+
United Parcel Services, Inc.	300+
Performance	250+
Carolina Inn	250+
Whole Foods	200+
A Southern Season	200+

Source: Orange County Economic Development

CHAPEL HILL – MAJOR ECONOMIC DEVELOPMENT

Ephesus Fordham

The Ephesus Fordham Area became a new zoning district in July 2014.

The goal is to renew and transform an area characterized by strip malls, parking lots, confusing roadways and traffic congestion. The area includes some of Chapel Hill’s older, suburban style shopping centers – including Eastgate Shopping Center, built in 1958; Village Plaza, built in 1974; and Rams Plaza, built in 1982.

The vision for the district is to create a walkable community with a mix of commercial uses, upper story residences and offices, bike paths and sidewalk cafes. The vision was created by public input through visioning workshops with residents and business owners that began in July 2010.



Goals for the new zoning district:

- Capital investments to improve transportation connectivity and reduce congestion, funded by an \$8.8 million of borrowing to be repaid with new tax revenues generated by new development in the district.
- Improve stormwater management by creating high standards for new development in the district and by making investments in stormwater projects in the area consistent with the Lower Booker Creek Subwatershed Study.
- Create more affordable housing. The Town has provided 8.5 acres of property off Legion Road to build between 140-170 units for seniors and low-income families.
- Incentivize developers to conserve energy and water resources through a pilot program that is currently being organized to promote efficient building and site design.
- Create new shopping opportunities.
- Expand the commercial tax base in Chapel Hill.

Many future projects being considered include Fordham Boulevard apartments, the redevelopment of Village Plaza II, and the redevelopment of the former Hampton Inn (now Quality Inn).

Obey Creek

The Obey Creek project was approved through a Development Agreement in June 2015.

The project includes a mix of private development, affordable housing, preserved green spaces, and public amenities including transit and transportation contributions.

The vision is to create a walkable complex with a mix of commercial uses, upper story residences and offices, bike paths and permanent open space. The project was approved after an open negotiation that included a community compass committee. Currently, Obey Creek is being marketed by the land owner as a future development site.

Carroway Village

The Town has approved a Special Use Permit from Northwood Ravin, LLC for a mixed use development on 55 acres in the Northwest corner of the Town adjacent to I-40. Phase I, which includes 400 multi-family residential units and roadway improvements, is currently underway. The development is adjacent to an additional 40-60 acres that Council has designated for a new light-industrial, research, and flex zoning to help create broader opportunities in this area of town.

Wegmans

In October 2016, the Chapel Hill Town Council approved an economic development agreement to build a Wegmans Food Market on the site where Performance AutoMall off Fordham Boulevard in Chapel Hill. Approximately 130,000 square feet of floor area with parking for 750 vehicles has been proposed. Approximately 350 full-time equivalent jobs and about \$1.5 million in annual retail sales tax will be generated for Orange County and the Town of Chapel Hill. A \$4.0 million performance-based incentive agreement will be split 50/50 between Orange County (\$2 million) and the Town of Chapel Hill (\$2 million).



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

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
Affordable Housing Development Reserve	Development and preservation of affordable housing.	General Fund
<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.

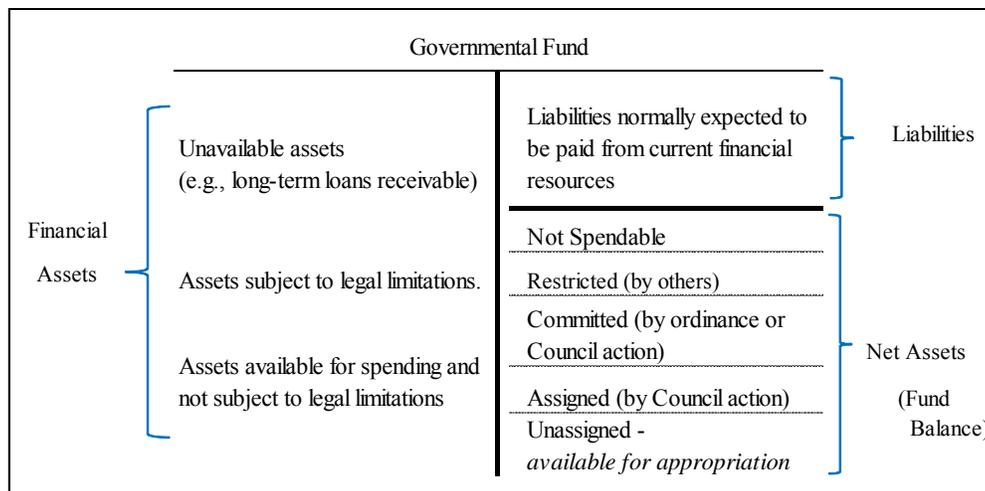
Town practices with regard to net assets (fund balance) include the following:

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 capital projects and major equipment purchases using long-term debt. The underlying principal for this type of financing is to spread the cost of the project over a longer time-period to eliminate the spike in costs associated with major projects. In addition, the use of long-term debt matches the repayment period of the debt with the taxpayers who will be enjoying the benefits of the capital project. The Town, like other government agencies, can borrow at low tax exempt rates for most capital projects, thereby improving the affordability of issuing debt to finance capital projects.

The State of North Carolina provides 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

Essentials:

Town policy and practice limits annual general government debt service up to 10% of total governmental funds.

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 large-scale capital projects. Issuance of GO bonds requires approval by voters through a bond referendum and requires approval by the North Carolina Local Government Commission (LGC). When 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. GO bonds are typically issued with 20 year terms. In North Carolina, the use of GO bond proceeds is limited to capital and capital related costs.

The statutory limit on the amount of debt issued by a local government in North Carolina

DEBT

INTRODUCTION & BACKGROUND

is 8% of the value of the taxable property base in the unit. This limitation pertains to principal only. In practice, most jurisdictions are far below the 8% limit, as the affordability of debt service payments usually becomes an issue well before reaching the 8% limit.

Two-thirds GO Bonds

There is a provision in North Carolina Statutes that allows units to issue bonds in an amount equal to two-thirds of the net principal amount of GO debt retired in the previous year. These bonds can be issued without a referendum, for purposes specifically authorized in the statute, and must be approved by the LGC in the same manner as other debt financing. The amount of two-thirds bonds that can be issued at any time is relatively small and therefore they are often combined with other debt issues in order to achieve economies of scale with respect to the cost of issuance.

Revenue Bonds

Revenue bonds are typically issued for enterprise operations, where there is a stream of revenues available to pledge for repayment of the bonds. Examples include parking operations, water and sewer and electrical utilities. Revenue bonds are generally issued for projects that are associated with a specific revenue stream that can be estimated and pledged as a source of debt repayment. The approval process for revenue bonds includes, among other things, an independent feasibility study including verification that pledged revenue exceeds debt service by at least 20%. Ongoing independent evaluation of the maintenance of the project and the adequacy of revenues to cover debt service are required while the bonds are outstanding.

The Town currently does not have revenue bonds outstanding however, 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 cost of capital 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 project. The financial institution maintains a security interest in the project

DEBT

INTRODUCTION & BACKGROUND

until the governmental units repays the loan. For this method of financing, 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 with less than a five-year maturity do not require approval by the LGC.

Installment contracts 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 various projects including the purchase of vehicles and computers and for capital renovations to public buildings.

Certificates of Participation

General Statute 160A-20 also allows a local government unit to issue Certificates of Participation (COPS) that are another form of installment contract financing. COPs are a financial instrument that are secured by the installment payments made by a local government. An installment financing is usually a transaction between a municipality and a bank, a COPs transaction allows multiple investors to participate in the transaction through an underwriting arrangement with an investment bank.

Debt Options under the Stimulus Act

Several debt options were made available to local governments with the passage of the American Recovery and Reinvestment Act in February of 2009. The primary 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. Issuers of BABs receive a 35% rebate of interest costs by making an annual application to the IRS.

Additional Debt Information

Please refer to page 202 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 267) 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 Town Manager, Deputy 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 Town Manager and the Deputy Manager, and (d) reviewing the linkage between budget requests and overall budget goals and policies.
3. The Deputy Manager is 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

<p>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.</p>	<p>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.</p>
<p>NET ASSET (FUND BALANCE) RESERVES</p>	
<p>Guideline</p>	<p>Comment</p>
<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, 2015 and Distinguished Budget Award in 2014-15 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 2018-19 budget include a continuation of slow property tax base growth that has not kept pace with the increase in expenditures. Delays in the construction of major approved development projects and the diminishing supply of developable land have exacerbated the problem. State and Federal budget decisions also have a major effect on the Chapel Hill budget, particularly in the areas of transportation and housing.

The 2018-19 budget incorporates the following assumptions:

- The property tax base is estimated to be \$8.23 billion in 2018-19.
- We estimate that the Town's revenue from the local sales taxes will increase slightly.
- Federal assistance for the Transit Fund will remain flat for 2018-19.

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 2018-19 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.

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 major elements and principal drivers of revenue and costs. In short, we have included in the projections the elements that are "big enough to matter," on both the revenue and cost sides of the budget. 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

In November 2015 the Town held a general obligation bond referendum consisting of five bond orders totaling \$40.3 million. All five bond orders were approved by the voters. There have been two issuances from the 2015 GO Bond authority. In February of 2017, \$9.0 million of bonds were issued and in April of 2018, and additional \$12.5 million of bonds were issued. The bond orders and amounts issued to date are shown in the table below:

Bond Order	Authority	February 2017 Issuance	April 2018 Issuance	Balance
Streets & Sidewalks	\$ 16,200,000	\$ 3,000,000	\$ 5,500,000	\$ 7,700,000
Trails & Greenways	5,000,000	5,000,000	-	-
Recreation Facilities	8,000,000	1,000,000	4,300,000	2,700,000
Solid Waste Facilities	5,200,000	-	-	5,200,000
Stormwater	5,900,000	-	2,700,000	3,200,000
Total	\$ 40,300,000	\$ 9,000,000	\$ 12,500,000	\$ 18,800,000

In addition to the referendum bonds, the Town is also planning on financing about \$33 million for public safety facilities sometime within the next 18 months.

There was also a sale of Two-Thirds General Obligation Bonds in February 2017 to purchase Public Safety Equipment. The sale included the following projects:

<u>Project</u>	<u>Amount</u>
100 Foot Fire Ladder Truck	\$ 1,348,000
Public Safety Radios	168,816
Body Cameras	72,506
Bond Issuance Expenses	25,381
Total	<u>\$ 1,614,703</u>

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

The final sale of the General Obligation bonds approved by voters in November 2003 was held in the fall of 2010 and included the following projects:

<u>Project</u>	<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. The FY19 annual debt service payment on the combined issuance totals \$1.57 million, but the BABs have a federal subsidy that will refund 32% of interest costs through the American Recovery and Reinvestment Act. The net debt service on this bond issuance is \$1.40 million for FY19.

In addition to the final issuance of authorized bonds, the Council approved the issuance of \$1.7 million in Two-Thirds Bonds in July 2012. NC General Statutes allow units to issue bonds 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 and Council in the same manner as other debt financing. The Two-Thirds bonds were used for Parks and Recreation and Streets projects, and annual debt service on the bonds is \$113,000.

In June of 2012 the Town issued \$28,800,000 of limited obligation bonds. The bonds were used to pay for underground parking at the 140 West Project (\$6,700,000) as part of a mixed use development and to refund outstanding Certificates of Participation for the Wallace Deck and Town Operations Center (\$22,100,000). Construction of the 140 West Project was completed during FY13 for a total cost of \$5.96 million. The total debt service payment for FY19 is \$2.69 million, consisting of \$914,631 paid through the Parking Fund and \$1,847,000 paid from the General Fund. The projections assume that the Parking Fund will provide for the cost of this debt service (\$914,631) as a transfer to the Debt Fund.

Lower interest rates during the last few years have allowed the Town to refund some existing debt by issuing lower interest refunding bonds. Recent refunding issues include \$26.75 million in 2012 and \$3.05 million in 2013. Total savings for these transactions is \$746,580 over the life of the bonds.

In June 2015, the Town entered into an installment financing agreement to finance public safety equipment and improvements to public buildings. The Town borrowed \$2,395,000 for a 15-year term at a rate of 2.24%. The debt service payment for FY19 is \$204,668.

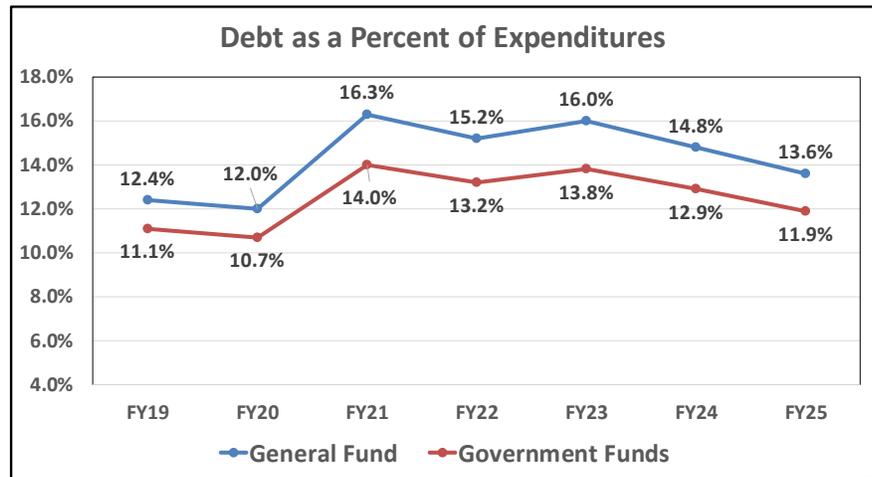
In March 2016, the Town entered into an installment financing agreement to fund the following projects:

<u>Project</u>	<u>Amount</u>
Ephesus Fordham (Blue Hill) Road Improvements	\$ 4,779,000
Town Hall Renovations	1,865,000
Public Safety Facilities & Equipment	1,185,000
<u>Community Center Pool Improvements</u>	<u>50,000</u>
Total	<u>\$ 7,879,000</u>

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

The financing agreement has a 15-year term and a rate of 2.32%. The debt service payment for FY19 for this installment financing is \$684,310. The Ephesus Fordham (Blue Hill) Road portion of the borrowing is structured as a synthetic tax increment financing. Growth in tax receipts in the Ephesus Fordham District is being used to offset the cost of debt service for the project. In addition, NCDOT is reimbursing the Town approximately \$1.79 million for Phase I of the roadway construction.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have 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 slightly below the average of our peer group (Triple A rated Municipalities in North Carolina). The Town has traditionally kept debt service below 10% of budgeted general fund expenditures, but with the recent investment in public facilities, this ratio has risen to 12.4% in 2018-19 and to 11.1% as a percent of governmental revenues (general fund plus debt fund). Debt as a percentage of governmental revenues approximates the basis used before the debt fund was created in 2010. Debt service as a percentage of expenditures is expected to rise in the next few years as the Town continues to invest in public facilities and infrastructure.



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 2018-19 includes a tax rate at \$8.2 cents per \$100 valuation. The debt fund has capacity to pay existing and planned debt service through the 2022-2320 fiscal year.

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 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 2018-9, 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.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

As the budget increases, the total reserved fund balance needs to increase proportionally to maintain fund balance reserves at the target 22% of expenditures. 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

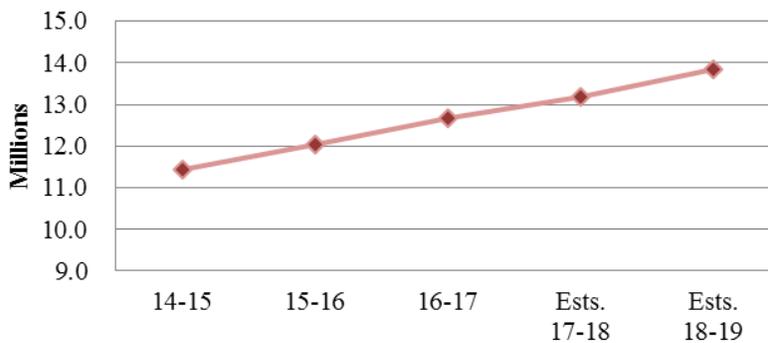
Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 69% of total General Fund revenues. The estimate of assessed valuation for the tax base in 2018-19 is about \$8.22 billion. There was a revaluation of property tax assessments effective for FY2017-18 budget. Real property values increased by approximately 24% and the motor vehicle and personal property valuations decreased by about 10%. The Council adopted a revenue neutral rate for the FY2017-18 Budget.

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

Estimated additions to the tax base through growth yield increases in property tax revenues of about \$575,000 each year. This is based on 1.5% annual growth, which is slightly lower than the historical average, and a tax rate for 2018-19 of \$38.6 cents for the General Fund.

Sales Tax History



The second largest source of Town revenue, sales tax, is more volatile than property tax. Revenues from sales taxes tend to increase when the economy is strong and slow or decline when the economy weakens. Based on sales tax revenues to date, we estimate FY18 receipts at about \$13.2 million, a decrease from what was originally budgeted. Based on local trends and state forecasts, we anticipate growth of about 5% for FY18-19.

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 \$4.2 million in 2017-18 and \$4.2 million in 2018-19) and Video Programming Tax, estimated to remain relatively flat in FY18 and FY19.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about \$1.46 million in 2017-18) 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 but indications are that we will receive the full share in FY18 and thereafter.

State Fire Protection Funds have not changed significantly in the past few years and we anticipate they will remain stable. We do however recommend that the Council continue to seek additional fire protection funding

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 2018-19. 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. To date, the Town has issued \$21.5 million of 2015 referendum bonds to pay for streets and sidewalks, trails and greenways, stormwater improvements and recreation facilities. With the availability of bond funds, the amount of pay-go capital funding in the areas of greenways and streets and sidewalks decreased by about \$337,000.

Personnel costs for FY 2018-19 include a 3% of market rate pay adjustment effective July 2018 and a decrease in medical insurance costs of 1.5% based on the contract agreement with Blue Cross Blue Shield. Projections include the following assumptions:

- Annual pay increases of 3%
- 5% annual increases in medical insurance
- An increase of 0.25% each year after FY19 for the employer's retirement system contribution rate.
- Operating costs increase of about 3% annually

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in FY2018-19 and beyond. 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.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

TRANSIT FUND

The budget for 2018-19 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. Due to the occasional unknown nature of the State operating assistance, we are conservatively budgeting \$2.94 million for this revenue source. Federal assistance is estimated to continue at \$1.94 million next year, which is in line with FY18.

The 2018-19 Adopted Budget represents a 3.9% increase from the previous year due to a 1 cent tax increase dedicated to Transit operations. The Transit budget also includes \$716,000 for debt payments on the purchase of new buses that began in 2016-17. The adopted budget for 2018-19 includes contribution increases on behalf of the partners. The projections assume continuation of the 6.0 cent rate in the next five years. Subsequent years show the need for a tax increase from 0.2 to 0.4 cents through 2023-24.

Adopted Tax Rate	Cents per \$100 valuation		
	FY17-18	FY18-19	\$ Change
General Fund	37.6	38.6	1.0
Debt Fund	8.2	8.2	0.0
Transit Fund	5.0	6.0	1.0
Total Tax Rate	50.8	52.8	2.0

DEBT SERVICE FUND

The projections for the Debt Service Fund include maintaining the adopted tax rate of 8.2 cents. This tax rate will generate about \$6.72 million in revenues in 2018-19 which, along with the transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the \$12.5 million general obligations issued in April 2018. Our projections include the planned issuance of about \$50 million of new debt in the next 5 years, including the balance of the GO bonds authorized in the 2015 referendum and the financing of public safety facilities. In addition, our projections indicate an increase will be needed in the tax rate for debt service for 2022-23 however, the timing of Debt Fund's cash flow needs suggest an earlier and considerably smaller tax increase would be preferable.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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)						
	2018-19 Adopted Increase	2019-20 Estimated Increase	2020-21 Estimated Increase	2021-22 Estimated Increase	2022-23 Estimated Increase	2023-24 Estimated Increase
General Fund	1.0	1.5	1.2	1.1	1.3	1.4
Debt Service	0.0	0.0	0.0	0.0	0.7	2.8
Transit Fund	1.0	0.4	(0.1)	0.2	0.2	0.2
Total	2.0	1.9	1.1	1.3	2.2	4.4

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
2018/2019- 2023/2024**

Category	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Assessed Valuation (Real & Personal Property)	\$ 8,225,444,551	\$ 8,373,500,000	\$ 8,524,220,000	\$ 8,677,660,000	\$ 8,833,860,000	\$ 8,992,870,000
Tax Levy - General Fund Only*	31,750,000	32,322,000	32,903,000	33,496,000	34,099,000	34,712,000
Estimated Collections at 99%	31,630,000	32,200,000	32,780,000	33,370,000	33,970,000	34,580,000
Estimated Prior Year Collections	115,000	115,000	115,000	115,000	115,000	115,000
TOTALS	\$ 31,745,000	\$ 32,315,000	\$ 32,895,000	\$ 33,485,000	\$ 34,085,000	\$ 34,695,000
Tax rate	38.6	38.6	38.6	38.6	38.6	38.6

1¢ on the tax rate = \$ 819,000

* Based on continuing the General Fund tax rate of \$38.6 cents/\$100, with estimated growth as follows:

2020	1.80%
2021	1.80%
2022	1.80%
2023	1.80%
2024	1.80%

GENERAL FUND

PROJECTED STATE-SHARED REVENUES

2018-2019 - 2023/2024

Category	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Utility Sales Tax ¹	\$ 4,192,000	\$ 4,213,000	\$ 4,234,000	\$ 4,255,000	\$ 4,276,000	\$ 4,297,000
Video Programming Tax	675,000	700,000	700,000	700,000	700,000	700,000
Supplemental PEG support	83,000	90,000	90,000	90,000	90,000	90,000
Beer, Wine Tax ²	270,000	273,000	276,000	279,000	282,000	285,000
1% Local Option Sales Tax (Article 39) ³	4,708,000	4,943,000	5,190,000	5,450,000	5,723,000	6,009,000
1/2% Local Option Sales Tax (Article 40) ³	3,266,000	3,429,000	3,600,000	3,780,000	3,969,000	4,167,000
1/2% Local Option Sales Tax (Article 42) ³	2,368,000	2,486,000	2,610,000	2,741,000	2,878,000	3,022,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) ³	70,000	74,000	78,000	82,000	86,000	90,000
City Hold Harmless ³	3,441,000	3,613,000	3,794,000	3,984,000	4,183,000	4,392,000
Total Local Option Sales Taxes	13,853,000	14,545,000	15,272,000	16,037,000	16,839,000	17,680,000
Fuel Tax (Powell Bill) ⁴	1,447,000	1,447,000	1,447,000	1,447,000	1,447,000	1,447,000
State Fire Protection ⁵	1,116,000	1,116,000	1,116,000	1,116,000	1,116,000	1,116,000
Solid Waste Disposal Tax	38,000	38,000	38,000	38,000	38,000	38,000
TOTAL	\$ 21,674,000	\$ 22,422,000	\$ 23,173,000	\$ 23,962,000	\$ 24,788,000	\$ 25,653,000

¹ Utility sales tax distribution has been changed in recent years and is now distributed to municipalities based on the application of the 7% combined general sales tax rate of sales of electricity and natural gas to public utility providers.

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 Estimating a normal growth of 5% in FY19 and thereafter.

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
2018/2019 - 2023/2024

Category	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Property Taxes*	\$ 31,771,000	\$ 32,315,000	\$ 32,895,000	\$ 33,485,000	\$ 34,085,000	\$ 34,695,000
Sales Taxes	\$ 13,854,000	\$ 14,545,000	\$ 15,272,000	\$ 16,037,000	\$ 16,839,000	\$ 17,680,000
Other Taxes & Licenses	1,357,000	1,357,000	1,357,000	1,357,000	1,357,000	1,357,000
Licenses/Permits/Fines/ Forfeitures	2,462,000	2,462,000	2,462,000	2,462,000	2,462,000	2,462,000
State-Shared Revenues	7,820,000	7,877,000	7,901,000	7,925,000	7,949,000	7,973,000
Grants	681,000	690,000	699,000	708,000	717,000	726,000
Service Charges	4,821,000	4,831,000	4,841,000	4,851,000	4,861,000	4,871,000
Interest on Investments	50,000	50,000	50,000	50,000	50,000	50,000
Other Revenues	399,000	399,000	399,000	399,000	399,000	399,000
Interfund Transfers	45,000	45,000	45,000	45,000	45,000	45,000
TOTAL	\$ 63,260,000	\$ 64,571,000	\$ 65,921,000	\$ 67,319,000	\$ 68,764,000	\$ 70,258,000

* Based on continuing the current General Fund tax rate of \$38.6 cents/\$100, with estimated growth as follows:

2020	1.80%
2021	1.80%
2022	1.80%
2023	1.80%
2024	1.80%

**GENERAL FUND
PROJECTED COSTS
2018/2019 - 2023/2024**

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Personnel Services ¹	\$ 48,351,000	\$ 49,528,000	\$ 51,299,800	\$ 53,024,360	\$ 54,812,632	\$ 56,665,358
Operations						
Operating & Maintenance ²	15,453,000	16,209,000	16,518,000	16,841,000	17,226,000	17,679,000
Capital						
Equipment ³	558,000	558,000	558,000	558,000	558,000	558,000
Transfer to Capital Improvements Program ⁴	237,000	600,000	700,000	800,000	900,000	1,000,000
Other						
Human Service contracts, hotel/ motel allocations and grants to other agencies	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000
Other Post Employment Benefits	630,000	756,000	907,200	1,088,640	1,306,368	1,567,642
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/ TOTALS	\$ 66,357,000	\$ 68,779,000	\$ 71,111,000	\$ 73,440,000	\$ 75,931,000	\$ 78,598,000

Assumptions for years after 2020, reflected on base cost estimates for 2019-20:

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Increase of 0.25% of the Retirement rate per year until 2020-21.

² Increase in most operating costs of 2.5% 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 2018/2019 - 2023/2024

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Estimated Total Costs	\$ 66,357,000	\$ 68,779,000	\$ 71,111,000	\$ 73,440,000	\$ 75,931,000	\$ 78,598,000
Estimated Total Revenues	63,260,000	64,571,000	65,921,000	67,319,000	68,764,000	70,258,000
Revenues Needed	3,097,000	4,208,000	5,190,000	6,121,000	7,167,000	8,340,000
Fund Balance Available	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
One-time use of Fund Balance	2,097,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 1,208,000	\$ 2,190,000	\$ 3,121,000	\$ 4,167,000	\$ 5,340,000
Change in Tax Rate in cents in Specific Years*	-	1.5	1.2	1.1	1.3	1.4

*Value of a cent = \$819,000

TRANSIT FUND
REVENUE PROJECTIONS
2018/2019 - 2023/2024

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Taxes ¹	\$ 4,933,702	\$ 5,014,000	\$ 5,114,000	\$ 5,204,000	\$ 5,294,000	\$ 5,394,000
Vehicle Taxes ²	454,350	456,000	458,000	460,000	462,000	464,000
TTA-Shared Revenues	2,094,000	2,115,000	2,136,000	2,157,000	2,179,000	2,201,000
Federal Operating Assistance ³	4,884,488	4,884,000	4,884,000	4,884,000	4,884,000	4,884,000
UNC Contract (Net) ⁴	8,573,655	8,702,000	8,833,000	8,965,000	9,099,000	9,235,000
Carrboro Contract (Net) ⁴	1,808,945	1,836,000	1,864,000	1,892,000	1,920,000	1,949,000
Service Charges ⁵	866,155	883,000	901,000	919,000	937,000	956,000
Advertising	150,000	150,000	150,000	150,000	150,000	150,000
Other	3,000	3,000	3,000	3,000	3,000	3,000
Appropriated Fund Balance	-	-	-	-	-	-
TOTAL	\$ 23,768,295	\$ 24,043,000	\$ 24,343,000	\$ 24,634,000	\$ 24,928,000	\$ 25,236,000

Revenue Notes:

¹ Based on the adopted tax rate of 6.0 cents through 2023-24

² Assumes continuing levy of \$15 vehicle tax for Transit

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
2018/2019 - 2023/2024

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2023-24 Estimated	2023-24 Estimated
Personnel Services ¹	\$ 15,420,046	\$ 15,773,000	\$ 16,304,000	\$ 16,854,000	\$ 17,424,000	\$ 17,905,000
Operations ²	8,097,359	8,345,110	8,601,110	8,865,110	9,139,110	9,422,110
Capital Reserve Fund ³	250,890	250,890	250,890	250,890	250,890	250,890
TOTAL	\$ 23,768,295	\$ 24,369,000	\$ 25,156,000	\$ 25,970,000	\$ 26,814,000	\$ 27,578,000

Assumptions for years after 2018-19

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Increase of 0.25% of the Retirement rate per year until 2020-21.

² Increase in operating costs of 2.5% 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
2018/2019 - 2023/24***

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Estimated Costs	\$ 23,768,295	\$ 24,369,000	\$25,156,000	\$ 25,970,000	\$ 26,814,000	\$ 27,578,000
Estimated Revenues	23,768,295	24,043,000	24,343,000	24,634,000	24,928,000	25,236,000
Revenue Needed/(Excess)	-	326,000	813,000	1,336,000	1,886,000	2,342,000
Additional Revenue Needed	\$ -	\$ 326,000	\$ 813,000	\$ 1,336,000	\$ 1,886,000	\$ 2,342,000
Change in Tax Rate in Specific Years	-	0.4	(0.1)	0.2	0.2	0.2

1 cent on the tax rate = \$819,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2018-19 (assumes current level of State funding for operating assistance).
 - Assumes constant level of federal operating assistance.
 - Includes estimated adjustments of 3% in salaries and most operating costs after FY19.
 - Includes estimated adjustments of 5% in fuel and tire costs after FY19.
-

***DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2018/2019- 2023/2024***

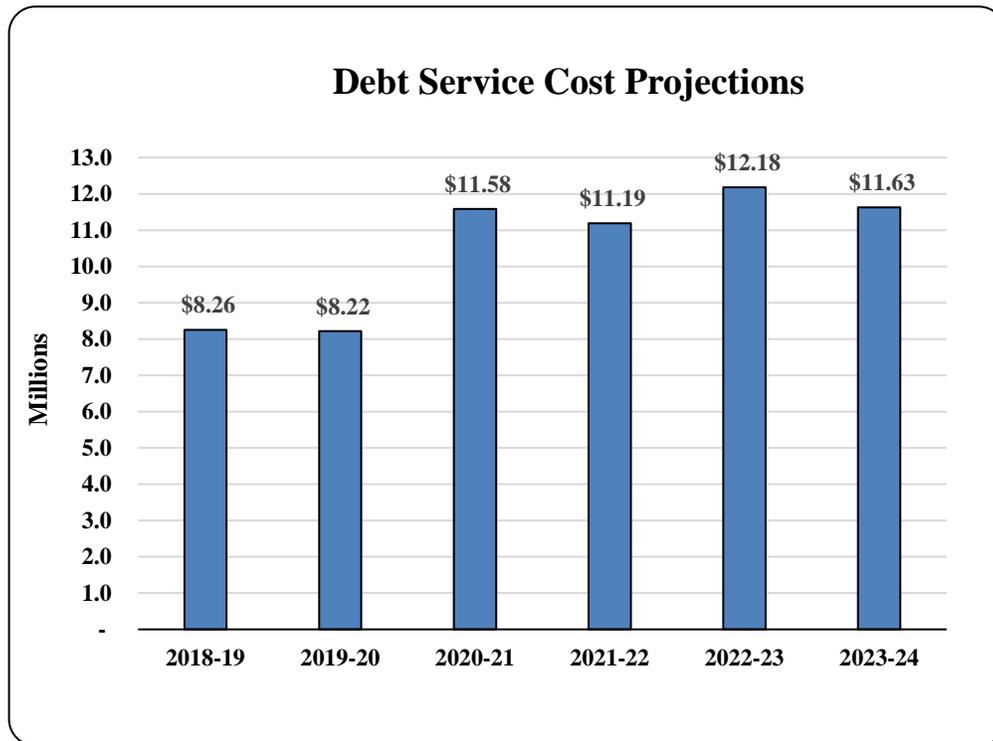
Category	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Assessed Valuation (Real & Personal Property)	\$ 8,225,445,000	\$ 8,373,500,000	\$ 8,524,220,000	\$ 8,677,660,000	\$ 8,833,860,000	\$ 8,992,870,000
Tax Levy - Debt Service Fund Only*	6,745,000	6,866,000	6,990,000	7,116,000	7,244,000	7,374,000
Estimated Collections at 99%	6,720,000	6,840,000	6,960,000	7,090,000	7,220,000	7,350,000
Estimated Prior Year Collections	13,000	13,000	13,000	13,000	13,000	13,000
TOTAL TAXES	\$ 6,733,000	\$ 6,853,000	\$ 6,973,000	\$ 7,103,000	\$ 7,233,000	\$ 7,363,000
BABS Interest Subsidy	170,000	170,000	168,000	157,000	145,000	131,000
Interest Income	11,000	11,000	11,000	11,000	11,000	11,000
Transfer from General Fund	445,000	725,000	659,000	540,000	535,000	531,000
Transfer from Parking	915,000	905,000	915,000	917,000	912,000	681,000
TOTAL REVENUES	\$ 8,274,000	\$ 8,664,000	\$ 8,726,000	\$ 8,728,000	\$ 8,836,000	\$ 8,717,000

* Based on a continued tax rate of \$8.2 cents for the Debt Fund through 2023-24, with estimated growth as follows:

2020	1.80%
2021	1.80%
2022	1.80%
2023	1.80%
2024	1.80%

**DEBT SERVICE FUND
PROJECTED COSTS
2018/2019 - 2023/2024**

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Existing Debt	\$ 8,257,000	\$ 7,761,000	\$ 7,425,000	\$ 7,133,000	\$ 6,946,000	\$ 6,525,000
Future Issuance	-	461,000	4,156,000	4,058,000	5,235,000	5,105,000
TOTALS	\$ 8,257,000	\$ 8,222,000	\$ 11,581,000	\$ 11,191,000	\$ 12,181,000	\$ 11,630,000



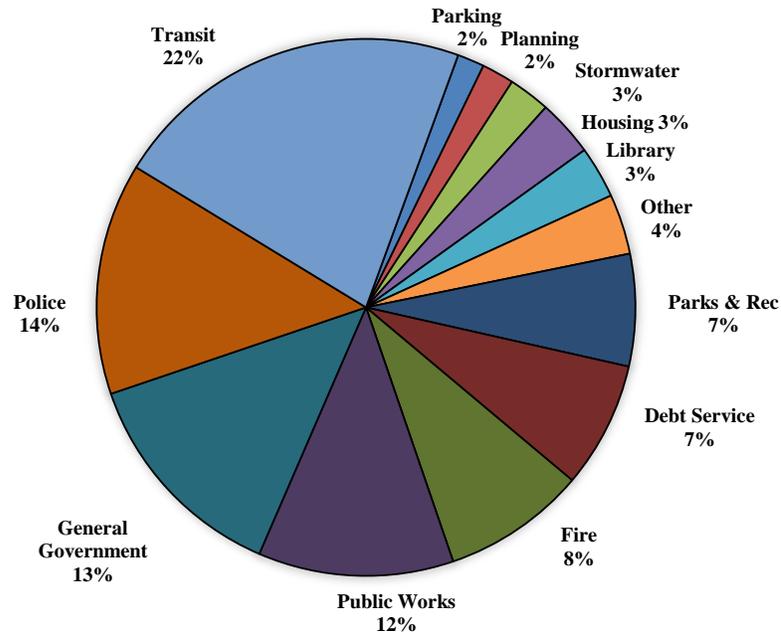
DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2018/2019 - 2023/2024

	2018-19 Adopted	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated	2023-24 Estimated
Estimated Total Costs	\$ 8,257,000	\$ 8,222,000	\$11,581,000	\$ 11,191,000	\$12,181,000	\$ 11,630,000
Estimated Total Revenues	8,274,000	8,664,000	8,726,000	8,728,000	8,836,000	8,717,000
Revenue (Needed)/Available	17,000	442,000	(2,855,000)	(2,463,000)	(3,345,000)	(2,913,000)
Fund Balance Available	-	-	2,855,000	2,463,000	2,749,000	-
Reserved for future debt	17,000	442,000	-	-	-	-
Additional Revenue (Needed)/Available	-	-	-	-	(596,000)	(2,913,000)
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.7	2.8

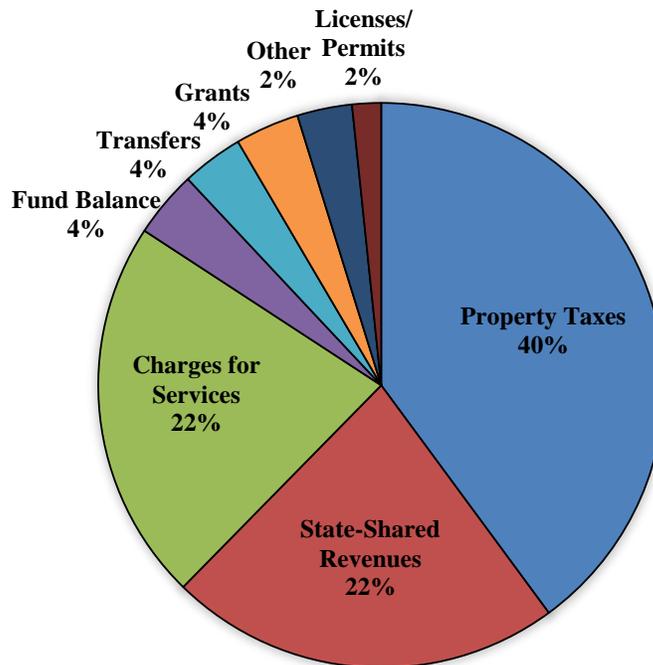
Value of a cent = \$819,000

ALL FUNDS SUMMARY

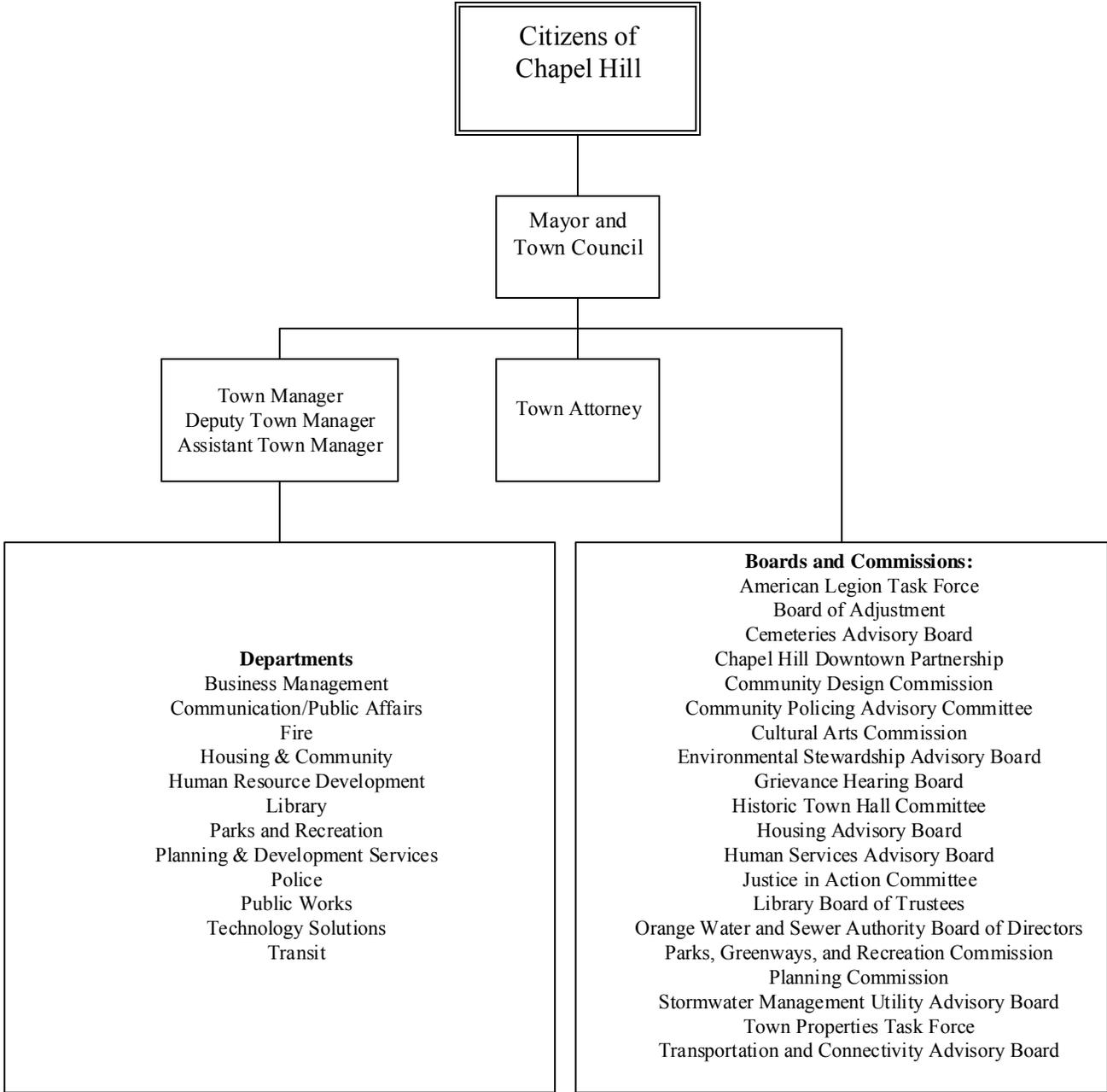
TOTAL BUDGET EXPENDITURES \$108,964,532 (NET OF TRANSFERS)



TOTAL BUDGET REVENUES



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2018-19***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 66,357,000	\$ 771,551	\$ 65,585,449
Transit Funds			
Transit	23,768,295	250,890	23,517,405
Transit Capital Reserve Fund	255,890	-	255,890
Stormwater Management Fund	2,724,400	-	2,724,400
Parking Funds			
Off-Street Parking Fund	1,990,020	914,631	1,075,389
On-Street Parking Fund	716,810	24,590	692,220
Housing Funds			
Public Housing Fund	2,204,372	-	2,204,372
Debt Service Fund	8,274,231	-	8,274,231
Capital Projects			
Capital Improvements Fund	322,260	-	322,260
Other Funds			
Affordable Housing Reserve Fund	688,395	-	688,395
Grants Fund	384,640	-	384,640
Downtown Service District Fund	435,500	-	435,500
Library Gift Fund	140,076	45,000	95,076
Vehicle Replacement Fund	1,120,130	-	1,120,130
Vehicle Maintenance Fund	1,438,300	-	1,438,300
Computer Replacement Fund	150,875	-	150,875
TOTAL	\$ 110,971,194	\$ 2,006,662	\$ 108,964,532

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 63% of the Town's operating budget. The Staffing Summary represents a snapshot of the FTE's on which the FY19 Adopted Budget is based.

2018-19 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Mayor	1.00	1.00	1.00
Manager	9.00	10.00	10.00
Communications & Public Affairs	7.53	7.53	7.53
Human Resource Development	10.00	10.00	10.00
Business Management	18.00	18.00	18.00
Technology Solutions	13.00	13.00	16.00
Attorney	2.00	2.00	2.00
Planning & Sustainability	36.65	22.65	20.65
Public Works ¹	92.55	92.55	90.20
Police	134.00	150.00	150.00
Fire	97.00	96.00	96.00
Parks & Recreation	57.83	57.80	56.50
Library	29.90	30.30	32.16
Transit	201.29	203.29	203.29
Stormwater	14.70	14.70	15.05
Parking	10.80	9.00	9.80
Housing & Community	23.20	23.20	23.20
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	7.75	7.75	7.75
Total FTE's	767.20	769.77	770.13

¹ Three employees housed in Public Works also work in Stormwater. They have been split-coded to reflect time spent in each department.

TAX RATES AND TAX COLLECTIONS

Adopted 2018-19

	2016-17 Actual	2017-18 Budget	2017-18 Estimated	2018-19 Adopted
Assessed Value of Real and Personal Property	\$ 7,532,719,242	\$ 7,868,838,338	\$ 7,975,000,000	\$ 8,225,444,551
Tax Rate Per \$100 Valuation				
General Fund	38.8	37.6	37.6	38.6
Transit Fund	5.1	5.0	5.0	6.0
Debt Service Fund	8.5	8.2	8.2	8.2
Total Tax Rate (cents)	52.4	50.8	50.8	52.8
Tax Levy	39,471,449	39,974,000	40,513,000	43,430,000
Estimated Collections at 99%	\$ 39,309,600	\$ 39,810,100	\$ 40,359,100	\$ 43,265,000
Distribution				
General Fund	29,111,116	29,470,000	29,870,000	31,630,000
Transit Fund	3,826,309	3,900,000	3,970,000	4,920,000
Debt Service Fund	6,377,332	6,430,000	6,510,000	6,720,000
Downtown Service District Fund				
Tax Rate (cents)	7.1	7.0	7.0	7.0
Assessed Value of Real and Personal Property	\$ 392,000,000	\$ 445,422,000	\$ 435,000,000	\$ 515,474,000
Tax Levy	278,000	312,000	305,000	361,000
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 750,000	\$ 784,000	\$ 794,000	\$ 819,000

ESTIMATED UNDESIGNATED RESERVES

ANNUALLY BUDGETED FUNDS

	Approximate Unassigned Fund Balance July 1, 2018	2018-19 Budgeted Revenues	2018-19 Budgeted Expenditures	Approximate Unassigned Fund Balance June 30, 2019
GENERAL FUND	\$ 7,929,000	\$ 63,260,000	\$ 66,357,000	\$ 4,832,000
SPECIAL REVENUE FUNDS				
Affordable Hsg Develop Reserve	-	688,395	688,395	-
Downtown Service District	96,000	436,000	436,000	96,000
Library Gift	143,000	116,000	140,000	119,000
Grants Fund	11,000	385,000	384,640	11,360
DEBT SERVICE FUND	7,049,000	8,274,000	8,274,000	7,049,000
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	80,000	322,000	322,000	80,000
Capital Reserve	215,000	-	-	215,000
ENTERPRISE FUNDS				
Transit	3,798,000	23,768,000	23,768,000	3,798,000
Transit Capital Reserve	2,893,000	251,000	256,000	2,888,000
Public Housing	2,063,000	1,978,000	2,204,000	1,837,000
On-Street Parking	-	717,000	717,000	-
Off-Street Parking	370,000	1,990,000	1,990,000	370,000
Stormwater Management	547,000	2,724,000	2,724,000	547,000
INTERNAL SERVICE FUNDS				
Vehicle Replacement	1,113,000	441,000	1,120,000	434,000
Vehicle Maintenance	32,000	1,438,000	1,438,000	32,000
Computer Replacement	383,000	-	151,000	232,000
TOTAL	\$ 26,722,000	\$ 106,788,395	\$ 110,970,035	\$ 22,540,360

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 2018-19 is anticipated to be about 7.3% of budgeted expenditures. The Town uses expenditure estimates that are provided by departments when their budget requests are submitted in February. These estimates are not necessarily a true representation of actual expenditures because the estimates are very conservative and a historical look shows that there are significant budget savings each year. For a more accurate information related to fund balance, please see the FY 2018 Comprehensive Annual Financial Report.

GOVERNMENTAL FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2018-19

	General Fund			Special Revenue Funds		
	16-17 Actual	17-18 Estimated	18-19 Adopted	16-17 Actual	17-18 Estimated	18-19 Adopted
Net Unreserved Assets, Beginning of Year	19,047,301	10,813,493	7,929,227	301,562	1,509,311	250,141
Financial Source						
Property Taxes	29,273,287	30,012,500	31,771,000	278,262	305,008	361,000
Other Tax and Licenses	1,264,913	1,306,000	1,357,500	-	-	-
State-Shared Revenues	20,489,215	21,025,268	21,674,417	-	-	-
Interest on Investments	39,099	50,000	50,000	410	574	1,476
Other Revenues	515,367	570,983	398,600	257,624	242,876	189,100
Grants	732,892	690,355	680,899	640,048	602,092	303,089
Charges for Services	4,717,949	4,573,180	4,820,808	-	-	-
Licenses/Permits/Fines	2,420,667	2,426,597	2,461,890	-	-	-
Transfers/Other Sources	45,000	45,000	45,000	1,726,535	787,030	769,946
2016 Installment Financing	-	-	-	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	3,096,886	-	-	24,000
Total Estimated Financial Sources	59,498,389	60,699,883	66,357,000	2,902,879	1,937,580	1,648,611
Expenditures						
Personnel	44,254,684	45,311,047	48,981,421	340,386	407,083	414,949
Operations	18,890,260	17,612,902	16,580,365	1,251,244	2,686,167	1,089,759
Capital	4,587,253	660,200	795,214	103,500	103,500	143,903
Total Budget	67,732,197	63,584,149	66,357,000	1,695,130	3,196,750	1,648,611
Financial Sources less Budget	(8,233,808)	(2,884,266)	-	1,207,749	(1,259,170)	-
Net Unreserved Assets, End of Year	10,813,493	7,929,227	4,832,341	1,509,311	250,141	226,141

16%

Note: Please see note about fund balance estimates on page 67.

Debt Service Fund			Capital Funds		
16-17 Actual	17-18 Estimated	18-19 Adopted	16-17 Actual	17-18 Estimated	18-19 Adopted
6,615,510	7,048,523	7,048,523	3,013,771	3,027,150	294,675
6,393,213	6,523,000	6,733,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,173	14,000	11,500	3,481	2,500	2,500
-	-	-	141,709	52,731	-
170,005	170,187	170,000	140,075	-	-
-	-	-	80,475	82,260	82,260
-	-	-	-	-	-
908,831	906,832	1,359,731	778,000	480,700	237,500
-	-	-	500,000	-	-
-	-	-	-	-	-
7,488,222	7,614,019	8,274,231	1,643,740	618,191	322,260
-	-	-	-	-	-
7,055,209	7,614,019	8,274,231	-	-	-
-	-	-	1,630,361	3,350,666	322,260
7,055,209	7,614,019	8,274,231	1,630,361	3,350,666	322,260
433,013	-	-	13,379	(2,732,475)	-
7,048,523	7,048,523	7,048,523	3,027,150	294,675	294,675

ENTERPRISE FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES
2018-19**

	Parking Funds			Transit Funds		
	16-17 Actual	17-18 Estimated	18-19 Adopted	16-17 Actual	17-18 Estimated	18-19 Adopted
Net Unreserved Assets, Beginning of Year	491,972	370,050	370,050	6,935,625	8,428,711	6,691,414
Financial Source						
Property Taxes	-	-	-	3,835,838	3,983,702	4,933,702
Other Tax and Licenses	-	-	-	450,034	454,350	454,350
State-Shared Revenues	-	-	-	3,385,614	2,939,769	2,939,769
Interest on Investments	214,550	207,100	1,500	25,595	13,000	13,000
Other Revenues	73,696	108,750	83,250	54,842	91,800	89,800
Grants	-	-	-	3,799,067	868,670	1,944,719
Charges for Services	2,254,887	2,656,440	2,390,490	9,529,247	9,691,644	11,303,955
Licenses/Permits/Fines	-	-	207,000	-	-	-
Transfers/Other Sources	-	206,037	24,590	928,618	2,644,000	2,344,890
2016 Installment Financing	-	-	-	6,408,000	-	-
Appropriated Net Assets (Fund Balance)	-	-	-	-	-	-
Total Estimated Financial Sources	2,543,133	3,178,327	2,706,830	28,416,855	20,686,935	24,024,185
Expenditures						
Personnel	801,819	794,991	837,667	12,512,466	13,333,673	15,420,046
Operations	885,287	1,013,223	921,642	5,777,212	7,862,162	8,077,359
Capital	977,949	1,370,113	947,521	8,634,091	1,228,397	526,780
Total Budget	2,665,055	3,178,327	2,706,830	26,923,769	22,424,232	24,024,185
Financial Sources less Budget	(121,922)	-	-	1,493,086	(1,737,297)	-
Net Unreserved Assets, End of Year	370,050	370,050	370,050	8,428,711	6,691,414	6,691,414

Note: Please see note about fund balance estimates on page 65.

Stormwater Management Fund			Housing Fund		
16-17 Actual	17-18 Estimated	18-19 Adopted	16-17 Actual	17-18 Estimated	18-19 Adopted
2,158,914	1,688,744	547,220	2,156,214	2,284,281	2,063,139
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,063	3,000	3,000	1,376	1,950	1,394
-	-	8,000	2,696	250	200
-	7,500	-	956,462	990,360	1,072,644
2,297,155	2,706,200	2,706,000	944,456	956,166	903,642
-	-	-	-	-	-
6,984	7,200	7,400	-	-	-
-	-	-	-	-	-
-	-	-	-	-	226,492
2,307,202	2,723,900	2,724,400	1,904,990	1,948,726	2,204,372
1,177,790	1,188,567	1,367,025	847,829	1,024,885	1,261,497
848,444	1,903,045	998,176	884,349	1,144,983	942,875
751,138	773,812	359,199	44,745	-	-
2,777,372	3,865,424	2,724,400	1,776,923	2,169,868	2,204,372
(470,170)	(1,141,524)	-	128,067	(221,142)	-
1,688,744	547,220	547,220	2,284,281	2,063,139	1,836,647

INTERNAL SERVICE FUNDS
SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES
2018-19

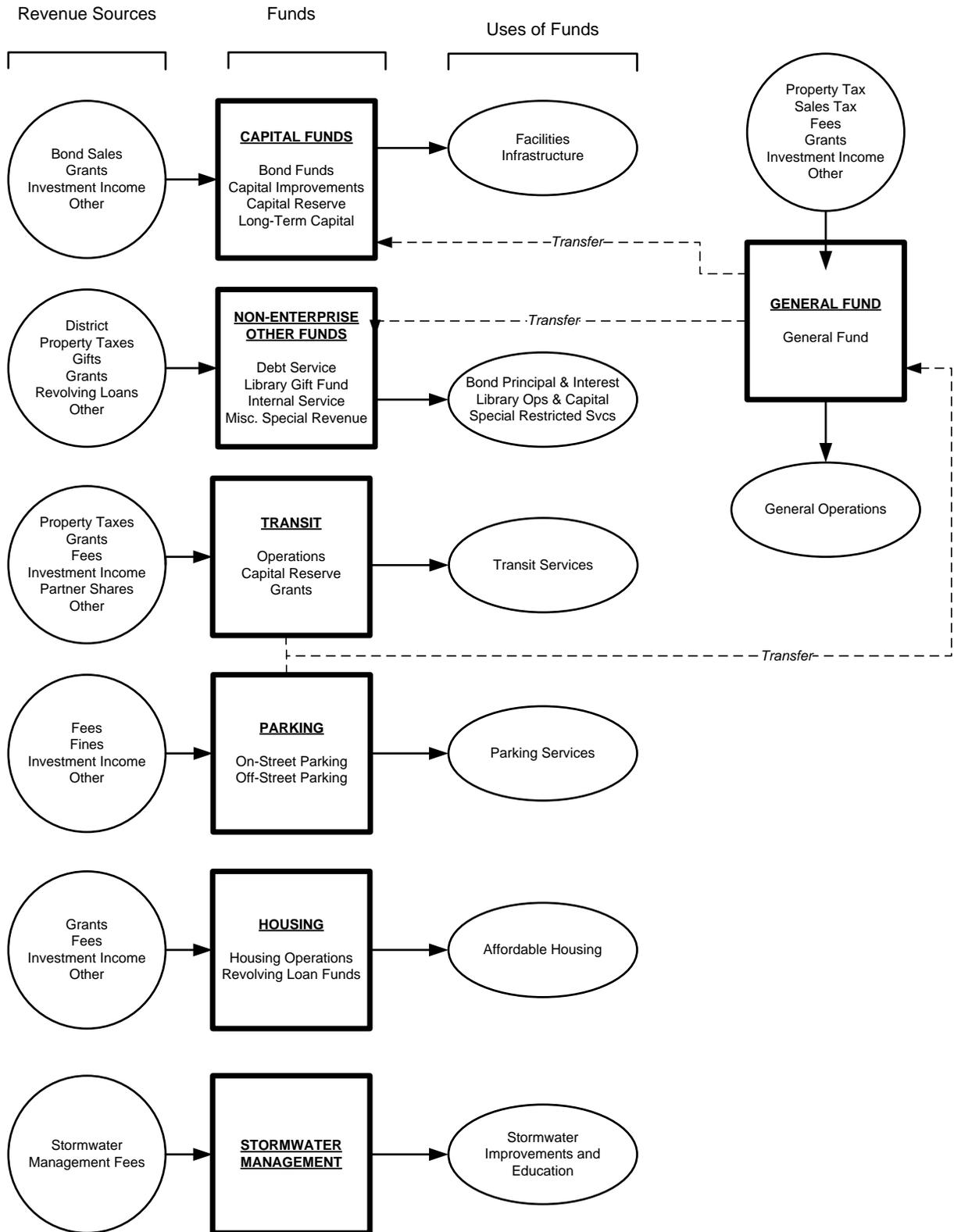
	Internal Service		
	16-17 Actual	17-18 Estimated	18-19 Adopted
Net Unreserved Assets, Beginning of Year	3,508,346	2,455,306	1,527,601
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investments	4,911	6,100	3,500
Other Revenues	135,015	86,234	68,000
Grants	-	-	-
Charges for Services	2,723,615	2,208,695	1,807,429
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	-	-	-
2016 Installment Financing	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	830,376
Total Estimated Financial Sources	2,863,541	2,301,029	2,709,305
Expenditures			
Personnel	581,547	616,874	633,675
Operations	1,826,017	1,578,579	1,362,130
Capital	1,509,017	1,033,281	713,500
Total Budget	3,916,581	3,228,734	2,709,305
Financial Sources less Budget	(1,053,040)	(927,705)	-
Net Unreserved Assets, End of Year	2,455,306	1,527,601	697,225

Note: Please see note about fund balance estimates on page 65.

Annual Funds - Combined Totals

16-17 Actual	17-18 Estimated	18-19 Adopted
44,229,215	37,625,569	26,721,990
39,780,600	40,824,210	43,798,702
1,714,947	1,760,350	1,811,850
23,874,829	23,965,037	24,614,186
308,658	298,224	87,870
1,180,949	1,153,624	836,950
6,438,549	3,329,164	4,171,351
22,547,784	22,874,585	24,014,584
2,420,667	2,426,597	2,668,890
4,393,968	5,076,799	4,789,057
6,908,000	-	-
-	-	4,177,754
109,568,951	101,708,590	110,971,194
60,516,521	62,677,120	68,916,280
37,418,022	41,415,080	38,246,537
18,238,054	8,519,969	3,808,377
116,172,597	112,612,169	110,971,194
(6,603,646)	(10,903,579)	-
37,625,569	26,721,990	22,544,236

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
 Library Gift Fund
 Affordable Housing Development Reserve Fund

Debt Service Fund

Capital Funds

Capital Projects Fund
 Capital Reserve Fund
 Transit Capital Reserve Fund

Proprietary Funds

Enterprise Funds

Transit Fund
 Stormwater Mgmt. Fund
 Parking Fund
 On-Street Parking
 Off-Street Parking
 Public Housing Funds

Internal Service Funds

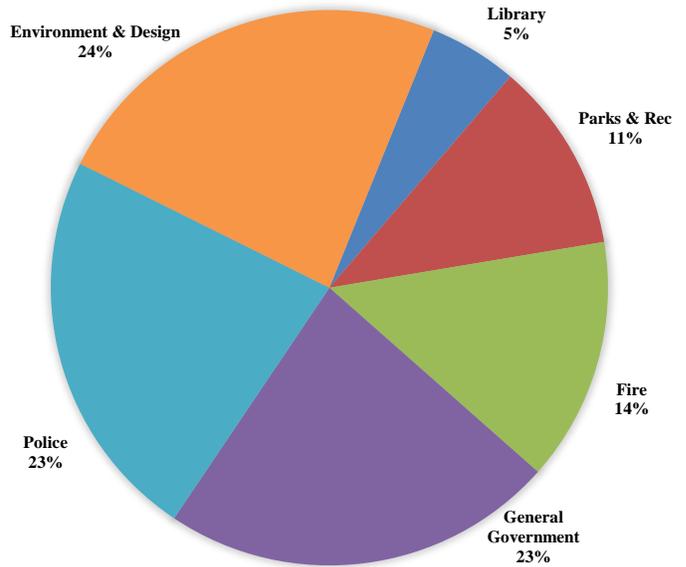
Vehicle Maintenance Fund
 Vehicle Replacement Fund
 Computer Replacement Fund

INTERFUND TRANSFERS							
Adopted 2018-19							
Transfers to:	General Fund	Transit	Off-Street Parking	On-Street Parking	Transfers From:		Net Transfers
					Capital Reserve	Library Gift Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 45,000
Transit Fund	-	-	-	-	-	-	0
Parking Fund	-	-	-	24,590	-	-	24,590
Transit Capital Grants	-	250,890	-	-	-	-	250,890
Stormwater Management	7,400	-	-	-	-	-	7,400
Debt Service Fund	445,100	-	914,631	-	-	-	1,359,731
CIP Fund	237,500	-	-	-	-	-	237,500
Grants Fund	81,551	-	-	-	-	-	81,551
Net Transfers	\$ 771,551	\$ 250,890	\$ 914,631	\$ 24,590	\$ -	\$ 45,000	\$ 2,006,662

GENERAL FUND

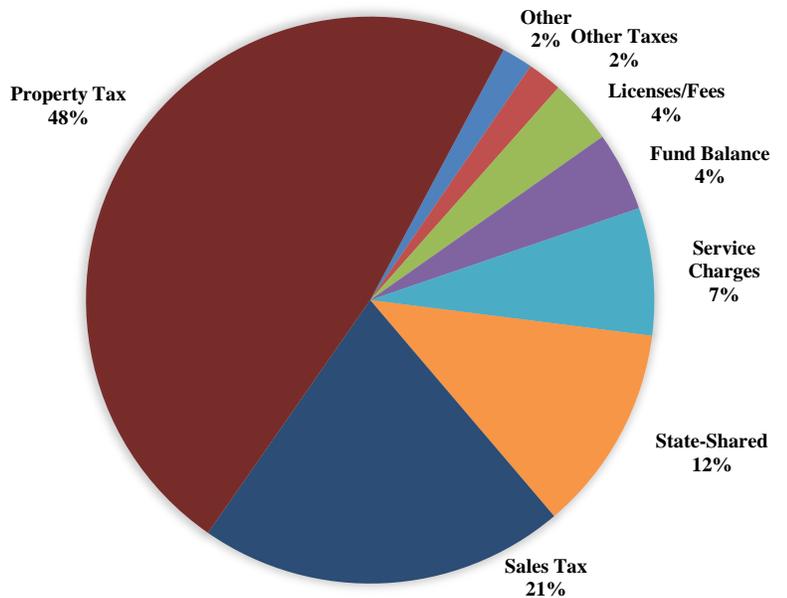
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$66,357,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Government	\$ 20,310,073	\$ 13,381,597	\$ 14,178,852	\$ 14,944,909	\$ 15,263,182	14.1%
Environment & Development	17,076,637	15,233,639	16,035,700	15,418,704	15,726,875	3.2%
Public Safety	20,546,434	24,403,771	24,523,589	23,095,732	24,599,694	0.8%
Leisure	9,799,053	10,511,993	10,740,630	10,124,804	10,767,249	2.4%
Total	\$ 67,732,197	\$ 63,531,000	\$ 65,478,771	\$ 63,584,149	\$ 66,357,000	4.4%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues:						
Property Taxes	\$ 29,273,287	\$ 29,635,000	\$ 29,635,000	\$ 30,012,500	\$ 31,771,000	7.2%
Sales Taxes	12,673,856	13,677,177	13,677,177	13,194,120	13,853,827	1.3%
Other Tax and Licenses	1,264,913	1,300,000	1,300,000	1,306,000	1,357,500	4.4%
State-Shared Revenues	7,815,359	8,069,340	8,069,340	7,831,148	7,820,590	-3.1%
Interest on Investments	39,099	50,000	50,000	50,000	50,000	0.0%
Other Revenues	515,367	413,053	428,341	570,983	398,600	-3.5%
Grants	732,892	779,963	799,963	690,355	680,899	-12.7%
Charges for Services	4,717,949	4,748,308	4,748,308	4,573,180	4,820,808	1.5%
Licenses/Permits/Fines	2,420,667	2,129,153	2,129,153	2,426,597	2,461,890	15.6%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	8,233,808	2,684,006	4,596,489	2,884,266	3,096,886	15.4%
Total	\$ 67,732,197	\$ 63,531,000	\$ 65,478,771	\$ 63,584,149	\$ 66,357,000	4.4%

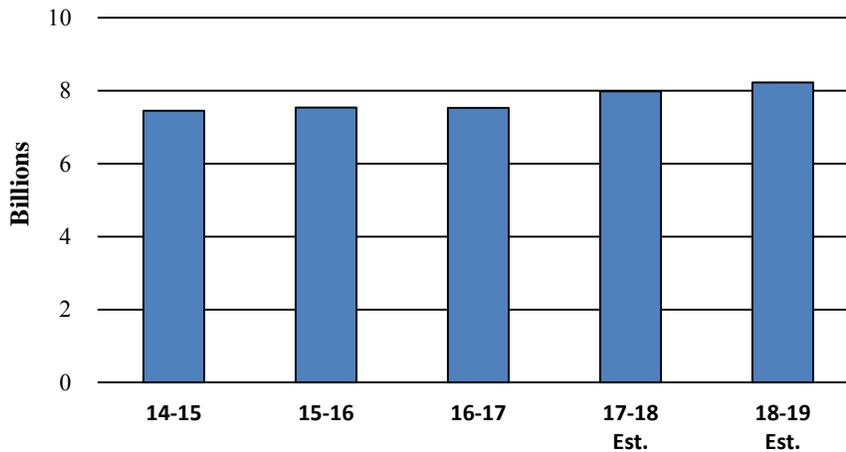
GENERAL FUND

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 2018-19 is estimated to be \$8,225,444,551 with 1 cent on the tax rate equivalent to about \$819,000.

Property Tax Base



The combined property tax revenue we anticipate for 2018-19 totals about \$44.1 million, with \$31.8 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,225,000 in the current year and a slight increase to \$1,275,000 for 2018-19. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

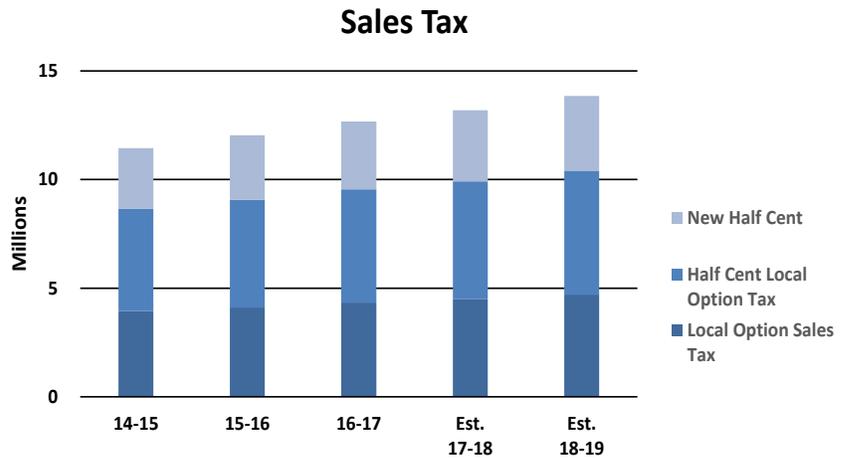
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue expected to come in slight under budget in 2017-18. Based on recent trend growth was budgeted at 6% for FY18. However, sales tax receipts have been close to 4.5% for the current year. Based on this information we are estimating an overall growth rate of 5% in sales taxes for FY19. We estimate combined sales taxes about \$13,194,120 for

2017-18. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in a significant reduction in 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 \$1,457,558 in 2017-18, about \$5,000 less than last year. For 2018-19, we anticipate revenues will drop slightly for FY19 at around \$1,447,000.

State Fire Protection Funds

We are expecting about \$1,115,590 in State Fire Protection Funds in the current year, and we expect that figure to hold at 1,115,590 in 2018-19.

Utility Sales Tax

Utility sales 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 sales tax distribution. We estimate that we will receive approximately \$4,950,000 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2018-19.

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 \$38,000 for the current year and \$38,000 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 \$270,000 for the current year and \$270,000 next year.

In summary, we estimate State-collected revenues would total about \$21,674,417 for next year.

Other Revenue Sources

Grants

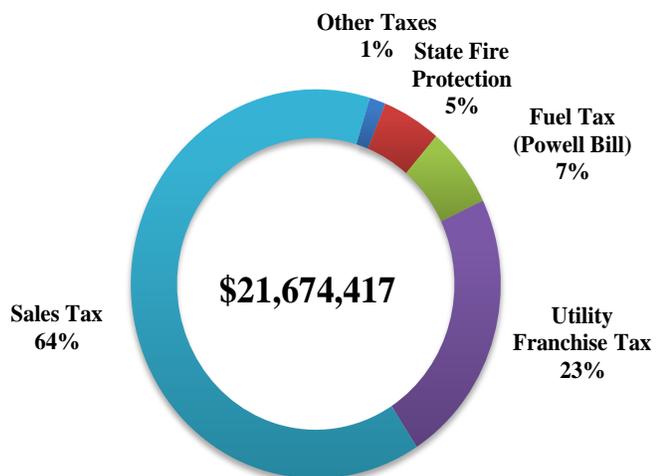
This category of revenue includes certain recurring local and State grants totaling about \$680,899 for 2018-19. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The recommended budget for 2018-19 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The recommended 2018-19 budget includes \$568,139 in Orange County funding to support the Chapel Hill Library, which is equal to the current year's allocation. The State appropriation for Library services is budgeted at \$29,000.

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 under budget in the current year by about \$235,000. This can mainly be attributed to a decrease in expected revenues in development for Planning & Sustainability and athletic field & picnic shelter rentals in Parks & Recreation. Charges for services are expected to increase from a budgeted amount of \$4,748,308 in 2017-18 to \$4,820,808 for 2018-19 due to fee increases and projected activity.

State Collected Revenues



GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

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 2017-18, these include estimates of \$75,329 from Parking Enterprise Funds, \$114,093 from the Stormwater Management Fund, and \$1,192,483 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to exceed the current year's budget by about \$297,000 due to higher than expected revenues in inspection permits. Total licenses and permits are expected to increase from about \$2.1 million in 2017-18 to \$2.5 million in 2018-19.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income is expected to exceed the current year's budget estimate of \$50,000 and generate about \$50,000 next year.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include mutual aid reimbursements, court cost reimbursements, and donations (Carol Woods). Miscellaneous revenues are expected to total about \$570,983 for 2017-18 (approximately \$90,000 was received for revenue-in-lieu for streets and traffic signs that was not budgeted) and \$398,600 for 2018-19.

Transfers

Transfers include a transfer of \$45,000 for 2018-19 from the Library Gift Fund for Library purposes.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use about \$4.6 million of fund balance in 2017-18, but through cost-cutting measures, will use only about \$2.9 million. The annual budget includes the use of about \$3,096,886 in 2018-19 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$66.4 million in General Fund revenues, including the use of \$3,096,886 of fund balance.

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

	17-18 Revised Budget	17-18 Estimated	18-19 Adopted Budget
Property Taxes	\$ 29,635,000	\$ 30,012,500	\$ 31,771,000
Sales Taxes	13,677,177	13,194,120	13,853,827
Other State-Collected	8,069,340	7,831,148	7,820,590
Other Revenues	2,578,304	2,617,338	2,486,999
Licenses/Permits	2,129,153	2,426,597	2,461,890
Service Charges	4,748,308	4,573,180	4,820,808
Interfund Transfers	45,000	45,000	45,000
Fund Balance	4,596,489	2,884,266	3,096,886
Total	\$ 65,478,771	\$ 63,584,149	\$ 66,357,000

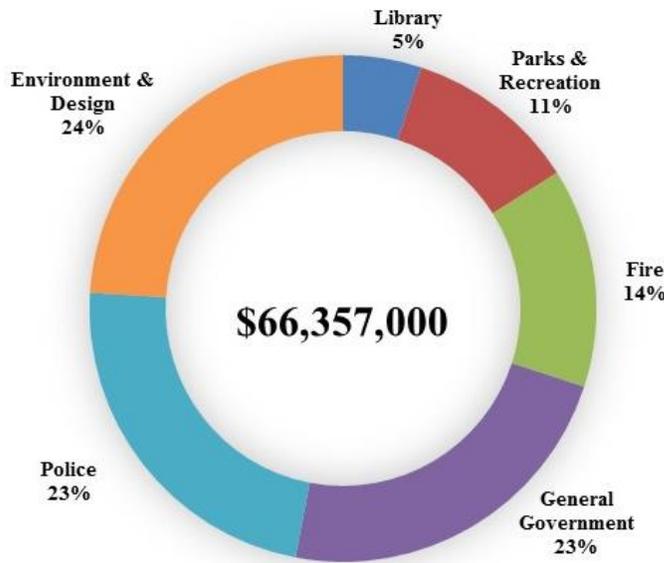
GENERAL FUND

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 \$66,357,000 for the 2018-19 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$15.2 million and Fire Department expenditures of about \$9.4 million.



Environment and Development is the second largest category in the General Fund at about \$15.7 million, including Planning & Development Services, Housing & Community and Public Works which provide services of affordable housing, planning for growth, engineering, solid waste collection, maintenance of streets, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 56.4% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.4 million, Library services of \$3.4 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$15.1 million.

Non-departmental expenditures total \$5.5 million. Non-departmental expenditures include a transfer for capital improvements of \$237,500. \$1,127,547 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 non-departmental budget also includes funding for “penny for housing” (\$688,395) and legal/investigations/demolition funds (\$100,000). The budget for liability and property insurance totals \$425,000. Liability insurance for the Town increased by \$25,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

The 2018-19 budget includes changes to medical insurance rates. The adopted budget includes a 1.5% decrease in rates for active employees and under-65 retirees, or about a \$73,957 increase. The Town’s contribution to employee retirement increased by \$77,104, which reflects a 0.25% increase to the contribution over the prior year.

Additional expenses in the budget include a 3.0% of market rate salary adjustment starting July 1, 2017 (\$1,023,564). Town-wide maintenance has been prioritized in the 2018-19 budget with the inclusion of a \$472,214 investment in repairing and maintaining Town buildings. Town maintenance needs were researched and identified by a Maintenance Task Force and a condition assessment study that was conducted through Public Works. The budget also includes increases to several existing programs to accommodate the increased cost of doing business. This includes increases to Town software programs (\$62,760), increases in landscaping contracts (\$24,799), as well as an increase in digital storage for Police body worn cameras (\$29,715) and Orange County Animal Control contract (\$7,611).

The General Fund budget includes reductions to departmental funding, which is reflected in many line-item decreases throughout the 2018-19 budget. These reductions total \$464,050 and include a variety of department-identified decreases. Examples include supplies, software licenses, overtime funding, and professional services. Lapsed Salaries were not budgeted in the 2018-19 budget, which shows a reduction of approximately \$1.25 million.

The 2018-19 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,260,000), and contributes \$630,000 towards the post-employment benefit (OPEB) liability. The budget increases funding for the Orange Community Housing & Loan Trust by \$7,317 and the Homelessness Initiative by \$15,410.

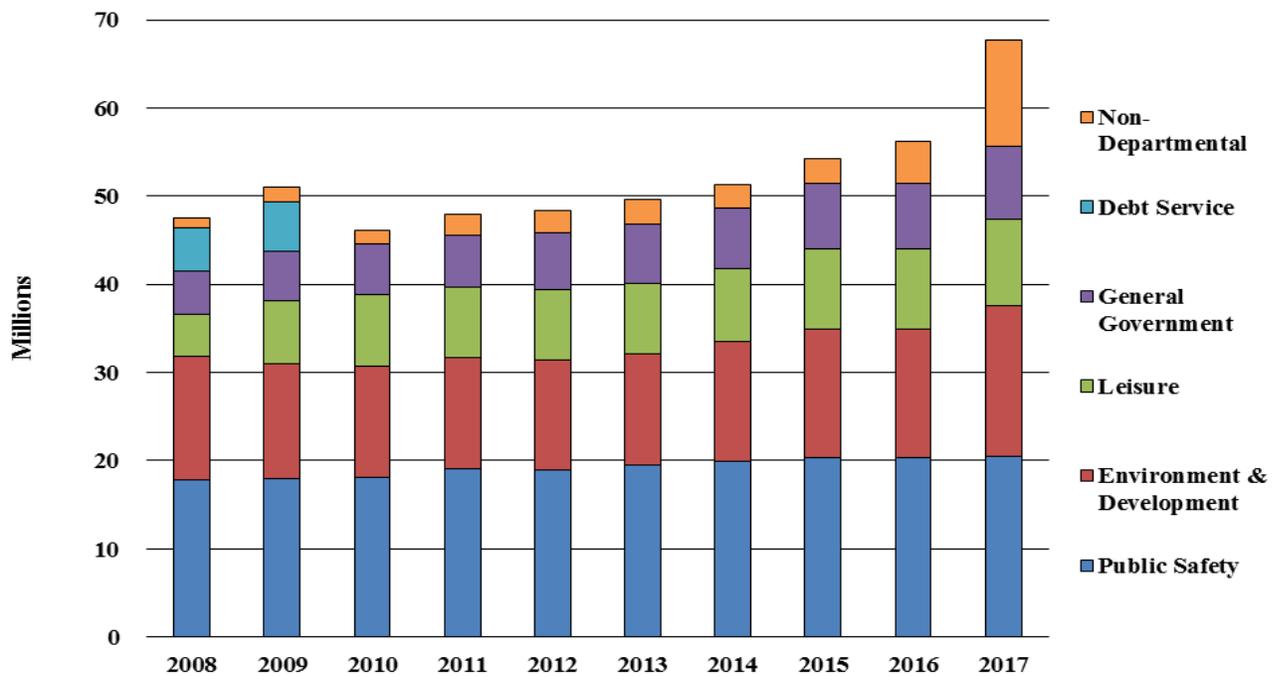
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2016-17	2017-18	2017-18		2018-19	% Change
	Actual	Original	Revised	2017-18	Adopted	from
		Budget	Budget	Estimated	Budget	2017-18
Personnel	\$ 44,254,684	\$ 46,773,297	\$ 46,745,058	\$ 45,311,047	\$ 48,981,421	4.7%
Operating Costs	18,890,260	16,180,770	18,126,928	17,612,902	16,580,365	2.5%
Capital Outlay	4,587,253	576,933	606,785	660,200	795,214	37.8%
Total	\$ 67,732,197	\$ 63,531,000	\$ 65,478,771	\$ 63,584,149	\$ 66,357,000	4.4%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Government						
Mayor/Council	\$ 415,963	\$ 489,019	\$ 489,019	\$ 473,579	\$ 426,968	-12.7%
Town Manager	1,371,301	1,726,830	1,765,765	1,704,029	1,762,127	2.0%
Communications & Public Affairs	798,056	854,919	883,120	880,369	870,205	1.8%
Human Resource Dev't	1,702,071	1,742,803	2,001,169	1,833,300	1,768,953	1.5%
Business Management	1,991,563	2,208,315	2,218,404	2,162,511	2,254,949	2.1%
Technology Solutions	1,595,918	1,951,215	2,011,286	1,873,606	2,333,858	19.6%
Town Attorney	326,825	348,947	348,947	338,194	351,379	0.7%
Non-Departmental	12,108,376	4,059,549	4,461,142	5,679,321	5,494,743	35.4%
Subtotal	\$ 20,310,073	\$ 13,381,597	\$ 14,178,852	\$ 14,944,909	\$ 15,263,182	14.1%
Environment & Development						
Planning & Development Services	\$ 3,396,770	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%
Housing & Community	725,406	774,487	784,487	743,627	833,548	7.6%
Public Works	12,954,461	12,273,397	12,314,294	12,152,643	12,777,850	4.1%
Subtotal	\$ 17,076,637	\$ 15,233,639	\$ 16,035,700	\$ 15,418,704	\$ 15,726,875	3.2%
Public Safety						
Police	\$ 11,803,721	\$ 15,156,873	\$ 15,232,148	\$ 13,862,226	\$ 15,206,077	0.3%
Fire	8,742,713	9,246,898	9,291,441	9,233,506	9,393,617	1.6%
Subtotal	\$ 20,546,434	\$ 24,403,771	\$ 24,523,589	\$ 23,095,732	\$ 24,599,694	0.8%
Leisure						
Parks and Recreation	\$ 6,883,247	\$ 7,375,935	\$ 7,274,904	\$ 7,224,067	\$ 7,365,091	-0.1%
Library	2,915,806	3,136,058	3,465,726	2,900,737	3,402,158	8.5%
Subtotal	\$ 9,799,053	\$ 10,511,993	\$ 10,740,630	\$ 10,124,804	\$ 10,767,249	2.4%
General Fund Total	\$ 67,732,197	\$ 63,531,000	\$ 65,478,771	\$ 63,584,149	\$ 66,357,000	4.4%

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

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Mayor/Council	\$ 415,963	\$ 489,019	\$ 489,019	\$ 473,579	\$ 426,968	-12.7%
Town Manager	1,371,301	1,726,830	1,765,765	1,704,029	1,762,127	2.0%
Communications & Public Affairs	798,056	854,919	883,120	880,369	870,205	1.8%
Human Resources	1,702,071	1,742,803	2,001,169	1,833,300	1,768,953	1.5%
Business Management	1,991,563	2,208,315	2,218,404	2,162,511	2,254,949	2.1%
Technology Solutions	1,595,918	1,951,215	2,011,286	1,873,606	2,333,858	19.6%
Town Attorney	326,825	348,947	348,947	338,194	351,379	0.7%
Non-Departmental	12,108,376	4,059,549	4,461,142	5,679,321	5,494,743	35.4%
Total	\$ 20,310,073	\$ 13,381,597	\$ 14,178,852	\$ 14,944,909	\$ 15,263,182	14.1%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 20,310,073	\$ 13,381,597	\$ 14,178,852	\$ 14,944,909	\$ 15,263,182	14.1%
Total	\$ 20,310,073	\$ 13,381,597	\$ 14,178,852	\$ 14,944,909	\$ 15,263,182	14.1%

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.

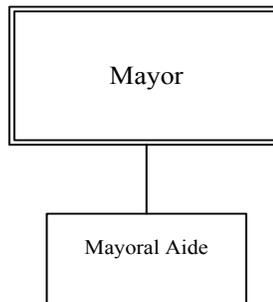
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 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 2.7% increase from the prior year. The 1.4% decrease in personnel costs is contributed to employee turnover and is balanced with a 3% of market salary adjustment.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 81,711	\$ 84,989	\$ 84,989	\$ 82,030	\$ 83,794	-1.4%
Operating Costs	19,975	21,469	21,469	18,856	25,556	19.0%
Total	\$ 101,686	\$ 106,458	\$ 106,458	\$ 100,886	\$ 109,350	2.7%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 101,686	\$ 106,458	\$ 106,458	\$ 100,886	\$ 109,350	2.7%
Total	\$ 101,686	\$ 106,458	\$ 106,458	\$ 100,886	\$ 109,350	2.7%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects a decrease of 17% from the 2017-18 budget, primarily due to approximately \$41,000 of election-related costs that were not budgeted for 2019 due to no election in FY19. Personnel decreased by 9.3% and is attributed to Council turnover. This is somewhat offset by a 3% pay adjustment.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 192,268	\$ 206,600	\$ 206,600	\$ 195,181	\$ 187,440	-9.3%
Operating Costs	122,009	175,961	175,961	177,512	130,178	-26.0%
Total	\$ 314,277	\$ 382,561	\$ 382,561	\$ 372,693	\$ 317,618	-17.0%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 314,277	\$ 382,561	\$ 382,561	\$ 372,693	\$ 317,618	-17.0%
Total	\$ 314,277	\$ 382,561	\$ 382,561	\$ 372,693	\$ 317,618	-17.0%

TOWN MANAGER

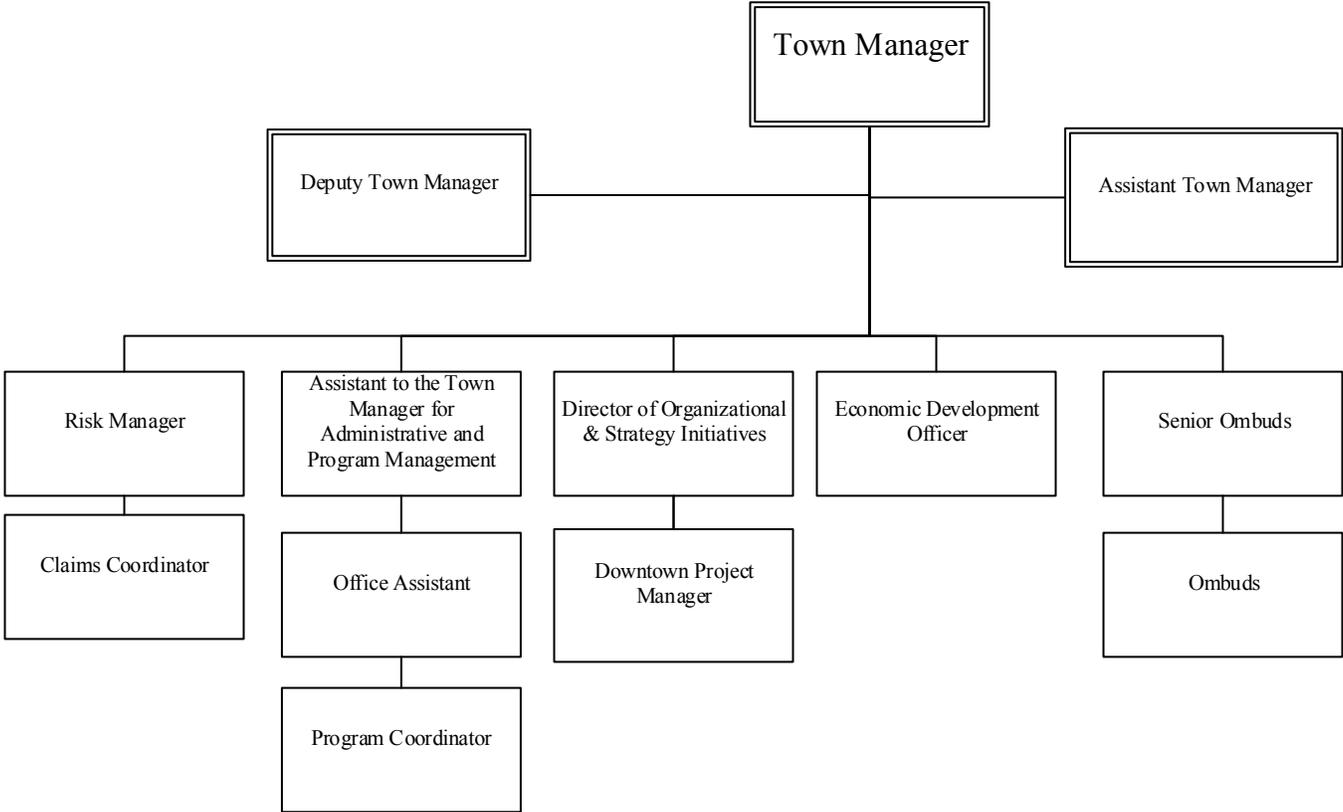
MISSION STATEMENT:

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.

The Town Manger's Office identified the following primary programs that are included in the adopted budget for 2018-19.

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.
Stakeholder Communication	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.
Ombuds Services	Provide neutral, confidential and informal management or resolution of issues brought by Town employees.

TOWN MANAGER



The Risk Management division is housed in the Human Resources budget but reports to the Manager's Office

The Downtown Project Manager is housed in Planning & Sustainability's budget, but reports to the Manager's Office

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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Town Manager	1.00	1.00	1.00
Deputy Town Manager	1.00	1.00	1.00
Assistant Town Manager	0.00	1.00	1.00
Economic Development Coordinator	1.00	1.00	1.00
Senior Ombuds	1.00	1.00	1.00
Program Coordinator	1.00	1.00	1.00
Ombuds	1.00	1.00	1.00
Assistant to the Manager	2.00	2.00	1.00
Director of Organization & Strategy Initiatives	0.00	0.00	1.00
Office Assistant	1.00	1.00	1.00
Town Manager's Office Totals	<u>9.00</u>	<u>10.00</u>	<u>10.00</u>

TOWN MANAGER

BUDGET SUMMARY

The Town Manager's adopted budget for 2018-19 reflects a 2.0% increase over 2017-18. Personnel has increased by 3.6% mainly due to a 3% pay adjustment. The operating budget decreased by 8.1% and includes reductions to supplies and professional services..

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,159,104	\$ 1,498,195	\$ 1,508,157	\$ 1,448,742	\$ 1,552,043	3.6%
Operating Costs	212,197	228,635	257,608	255,287	210,084	-8.1%
Total	\$ 1,371,301	\$ 1,726,830	\$ 1,765,765	\$ 1,704,029	\$ 1,762,127	2.0%

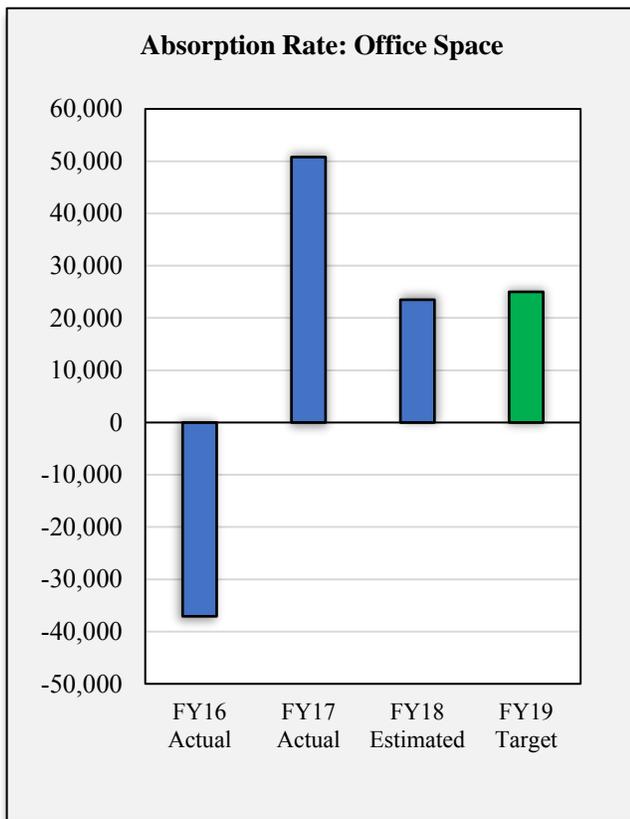
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 1,371,301	\$ 1,726,830	\$ 1,765,765	\$ 1,704,029	\$ 1,762,127	2.0%
Total	\$ 1,371,301	\$ 1,726,830	\$ 1,765,765	\$ 1,704,029	\$ 1,762,127	2.0%

MANAGER'S OFFICE

MISSION-LEVEL MEASURES

Economic & Financial Sustainability	Program:	Economic Development
	Objective:	Create room for business
	Mission Measure:	Absorption Rate: Office Space



Departmental Analysis

- The FY16 numbers have been updated using the new CoStar data, which is more geographically precise than the Avison Young data used to report on this measure in the past.
- The negative absorption rate in FY16 was largely due to one tenant vacating space in the Exchange at Meadowmont during that time period.
- The slow progress of development in our Town and County have created low absorption rates. 2017 saw positive growth as Carolina Square came onto the market, but with no other developments coming online in 2018, our absorption will likely remain low until new product at Carraway Village and Glen Lennox comes out of the ground.

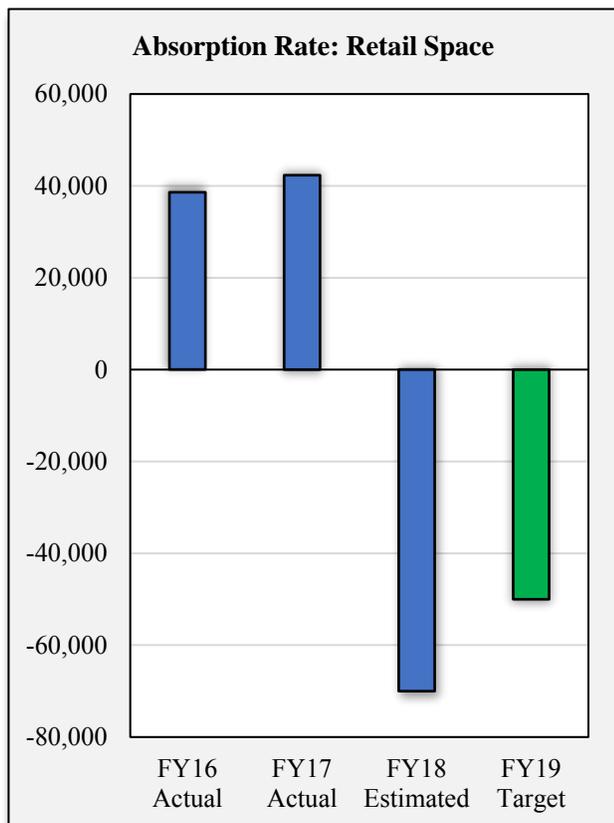
Initiatives - What will we do to take action?

1. As commercial space becomes available, we will be concentrating our marketing efforts on advertising office space. Additionally, we have subscribed to CoStar to provide a commercial real estate search function on the open2.biz website. We continue to advertise new and existing spaces in our monthly newsletter as well.

MANAGER'S OFFICE

MISSION-LEVEL MEASURES (continued)

Economic & Financial Sustainability	Program:	Economic Development
	Objective:	Create room for business
	Mission Measure:	Absorption Rate: Retail Space



Departmental Analysis

- The FY16 numbers have been updated using the new CoStar data, which is more geographically precise than the Avison Young data used to report on this measure in the past.
- The large change in absorption rate from FY17 to FY18 is attributed to new space coming online at Carolina Square and not yet occupied, as well as the vacancies of the 15-501 auto dealerships in preparation for redevelopment. As Carolina Square continues to lease out their space, we expect this number to decrease. However, we do not expect to see positive absorption until the Wegmans development is completed and occupied.

Initiatives - What will we do to take action?

1. As commercial space becomes available, we will be concentrating our marketing efforts on advertising office space. Additionally, we have subscribed to CoStar to provide a commercial real estate search function on the open2.biz website. We continue to advertise new and existing spaces in our monthly newsletter as well.

COMMUNICATIONS & PUBLIC AFFAIRS

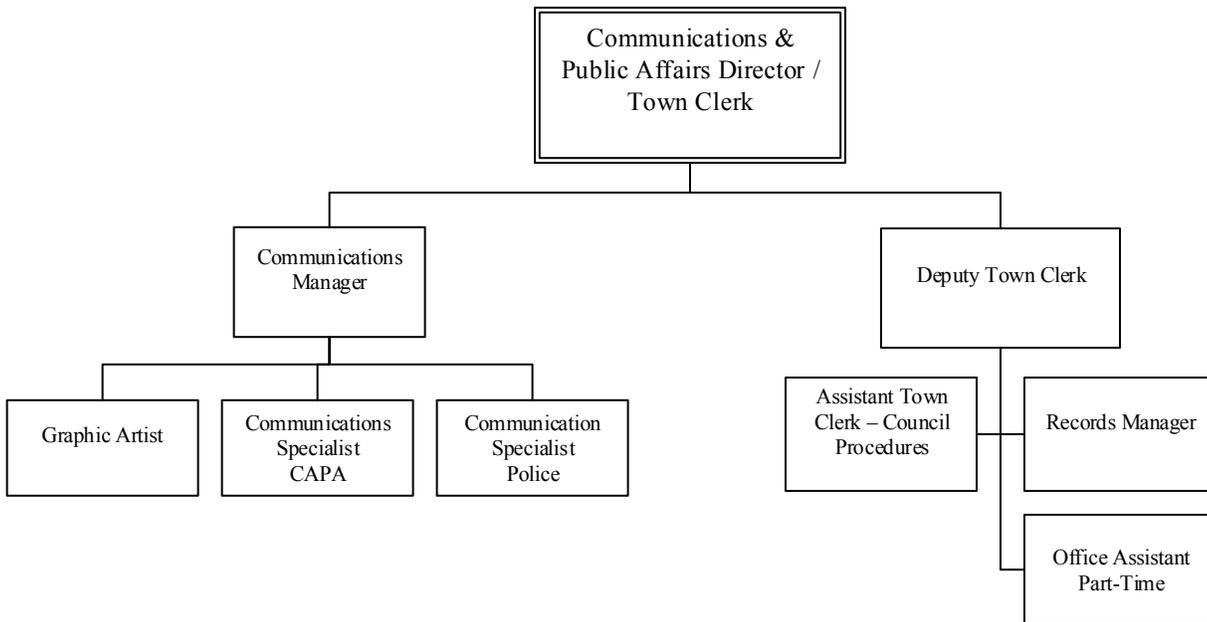
MISSION STATEMENT:

To encourage public 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, public education and service programs, and marketing activities.

The Communications and Public Affairs Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
Communications & Public Information	Provide information to the public in a variety of forms. Coordinate and administer crisis communications, news media relations, website, community engagement, graphic design, Chapel Hill TV -18, social media, advertising, streaming video and signage.
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. Answer public record requests. Maintain Council email archive.
Public Participation	Support the Town's advisory board system, including the establishment of standards, recruiting and training advisory board members, coordination of Council appointments.

COMMUNICATIONS & PUBLIC AFFAIRS



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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Communications & Public Affairs Director / Town Clerk	1.00	1.00	1.00
Town Clerk-Deputy	1.00	1.00	1.00
Administrative Assistant	1.00	0.00	0.00
Assistant Town Clerk	0.00	2.00	1.00
Office Assistant	0.53	0.53	0.53
Community Participation Coordinator	1.00	0.00	0.00
Communications Manager	1.00	1.00	1.00
Records Manager	0.00	0.00	1.00
Graphic Artist	1.00	1.00	1.00
Communications Specialist	1.00	1.00	1.00
Communications and Public Affairs Department Totals	<u>7.53</u>	<u>7.53</u>	<u>7.53</u>

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK BUDGET SUMMARY

The adopted budget for 2018-19 reflects a 1.8% increase from the prior year. The 3.5% increase to personnel is due to a 3% pay adjustment. The 3.9% decrease to the operating budget reduces \$15,545 for the Community Survey which was completed in the fall of 2017 and will not need to be funded until 2019-20. The reduction also includes a decrease in spending towards the public records program. This is offset slightly by the addition of \$5,000 for a pilot program to provide childcare and transportation for advisory board members.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 584,587	\$ 658,982	\$ 645,788	\$ 642,681	\$ 681,837	3.5%
Operating Costs	192,534	195,937	237,332	237,688	188,368	-3.9%
Capital Outlay	20,935	-	-	-	-	N/A
Total	\$ 798,056	\$ 854,919	\$ 883,120	\$ 880,369	\$ 870,205	1.8%

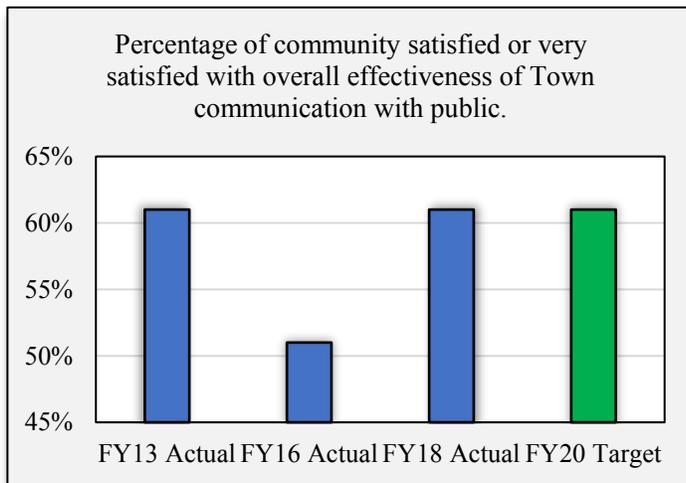
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 798,056	\$ 854,919	\$ 883,120	\$ 880,369	\$ 870,205	1.8%
Total	\$ 798,056	\$ 854,919	\$ 883,120	\$ 880,369	\$ 870,205	1.8%

COMMUNICATIONS & PUBLIC AFFAIRS

MISSION-LEVEL MEASURES

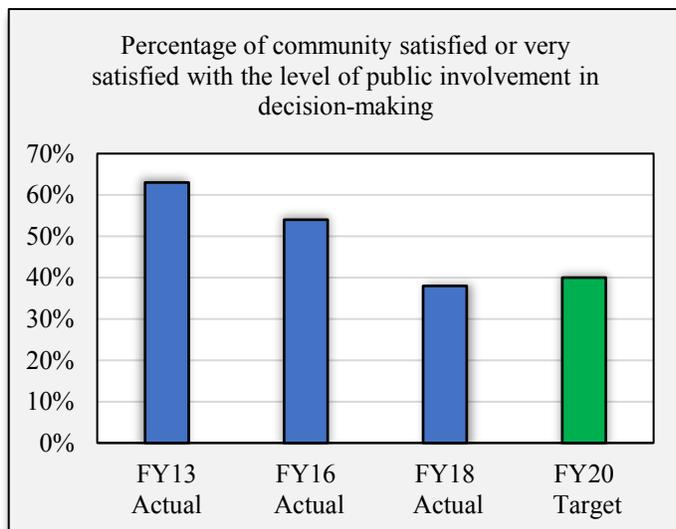
Collaborative & Innovative Organization	Program:	Communications and Public Information
	Objective:	Develop, grow, and maintain effective two-way communication channels that reach people where they are to tell the story of what we are doing and how our actions affect them
	Mission Measure:	Percentage of community satisfied or very satisfied with overall effectiveness of Town communication with public.



Departmental Analysis

- Largest increase for public communications efforts.
- While we are pleased to see the increase, we also recognize that this and related questions tend to have the largest percentages of “don’t know.”

Collaborative & Innovative Organization	Program:	Public Participation
	Objective:	Engage the public in Town decision making and Town programs so that outcomes balance community interests, values, and needs
	Mission Measure:	Percentage of community satisfied or very satisfied with the level of public involvement in decision-making



Departmental Analysis

- While satisfaction with overall communications saw an increase, indicators for community engagement are down.

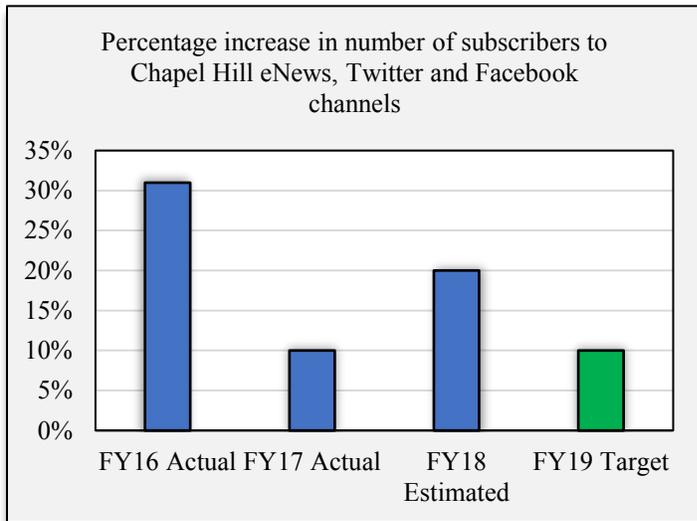
Initiatives - What will we do to take action?

1. Our Neighborhood Outreach project is a direct response to these declines.

COMMUNICATIONS & PUBLIC AFFAIRS

MISSION-LEVEL MEASURES

Collaborative & Innovative Organization	Program:	Communications and Public Information
	Objective:	Engage the public in Town decision making and Town programs so that outcomes balance community interests, values, and needs
	Mission Measure:	Percentage increase in number of subscribers to Chapel Hill eNews, Twitter and Facebook channels



Departmental Analysis

- While we have a steady increase of subscribers, we are seeing a trickle decline in Facebook numbers which may be attributed to criticism over FB's role in 2016 Presidential Election. We have opportunities to grow our eNews by adding people conducting transactional business with the Town.

Initiatives - What will we do to take action?

1. We are strategizing on ways to increase eNews subscribers especially through other departments conducting transactional business with the Town.

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

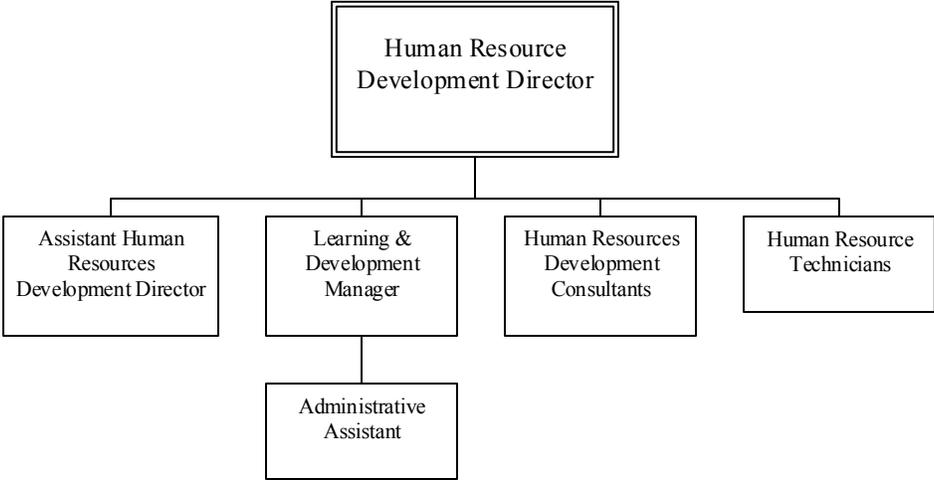
MISSION STATEMENT:

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.

The Human Resource Development Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
Administration	Manage the operations of the department to ensure that programs and systems support the Town's mission. Provide support to the Manager and departments in the development, administration and interpretation of Policies and Procedures.
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 & 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 & 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



The Risk Management division is housed in the Human Resources budget but reports to the Manager's Office

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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Human Resource Development Director	1.00	1.00	1.00
Assistant Director-Human Resource Development	1.00	1.00	1.00
Assistant HR Consultant	1.00	0.00	0.00
Risk Manager	1.00	1.00	1.00
Claims Coordinator	1.00	1.00	1.00
Learning & Development Manager	1.00	1.00	1.00
Human Resources Technician	2.00	2.00	2.00
Human Resource Consultant	1.00	2.00	2.00
Administrative Assistant	1.00	1.00	1.00
Human Resource Development Totals	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>

HUMAN RESOURCE DEVELOPMENT BUDGET SUMMARY

The adopted budget for 2018-19 reflects an overall increase of 1.5% from the previous fiscal year. There is a 1.5% increase in personnel costs, which is the result of a 3% pay adjustment, offset slightly by the elimination of the Service Award program (\$14,896). There is an increase of 1.5% in operating costs. This is mostly due to the investment in Risk Management consultant costs (\$20,000) which is offset by the elimination of the service award program (\$14,896) and adjusting several operating line items to align to prior year actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 767,357	\$ 975,868	\$ 976,718	\$ 816,396	\$ 990,551	1.5%
Operating Costs	934,714	766,935	1,024,451	1,016,904	778,402	1.5%
Total	\$ 1,702,071	\$ 1,742,803	\$ 2,001,169	\$ 1,833,300	\$ 1,768,953	1.5%

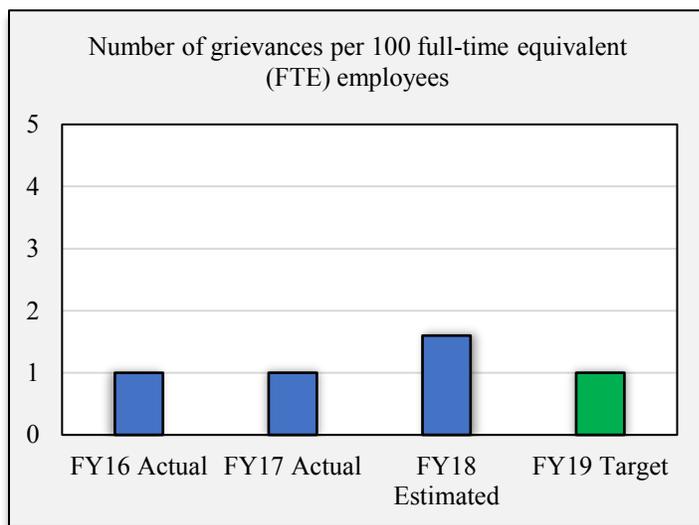
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 1,702,071	\$ 1,742,803	\$ 2,001,169	\$ 1,833,300	\$ 1,768,953	1.5%
Total	\$ 1,702,071	\$ 1,742,803	\$ 2,001,169	\$ 1,833,300	\$ 1,768,953	1.5%

HUMAN RESOURCE DEVELOPMENT

MISSION-LEVEL MEASURES

Collaborative & Innovative Organization	Program:	Employee Relations
	Objective:	Ensure employees are treated equitably and consistently, that issues are resolved at the lowest level possible, and to create a work environment that recognizes and appreciates diversity.
	Mission Measure:	Number of grievances per 100 full-time equivalent (FTE) employees



Departmental Analysis

- The process is working to engage collaboratively with employees. The process is allowing us to find more effective ways to navigate the progressive disciplinary process.
- Ability to communicate more effectively between employees and management is helping to reduce the number of issues

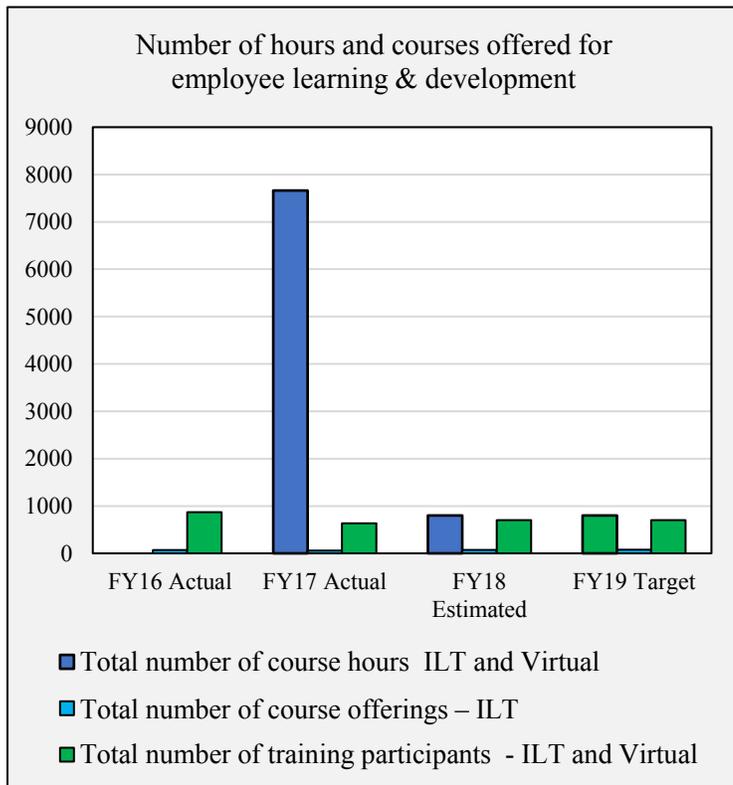
Initiatives - What will we do to take action?

1. Continue to build on communication techniques and collaboration between Departments and employees.
2. Offer ongoing and new supervisor trainings to better support them in the processes.

HUMAN RESOURCE DEVELOPMENT

MISSION-LEVEL MEASURES (continued)

Collaborative & Innovative Organization	Program:	Employee Training and Development
	Objective:	Support the development of our employees, including succession planning efforts through professional development, career development, and improved performance management.
	Mission Measure:	Number of training participants and courses offered



Departmental Analysis

- The struggle between work and training continues to be an issue. Employees seem to lack the time to attend IL training or Virtual training due to work demands.
- Class cancellations are up due to lack of employee availability
- More leadership training is requested for all levels of the organization.
- Employees are requesting more computer skills due to the changing scope of the job.

Initiatives - What will we do to take action?

1. Continue to encourage Directors and Managers that training should be seen as a “need to have” versus a “nice to have” for their employee’s personal and professional development.
2. Find innovative times and locations to have IL training
3. Work with TS to get email and computer access for all Town employees.
4. Open leadership training to all levels in organization
5. Develop or find basic computer training for employees

BUSINESS MANAGEMENT DEPARTMENT

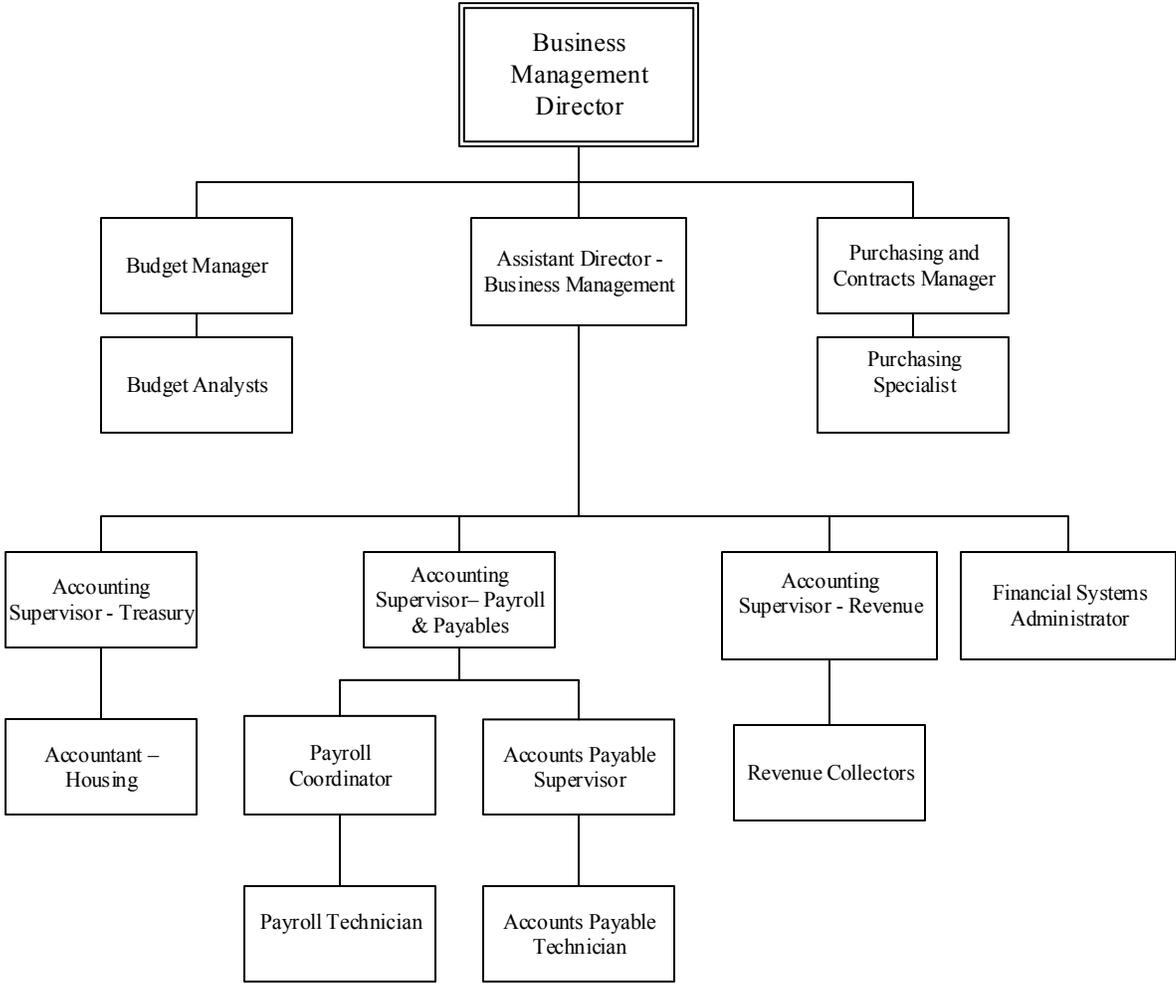
MISSION STATEMENT:

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 financial information and analysis to support decision making.

The Business Management Department identified the following primary programs that are included in the adopted budget for 2018-19.

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. Includes: facilitating bids and other competitive procurement processes; reviewing all contracts, bids and purchases and disposal of Town assets for compliance with applicable regulations and Town policies.
Risk Management	Process liability, property and W/C claims against the Town. Purchase insurance coverage. Coordinate with insurance carriers and process recovery claims.
Liquidity Management	Administer the Town's cash management, investment, banking, and debt management functions.
Financial Planning & Analysis	Provide financial analysis, research and strategic planning for the Town's financial operations, including: review of agenda items; budget planning and analysis; long-term capital and debt planning; and departmental financial planning support.

BUSINESS MANAGEMENT DEPARTMENT



BUSINESS MANAGEMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17	2017-18	2018-19
	ADOPTED	ADOPTED	ADOPTED
<u>Finance</u>			
Director - Business Management	1.00	1.00	1.00
Assistant Director - Business Management	1.00	1.00	1.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager	1.00	1.00	1.00
Budget Analyst	2.00	2.00	2.00
Accountant - Payroll & Payables	1.00	1.00	1.00
Accountant - Revenue	1.00	1.00	1.00
Accountant Supervisor - Treasury	1.00	1.00	1.00
Accountant - Housing	1.00	1.00	1.00
Purchasing & Contracts Manager	1.00	1.00	1.00
Purchasing Specialist	1.00	1.00	1.00
Payroll Coordinator	1.00	1.00	1.00
Payroll Technician	1.00	1.00	1.00
Accounting Technician II	1.00	1.00	1.00
Accounts Payable Supervisor	1.00	1.00	1.00
Revenue Collector	2.00	2.00	2.00
Business Management Department Totals	<u>18.00</u>	<u>18.00</u>	<u>18.00</u>

BUSINESS MANAGEMENT
BUDGET SUMMARY

The adopted budget for 2018-19 includes a 3.6% increase in personnel costs, which is due to a 3% pay adjustment. The operating budget decreased 2.1% due to a reduction in the professional services budget to match actuals. This decrease was offset by increased tax collection and credit card fees (\$2,000) and financial software licensing fees (\$4,219).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,471,011	\$ 1,639,951	\$ 1,639,951	\$ 1,615,059	\$ 1,698,450	3.6%
Operating Costs	520,552	568,364	578,453	547,452	556,499	-2.1%
Total	\$ 1,991,563	\$ 2,208,315	\$ 2,218,404	\$ 2,162,511	\$ 2,254,949	2.1%

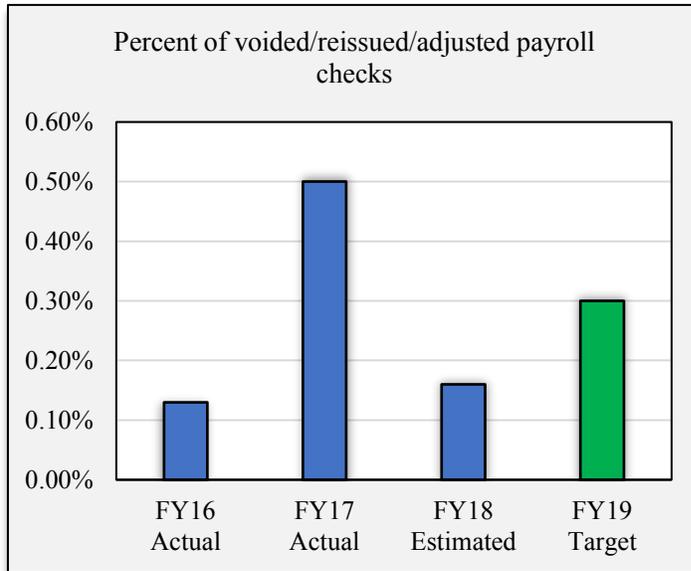
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 1,991,563	\$ 2,208,315	\$ 2,218,404	\$ 2,162,511	\$ 2,254,949	2.1%
Total	\$ 1,991,563	\$ 2,208,315	\$ 2,218,404	\$ 2,162,511	\$ 2,254,949	2.1%

BUSINESS MANAGEMENT

MISSION-LEVEL MEASURES

Collaborative & Innovative Organization	Program:	Payroll & Payables
	Objective:	Reduce the number of post-payment adjustments
	Mission Measure:	Percent of voided/reissued/adjusted payroll checks



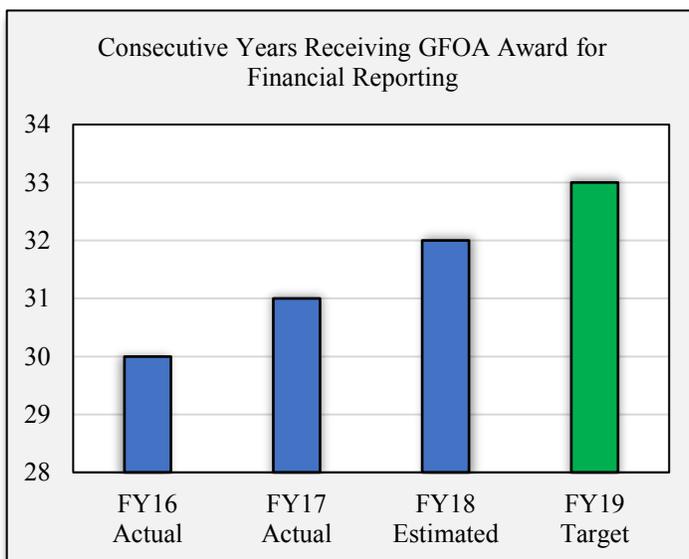
Departmental Analysis

- Paying people correctly remains one of our most important responsibilities. Most errors occur in timekeeping and the processing of employee status changes.

Initiatives - What will we do to take action?

- Continue efforts to eliminate the source of errors through redundant controls and procedures.
- Continue the development of an electronic time sheet system to reduce the number of human errors

Collaborative & Innovative Organization	Program:	Accounting and Financial Reporting
	Objective:	Maintain highest standards for financial reporting
	Mission Measure:	Consecutive Years Receiving GFOA Award for Financial Reporting



Departmental Analysis

- CAFR continues to meet the standards of excellence established by the GFOA.

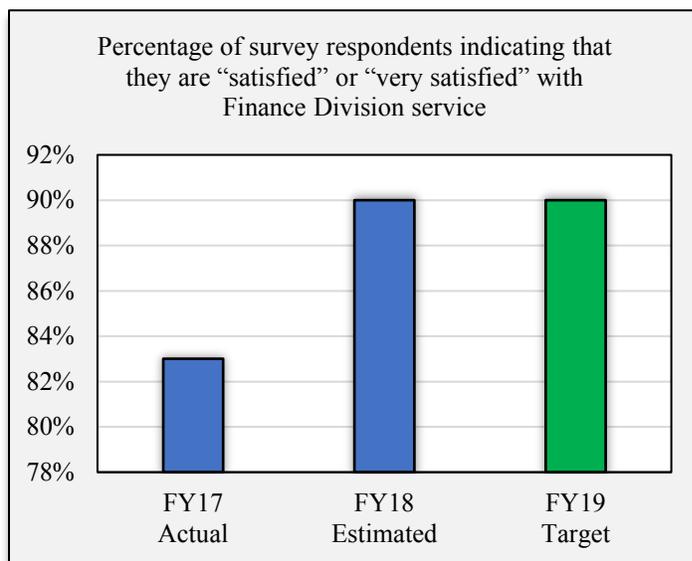
Initiatives - What will we do to take action?

- Using review notes to strengthen report and to address expected changes required by new GASB pronouncements.

BUSINESS MANAGEMENT

MISSION-LEVEL MEASURES (continued)

Economic & Financial Sustainability	Program:	Financial Planning & Support
	Objective:	Achieve a rating of “meets” or “exceeds” expectations by the majority of respondents to the internal customer service survey
	Mission Measure:	Percentage of survey respondents indicating that they are “satisfied” or “very satisfied” with Finance Division service



Departmental Analysis

- User satisfaction continues to rise in light of our most recent survey results. Areas for improvement include being more pro-active in providing training and instructional materials and continuing to move towards electronic processes.

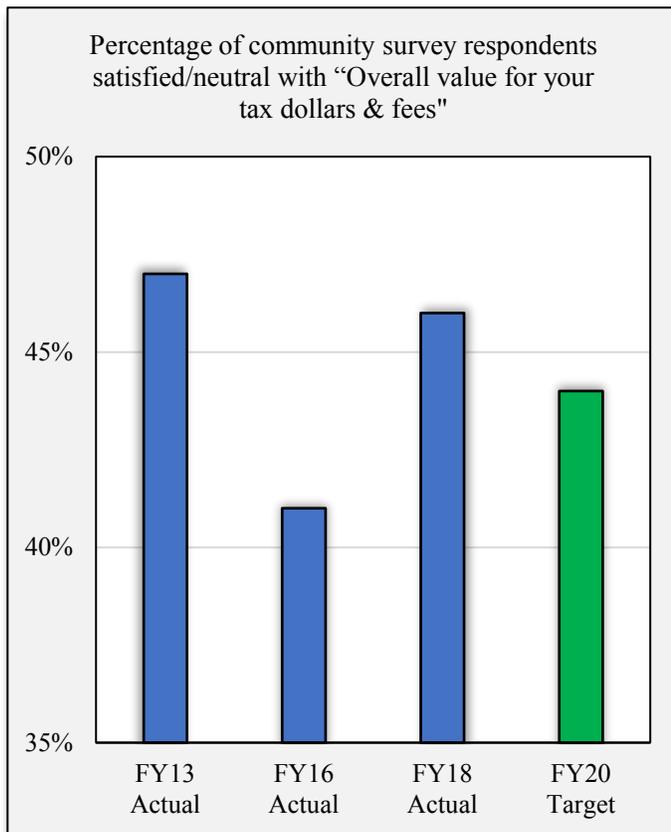
Initiatives - What will we do to take action?

1. Explore and identify options to provide users with feasible alternatives to paper-based processes; refine processes to increase efficient delivery of services
2. Assess methods to improve communication materials and trainings for our business processes; establish consistent timelines to update communication materials and trainings
3. Develop BMD roster to inform employees about who does what.

BUSINESS MANAGEMENT

MISSION-LEVEL MEASURES (continued)

Economic & Financial Sustainability	Program:	Financial Planning and Support
	Objective:	Achieve a rating of “satisfied” or “neutral” by the majority of respondents to the community survey
	Mission Measure:	Percentage of community survey respondents satisfied/neutral with “Overall value for your tax dollars & fees”



Departmental Analysis

- The community’s satisfaction rate with the Town is 46%, which is 8 points higher than the national average.
- In 2015, the community’s satisfaction rate in this metric was 6 points below the national average. In the most recent survey, the community satisfaction climbed 5 points, while the national average fell 9 points. We attribute this climb in satisfaction to our ability to maintain the delivery of excellent services without requiring a tax increase.

Initiatives - What will we do to take action?

- To create a more predictable budget development process that gives Council informed choices about taxes, Business Management staff will undertake the following actions:
 - Present information and offer options to Council to develop policies in the following areas:
 - Pre-funding contributions to Other Post-Employment Benefits (OPEB)
 - Fund Balance usage and targets
 - Collaborate with the Manager’s Office to develop an ongoing budget and financial forecasting process

TECHNOLOGY SOLUTIONS DEPARTMENT

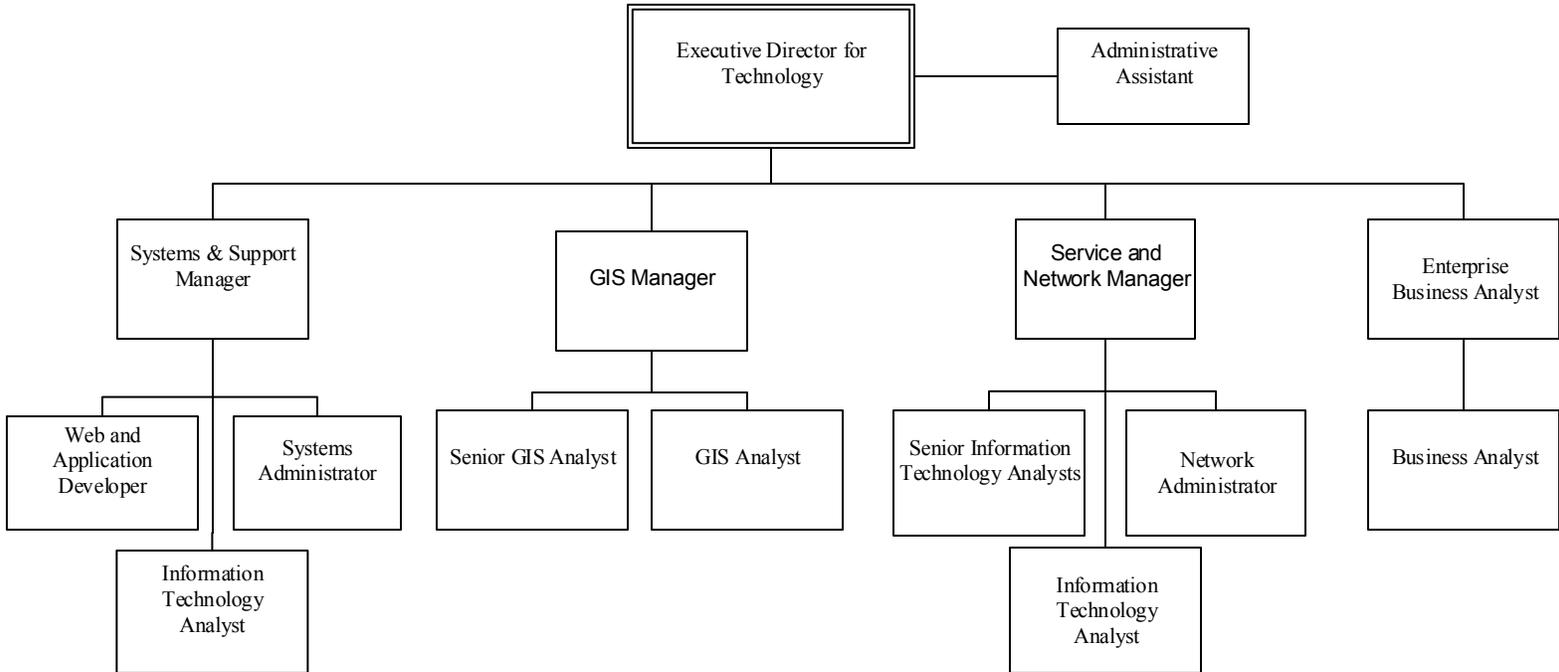
MISSION STATEMENT:

The mission of the Technology Solutions department is to provide technology leadership through innovation, oversight, education, and support to ensure that the Town makes the best possible use of available technology.

The Technology Solutions Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
User Support	Provide user Help Desk support for computer hardware, software, network, servers, and telephones. Provide user support for other technical issues, including: engineering reviews of new building construction for IT requirements; user training in the use of application software; and technical training of IT staff.
Network Infrastructure	Administer and manage all network infrastructure, including: security, connectivity, server support, network hardware support, email support, collaboration software support, and financial/payroll/human resources application software support. Fiber optic cable maintenance and support.
Telecommunications	Administer and manage all Voice over IP telephone systems, including setup and configuration of desktop telephone handsets, VoIP related network servers and software support. Support wide area network through 3rd party broadband network, and support the Town videoconferencing systems.
Enterprise Application Analysis & Support	Administer and manage the Microsoft SharePoint, OnBase, and other Enterprise applications. Support all major application software and databases located on Town servers.
IT Planning and Coordination	Consult with Town departments on IT planning, collaboration, and design services for infrastructure and software configurations. Consult with various agencies and units of government on shared projects and areas of interest.

TECHNOLOGY SOLUTIONS DEPARTMENT



Technology Solutions

STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Executive Director - Technology Solutions	1.00	1.00	1.00
Director-Technology Solutions	1.00	1.00	0.00
Senior Analyst	0.00	0.00	1.00
Network Administrator	1.00	1.00	1.00
Systems & Support Manager	1.00	1.00	1.00
Business Analyst	1.00	1.00	1.00
Information Technology Analyst	2.00	2.00	2.00
Senior Information Technology Analyst	2.00	2.00	2.00
Web Administrator	1.00	1.00	1.00
Technical Services Manager	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Systems Administrator	1.00	1.00	1.00
GIS Analyst II	0.00	0.00	2.00
Planning Manager	0.00	0.00	1.00
Technology Solutions Department Totals	<u>13.00</u>	<u>13.00</u>	<u>16.00</u>

TECHNOLOGY SOLUTIONS BUDGET SUMMARY

The 2018-19 adopted budget for Technology Solutions represents an overall 19.6% increase from 2017-18. The personnel increase of 22.5% reflects three GIS Division FTEs moving from Planning into Technology Solutions, as well as a 3% pay adjustment. The 16.7% increase in operating costs reflects the associated costs for the GIS Division, as well as increased costs for a renewed 3-year contract with Microsoft Office (\$25,000). The 23% decrease in Capital Outlay represents a change to the servers and data storage program. It adopts a leasing model, resulting in an overall savings of \$29,000.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,148,400	\$ 1,429,525	\$ 1,413,525	\$ 1,266,704	\$ 1,750,969	22.5%
Operating Costs	351,397	456,757	507,936	473,312	532,889	16.7%
Capital Outlay	96,121	64,933	89,825	133,590	50,000	-23.0%
Total	\$ 1,595,918	\$ 1,951,215	\$ 2,011,286	\$ 1,873,606	\$ 2,333,858	19.6%

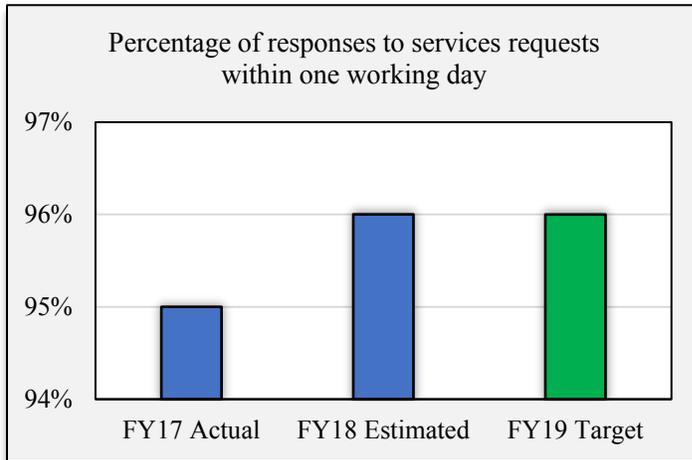
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 1,595,918	\$ 1,951,215	\$ 2,011,286	\$ 1,873,606	\$ 2,333,858	19.6%
Total	\$ 1,595,918	\$ 1,951,215	\$ 2,011,286	\$ 1,873,606	\$ 2,333,858	19.6%

TECHNOLOGY SOLUTIONS

MISSION-LEVEL MEASURES

Collaborative & Innovative Organization	Program:	User Support
	Objective:	Respond to user related service requests within one working day
	Mission Measure:	Percentage of responses to service requests within one working day



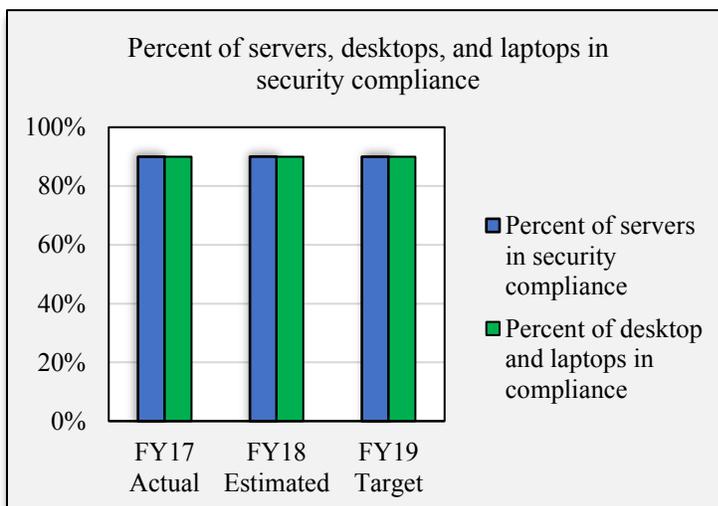
Departmental Analysis

- Most helpdesk calls are for minor issues and are handled within a working day
- Some service requests are expected to be multi-day

Initiatives - What will we do to take action?

1. Review calls to determine opportunities for problem avoidance or self-service
2. Improve the technology inventory, documentation and training to avoid need for calls
3. Improve reporting to differentiate types of service requests

Collaborative & Innovative Organization	Program:	Network Infrastructure
	Objective:	Bandwidth utilization expected to be <50% allowing for bursts
	Mission Measure:	Percentage of servers in security compliance & Percentage of desktop and laptops in compliance
	Mission Measure:	



Departmental Analysis

- Goal is rapid compliance for high risks and within 60 days for other risks
- Waiting is part of the process since some patches create additional problems

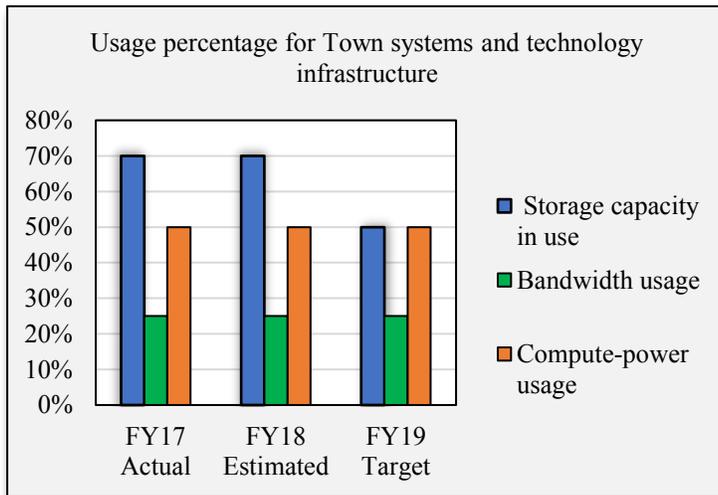
Initiatives - What will we do to take action?

1. Monitoring tools will be configured to improve the reporting of information for this measure
2. Servers are being upgraded to operate on a similar operating platform to improve management

TECHNOLOGY SOLUTIONS

MISSION-LEVEL MEASURES (continued)

Collaborative & Innovative Organization	Program:	Network Infrastructure
	Objective:	Bandwidth utilization expected to be <50% allowing for bursts
	Mission Measure:	Percentage of utilization factors of systems and infrastructure



Departmental Analysis

- Average utilization factors require a significant reserve to handle times of peak demand and redundancy for failures

Initiatives - What will we do to take action?

1. Reporting tools will be configured to report better information to support estimates
2. Other measures need to be added for a better view of the existing needs and improved planning

TOWN ATTORNEY

MISSION STATEMENT:

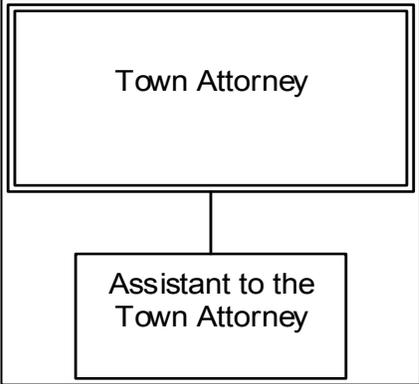
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

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***

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Town Attorney	1.00	1.00	1.00
Assistant to the Town Attorney	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 2018-19 shows an increase of 0.7% over the prior year. The personnel increase of 2.8% is a result of a 3% pay adjustment. The 36.8% decrease to the operating budget is mainly due to the reduction of professional services for outside counsel (\$5,000), which more accurately reflects the spending levels over the prior three years.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 318,125	\$ 330,742	\$ 330,742	\$ 328,902	\$ 339,877	2.8%
Operating Costs	8,700	18,205	18,205	9,292	11,502	-36.8%
Total	\$ 326,825	\$ 348,947	\$ 348,947	\$ 338,194	\$ 351,379	0.7%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 326,825	\$ 348,947	\$ 348,947	\$ 338,194	\$ 351,379	0.7%
Total	\$ 326,825	\$ 348,947	\$ 348,947	\$ 338,194	\$ 351,379	0.7%

NON-DEPARTMENTAL DIVISION BUDGET SUMMARY

The Non-Departmental Division is used to account for activities in the General Fund that are not allocated to other departmental functions. These activities include contributions to other agencies, transfers to other funds and liability insurance. Grant matching funds show a slight decrease from the prior year, with 81,551 awarded to the Town in May. There is a 1.4% increase in agency contributions, which is mainly felt through increases to affordable housing initiatives. There was a 50.2% decrease in pay-go capital improvement spending, which is mainly felt in small capital improvements and greenways. Funding for those projects will come from the 2015 bond referendum.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Retiree Medical Insurance	\$ 1,252,525	\$ 1,347,500	\$ 1,347,500	\$ 1,413,641	\$ 1,450,000	7.6%
Other Personnel Costs	11,580	20,000	20,000	1,585	40,000	100.0%
Liability Insurance	388,653	400,000	400,000	400,000	425,000	6.3%
Transfer to Affordable Housing Operations	1,645,185	688,395	688,395	688,395	688,395	0.0%
	95,865	199,453	151,755	109,473	172,250	-13.6%
Supplemental PEG Fees	186,783	210,000	210,000	190,000	190,000	-9.5%
Transfer to Other Funds	6,984	7,200	7,200	7,200	7,400	2.8%
Transfer to Multi-Year Capital Projects	3,651,025	-	10,300	10,300	-	N/A
Transfer to Capital Improvement Funds	778,000	476,500	480,700	480,700	237,500	-50.2%
Transfer to Debt Fund	-	-	-	-	445,100	N/A
OPEB Liability Contributions	2,783,000	630,000	630,000	630,000	630,000	0.0%
Launch Initiative	33,500	33,500	33,500	33,500	-	-100.0%
Grant Matching Funds	81,350	84,864	98,635	98,635	81,551	-3.9%
Agency Contributions	1,193,926	1,112,137	1,215,892	1,215,892	1,127,547	1.4%
Technology Fund	-	-	17,265	-	-	N/A
Vacancy Pool	-	(1,250,000)	(1,250,000)	-	-	N/A
Community Center	-	100,000	400,000	400,000	-	-100.0%
Total	\$ 12,108,376	\$ 4,059,549	\$ 4,461,142	\$ 5,679,321	\$ 5,494,743	35.4%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 12,108,376	\$ 4,059,549	\$ 4,461,142	\$ 5,679,321	\$ 5,494,743	35.4%
Total	\$ 12,108,376	\$ 4,059,549	\$ 4,461,142	\$ 5,679,321	\$ 5,494,743	35.4%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

This section includes the Planning & Development Services, Housing & Community, and Public Works departments.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Planning & Development Services	\$ 3,396,770	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%
Housing & Community	725,406	774,487	784,487	743,627	833,548	7.6%
Public Works	12,954,461	12,273,397	12,314,294	12,152,643	12,777,850	4.1%
Total	\$ 17,076,637	\$ 15,233,639	\$ 16,035,700	\$ 15,418,704	\$ 15,726,875	3.2%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 13,612,165	\$ 13,215,143	\$ 14,017,204	\$ 13,559,078	\$ 13,903,109	5.2%
State-Shared Revenues	40,037	38,000	38,000	38,000	38,000	0.0%
Grants	-	100,000	100,000	-	-	-100.0%
Charges for Services	1,609,643	1,390,226	1,390,226	1,311,356	1,337,496	-3.8%
Licenses/Permits/Fines	1,693,031	371,417	371,417	393,417	331,417	-10.8%
Other Revenues	121,761	118,853	118,853	116,853	116,853	-1.7%
Total	\$ 17,076,637	\$ 15,233,639	\$ 16,035,700	\$ 15,418,704	\$ 15,726,875	3.2%

PLANNING & DEVELOPMENT SERVICES DEPARTMENT

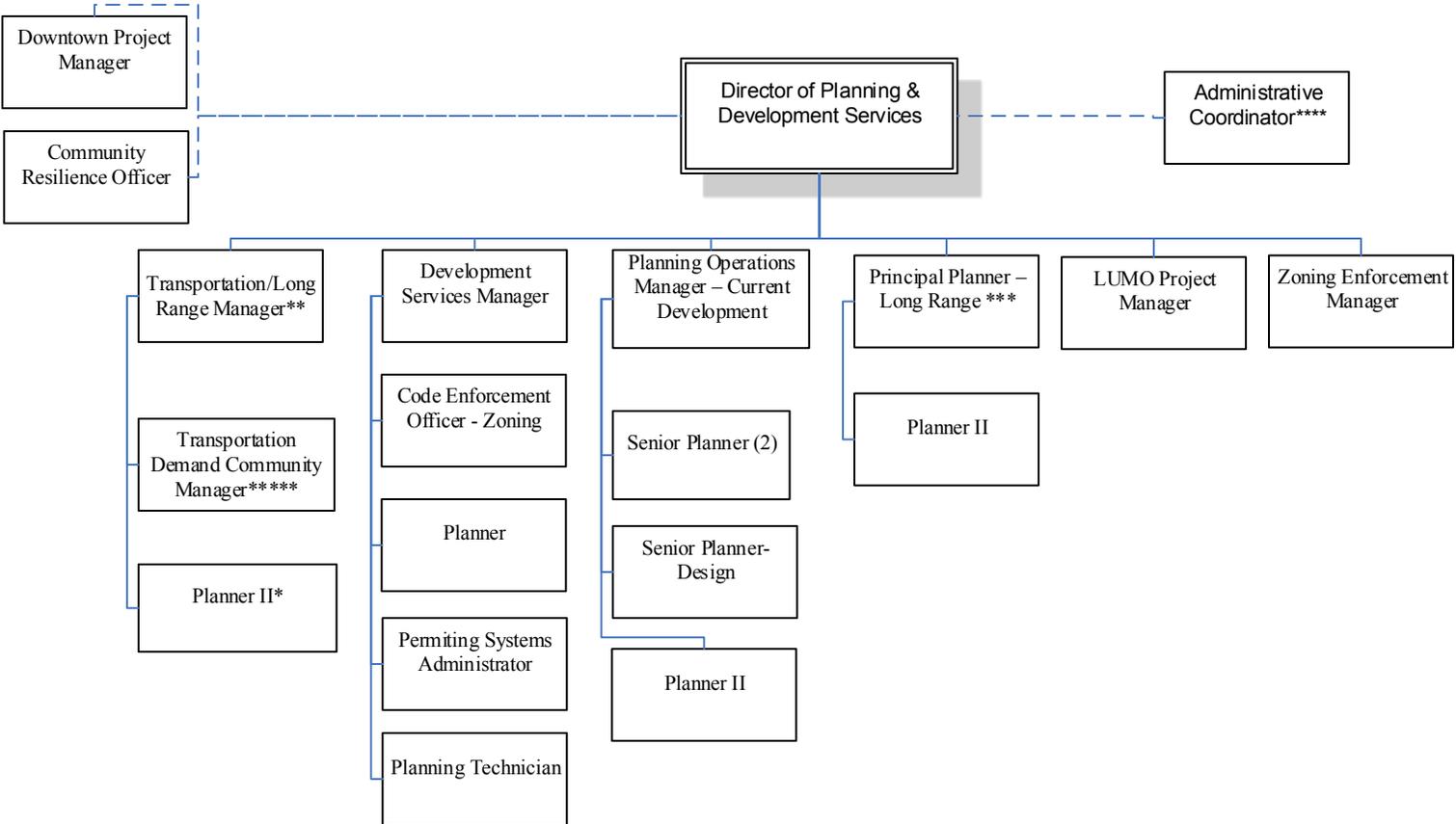
MISSION STATEMENT:

The Chapel Hill Planning & Development Services 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.

The Planning & Development Services Department identified the following primary programs that are included in the adopted budget for 2018-19.

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.
Development Services	The Development Services Division of the Office of Planning and Sustainability is responsible for the following: Managing incoming permit and project applications, Completing reviews on small permit applications, Coordinating with reviewers on larger permit applications.
Transportation Planning & Transportation Demand Management	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.
Community Sustainability	The Community Sustainability Division of the Office of Planning and Sustainability is focused on creating connections, choices, and community for a sustainable Chapel Hill. The Community Sustainability Division aims to provide opportunities for community members and businesses to engage in a variety of sustainable practices and programs.
GIS & Analytics	The GIS Division of the Office of Planning and Sustainability provides a town-wide data, mapping, and analytics function to support the production and analysis of information in decision making. Staff maintains the Town's data, performs specific analysis for projects, Council, other staff, and the community.

PLANNING & DEVELOPMENT SERVICES



% of STPDA Grant Funded	Job Title
*one grant funded at 55% (STPDA) and one grant funded at 35% (5303)	Planner II
**one grant funded at 40%(STPDA) and one grant funded at 50% (5303)	Planning Manager
***one grant funded at 30% (STPDA) and one grant funded at 10% (5303)	Senior Planner
****one grant funded at 15% (5303) & 65% funded by Planning and shared with Housing & Community	Administrative Coordinator
***** one grant funded at 50% (TDM)	Transportation Demand Mgt. Community Manager

***PLANNING & DEVELOPMENT SERVICES DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
<u>Planning & Development Services</u>			
Executive Director-Planning	1.00	0.00	0.00
Director - Planning	1.00	1.00	1.00
Operations Manager - Planning	0.00	1.00	1.00
Community Resilience Officer	0.00	0.00	1.00
Planning Manager ¹	5.00	5.00	3.00
Planner/Planner II/Senior Planner ²	7.00	7.00	8.00
GIS Analyst II	2.00	2.00	0.00
Transportation Demand Community Manager ³	1.00	1.00	1.00
Code Enforcement Officer	0.00	1.00	1.00
Administrative Coordinator	0.65	0.65	0.65
Downtown Project Manager	0.00	1.00	1.00
Sustainability Officer	1.00	0.00	0.00
LUMO Project Manager	0.00	1.00	1.00
Permitting Systems Technician	1.00	1.00	1.00
Planning Technician	0.00	1.00	1.00
Division Totals	<u>19.65</u>	<u>22.65</u>	<u>20.65</u>
<u>Inspections</u>			
Building Inspector Manager	1.00	0.00	0.00
Code Enforcement Officer	2.00	0.00	0.00
Customer Service Tech/Code Enforcement Officer	1.00	0.00	0.00
Building-Fire Plans Reviewer	1.00	0.00	0.00
Customer Service Technician	1.00	0.00	0.00
Inspector	8.00	0.00	0.00
Permit Technician	2.00	0.00	0.00
Office Assistant	1.00	0.00	0.00
Division Totals	<u>17.00</u>	<u>0.00</u>	<u>0.00</u>
Planning & Sustainability Totals	<u>36.65</u>	<u>22.65</u>	<u>20.65</u>

¹ Planning Manager is partially grant-funded.

² A number of Planner positions are partially or fully grant funded in FY19.

³ Transportation Demand Community Manager is 50% grant-funded.

PLANNING & DEVELOPMENT SERVICES

BUDGET SUMMARY

Beginning in fiscal year 2017-18, Inspections became a division under the Police department and the department changed its name to Planning & Development Services. The 2018-19 adopted budget for the Planning & Development Services Department shows an overall decrease of 3.2% in expected revenues for charges for services, licenses/permits/fines, and other revenues, which is due to the Inspections division being moved to the Public Safety function under Police.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 2,659,253	\$ 1,849,497	\$ 1,929,022	\$ 1,783,520	\$ 1,667,066	-9.9%
Operating Costs	737,517	336,258	1,007,897	738,914	448,411	33.4%
Total	\$ 3,396,770	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%

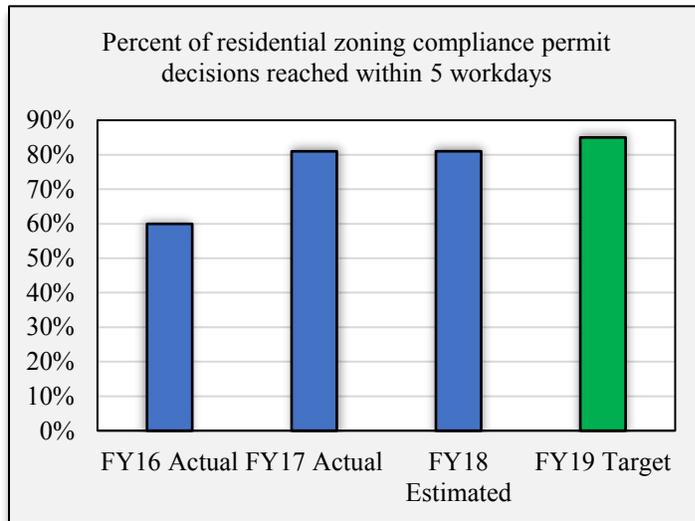
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 1,175,361	\$ 1,508,285	\$ 2,259,449	\$ 1,903,834	\$ 1,532,737	1.6%
Charges for Services	670,887	451,470	451,470	372,600	398,740	-11.7%
Licenses/Permits/Fines	1,541,614	220,000	220,000	242,000	180,000	-18.2%
Other Revenues	8,908	6,000	6,000	4,000	4,000	-33.3%
Total	\$ 3,396,770	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%

PLANNING & DEVELOPMENT SERVICES

MISSION-LEVEL MEASURES

Vibrant & Inclusive Community	Program:	Development Services
	Objective:	Provide high quality customer-centered service with improved permit approval times
	Mission Measure:	Percent of residential zoning compliance permit decisions reached within 5 workdays



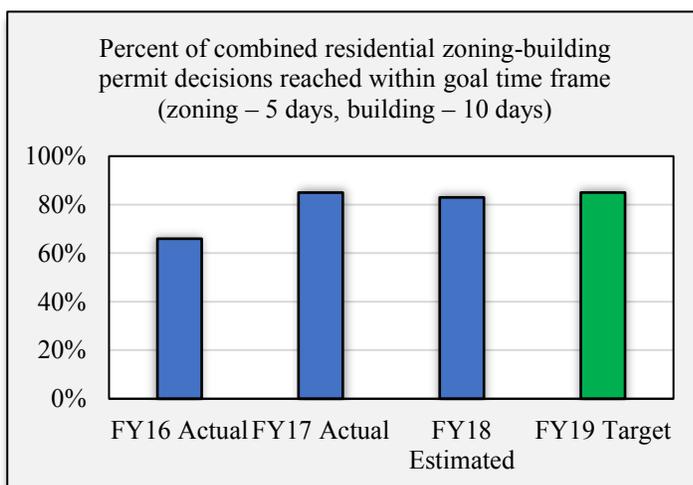
Departmental Analysis

- Performance has improved over the last few fiscal years but seems to have plateaued. We are now fully staffed again and should be able to continue to improve turnaround times

Initiatives - What will we do to take action?

- We believe we can continue to improve in FY19 and increase performance to 85% application turnaround times within the 5-day goal

Vibrant & Inclusive Community	Program:	Development Services
	Objective:	Provide high quality customer-centered service with improved permit approval times
	Mission Measure:	Percent of combined residential zoning-building permit decisions reached within goal time frame (zoning – 5 days, building – 10 days)



Departmental Analysis

- Performance has improved over the last few fiscal years but seems to have plateaued. We are now fully staffed again and should be able to improve

Initiatives - What will we do to take action?

- We believe we can continue to improve in FY19 and increase performance to 85% application turnaround times within the 5-day goal

PLANNING

BUDGET SUMMARY

The 2018-19 adopted budget for Planning & Development Services is down 3.2% from fiscal year 2017-18. There is an overall decrease of 9.9% in personnel, which is represented by the transfer of the GIS Division to Technology Solutions, including 3 FTEs. This is somewhat offset by a 3% pay adjustment. The 33.4% net increase in operating costs is a due to Phase One of the Lumo Rewrite and the inclusion of funding to support urban design for the Town . Decreases are attributed to the GIS Division transfer to Technology Solutions and a decrease of \$50,000 from professional services as a part of town wide reductions. These reductions offset the total percent change in operating for fiscal year 2018-19.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,481,070	\$ 1,849,497	\$ 1,929,022	\$ 1,783,520	\$ 1,667,066	-9.9%
Operating Costs	566,605	336,258	1,007,897	738,914	448,411	33.4%
Total	\$ 2,047,675	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 1,036,395	\$ 1,508,285	\$ 2,259,449	\$ 1,903,834	\$ 1,532,737	1.6%
Charges for Services	670,887	451,470	451,470	372,600	398,740	-11.7%
Licenses/Permits/Fines	331,485	220,000	220,000	242,000	180,000	-18.2%
Other Revenues	8,908	6,000	6,000	4,000	4,000	-33.3%
Total	\$ 2,047,675	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%

INSPECTIONS DIVISION

BUDGET SUMMARY

Beginning in fiscal year 2017-18, Inspections became a division under the Police department. Fiscal year 2016-17 budget actuals are displayed here for historical purposes.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,178,183	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	170,912	-	-	-	-	N/A
Total	\$ 1,349,095	\$ -	\$ -	\$ -	\$ -	N/A

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 138,966	\$ -	\$ -	\$ -	\$ -	N/A
Licenses/Permits/Fines	1,210,129	-	-	-	-	N/A
Total	\$ 1,349,095	\$ -	\$ -	\$ -	\$ -	N/A

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.

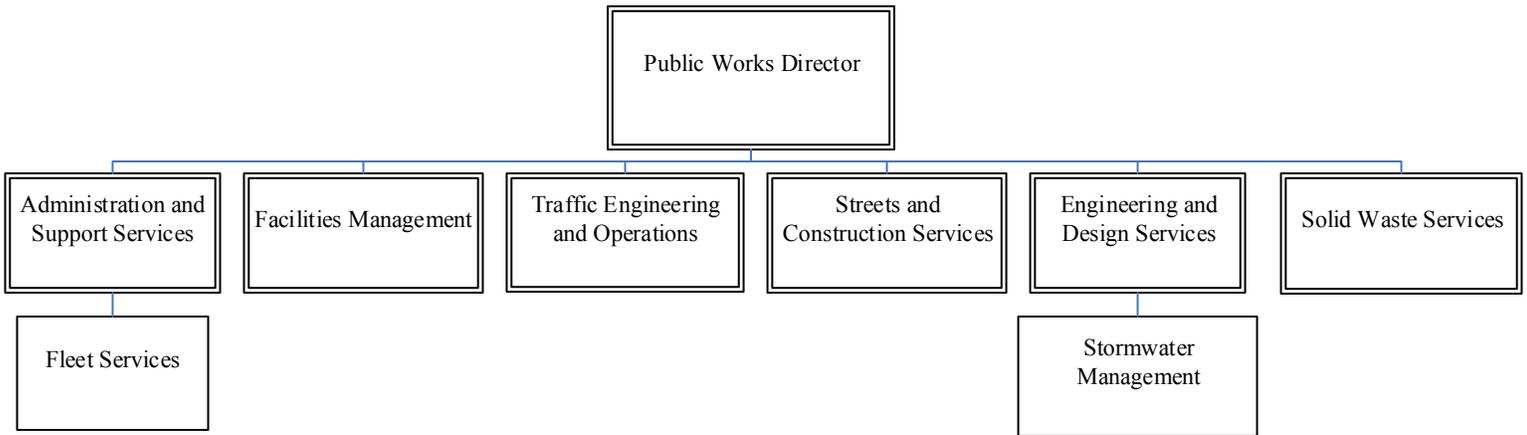
The Public Works Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
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.
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.

PUBLIC WORKS

Facilities Management & Maintenance	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).

PUBLIC WORKS OVERVIEW



PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
<u>Administration</u>			
Director-Public Works	1.00	1.00	1.00
Management Analyst	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 Assistant	1.00	1.00	1.00
Accounting Technician II	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Division Totals	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>
<u>Engineering and Design Services</u>			
Manager of Engineering & Infrastructure	1.00	1.00	1.00
Engineering Coordinator-Sr	1.00	1.00	1.00
Project Manager	1.00	1.00	1.00
Survey/Project Coordinator ¹	0.75	0.75	0.75
Senior Engineer ¹	0.85	0.85	0.50
Engineering Inspector	1.00	1.00	1.00
Engineering Inspector - Sr ¹	0.70	0.70	0.70
Landscape Architect	1.00	1.00	0.00
Engineering Technician	1.00	1.00	1.00
Urban Forester/Special Projects	1.00	1.00	0.00
Unit Totals	<u>9.30</u>	<u>9.30</u>	<u>6.95</u>
<u>Traffic Engineering and Operations</u>			
Traffic Engineering Manager	1.00	1.00	1.00
Traffic Signal System Engineer	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Traffic Signal Systems Analyst	1.00	1.00	1.00
Lead Traffic Signal Tech	1.00	1.00	1.00
Traffic Signal Technician (Levels I-III)	3.00	3.00	3.00
Lead Sign & Marking Tech	1.00	1.00	1.00
Sign and Marketing Technician (Levels I-II)	2.00	2.00	2.00
Unit Totals	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>
Division Totals	<u>20.30</u>	<u>20.30</u>	<u>17.95</u>

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Services	1.00	1.00	1.00
Streets Supervisor	1.00	1.00	1.00
Street Inspector	1.00	1.00	1.00
Street Crew Supervisor	1.00	1.00	1.00
Construction Worker (Levels I-IV)	8.00	8.00	8.00
Senior Heavy Equipment Officer	1.00	1.00	1.00
Lead Construction Worker	1.00	1.00	1.00
Unit Totals	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>
Construction			
Supervisor-Construction Crew	2.00	2.00	2.00
Construction Worker (Levels I - IV)	3.00	3.00	3.00
Senior Heavy Equipment Operator	1.00	1.00	1.00
Unit Totals	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>
Division Totals	<u>20.00</u>	<u>20.00</u>	<u>20.00</u>
<u>Facilities Management</u>			
Buildings			
Facilities Manager	1.00	1.00	1.00
Facilities Supervisor	1.00	1.00	1.00
Building Maintenance Mechanic (Levels I-III)	6.00	6.00	6.00
Facilities Systems Technician	1.00	1.00	1.00
Processing Technician ²	0.25	0.25	0.25
Unit Totals	<u>9.25</u>	<u>9.25</u>	<u>9.25</u>
Division Totals	<u>9.25</u>	<u>9.25</u>	<u>9.25</u>
<u>Solid Waste and Fleet Services</u>			
Solid Waste			
Solid Waste Services Manager	1.00	1.00	1.00
Supervisor-Solid Waste (Residential and Commercial)	2.00	2.00	2.00
Solid Waste Services Crew Supervisor	1.00	1.00	1.00
Solid Waste Equipment Operator III	4.00	4.00	4.00
Solid Waste Equipment Operator II	10.00	10.00	10.00
Solid Waste Equipment Operator I	3.00	3.00	3.00
Solid Waste Collector	13.00	13.00	13.00
Division Totals	<u>34.00</u>	<u>34.00</u>	<u>34.00</u>
Public Works Totals	<u>92.55</u>	<u>92.55</u>	<u>90.20</u>

¹ The Stormwater fund assumes a portion of salaries of the Survey/Project Coordinator, Senior Engineer, and Engineering Inspector - Sr.

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 increase of 4.1% from last year. The budget includes a 3% pay adjustment.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Administration	\$ 1,022,010	\$ 950,473	\$ 961,473	\$ 928,014	\$ 1,047,072	10.2%
Engineering & Design	1,093,522	1,083,415	1,005,417	812,017	827,104	-23.7%
Traffic	1,949,694	2,017,669	2,058,490	2,072,494	2,026,088	0.4%
Construction	813,782	688,964	688,964	676,141	689,388	0.1%
Streets	2,841,273	2,154,149	2,158,197	2,303,911	2,238,876	3.9%
Building Maintenance	1,616,292	1,607,271	1,650,555	1,655,606	2,200,640	36.9%
Solid Waste	3,617,888	3,771,456	3,791,198	3,704,460	3,748,682	-0.6%
Total	\$ 12,954,461	\$ 12,273,397	\$ 12,314,294	\$ 12,152,643	\$ 12,777,850	4.1%

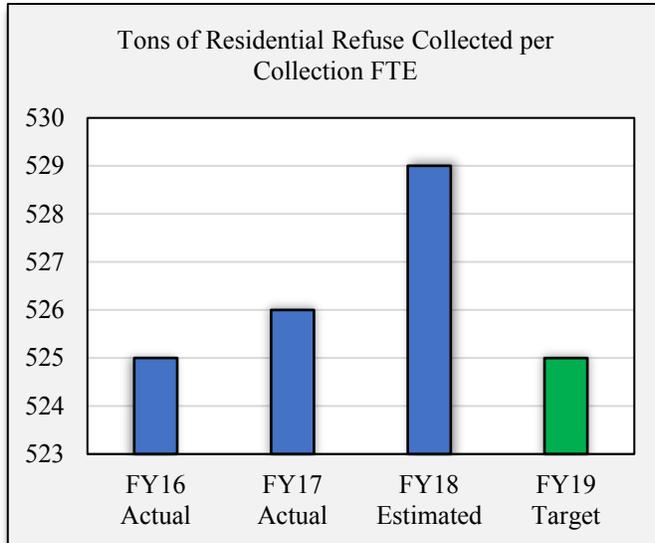
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 11,711,398	\$ 10,932,371	\$ 10,973,268	\$ 10,911,617	\$ 11,536,824	5.5%
State Shared	40,037	38,000	38,000	38,000	38,000	0.0%
Grants	-	100,000	100,000	-	-	-100.0%
Charges for Services	938,756	938,756	938,756	938,756	938,756	0.0%
Licenses/Permits/Fines	151,417	151,417	151,417	151,417	151,417	0.0%
Other Revenues	112,853	112,853	112,853	112,853	112,853	0.0%
Total	\$ 12,954,461	\$ 12,273,397	\$ 12,314,294	\$ 12,152,643	\$ 12,777,850	4.1%

PUBLIC WORKS

MISSION-LEVEL MEASURES

Environmental Stewardship	Program:	Solid Waste Collection
	Objective:	Collect 520 tons of residential refuse per collection FTE
	Mission Measure:	Tons of Residential Refuse Collected per Collection FTE



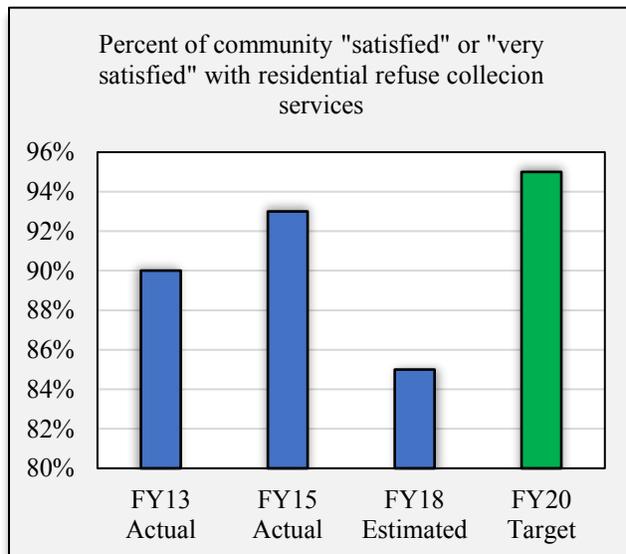
Departmental Analysis

- Residential solid waste generation is increasing with the improving economy.
- Residential collection stops are increasing due to new home construction (e.g., Ramsley Subdivision on Eubanks Rd, The Courtyards Subdivision on Homestead Rd, etc.), leading to additional refuse being collected.

Initiatives - What will we do to take action?

- Continue to evaluate solid waste routes and their capacity through the Routing and Technology Study to keep up with demand while maintaining excellent customer service. At this time, there is capacity in the collection system to absorb the anticipated increase in tonnage generation.

Environmental Stewardship	Program:	Solid Waste Collection
	Objective:	Maintain quality of residential trash/yard waste collection services customer satisfaction level
	Mission Measure:	Percent of community "satisfied" or "very satisfied" with quality of trash/yard waste collection services



Departmental Analysis

- There was a change in the 2018 survey instrumentation. Past surveys separated questions for refuse, recycling, leaf collection, dead animal collection, and yard waste services. The 2018 survey combined all services and asked residents to rate their satisfaction with "Quality of trash/yard waste collection services." We believe this is the reason for the reported decline in satisfaction from 95% to 85%, and believe residents continue to appreciate the excellent customer service provided by Solid Waste.

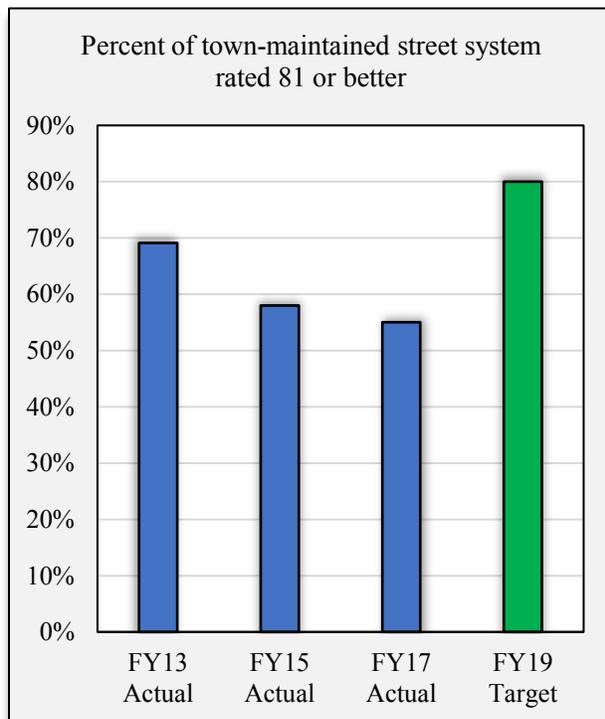
Initiatives - What will we do to take action?

- Recommend to separate questions about various collection services on next Community Survey. This will help us better understand where we need to improve.

PUBLIC WORKS

MISSION-LEVEL MEASURES

Connected Community	Program:	Streets and Parking Lots
	Objective:	Achieve an average pavement condition rating of 81 or better for 80% of town-maintained street system
	Mission Measure:	Percent of town-maintained street system rated 81 or better



Departmental Analysis

- Our street system condition is deteriorating. The overall pavement condition rating declined from 93.4 (Very Good) in 2004 to 76.9 (Fair) in 2016. (An overall rating of 65 is considered “Poor”.) The Pavement Condition Survey is performed biennially. The next survey will be completed in Fall 2018.
- The 2016 survey included a five-year resurfacing plan and projected a pavement condition rating of 71.4 by FY22. (This projection assumed spending the new bond funds and maintaining FY16 operating funding levels.)
- The use of 2015 Streets and Sidewalks Bond Funds will reduce the severity of the decline in pavement condition. Additional funding is critical to reverse this trend and avoid higher cost repairs/ reconstruction in future years.

Initiatives - What will we do to take action?

1. Given FY19 funding levels, we will be unable to meet our FY19 Target.
2. Request to restore operating funding to FY16 level for street maintenance activities.
3. Continue to pursue incremental increases to the base operating budget to achieve a sustainable funding level and schedule for street maintenance.
4. Continue implementing five-year resurfacing plan as funding allows.

PUBLIC WORKS - Administration Division

BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 10.2% from last year's budget. The 3.4% increase in personnel costs is mainly due to a 3% pay adjustment. The 59.7% increase in operating costs can be attributed an increased cellular phone costs (\$12,000), as well as the addition of ongoing funding for SeeClickFix (\$25,000) and eBuilder (\$27,760) software.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 749,905	\$ 836,863	\$ 836,863	\$ 815,380	\$ 865,677	3.4%
Operating Costs	272,105	113,610	124,610	112,634	181,395	59.7%
Total	\$ 1,022,010	\$ 950,473	\$ 961,473	\$ 928,014	\$ 1,047,072	10.2%

PUBLIC WORKS - Engineering and Design Services
BUDGET SUMMARY

The adopted budget for the Engineering and Design division reflects an overall expenditure decrease of 23.7% from last year's budget. There is a 23.4% decrease in personnel costs, which is mainly due to increasing a Senior Engineer position to from 15% to 50% in the Stormwater Fund. The position was previously allocated at 85% in the General Fund. This is partially offset by a 3% pay adjustment. The 26.9% decrease in operating costs is attributed to a decrease in vehicle replacement charges (\$11,169) and aligning several operating line item budgets to actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 957,048	\$ 1,010,253	\$ 927,142	\$ 737,892	\$ 773,636	-23.4%
Operating Costs	136,474	73,162	78,275	74,125	53,468	-26.9%
Total	\$ 1,093,522	\$ 1,083,415	\$ 1,005,417	\$ 812,017	\$ 827,104	-23.7%

PUBLIC WORKS - Traffic

BUDGET SUMMARY

The adopted budget for the Traffic division reflects an overall expenditure increase of 0.4% from last year's budget. The 2.8% increase in personnel costs is due to the 3% pay adjustment. The operating decrease of 1.8% attributed to a reduction in vehicle replacement (\$85,069) which is offset by increases in street lighting (\$60,696) and aligning several line item budgets to actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 837,097	\$ 986,490	\$ 986,490	\$ 943,050	\$ 1,013,884	2.8%
Operating Costs	1,112,597	1,031,179	1,072,000	1,129,444	1,012,204	-1.8%
Total	\$ 1,949,694	\$ 2,017,669	\$ 2,058,490	\$ 2,072,494	\$ 2,026,088	0.4%

PUBLIC WORKS - Construction Unit
BUDGET SUMMARY

The adopted budget for the Construction division reflects an overall expenditure increase of 0.1% from last year's budget. The 1.7% increase in personnel reflects a 3% pay adjustment and is offset by employee turnover. The 3.2% decrease in operating is largely due to a decrease in vehicle replacement charges.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 423,315	\$ 458,290	\$ 458,290	\$ 444,782	\$ 466,159	1.7%
Operating Costs	390,467	230,674	230,674	231,359	223,229	-3.2%
Total	\$ 813,782	\$ 688,964	\$ 688,964	\$ 676,141	\$ 689,388	0.1%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets division reflects an overall expenditure increase of 3.9% from last year's budget. The 3.7% increase in personnel is mainly due to a 3% pay adjustment.. The 4.2% increase in operating reflects an overall increase to street resurfacing (\$18,415) and fleet use charges (\$15,000). There is also an increase to supplies related to street resurfacing (\$11,000). These increases are slightly offset by a reduction in vehicle replacement charges (\$13,498).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 933,466	\$ 1,022,495	\$ 1,022,495	\$ 1,086,075	\$ 1,060,255	3.7%
Operating Costs	1,883,657	1,106,654	1,110,702	1,191,766	1,153,621	4.2%
Capital Outlay	24,150	25,000	25,000	26,070	25,000	0.0%
Total	\$ 2,841,273	\$ 2,154,149	\$ 2,158,197	\$ 2,303,911	\$ 2,238,876	3.9%

PUBLIC WORKS - Building Maintenance Unit
BUDGET SUMMARY

The adopted budget for the Building Maintenance division reflects an overall expenditure increase of 36.9% from last year's budget. The 1.6% increase in personnel costs reflects a 3% pay adjustment, which is slightly offset by employee turnover. There is a 12.8% increase in the operating budget, which is mainly attributed to an increase in maintenance and operations for buildings (\$24,500) and contracted building services (\$33,500). These increases reflect a consolidation of maintenance funds from Fire, Police, and Library in order to streamline maintenance requests from these departments. The inclusion of \$472,214 for capital outlay is also related to the Town's investment in various maintenance projects as identified by a Maintenance Task Force and a condition assessment study conducted through Public Works.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 680,301	\$ 749,962	\$ 749,962	\$ 744,242	\$ 761,711	1.6%
Operating Costs	935,991	857,309	900,593	911,364	966,715	12.8%
Capital Outlay	-	-	-	-	472,214	N/A
Total	\$ 1,616,292	\$ 1,607,271	\$ 1,650,555	\$ 1,655,606	\$ 2,200,640	36.9%

PUBLIC WORKS - Solid Waste Services Unit
BUDGET SUMMARY

The adopted budget for the Solid Waste Services division reflects an overall expenditure decrease of 0.6% from last year's budget. The 0.2% increase in personnel costs reflect employee turnover offset by a 3% pay adjustment. The 1.9% decrease in operating is due to a slight decrease in vehicle use charges and aligning several line items budgets to actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 2,010,383	\$ 2,288,775	\$ 2,248,775	\$ 2,187,362	\$ 2,293,918	0.2%
Operating Costs	1,607,505	1,482,681	1,542,423	1,517,098	1,454,764	-1.9%
Total	\$ 3,617,888	\$ 3,771,456	\$ 3,791,198	\$ 3,704,460	\$ 3,748,682	-0.6%

HOUSING & COMMUNITY DEPARTMENT

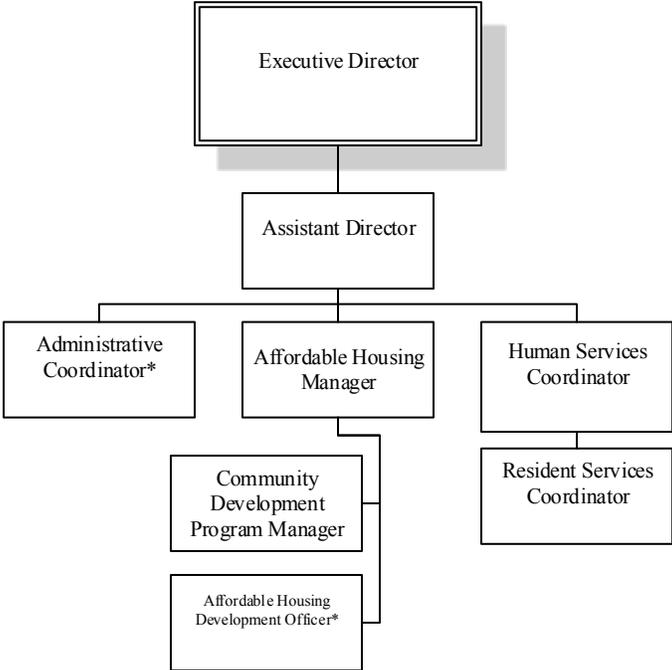
MISSION STATEMENT:

The mission of the Office of Housing and Community is to provide housing, community development, and neighborhood services so that all residents have access to livable neighborhoods and opportunities to thrive.

The Housing & Community Department identified the following primary program that is included in the adopted budget for 2018-19.

Program	Description
Affordable Housing Policy	Create and implement affordable housing plans. Create and support innovative affordable housing options that address all housing needs. Review development projects for compliance with affordable housing policies and ordinances. Liaison to the development review process (internal and external). Connect housing policy to other Town initiatives (Transit, Long Range Planning, Economic Development, Sustainability, Chapel Hill 2020). Establish new and manage existing relationships with development partners (private/non-profit). Provide staff support to the Housing Advisory Board and other ad-hoc committees as identified by Council.
Human Services	Manage the Human Services program. Establish new and manage existing relationships with the community and with service providers. Develop and implement community service programs for adults and youth in the community. Provide staff support to the Human Services Advisory Board and other ad-hoc committees as identified by Council.
Community Development	Develop and implement Community Development Block Grant Program Plans. Manage federal compliance for CDBG and HOME programs. Provide financial management and accounting for federal and local fund management. Provide staff support to standing Town advisory boards and other ad-hoc committees as identified by Council. Develop public communication materials for in-person, web, and published distributions. Manage relationships with housing and community development providers.

HOUSING & COMMUNITY



* 20% funded by Housing & Community and shared with Planning & Sustainability

HOUSING & COMMUNITY
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17	2017-18	2018-19
	ADOPTED	ADOPTED	ADOPTED
Housing & Community			
Executive Director - Housing & Community	1.00	1.00	1.00
Assistant Director - Housing & Community	0.00	1.00	1.00
Resident Services Coordinator	1.00	1.00	1.00
Administrative Coordinator	0.20	0.20	0.20
Principal Planner	1.00	1.00	0.00
Affordable Housing Manager	0.00	0.00	1.00
Affordable Housing Officer	1.00	1.00	1.00
Community Development Program Manager	1.00	1.00	1.00
Human Services Coordinator	1.00	1.00	1.00
Planner II	1.00	0.00	0.00
Division Totals	7.20	7.20	7.20

HOUSING & COMMUNITY

BUDGET SUMMARY

The adopted budget reflects an overall increase of 7.6% compared to the previous fiscal year. The 8.6% increase in personnel costs reflects a 3% pay adjustment and a mid-year pay adjustment for two positions. The operating budget decreased by 0.6% due to a reduction in use of contracted services.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 655,865	\$ 690,067	\$ 700,067	\$ 659,307	\$ 749,608	8.6%
Operating Costs	69,541	84,420	84,420	84,320	83,940	-0.6%
Total	\$ 725,406	\$ 774,487	\$ 784,487	\$ 743,627	\$ 833,548	7.6%

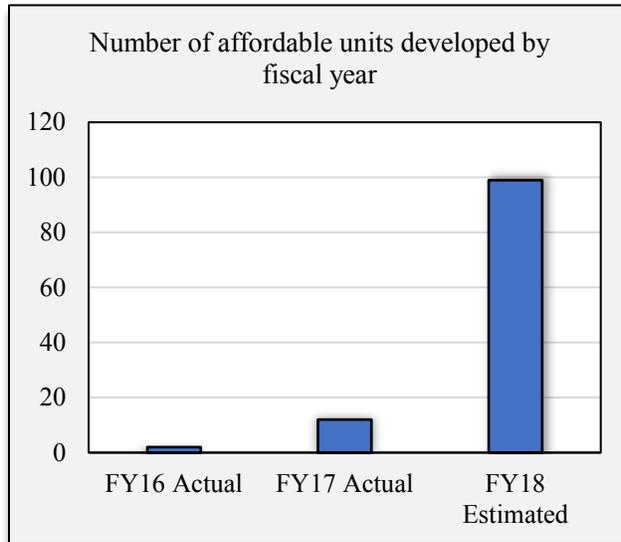
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 725,406	\$ 774,487	\$ 784,487	\$ 743,627	\$ 833,548	7.6%
Total	\$ 725,406	\$ 774,487	\$ 784,487	\$ 743,627	\$ 833,548	7.6%

HOUSING & COMMUNITY

MISSION-LEVEL MEASURES

Affordable Housing	Program:	Affordable Housing Development
	Objective:	Increase our diversity in ethnicity, income, race, age, and lifestyle through affordable housing programs, projects, and policies
	Mission Measure:	Number of affordable units developed this year



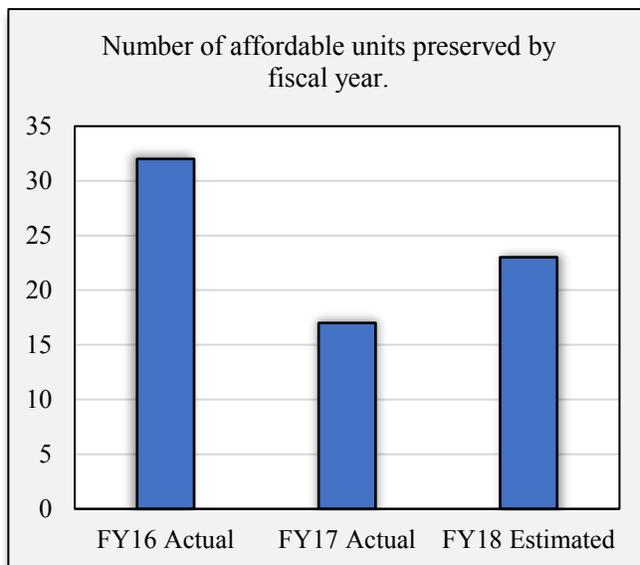
Departmental Analysis

- There was a large increase in the number of affordable units developed this year over previous years
- We are beginning to see the results of the creation of the Affordable Housing Development Reserve as there is a delay in the time a project is funded and a project is completed

Initiatives - What will we do to take action?

1. We will continue to build on the successful development partnerships
2. We will continue to look for and implement additional affordable housing development strategies

Affordable Housing	Program:	Affordable Housing Development
	Objective:	Increase our diversity in ethnicity, income, race, age, and lifestyle through affordable housing programs, projects, and policies
	Mission Measure:	Number of affordable units preserved this year



Departmental Analysis

- The number of units preserved this year is similar to the previous two years
- We did not reach the preservation goal of 55 units

Initiatives - What will we do to take action?

1. We will explore the data to assist us in creating our targets for next year
2. We will analyze strategies for increasing the number of preservation units per year

PUBLIC SAFETY BUDGET SUMMARY

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

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Police	\$ 11,803,721	\$ 15,156,873	\$ 15,232,148	\$ 13,862,226	\$ 15,206,077	0.3%
Fire	8,742,713	9,246,898	9,291,441	9,233,506	9,393,617	1.6%
Total	\$ 20,546,434	\$ 24,403,771	\$ 24,523,589	\$ 23,095,732	\$ 24,599,694	0.8%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 18,312,549	\$ 21,197,488	\$ 21,307,305	\$ 19,592,292	\$ 21,049,618	-0.7%
State-Shared Revenues	1,115,488	1,115,590	1,115,590	1,115,590	1,115,590	0.0%
Grants	35,159	-	10,000	10,000	-	N/A
Charges for Services	670,951	670,951	670,951	670,951	659,486	-1.7%
Licenses/Permits/Fines	265,382	1,274,745	1,274,745	1,561,900	1,630,000	27.9%
Other Revenues	146,909	145,000	145,000	145,000	145,000	0.0%
Total	\$ 20,546,438	\$ 24,403,774	\$ 24,523,591	\$ 23,095,733	\$ 24,599,694	0.8%

CHAPEL HILL POLICE DEPARTMENT

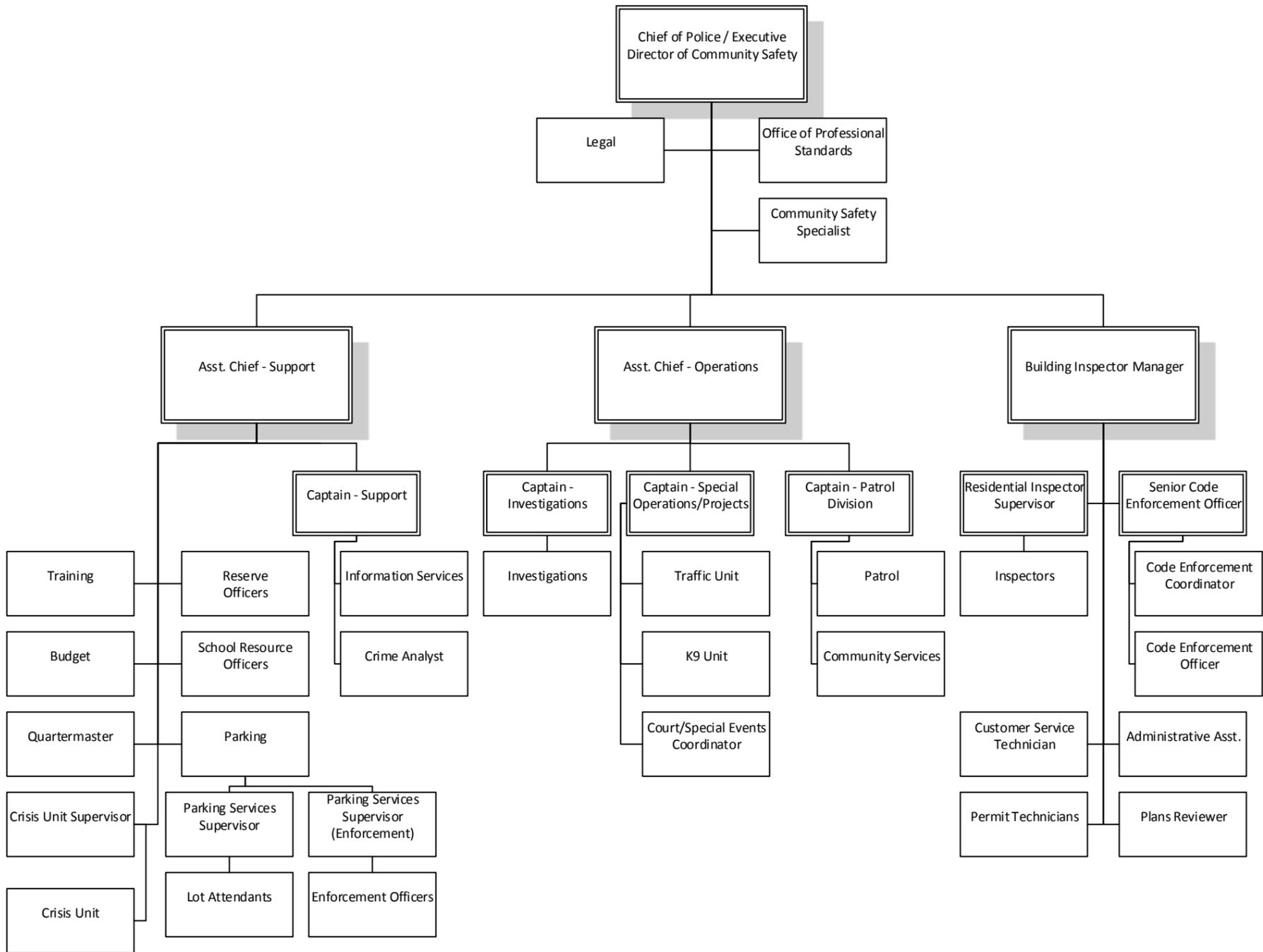
MISSION STATEMENT:

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 2018-19.

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.
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.
Building Inspections	The Inspections Division manages the inspections and permits. The main responsibilities of the Division include: Enforcement of the NC State Building Codes, Chapel Hill Code of Ordinances, Minimum Housing Code, and the Land Use Management Ordinance.
Code Enforcement	Enforcement of the Minimum Housing Code and the Land Use Management Ordinance.

Police Department



POLICE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Support Services			
Police Chief/Executive Director for Community Safety	1.00	1.00	1.00
Police Captain	1.00	0.00	0.00
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	4.00	4.00
Records Supervisor	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	0.00
Management Analyst	0.00	0.00	1.00
Communications Specialist	0.00	1.00	1.00
Customer Service Technician	3.00	3.00	3.00
Division Totals	15.00	16.00	16.00
Operations			
Assistant Police Chief	2.00	2.00	2.00
Police Captain	3.00	4.00	4.00
Police Lieutenant	11.00	9.00	8.00
Police Sergeant	11.00	11.00	11.00
Forensic and Evidence Specialist	2.00	2.00	2.00
Police Officer	90.00	90.00	90.00
Division Totals	119.00	118.00	117.00
Inspections			
Building Inspector Manager	0.00	1.00	1.00
Code Enforcement Officer/Senior	0.00	2.00	2.00
Code Compliance Officer	0.00	1.00	0.00
Assistant Building Operations Manager	0.00	0.00	1.00
Commercial Plans Reviewer - Sr.	0.00	0.00	1.00
Customer Service Technician	0.00	1.00	1.00
Administrative Assistant	0.00	1.00	1.00
Inspector	0.00	7.00	7.00
Inspector Supervisor	0.00	1.00	1.00
Permit Technician	0.00	2.00	2.00
Division Totals	0.00	16.00	17.00
Police Department Totals	134.00	150.00	150.00

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 increase slightly due to increases in mutual aid reimbursements and reimbursements from Chapel Hill/Carrboro School System for school resource officers. Changes relating to expenditures are noted on division summaries.

Starting in fiscal year 2014-15, the Inspections division was combined with Planning to create the Planning & Sustainability department. Beginning in fiscal year 2017-18, Inspections became a division under the Police department.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 9,902,516	\$ 13,272,606	\$ 13,216,824	\$ 11,964,759	\$ 13,462,290	1.4%
Operating Costs	1,900,623	1,884,267	2,015,324	1,897,467	1,743,787	-7.5%
Capital Outlay	582	-	-	-	-	N/A
Total	\$ 11,803,721	\$ 15,156,873	\$ 15,232,148	\$ 13,862,226	\$ 15,206,077	0.3%

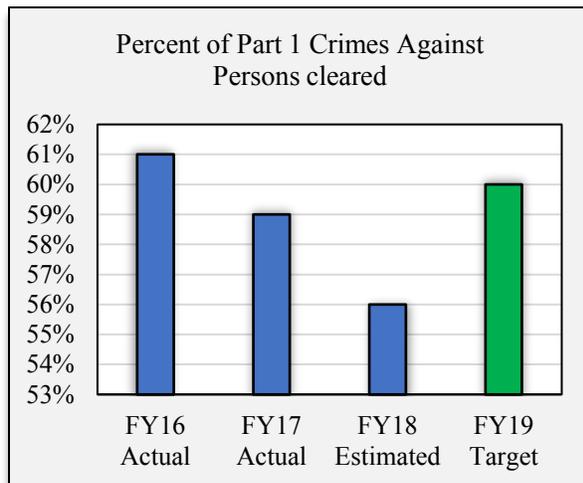
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 11,106,814	\$ 13,460,307	\$ 13,525,582	\$ 11,875,825	\$ 13,164,676	-2.2%
Grants	35,159	-	10,000	10,000	-	N/A
Charges for Services	392,401	392,401	392,401	392,401	392,401	0.0%
Licenses/Permits/Fines	122,438	1,159,165	1,159,165	1,439,000	1,504,000	29.7%
Other Revenues	146,909	145,000	145,000	145,000	145,000	0.0%
Total	\$ 11,803,721	\$ 15,156,873	\$ 15,232,148	\$ 13,862,226	\$ 15,206,077	0.3%

POLICE

MISSION-LEVEL MEASURES

Safe Community	Program:	Patrol Division, Investigative Division, Police Crisis Unit
	Objective:	Achieve an annual Clearance Rate of Part 1 Crimes against Persons of 60%.
	Mission Measure:	Percentage of Part 1 Crimes Against Persons cleared



Departmental Analysis

- Our clearance rate on Part 1 violent crimes against persons is well over the national average of 46%. We expect to continue to exceed this number in FY19
- Our clearance rate on property crimes is over the national average of 18.3%

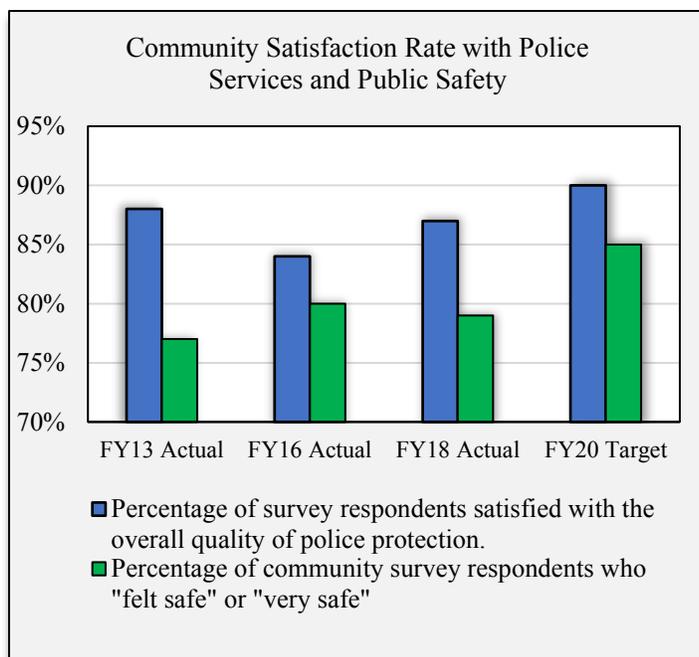
Initiatives - What will we do to take action?

1. We have filled two vacancies in our Investigations Division in FY18. We will fill additional spots in other non-investigative areas as staffing allows in FY19
2. Continued use of historical data to direct patrol operations at peak times/locations. (Fall Break, Holidays, LDOC, etc.)
3. We have purchased new software that allows investigators to search pawn stores and other sites where stolen property is sold. This software has helped improve our recovery rates and clearance rates of property crimes

POLICE

MISSION-LEVEL MEASURES (continued)

Safe Community	Program:	Patrol Division, Investigative Division, Police Crisis Unit
	Objective:	To reduce crime through a strategic and data-driven partnership with our stakeholders through crime prevention, accountability and enforcement
	Mission Measure:	Survey residents to ascertain satisfaction with overall quality of police protection



Departmental Analysis

- We experienced an increase of 3% in overall satisfaction with the quality of police protection
- Satisfaction with quality of police services is well above the national average of 70%

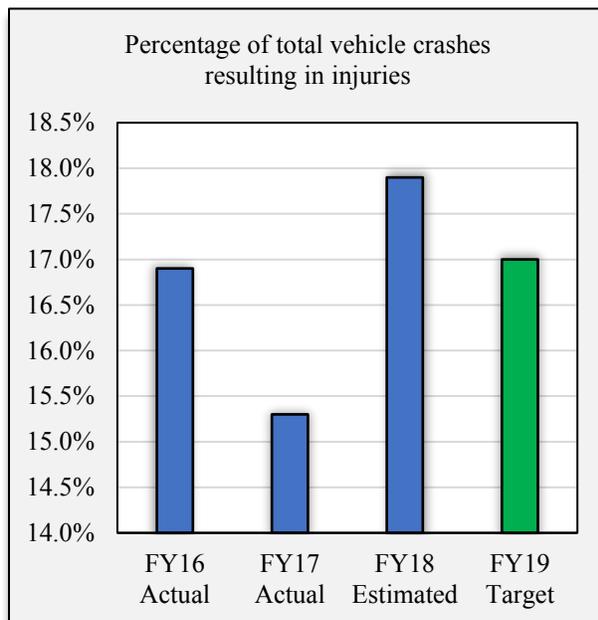
Initiatives - What will we do to take action?

1. Last year, we moved the responsibilities for community outreach events to the Uniformed Patrol Division. We also recently filled a community services outreach coordinator position to manage our efforts. In FY17/18, we participated in 228 outreach events. We believe these interactions will continue to result in high satisfaction ratings
2. We have installed Automated Vehicle Locators (AVL) in our patrol cars. We will use AVL data to inform patrol patterns and increase visibility in the neighborhoods
3. We will continue to promote our residential house check program for residents when they go out of town. In FY 17/18, we conducted 233 house checks. We believe the use of AVL data and house checks will result in more respondents feeling very safe or safe in their neighborhoods

POLICE

MISSION-LEVEL MEASURES (continued)

Safe Community	Program:	Patrol Division, Investigative Division, Police Crisis Unit
	Objective:	Achieve a decrease in vehicle crash resulting in injuries
	Mission Measure:	Percentage of vehicle crashes resulting in injuries <17% of our total number of crashes



Departmental Analysis

- The total number of crashes decreased from 2,149 in FY17 to 1,986 in FY18 while the number of injury crashes has increased from 328 in FY17 to 355 in FY18. We have focused our efforts on lowering speeds on the roadways where the majority of crashes occur. Improvements have been made to the MLK corridor to increase motorist and pedestrian safety to include lighting and crosswalks
- Reported injuries above are classified as possible (complaint of pain), evident, disabling or fatal. These numbers include any complaint of injury from soreness to the more obvious
- The percentage of crashes with injuries that were evident or worse decreased from FY17 to FY18 from 77 to 63

Initiatives - What will we do to take action?

1. We will continue to review crash data and deploy resources in areas experiencing a higher volume of crashes
2. Our efforts will include the strategic use Social Media and Portable Message Boards to raise awareness of behaviors like speeding and distracted driving that contribute to crashes and increase the potential for injuries

POLICE - Support Services Division
BUDGET SUMMARY

The adopted budget for the Support Services division reflects an overall expenditure increase of 7% from last year's budget. The 4% increase in personnel is the result of a 3% pay adjustment and a slight increase related to cell phone stipends. There is a 13.2% increase in operating costs related to increased cost of doing business. This includes an increase to fund digital body worn camera storage (\$82,539) and an increase to fully fund the Orange County Animal Control contract (\$7,611).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,304,531	\$ 1,480,949	\$ 1,482,229	\$ 1,529,169	\$ 1,540,455	4.0%
Operating Costs	765,493	711,752	817,106	780,810	805,642	13.2%
Total	\$ 2,070,024	\$ 2,192,701	\$ 2,299,335	\$ 2,309,979	\$ 2,346,097	7.0%

POLICE - Operations Division
BUDGET SUMMARY

The personnel budget for the Operations Division reflects a 0.8% decrease in personnel costs, which is due mainly to employee turnover and offset by a 3% pay adjustment. The 21.9% decrease in operating is primarily attributed to a restructured uniform program to decrease costs (\$40,000), as well as a reduction in spending for vehicle replacement (\$135,409).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 8,597,985	\$ 10,356,631	\$ 10,316,631	\$ 9,137,167	\$ 10,274,004	-0.8%
Operating Costs	884,083	924,513	900,834	862,553	721,765	-21.9%
Capital Outlay	582	-	-	-	-	N/A
Total	\$ 9,482,650	\$ 11,281,144	\$ 11,217,465	\$ 9,999,720	\$ 10,995,769	-2.5%

POLICE - Special Events
BUDGET SUMMARY

The Special Events division tracks the cost of additional police presence at special events including impromptu University of North Carolina student celebrations, Halloween and Festifall. Efforts to contain the downtown Halloween celebration in recent years have been successful. The adopted budget for 2018-19 reflects a decrease of 21.5%, which is due to Halloween falling on a weekday and a reduction in funds for the NCAA Tournament.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Operating Costs	\$ 251,047	\$ 141,800	\$ 141,800	\$ 107,690	\$ 111,350	-21.5%
Total	\$ 251,047	\$ 141,800	\$ 141,800	\$ 107,690	\$ 111,350	-21.5%

POLICE - Inspections
BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure increase of 13.7% from last year's budget. Personnel costs increased by 14.8% due to increased cost the of skill-based pay program (\$35,000) for employee acquisition of additional qualifying certifications. Additionally, the increase includes a 3% pay adjustment. The operating costs decreased by 1.1% due to the reduced use of personnel agencies for temporary staffing (\$3,065) and lower cost training courses (\$3,725)

For fiscal year 2018-19, Inspections is now a division under the Police department.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ -	\$ 1,435,026	\$ 1,417,964	\$ 1,298,423	\$ 1,647,831	14.8%
Operating Costs	-	106,202	155,584	146,414	105,030	-1.1%
Total	\$ -	\$ 1,541,228	\$ 1,573,548	\$ 1,444,837	\$ 1,752,861	13.7%

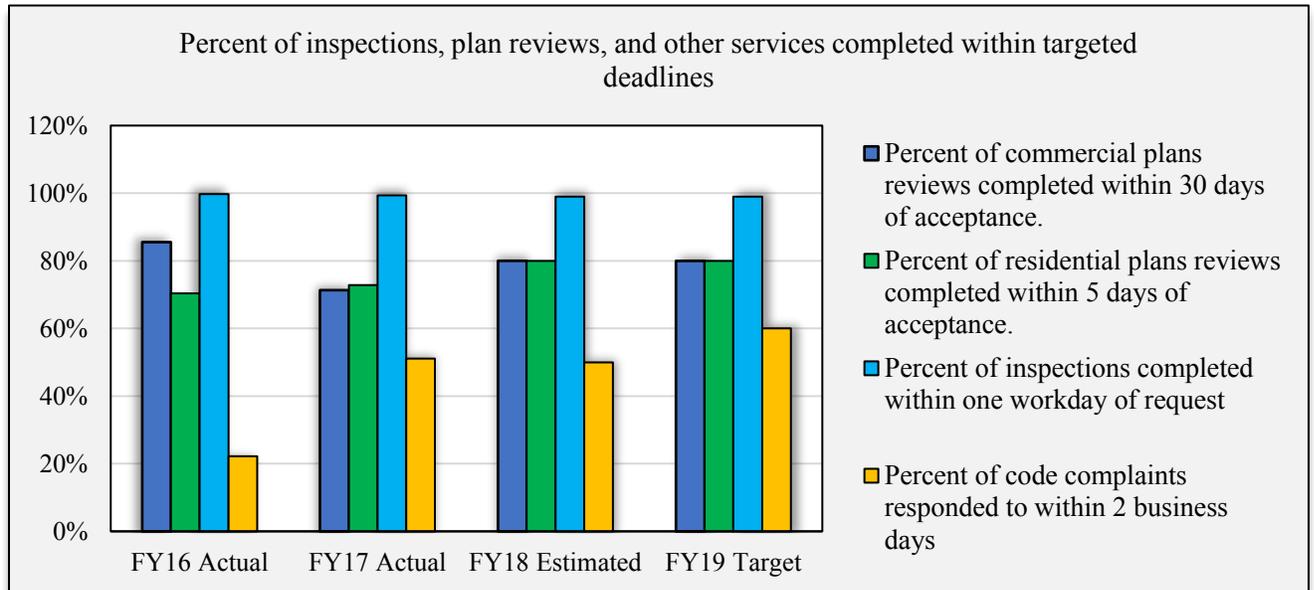
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ -	\$ 501,163	\$ 533,483	\$ 94,837	\$ 344,861	-31.2%
Licenses/Permits/Fines	-	1,040,065	1,040,065	1,350,000	1,408,000	35.4%
Total	\$ -	\$ 1,541,228	\$ 1,573,548	\$ 1,444,837	\$ 1,752,861	13.7%

INSPECTIONS

MISSION-LEVEL MEASURES

Safe Community	Program:	Code Compliance and Enforcement
	Objective:	Improve customer service and timely delivery within targeted deadlines
	Mission Measure:	Percentage of service delivery completed within targeted deadlines



Departmental Analysis

- Staff has made significant progress in improving turnaround times. Response times in the past have been a source of frustration for customers, and we have made strides to improve those turnaround times on all fronts.
- Times have improved because of better tracking and dedication of staffing
- Code Enforcement Team is helpful in moving cases along that cross departments and aids in collaborative problem solving
- While we are getting the inspections like we aim to now, in the future, we may fall short due to not being able to hire qualified staff to inspect. The state (and beyond) is experiencing a shortage of inspectors due to excessive retirement, negative effects of legislation on the industry and not enough youths being funneled down this career path.

Initiatives - What will we do to take action?

1. We have implemented cross training for permit staff to support better collaboration and coordination
2. We plan to improve documentation of the process so that implementation, training, and onboarding is much smoother
3. We have added a new member to the CE team that has extensive zoning knowledge and can handle the zoning violations expediently
4. We will continue to improve the effectiveness and impact of the CE Team
5. We plan to work on an idea to improve and increase the soon to be “internal pool” of applicants by working on the development and implementation of an apprenticeship-type program that will allow us to “grow” inspectors in-house and reduce the need to go outside of the organization for external recruitment when we need to backfill a position. We want to recruit “youth” in the field and invest in our staff to realize their potential and fill the needs.

FIRE DEPARTMENT

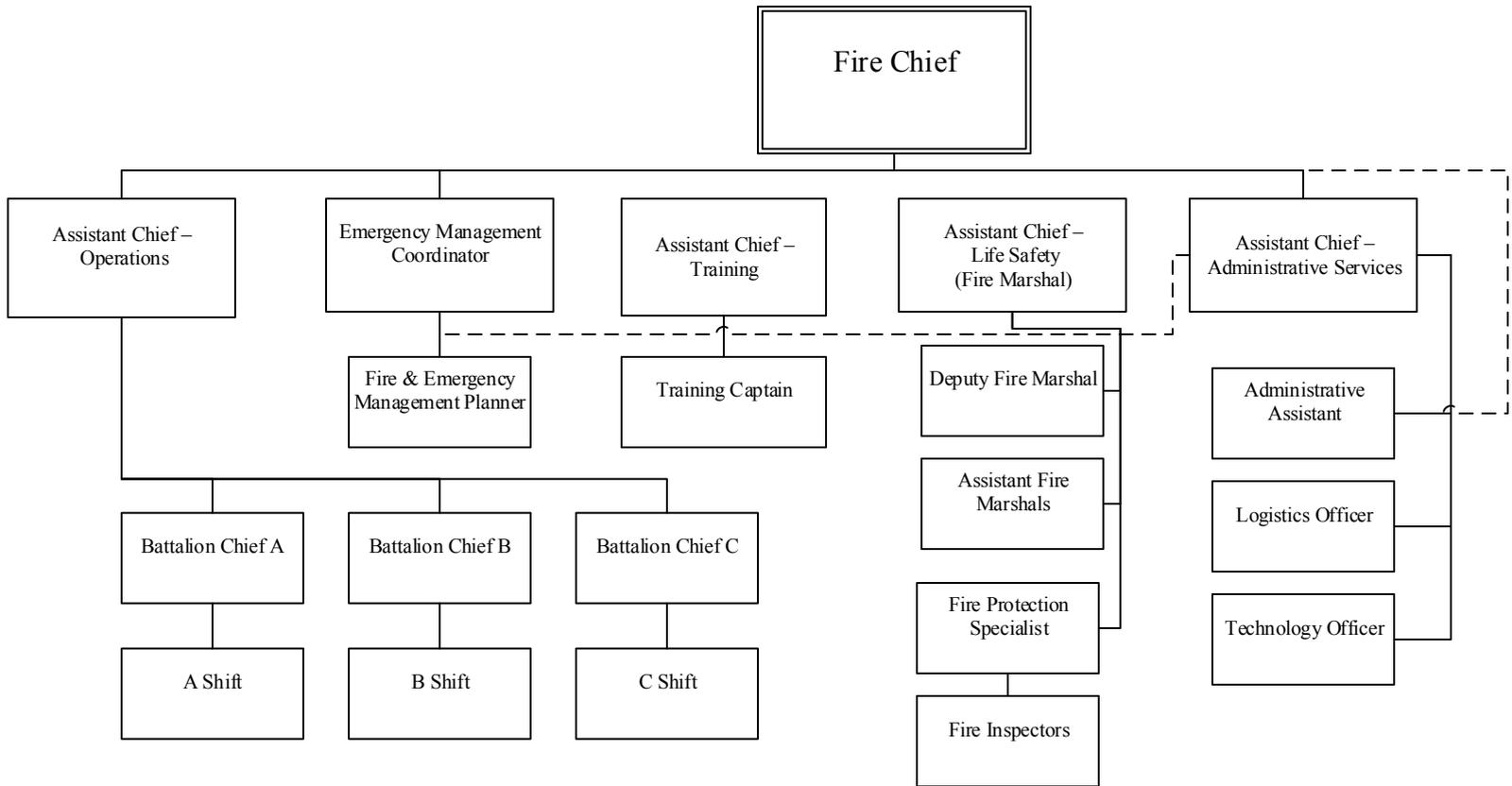
MISSION STATEMENT:

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 2018-19.

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.
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. Coordinate emergency preparedness of Town including related resources.
Fire Prevention & Life Safety Education	Schedule, coordinate and conduct public education and outreach services providing information on fire prevention, CPR, child safety seats, home safety and smoke alarms.
Emergency Medical Services	Provide response to medical emergencies within Town limits as part of emergency operations. Manage resources and coordinate administrative efforts to ensure proper coverage and service delivery.
Emergency Management	Facilitate preparedness activities that counter threats and hazards to the community and provide for the prevention of, protection from, mitigation of, response to and recovery from natural and man-made disasters.

FIRE



FIRE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Administration			
Fire Chief	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Management Analyst	1.00	1.00	0.00
Assistant Chief - Admin Services	0.00	0.00	1.00
Emergency Management Coordinator	1.00	1.00	1.00
Division Totals	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
Emergency Operations			
Fire Chief - Deputy Operations	1.00	1.00	0.00
Fire/Emergency Management Planner	0.00	0.00	1.00
Battalion Fire Chief	4.00	4.00	3.00
Fire Captain/Lieutenant	20.00	19.00	19.00
Fleet & Logistics Officer	0.00	1.00	1.00
Assistant Fire Chief of Operations	1.00	1.00	1.00
Assistant Fire Chief of Training	0.00	0.00	1.00
Fire Comms Tech Officer	1.00	1.00	1.00
Fire Equipment Operator/Firefighter/Master	57.00	57.00	57.00
Division Totals	<u>84.00</u>	<u>84.00</u>	<u>84.00</u>
Life Safety			
Fire Marshall	1.00	1.00	1.00
Fire Inspector	2.00	2.00	2.00
Fire Protection Specialist	2.00	1.00	1.00
Deputy Fire Marshal	1.00	1.00	1.00
Assistant Fire Marshal	3.00	3.00	3.00
Division Totals	<u>9.00</u>	<u>8.00</u>	<u>8.00</u>
Fire Department Totals	<u><u>97.00</u></u>	<u><u>96.00</u></u>	<u><u>96.00</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 decline in the licenses, permits, and fines category due to further re-evaluation of the fire inspections program. Changes related to expenditures are noted on division summaries.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 7,696,286	\$ 8,156,961	\$ 8,156,961	\$ 8,098,272	\$ 8,306,586	1.8%
Operating Costs	1,038,459	1,079,437	1,133,520	1,125,694	1,076,531	-0.3%
Capital Outlay	7,968	10,500	960	9,540	10,500	0.0%
Total	\$ 8,742,713	\$ 9,246,898	\$ 9,291,441	\$ 9,233,506	\$ 9,393,617	1.6%

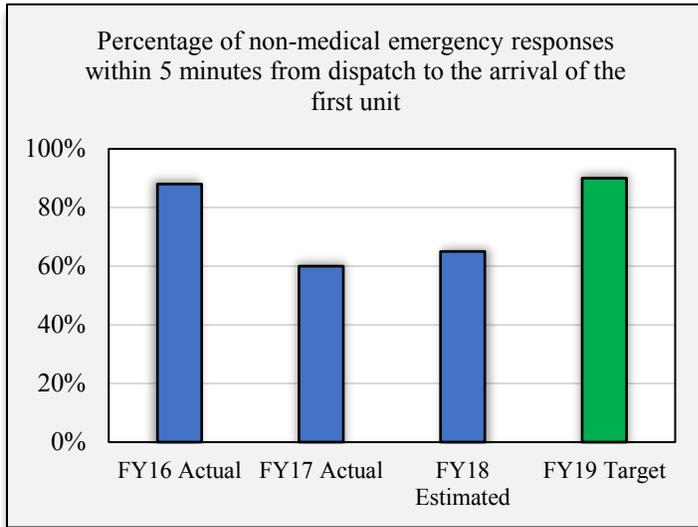
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 7,205,735	\$ 7,737,181	\$ 7,781,723	\$ 7,716,467	\$ 7,884,942	1.9%
State-Shared Revenues	1,115,488	1,115,590	1,115,590	1,115,590	1,115,590	0.0%
Charges for Services	278,550	278,550	278,550	278,550	267,085	-4.1%
Licenses/Permits/Fines	142,944	115,580	115,580	122,900	126,000	9.0%
Total	\$ 8,742,713	\$ 9,246,898	\$ 9,291,441	\$ 9,233,506	\$ 9,393,617	1.6%

FIRE DEPARTMENT

MISSION-LEVEL MEASURES

Safe Community	Program:	Emergency Operations
	Objective:	Achieve and maintain a response time (dispatch to on-scene) of a 5-minute arrival time for the first due or 9-minute arrival time for the full dispatched assignment in at least 90% of all incidents
	Mission Measure:	Percentage of non-medical emergency responses within 5 minutes from dispatch to the arrival of the first unit



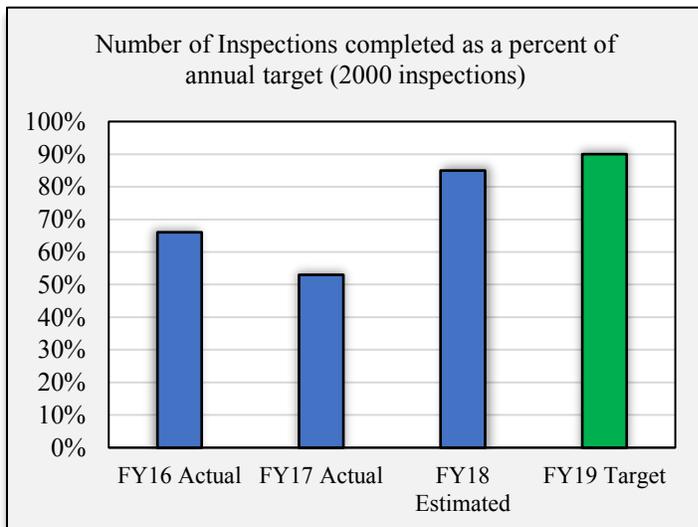
Departmental Analysis

- Benchmarking data splits into “dispatch”, “turnout” and “travel” time categories
- We are analyzing the data to determine what portion of the decrease was due to location/setup of Temporary Station 2

Initiatives - What will we do to take action?

1. Identify opportunities to further improve turnout time
2. Work with others in Town on identifying ways to improve travel time
3. Continue collaboration with Orange County on improvements with dispatch time

Safe Community	Program:	Code Enforcement
	Objective:	Enforce the fire and safety codes of the Town and State through inspection, plan review, and investigating the cause of fire.
	Mission Measure:	Complete 2000 routine inspections annually



Departmental Analysis

- Inspector position added appears to have had a positive impact (review of FY18 data will verify; a portion of both FY 18 & FY19 were short-staffed)
- Re-inspections are not counted in this total

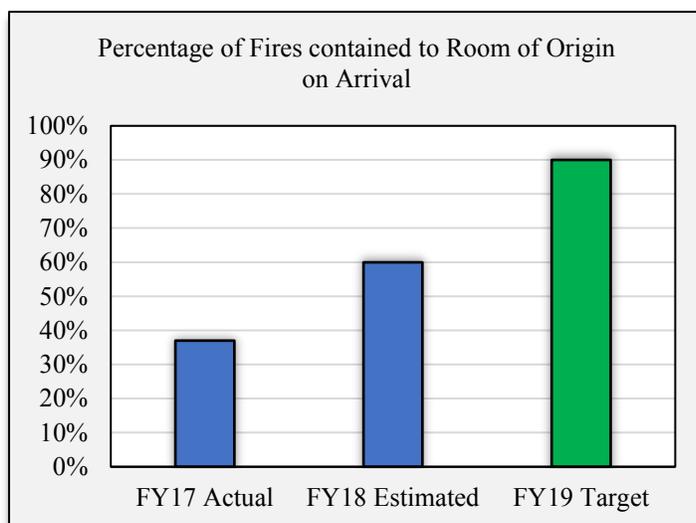
Initiatives - What will we do to take action?

1. Better track re-inspections, and re-evaluate fee schedule for re-inspections & construction inspections
2. Compile more accurate data on number of occupancies requiring routine inspections
3. Plan for new occupancies on immediate horizon (under development)

FIRE DEPARTMENT

MISSION-LEVEL MEASURES (continued)

Safe Community	Program:	Emergency Operations
	Objective:	Achieve and maintain a response time (dispatch to on-scene) of a 5-minute arrival time for the first due or 9-minute arrival time for the full dispatched assignment in at least 90% of all incidents
	Mission Measure:	Percentage of Fires contained to Room of Origin on Arrival



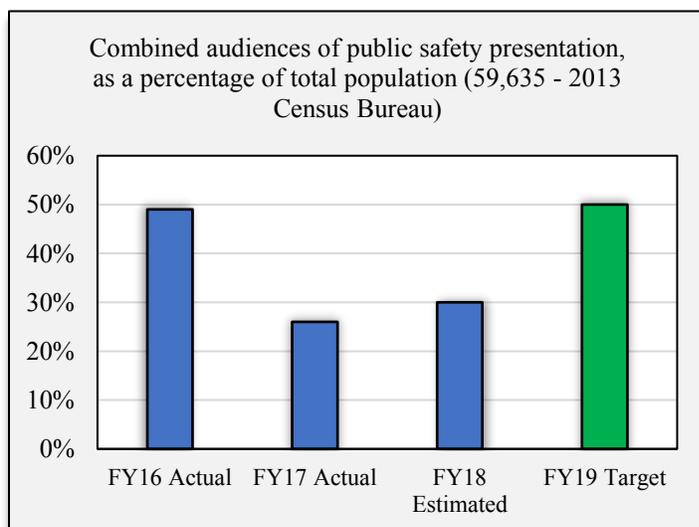
Departmental Analysis

- Early warning (alarm systems) support successes in this measure
- Improvement will allow additional units to be freed up faster

Initiatives - What will we do to take action?

1. Continue strong promotion of fire detection & sprinkler systems
2. Expand outreach to all ages to teach fire safety, including proper actions in event of fire

Safe Community	Program:	Fire Prevention and Safety Education
	Objective:	Reach an equivalent of at least 15% of the Chapel Hill population annually to raise awareness and knowledge of how to prevent emergency incidents and/or how to appropriately react when an emergency does occur.
	Mission Measure:	Combined audiences of public safety presentation, as a percentage of total population



Departmental Analysis

- Data compilation still in process, due to tracking method changes with switch to Emergency Reporting

Initiatives - What will we do to take action?

1. Identify specific hazards, based on data, toward which education would have the most positive effect (i.e. “cooking fires” represent a high percentage of our calls, so focused education in that area would have the most risk reduction effect)
2. Department’s participation in upcoming inaugural “Citizen’s Academy” will support this goal

FIRE - 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 increase of 2.7% in personnel is the result of a 3% pay adjustment. This is slightly offset by employee turnover. The operating budget remains largely unchanged from the prior year, reduced only by 0.8%. This decrease is attributed to aligning line item budgets to actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 453,052	\$ 479,370	\$ 479,370	\$ 373,199	\$ 492,506	2.7%
Operating Costs	160,665	147,331	168,234	150,145	146,118	-0.8%
Total	\$ 613,717	\$ 626,701	\$ 647,604	\$ 523,344	\$ 638,624	1.9%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects a 0.3% increase in personnel costs. This is due to a 3% pay adjustment, which is offset by employee turnover and a position reclassification of a Deputy Chief to a Fire/Emergency Management Planner. There is a 1.3% decrease in operating costs, reflecting reductions to M&R Buildings for a consolidation of maintenance funds to Public Works (\$33,500). There is a reduction in the replacement of small equipment (\$32,000) and there are several line item reductions that are aligning the budget with actuals. This is somewhat balanced by reinstating a one-time reduction in the prior year for uniforms (\$34,000), as well as an increase to vehicle replacement charges (\$24,372).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 6,566,899	\$ 6,962,611	\$ 6,962,611	\$ 7,024,974	\$ 6,986,286	0.3%
Operating Costs	820,159	857,203	887,797	894,469	845,982	-1.3%
Capital Outlay	7,968	10,500	960	9,540	10,500	0.0%
Total	\$ 7,395,026	\$ 7,830,314	\$ 7,851,368	\$ 7,928,983	\$ 7,842,768	0.2%

FIRE - Life Safety Division
BUDGET SUMMARY

The adopted budget for the Life Safety division reflects an overall expenditure increase of 15.5% from last year's budget. The 15.8% increase in personnel is due to a 3% pay adjustment, as well as funding an Assistant Fire Marshall position that was not funded in the prior year. This is slightly offset by a reduction to overtime (\$8,000). The operating budget increased by 12.7% due to the cellular phone costs (\$3,481) and associated small equipment costs for inspections (\$3,000). There were also increased fleet use charges of \$4,000.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 676,335	\$ 714,980	\$ 714,980	\$ 700,099	\$ 827,794	15.8%
Operating Costs	57,635	74,903	77,489	81,080	84,431	12.7%
Total	\$ 733,970	\$ 789,883	\$ 792,469	\$ 781,179	\$ 912,225	15.5%

LEISURE
BUDGET SUMMARY

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

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Parks and Recreation	\$ 6,883,247	\$ 7,375,935	\$ 7,274,904	\$ 7,224,067	\$ 7,365,091	-0.1%
Library	2,915,806	3,136,058	3,465,726	2,900,737	3,402,158	8.5%
Total	\$ 9,799,053	\$ 10,511,993	\$ 10,740,630	\$ 10,124,804	\$ 10,767,249	2.4%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 7,937,905	\$ 8,408,570	\$ 8,627,207	\$ 8,134,655	\$ 8,751,382	4.1%
Grants	697,733	679,963	689,963	680,355	680,899	0.1%
Charges for Services	1,083,613	1,349,019	1,349,019	1,224,489	1,261,718	-6.5%
Licenses/Permits/Fines	5,600	5,088	5,088	5,815	0	-100.0%
Other Revenues	29,202	24,353	24,353	34,490	28,250	16.0%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 9,799,053	\$ 10,511,993	\$ 10,740,630	\$ 10,124,804	\$ 10,767,249	2.4%

PARKS AND RECREATION DEPARTMENT

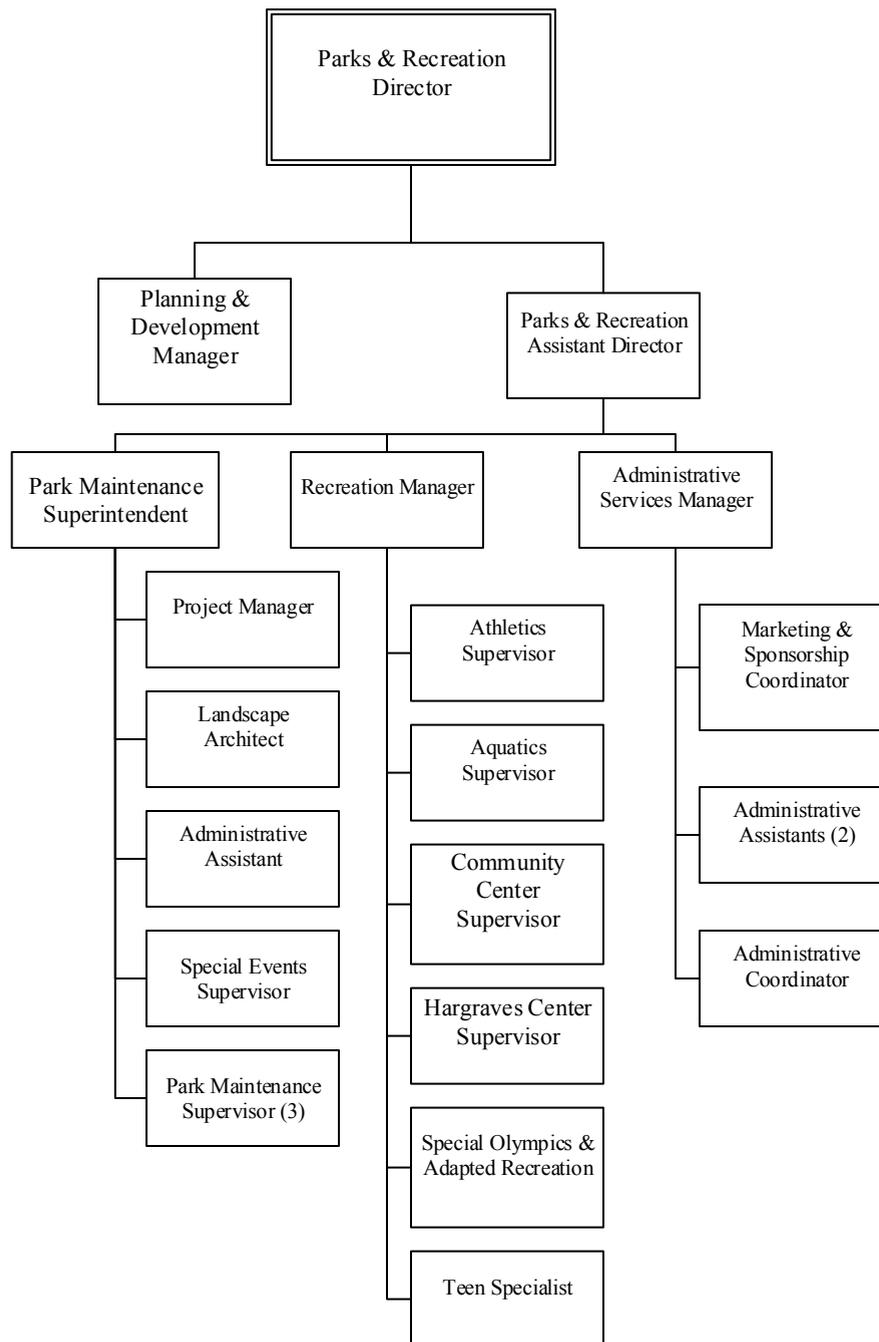
MISSION STATEMENT:

To provide exceptional recreational and cultural opportunities in beautiful, sustainable environments.

The Parks & Recreation Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
Park Maintenance	Operate and 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.
Planning & Development of Parks & Greenways	Planning and development of park renovations, future parks, and greenways based on the Parks Master Plan and the Greenways Master Plan. Managing construction/renovation projects.
Cemetery Operations	Administer operations of 4 Town cemeteries, including sale of burial plots, scheduling of burials, maintenance and mowing of cemeteries, and record keeping including burial records
Recreation 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 as well as programs for unique populations including Special Olympics and Therapeutic Recreation programs.
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.

Parks & Recreation



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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Administration			
Director-Parks & Recreation	1.00	1.00	1.00
Assistant Director-Parks and Recreation	1.00	1.00	1.00
Planning & Development Manager	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Recreation Manager	1.00	1.00	1.00
Administrative Assistant	2.00	2.00	2.00
Administrative Services Manager	1.00	1.00	1.00
Marketing & Sponsorship Coordinator	1.00	1.00	1.00
Division Totals	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>
Landscape Services and Park Maintenance			
Parks Maintenance Superintendent	1.00	1.00	1.00
Landscape Supervisor	3.00	3.00	3.00
Municipal Arborist	1.00	1.00	1.00
Project Manager	1.00	1.00	1.00
Assistant Arborist	1.00	1.00	1.00
Landscape Specialist/Landscape Crew Leader	17.00	17.00	17.00
Administrative Assistant	1.00	1.00	1.00
Landscape Architect	0.00	0.00	1.00
Division Totals	<u>25.00</u>	<u>25.00</u>	<u>26.00</u>
Athletics			
Recreation Supervisor	1.00	1.00	1.00
Adaptive Recreation Coordinator	1.00	1.00	1.00
Special Olympics Coordinator	1.00	1.00	1.00
Recreation Specialist	1.53	1.50	1.50
Division Totals	<u>4.53</u>	<u>4.50</u>	<u>4.50</u>
Community Center			
Recreation Supervisor	1.00	1.00	1.00
Recreation Specialist	0.50	0.50	1.00
Recreation Assistant	2.00	2.00	2.00
Division Totals	<u>3.50</u>	<u>3.50</u>	<u>4.00</u>

continued

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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Aquatics Center			
Recreation Supervisor	1.00	1.00	1.00
Assistant Recreation Supervisor	1.00	1.00	1.00
Aquatics Specialist	4.00	4.00	4.00
Division Totals	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>
Public Arts			
Public Arts Administrator	1.00	1.00	0.00
Public Arts Coordinator	1.00	1.00	0.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
Hargraves Center			
Recreation Supervisor	1.00	1.00	1.00
Assistant Recreation Supervisor	1.00	1.00	1.00
Recreation Specialist	1.80	1.80	1.50
Recreation Assistant	2.00	2.00	1.50
Division Totals	<u>5.80</u>	<u>5.80</u>	<u>5.00</u>
Community Cultural Arts			
Recreation Supervisor	1.00	1.00	1.00
Festivals & Event Technician	1.00	1.00	1.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Parks & Recreation Department Totals	<u>57.83</u>	<u>57.80</u>	<u>56.50</u>

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

PARKS AND RECREATION

BUDGET SUMMARY

The adopted budget for Parks & Recreation has no overall increase or decrease. The budget includes a 3% pay adjustment. These increases are offset by several reductions to match budget to actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 4,861,685	\$ 5,497,367	\$ 5,382,466	\$ 5,337,789	\$ 5,507,882	0.2%
Operating Costs	2,013,090	1,878,568	1,892,438	1,886,278	1,857,209	-1.1%
Capital Outlay	8,472	-	-	-	-	N/A
Total	\$ 6,883,247	\$ 7,375,935	\$ 7,274,904	\$ 7,224,067	\$ 7,365,091	-0.1%

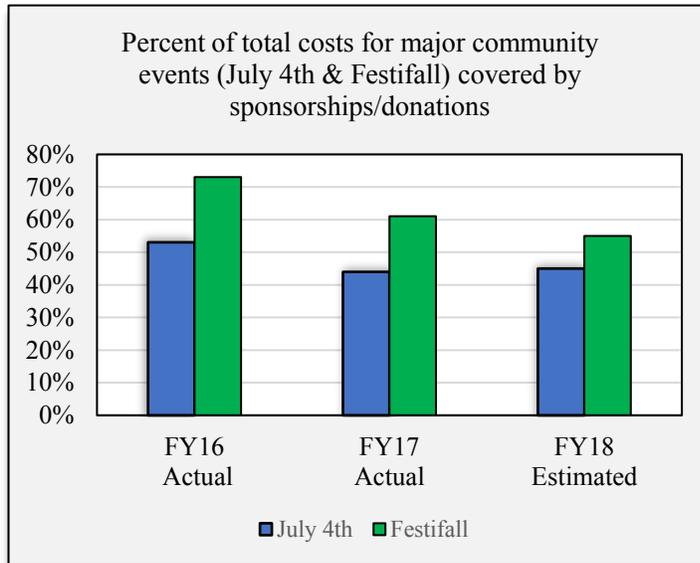
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Revenues	\$ 5,812,379	\$ 6,058,335	\$ 5,947,304	\$ 6,034,502	\$ 6,137,005	1.3%
Grants	101,530	83,760	93,760	83,760	83,760	0.0%
Charges for Services	957,313	1,233,340	1,233,340	1,098,155	1,142,326	-7.4%
Other Revenues	12,025	500	500	7,650	2,000	300.0%
Total	\$ 6,883,247	\$ 7,375,935	\$ 7,274,904	\$ 7,224,067	\$ 7,365,091	-0.1%

PARKS & RECREATION

MISSION-LEVEL MEASURES

Vibrant & Inclusive Community	Program:	Events/Festivals
	Objective:	Help offset event expenses with outside revenue sources
	Mission Measure:	Percent of total costs for major community events (July 4th & Festifall) covered by sponsorships/donations



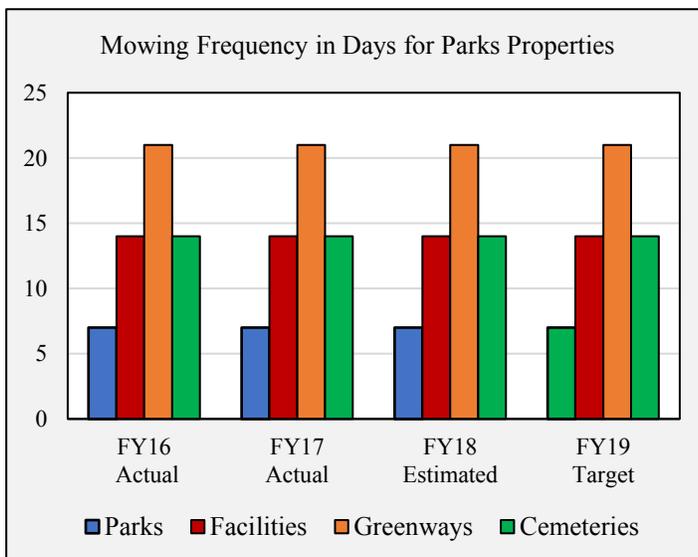
Departmental Analysis

- We had a significant increase in July 4 event costs in FY17 and going forward due to new facility requirements. Most of that was offset by an increase in revenues. The estimate for FY18 reflects more known cost increases such as pyro blankets and plywood as well as staffing and contracted clean-up costs.
- FY19 Erie Insurance brings a combined sponsorship package for July 4 and Festifall of \$10,452; anticipating a higher cost recovery for these events.

Initiatives - What will we do to take action?

- These special events have moved under the direction of the Executive Director for Community Arts and Culture starting FY19.

Vibrant & Inclusive Community	Program:	Park Maintenance and Landscape Services
	Objective:	Maintain community space in an attractive and timely manner
	Mission Measure:	Mowing Frequency in Days for Parks Properties



Departmental Analysis

- This frequency seems to be working well and meeting Community expectations based on the results of the Community Survey.
- With resources allocated, this is the maximum capacity.

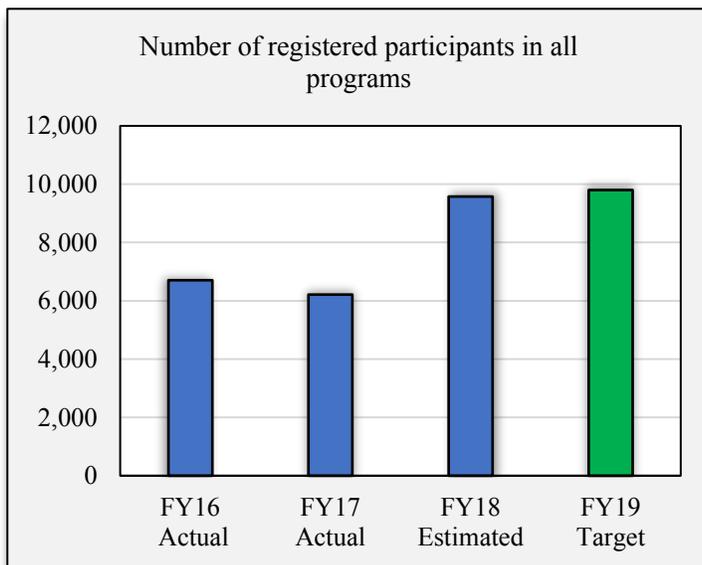
Initiatives - What will we do to take action?

- Continue the level of quality based on allocated resources.

PARKS & RECREATION (continued)

MISSION-LEVEL MEASURES

Vibrant & Inclusive Community	Program:	Recreation Programming
	Objective:	Offer exceptional recreational and cultural programs to the community
	Mission Measure:	Number of registered participants in all programs



Departmental Analysis

- We continue to shift our organizational culture towards developing and utilizing data-driven analysis.
- Continuing to implement the department’s Marketing Plan is essential to achieving this measure.

Initiatives - What will we do to take action?

1. Continue to implement the use of best practices for marketing, using data driven analysis to better understand who our customers are and what they desire most from our products or services.
2. Implement program evaluations to capture patron data rating our services and programs and to inquire about their interests.
3. Develop methodology to better track registrations that occur outside of RecTrac.
4. Develop a strategy to identify programs with the greatest growth potential based on our target market.
5. Identify funding source for performing a community survey to identify what programs and services patrons want.

PARKS & RECREATION - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 2.2% from last year's budget. The 2.3% increase in personnel costs reflects a 3% pay adjustment, which is somewhat offset by employee turnover. The operating budget has an increase of 1.3% due to a slight increase in utility costs and fleet use charges.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 852,228	\$ 893,093	\$ 889,493	\$ 827,995	\$ 914,066	2.3%
Operating Costs	238,218	205,478	220,046	218,195	208,224	1.3%
Total	\$ 1,090,446	\$ 1,098,571	\$ 1,109,539	\$ 1,046,190	\$ 1,122,290	2.2%

PARKS & RECREATION - Special Events
BUDGET SUMMARY

The adopted budget for the Public Arts division reflects an overall expenditure decrease of 50% from last year's budget. The 57% decrease in personnel costs reflects the transfer of the Cultural Arts Administrator and Cultural Arts Coordinator (two FTEs) to a new Community Arts division in Library. This is slightly offset by a 3% pay adjustment. The 33.1% decrease in operating costs can be attributed to the associated operating costs for Community Arts being transferred to Library and several programming supply lines being transferred to the Community Center division within Parks and Recreation.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 394,983	\$ 407,600	\$ 163,377	\$ 272,254	\$ 175,309	-57.0%
Operating Costs	202,840	169,325	140,984	156,790	113,322	-33.1%
Total	\$ 597,823	\$ 576,925	\$ 304,361	\$ 429,044	\$ 288,631	-50.0%

PARKS & RECREATION - Parks Maintenance
BUDGET SUMMARY

The adopted budget for the Parks Maintenance division reflects an overall expenditure increase of 6.7% from last year's budget. The 8.5% increase in personnel costs reflects a 3% pay adjustment, as well as employee turnover. The 1.8% increase in operating costs is due to the increased cost of the Right-Of-Way Mowing Contract (\$22,797) and an increase to the Library landscaping contract (\$2,039). These increases are offset slightly by aligning budget to actuals on several line items.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,515,121	\$ 1,751,064	\$ 1,831,175	\$ 1,811,192	\$ 1,899,049	8.5%
Operating Costs	715,957	621,843	625,170	621,385	633,034	1.8%
Capital Outlay	8,472	-	-	-	-	N/A
Total	\$ 2,239,550	\$ 2,372,907	\$ 2,456,345	\$ 2,432,577	\$ 2,532,083	6.7%

PARKS & RECREATION - Athletics
BUDGET SUMMARY

The adopted budget for the Athletics division reflects an overall expenditure increase of 0.1% from last year's budget. The 1% increase in personnel costs reflects a 3% pay adjustment and is offset by employee turnover. The 1% decrease in operating costs is attributed to a reduction in a custodial services contract at Lincoln Gym (\$5,000).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 487,744	\$ 507,118	\$ 510,118	\$ 489,264	\$ 512,128	1.0%
Operating Costs	295,993	393,521	392,994	388,121	389,603	-1.0%
Total	\$ 783,737	\$ 900,639	\$ 903,112	\$ 877,385	\$ 901,731	0.1%

PARKS & RECREATION - Community Center
BUDGET SUMMARY

The adopted budget for the Community Center division reflects an overall expenditure increase of 19.5% from last year's budget. The 21.5% increase in personnel costs reflects a 3% pay adjustment, as well as a Recreation Assistant position increasing from part-time to full-time (0.5 FTE). The 11.9% increase in operating costs can be attributed to an increase in recreation programming supplies that were previously budgeted in the Public Arts division.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 316,535	\$ 425,605	\$ 476,416	\$ 488,891	\$ 517,259	21.5%
Operating Costs	94,391	113,202	121,615	112,038	126,642	11.9%
Total	\$ 410,926	\$ 538,807	\$ 598,031	\$ 600,929	\$ 643,901	19.5%

PARKS & RECREATION - Aquatics
BUDGET SUMMARY

The adopted budget for the Aquatics division reflects an overall expenditure increase of 0.7% from last year's budget. The 0.3% increase in personnel costs reflects a 3% pay adjustment and is offset by employee turnover. The 1.9% increase in operating represents utility cost increases and are balanced slightly by aligning several line item budgets to actuals.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 710,066	\$ 899,381	\$ 898,381	\$ 879,655	\$ 902,454	0.3%
Operating Costs	365,837	266,869	267,440	260,767	271,861	1.9%
Total	\$ 1,075,903	\$ 1,166,250	\$ 1,165,821	\$ 1,140,422	\$ 1,174,315	0.7%

PARKS & RECREATION - Hargraves
BUDGET SUMMARY

The adopted budget for the Hargraves division reflects an overall expenditure decrease of 2.7% from last year's budget. The 4.2% decrease in personnel costs reflects employee turnover and is offset by a 3% pay adjustment. The 5.7% increase in operating costs can be attributed to costs associated with utilities, including telephone and electricity.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 585,008	\$ 613,506	\$ 613,506	\$ 568,538	\$ 587,617	-4.2%
Operating Costs	99,854	108,330	124,189	128,982	114,523	5.7%
Total	\$ 684,862	\$ 721,836	\$ 737,695	\$ 697,520	\$ 702,140	-2.7%

CHAPEL HILL PUBLIC LIBRARY

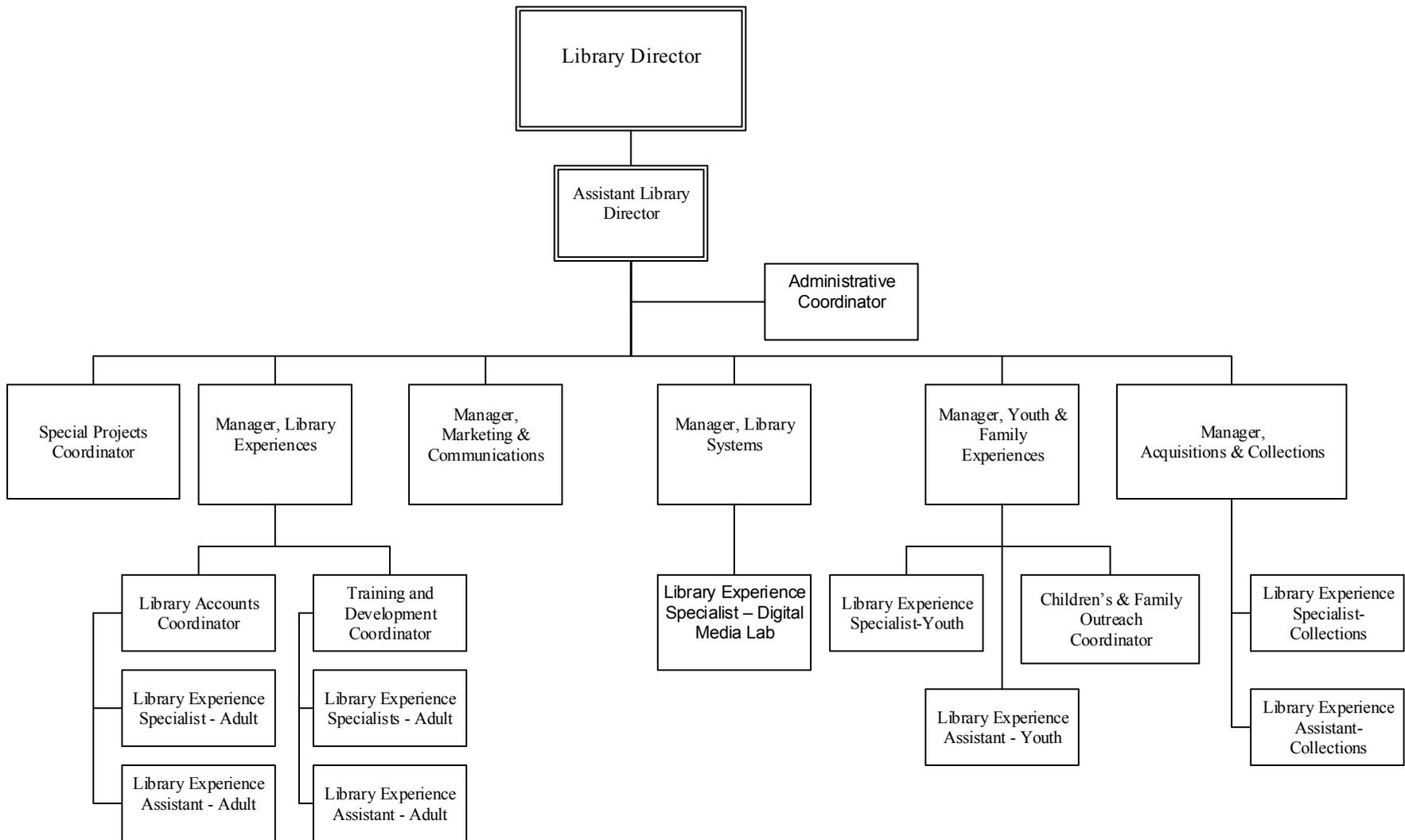
MISSION STATEMENT:

Sparking Curiosity. Inspiring Learning. Creating Connections.

The Chapel Hill Public Library Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
Collection Management	Collect, curate, and make accessible library materials in a wide variety of formats that respond to community interests, publishing trends, and community demographics.
Circulation	Circulate both physical and digital materials throughout the community. Continually increase discovery of materials and decrease barriers to access.
Customer Service	Connect people to the information they need, the materials they want, and the wide variety of technology resources the library offers. Develop a flexible, nimble staff with 21st century, customer-first skills.
Cultural & Community Programs	Offer programs for all ages at the library and in the community. Focus on literacy, arts & culture, local history, technology, and civic engagement.
Serve as a Place for Everyone	Position the library as a popular, community-owned destination, open to all. Serve as a gateway to community and a showcase for it.

LIBRARY



LIBRARY DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Director-Library	1.00	1.00	1.00
Assistant Director-Library/Head of Public Services	1.00	1.00	1.00
Acquisitions & Collections Manager	1.00	1.00	1.00
Library Experience Manager	1.00	1.00	1.00
Children's & Family Outreach Coordinator	1.00	1.00	1.00
Reader Service Coordinator	1.00	1.00	1.00
Reference Librarian	1.00	1.00	0.00
Training Coordinator	0.00	0.00	1.00
Youth & Family Experience Manager	1.00	1.00	1.00
Library Accounts Coordinator	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Library Experience Specialist	7.56	6.60	6.00
Library Experience Assistant	9.34	10.70	12.16
Teen Engagement Coordinator	1.00	1.00	0.00
Library Systems Manager	1.00	1.00	1.00
Marketing & Communications Manager	1.00	1.00	1.00
Division Total	29.90	30.30	30.16
Public Arts			
Public Arts Administrator	0.00	0.00	1.00
Public Arts Coordinator	0.00	0.00	1.00
Division Total	0.00	0.00	2.00
Library Department Totals	29.90	30.30	32.16

LIBRARY

BUDGET SUMMARY

The adopted budget for the Library reflects an overall expenditure increase of 8.5% from last year's budget. The 11.2% increase in personnel is the result of a 3% pay adjustment and the addition of two FTEs from the Public Arts Division, which moved to Libraries during the 2017-18 fiscal year. The operating budget has a net 0% change, however there were both increases and decreases to the overall budget. Increases were largely due to moving expenses related to the Public Art Division from Parks and Recreation. These increases were offset by a \$15,500 reduction in maintenance and repair, which was transferred to Public Works to centralize maintenance operations. In addition, several reductions to operating, including contracted services, supplies, and software licenses contributed to the overall net change of 0%

Library revenues reflect support from Orange County in the amount of \$568,139. Transfer from the Library Gift Fund remains at the historic level of \$45,000 in 2018-19. Revenues also eliminate \$5,088 for fines collected through a contracted collection agency. The Library will no longer use this collection service.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$2,117,896	\$2,381,319	\$2,575,731	\$2,067,696	\$ 2,647,788	11.2%
Operating Costs	797,910	754,739	889,995	833,041	754,370	0.0%
Total	\$2,915,806	\$3,136,058	\$3,465,726	\$2,900,737	\$ 3,402,158	8.5%

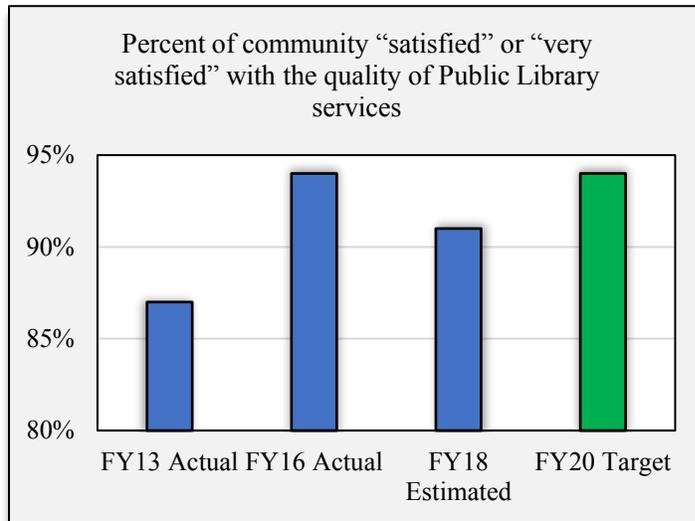
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
General Fund	\$2,125,526	\$2,350,235	\$2,679,903	\$2,100,153	\$ 2,614,377	11.2%
Grants	596,203	596,203	596,203	596,595	597,139	0.2%
Charges for Services	126,300	115,679	115,679	126,334	119,392	3.2%
Licenses/Permits/Fines	5,600	5,088	5,088	5,815	-	-100.0%
Other Revenues	17,177	23,853	23,853	26,840	26,250	10.0%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$2,915,806	\$3,136,058	\$3,465,726	\$2,900,737	\$ 3,402,158	8.5%

LIBRARY

MISSION-LEVEL MEASURES

Vibrant & Inclusive Community	Program:	Serve as a Place for Everyone
	Objective:	Increase user satisfaction with library services
	Mission Measure:	Percent of community “satisfied” or “very satisfied” with the quality of Public Library services



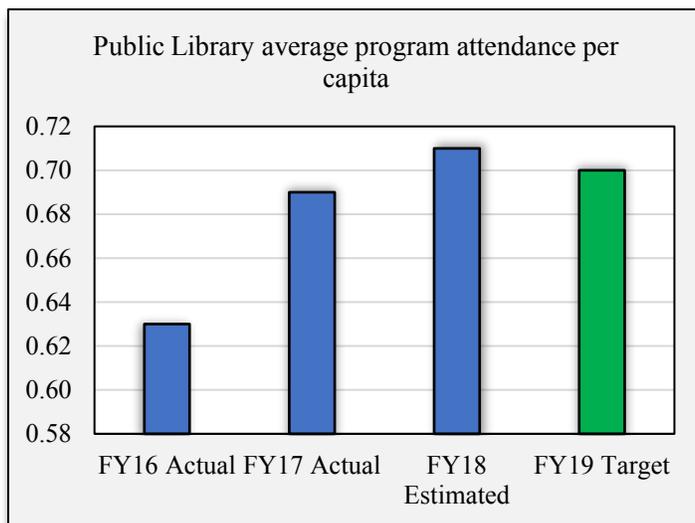
Departmental Analysis

- Community Survey results decreased slightly in the short term, though the long-term trend remains upward. Our numbers are excellent- and we remain committed to continual improvement

Initiatives - What will we do to take action?

- Continue to assess and improve services

Vibrant & Inclusive Community	Program:	Cultural and Community Programs for All Ages
	Objective:	Maintain an above average program attendance per capita rate for NC Public Libraries
	Mission Measure:	CHPL average program attendance per capita



Departmental Analysis

- Program attendance per capita remains significantly higher than the NC Public Library average of 0.31. Many opportunities exist to meet demand for educational, cultural, and community programs, and residents take advantage of these opportunities

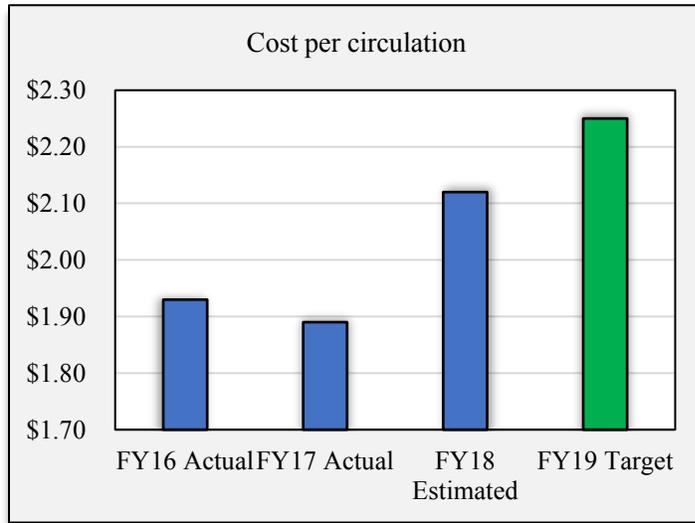
Initiatives - What will we do to take action?

- Continue to assess and improve programming to better meet local needs and interests

LIBRARY

MISSION-LEVEL MEASURES (continued)

Vibrant & Inclusive Community	Program:	Circulation
	Objective:	Increase community usage of library collections
	Mission Measure:	Cost per circulation



Departmental Analysis

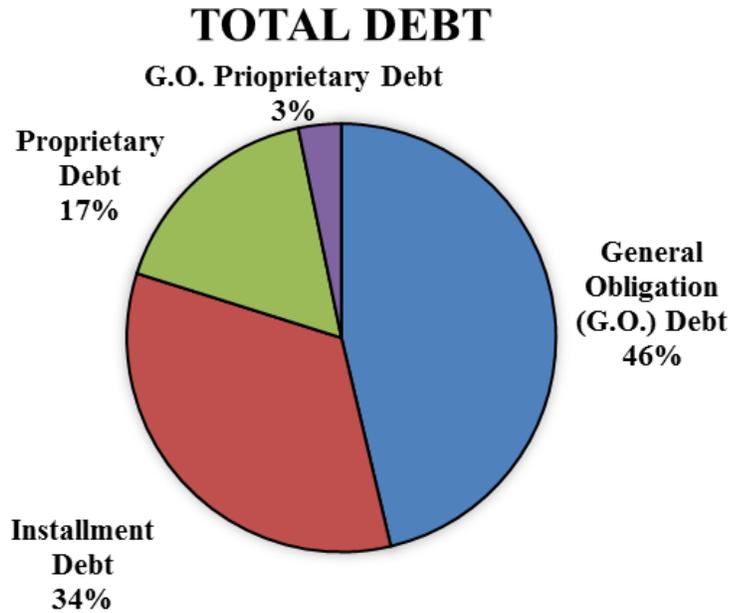
- Cost per circulation remains significantly lower than the NC Public Library average of \$5.66. Chapel Hill residents borrow a lot of library materials. Operations are more efficient than state-wide averages

Initiatives - What will we do to take action?

1. Continue to assess and improve collections, policies, and discovery tools

DEBT SERVICE FUND

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



DEBT & BOND RATINGS

Outstanding Debt

As of June 30, 2018 the Town had about \$84 million in debt outstanding. As shown in the following table, this consists of General Obligation (G.O.) debt and installment financings as well as employee related obligation such as separation allowance and compensated absences.

In April of 2018 the Town closed on \$12.5 million of General Obligation (G.O.) bonds. The G.O. Bonds were issued for the following uses:

- Stormwater Improvements
\$2,700,000
- Parks & Recreation
\$4,300,000
- Streets & Sidewalks
\$5,500,000

In February of 2017, the Town closed on \$1.46 million of Two-thirds Public Safety bond and \$9,000,000 of G.O. bonds. The two-thirds bonds were used to purchase fire apparatus. The G.O. bonds funded trails and greenways, parks and recreation facility improvements and street and sidewalk projects. The G.O. bonds were the first issuance from the successful 2015 Bond Referendum.

Long-Term Debt June 30, 2018	
Governmental Debt	
General obligation debt	\$ 38,770,000
Limited Obligation Bonds	9,200,000
Installment debt	11,301,000
Separation allowance	4,799,000
Compensated absences	<u>2,819,000</u>
Total	\$ <u>66,889,000</u>
Proprietary Fund Debt	
Enterprise Funds	
General obligation debt	\$ 2,700,000
Limited Obligation Bonds	6,955,000
Installment debt	5,848,000
Compensated absences	637,000
Internal Service Funds	
Motor vehicle equipment	<u>717,000</u>
Total	\$ <u>16,857,000</u>

Also in February of 2017 the Town closed on an installment financing for the purchase of 14 transit buses. The buses were financed for a ten year term at an interest rate of 2.09%. The Chapel Hill Transit funding partners, Carrboro, UNC and Chapel Hill, will share the cost of repaying the debt.

In March of 2016 Town completed a combined installment financing for streets and buildings for \$7,984,000 that was completed in March 2016. The financing had a 15 year term with a net interest cost of 2.32%.

In June 2015 the Town entered into a public improvement installment financing in the amount of \$2.44 million. The funds were used for public facility and public safety projects. The installment financing had a 15 year term and was completed with a net interest cost of 2.24%.

DEBT & BOND RATINGS

In February 28, 2013 the Town sold \$3.05 million of General Obligation (G.O.) refunding bonds. The refunding bonds sold at a very competitive interest rate of 2.02% resulting in net present value savings of \$158,563.

In June of 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 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 are to 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.

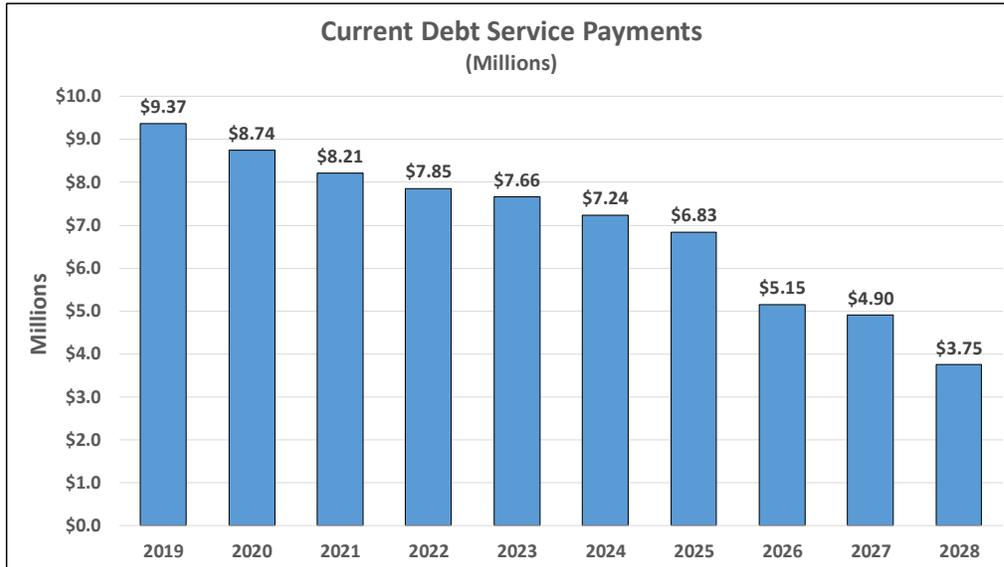
On May 15, 2012 the Town sold \$1.7 million of two-thirds G.O. bonds and \$4.94 million in G.O. refunding bonds. The refunding bonds closed in FY12 with a rate of 2.26%, generating \$432,217 in net present value savings. The two-thirds bonds closed in FY13, with a rate of 1.42%.

On October 12, 2010, the Town issued \$20.41 million in G.O. 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 (BABs) that receive an interest rebate from the Federal Government. The balance of the G.O. bonds were issued as conventional tax-exempt bonds. The next largest portion of debt, \$15.9 million, was issued in 2005 to finance the construction of the Town Operations Center project. The Town has an additional \$8.57 million in debt that was used to finance the Wallace Parking Deck and other off-street parking facilities. This debt is paid entirely from parking enterprise revenue.

DEBT & BOND RATINGS

Current Debt Obligations

The Town has a rapid pay-down of existing debt with 77% of existing debt scheduled to be retired within 10 years. The Town’s long-term debt payments for existing G.O. bonds and installment finance debt, for all funds, are shown below for the next ten years:



(Includes enterprise and vehicle financings that are not paid from the debt Fund)

Future Additional Debt

In November of 2015 the Town held a general obligation bond referendum. All five of the bond orders that appeared on the ballot were approved by the voters. The amount of authority approved by the voters, by bond order, the amounts issues through June 30, 2018, and the balance of authority remaining are shown in the following table.

BOND ORDER	AUTHORITY	ISSUED	BALANCE
Streets & Sidewalks	\$ 16,200,000	\$ 8,500,000	\$ 7,700,000
Trails & Greenways	5,000,000	5,000,000	0
Recreation Facilities	8,000,000	5,300,000	2,700,000
Solid Waste Facility	5,200,000	0	5,200,000
Stormwater Improvements	5,900,000	2,700,000	3,200,000
Total	\$ 40,300,000	\$ 21,500,000	\$ 18,800,000

The projects planned for each of the bond orders were identified through the Town’s capital planning process, which includes consideration of multiple master plans, special studies and public facility assessments. Through this process a number of large-scale projects were identified that could be financed through G.O. Bonds.

In addition to the referendum the Town is also planning to finance the following projects using installment debt. Depending on the timing of these projects, they may be combined into a single financing to reduce the cost of issuance.

DEBT & BOND RATINGS

- The Town is currently in the planning process for the replacement of public safety facilities, including police headquarters and several fire stations. In addition, the Town is looking to address other space needs by combining public safety with other uses in one “multi-agency” facility. Preliminary estimates suggest that the total cost of a multi-agency facility, including remediation costs at the current Police Headquarters site, will be about \$34 million, depending on the final design of the project. It is expected that the project will be financed sometime in late 2019.
- The Town is planning to add additional parking capacity in Downtown by adding an additional level of parking to the Wallace Parking Garage. Preliminary estimates of the cost are in the \$2.4 million range.
- Phase II of the Ephesus Fordham public improvements is currently in the planning stages. The estimated cost of the project is about \$4.2 million. The amount of the borrowing will be reduced by the NCDOT reimbursement of \$1.6 million that the Town received for the construction cost of Ephesus Fordham Phase I. Net of the reimbursement, the expected borrowing will be about \$2.6 million.

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 G.O. bonds and certificates of participation.

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.

TOWN OF CHAPEL HILL, NORTH CAROLINA	
COMPUTATION OF LEGAL DEBT MARGIN	
June 30, 2018	
Total assessed valuation at June 30, 2018	\$ <u>7,975,000,000</u>
Debt limit - 8% of total assessed value	\$ <u>638,000,000</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>41,470,000</u>
Legal debt margin	\$ <u>596,530,000</u>

As of June 30, 2018 the Town had \$41,470,000 in outstanding G.O. Bonds that apply to this limit. The total is less than 1% of the Town’s June 30, 2018 tax base (\$7.97 billion).

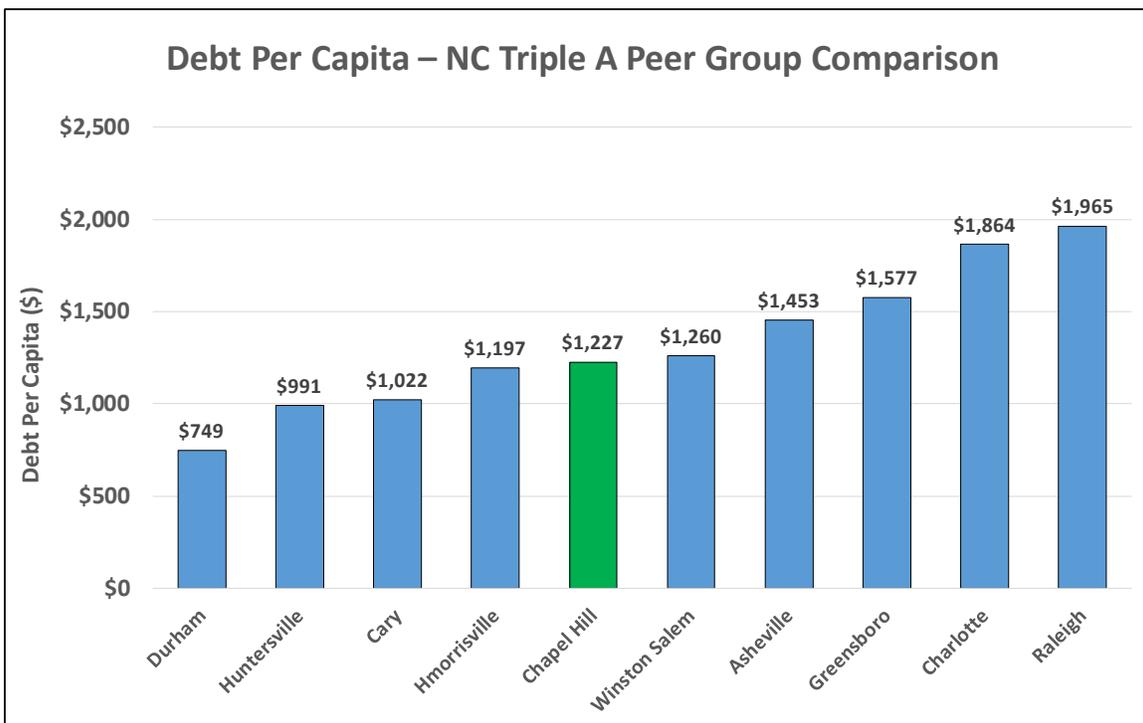
Debt Benchmarks

The Town’s annual General Fund G.O. bond and installment financing debt service cost for FY19 is about \$8.23 million, or about 12.44% of the adopted General Fund budget. As a percentage of adopted governmental funds budgets (Debt Management Fund and General Fund), debt service costs are about 10.97%. Annual debt service is considered to be low to moderate if it is less than 10% of the annual governmental appropriations. Our

DEBT & BOND RATINGS

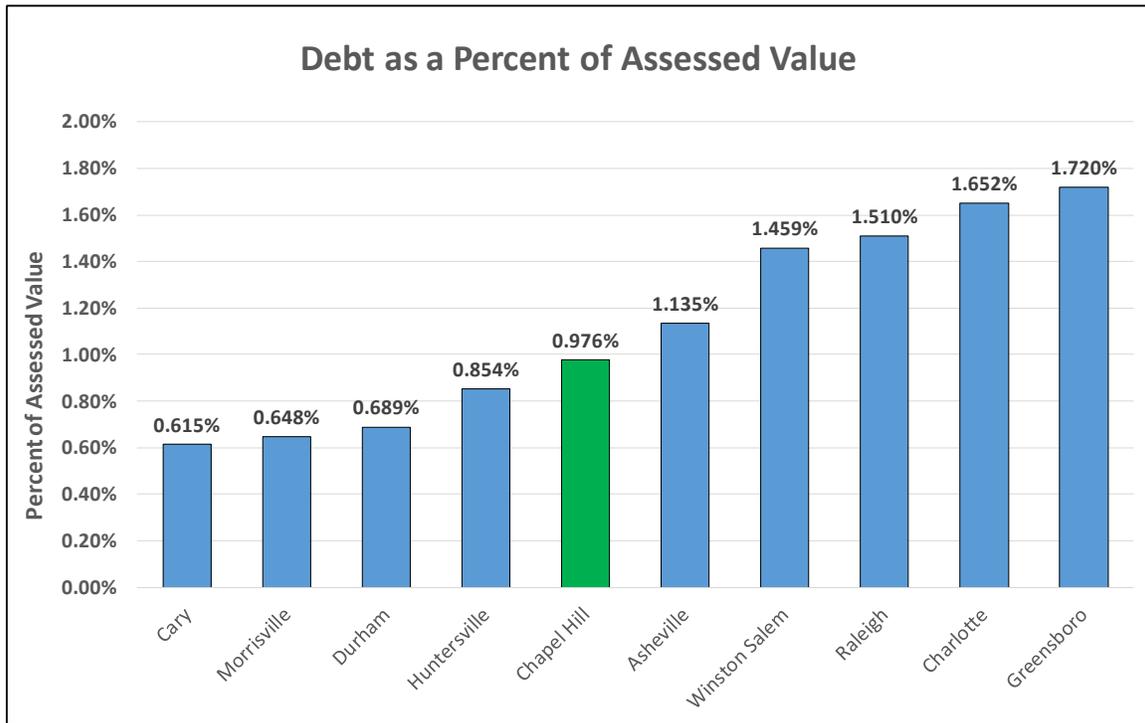
projections show that we will have debt service levels between 10% and 13% of governmental budgets for the next several years as borrowing increases to meet capital needs. We will continue to monitor this indicator because it is one of numerous factors used to determine the Town's credit rating.

Two commonly used debt burden measures are debt per capita and debt as a percentage of assessed value. The Towns values for these two benchmarks compared to other triple A rated credits in North Carolina are shown in the following graphs. For both benchmarks, the Town is slightly below the average for the triple A peer group. This suggests that the Town's debt levels are on par with other highly rated jurisdictions.



(Ratios of total outstanding G.O.B. debt, authorized & unissued G.O.B. debt, and IP debt, excluding enterprise, for N.C. populations with a triple A rating. Source: Analysis of Debt of N.C. Municipalities 6/30/2017, Department of State Treasurer, Division of State and Local Government Finance.)

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 with a triple A rating. Source: Analysis of Debt of N.C. Municipalities 6/30/2017, Department of State Treasurer, Division of State and Local Government Finance.)

Bond Ratings

The Town's bond ratings evidence its financial strength. When the Town issues G.O. bonds or other securities, rating agencies reevaluate

Moody's	AAA
Standard & Poor's	AAA

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. Both Moody's Investor Services and Standard and Poor's affirmed the Town's triple A General Obligation Bond Rating for the April 2018 issuance of G.O. Bonds. Triple A is the highest rating attainable for G.O. Bonds.

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 limited obligation bonds issued to refund the Town Operations Center debt and to pay for the Town's parking deck at 140 West. 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 8.2 cents is expected to yield \$6.73 million in revenues in 2018-19.

The adopted budget for 2018-19 includes a contribution to reserve of about \$17,000

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Principal Payments	\$ 5,030,000	\$ 5,338,000	\$ 5,338,000	\$ 5,338,000	\$ 5,845,000	9.5%
Interest Expense	2,025,209	2,204,793	2,204,793	2,204,793	2,412,312	9.4%
Contribution to Reserve	-	-	-	71,226	16,919	N/A
Total	\$ 7,055,209	\$ 7,542,793	\$ 7,542,793	\$ 7,614,019	\$ 8,274,231	9.7%

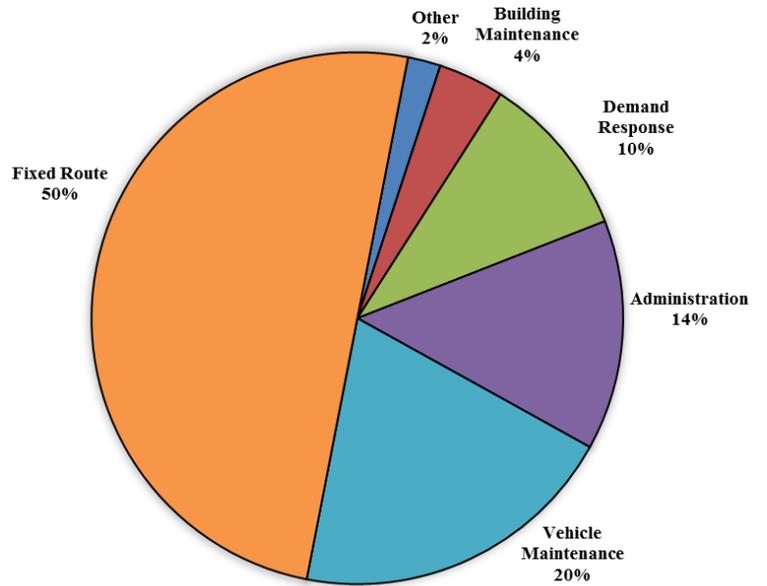
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Property Taxes	\$ 6,393,213	\$ 6,443,000	\$ 6,443,000	\$ 6,523,000	\$ 6,733,000	4.5%
Transfer from Off-Street Parking	908,831	906,832	906,832	906,832	914,631	0.9%
Transfer from General Fund	-	-	-	-	445,100	N/A
BABS Interest Subsidy	170,005	170,000	170,000	170,187	170,000	0.0%
Interest Income	16,173	7,500	7,500	14,000	11,500	53.3%
Appropriated Fund Balance	(433,013)	15,461	15,461	-	-	-100.0%
Total	\$ 7,055,209	\$ 7,542,793	\$ 7,542,793	\$ 7,614,019	\$ 8,274,231	9.7%

TRANSIT FUND

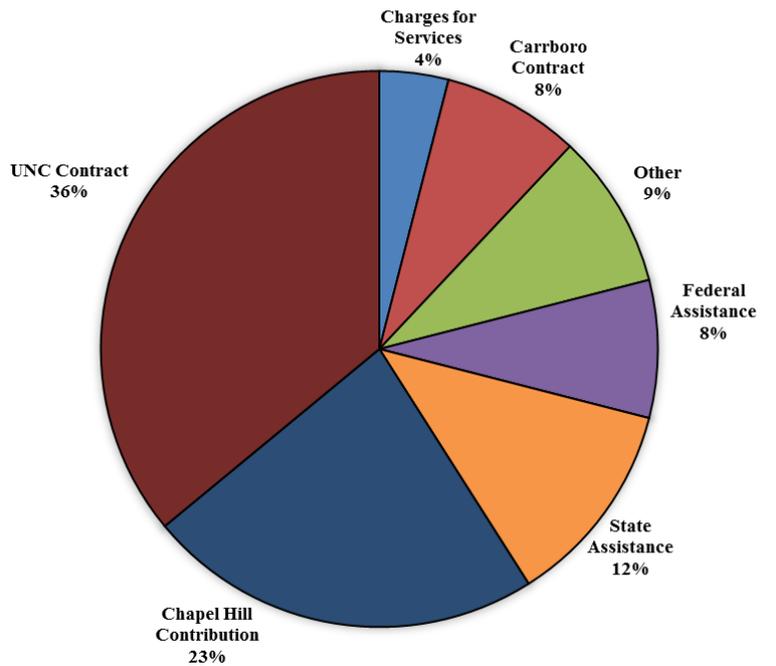
The Transit Fund is used to account for the operations of the Town's public transit system.

TRANSIT EXPENDITURES



Total \$23,768,295

TRANSIT REVENUES



TRANSIT

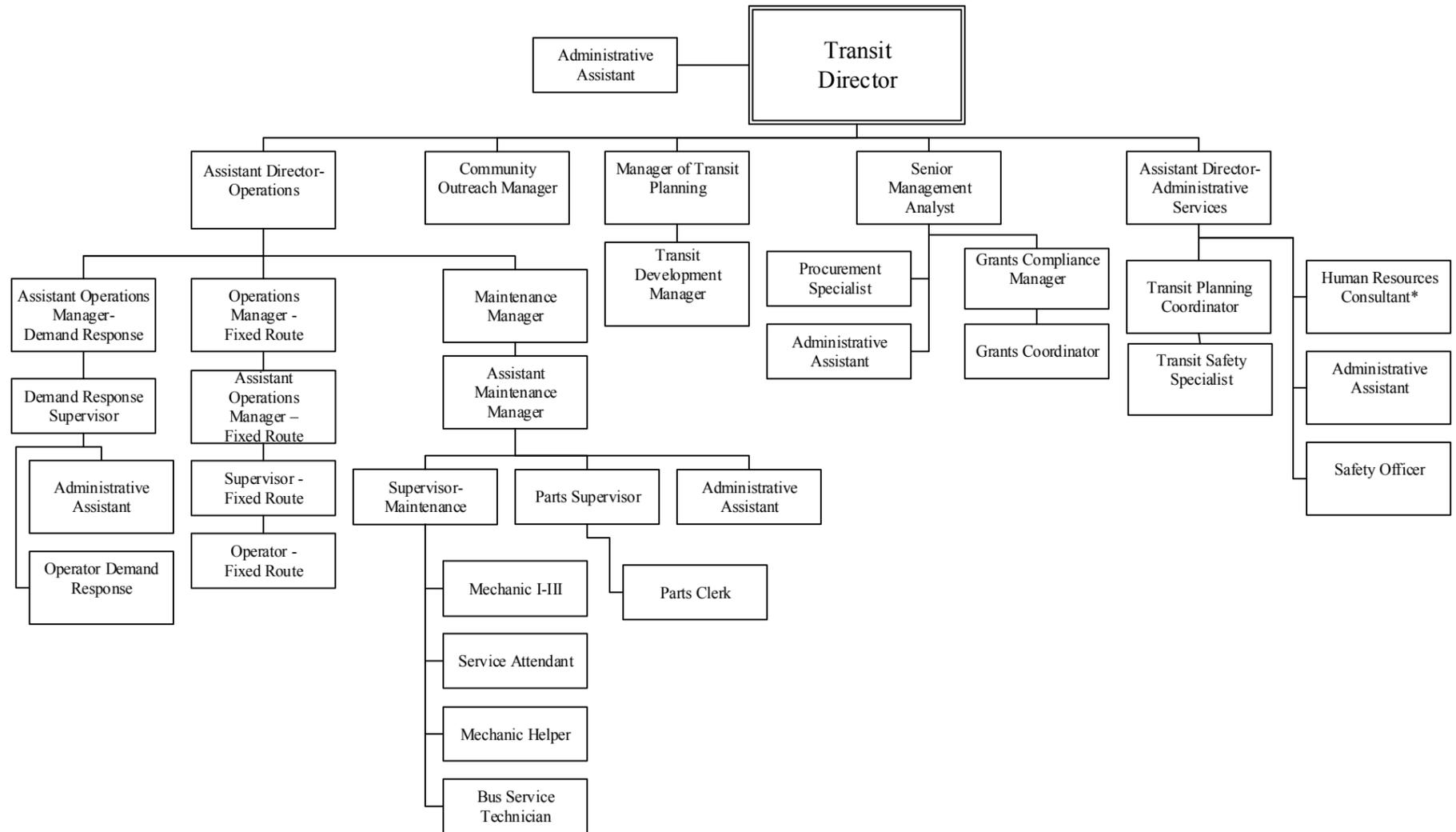
MISSION STATEMENT:

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.

The Transit Department identified the following primary programs that are included in the adopted budget for 2018-19.

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 Advertising	Maintain a viable advertising sales business for the transit system. Coordinate with advertisers, third-party ad developers, and others to generate revenues for the transit fund.

TRANSIT



*This position has a shared report structure which includes both the Asst. Director and Human Resources Director.

TRANSIT FUND

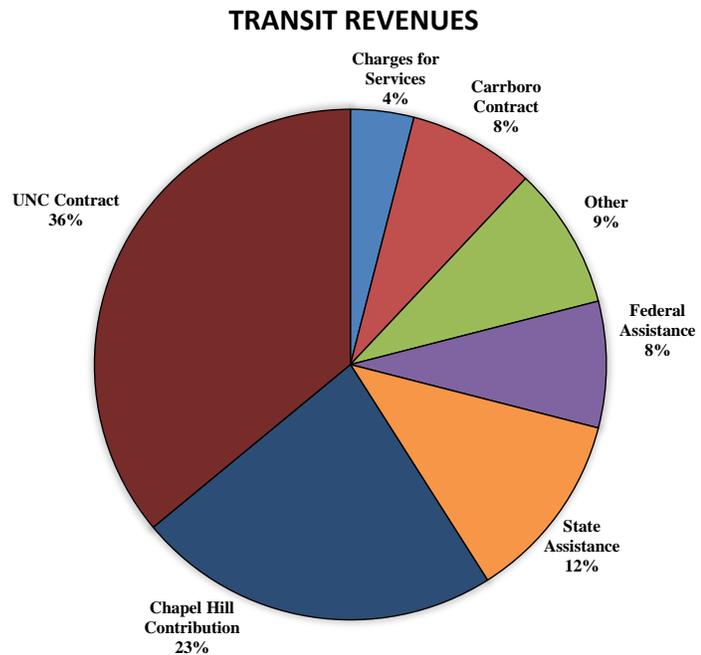
Major Revenue Sources - Descriptions and Estimates

The Town provides public transit services for the Town of Chapel Hill and the neighboring Town of Carrboro and the University of North Carolina. The two towns and the university share annual operating costs of the transit 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 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 2018-19 totals about \$23.8 million, an increase of 3.9% from 2017-18. Below is a description of the major revenue sources for the Transit Fund and the pie chart below shows the major revenue sources for fiscal year 2018-19. Please note that due to the partnership between the Town of Chapel Hill, Town of Carrboro, and the University of North Carolina, some financial aspects are still being discussed by the partners and are subject to change.

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 federal funding for operations to keep in line with 2017-18 levels at \$1.94 million. The adopted budget for 2018-19 includes no non-recurring federal grants at this time. Additional operating grants will be sought for 2018-19 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 2017-18 is expected to be almost \$2.9 million, about \$400,000 more than budgeted, with an adopted 2018-19 budget amount of \$2.94 million.

TRANSIT FUND

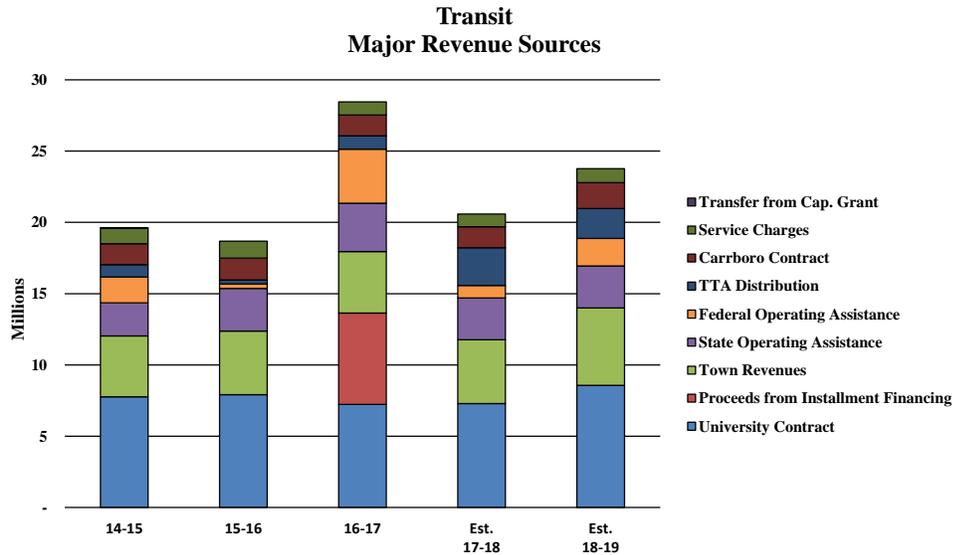
Major Revenue Sources - Descriptions and Estimates

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 was about \$7.16 million in 2016-17 and \$7.29 million in 2017-18. UNC's allocation for 2018-19 reflects an increase of about \$1.29 million to \$8.57 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 2017-18 was about \$1.48 million and the budget for 2018-19 reflects an increase of about \$327,000 to \$1.81 million based on the funding formula.



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 2018-19 is about \$5.42 million. The 2018-19 adopted budget is balanced with a 1 cent tax increase to the Transit property tax in order to adequately fund the bus replacement plan. Also included in Town revenues are interest income and \$454,000 for vehicle license fees.

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

Park and Ride Fees

The adopted budget for 2018-19 includes fees for use of park and ride lots. The University charges a fee for the lots they operate, which would result in overflow to our lots if they remained free of charge. The 2018-19 adopted budget includes fee revenues of \$95,000.

Other revenues expected for the system include about \$340,000 in fares for the Tar Heel Express and other special events, and about \$228,000 in services for Triangle Transit Authority.

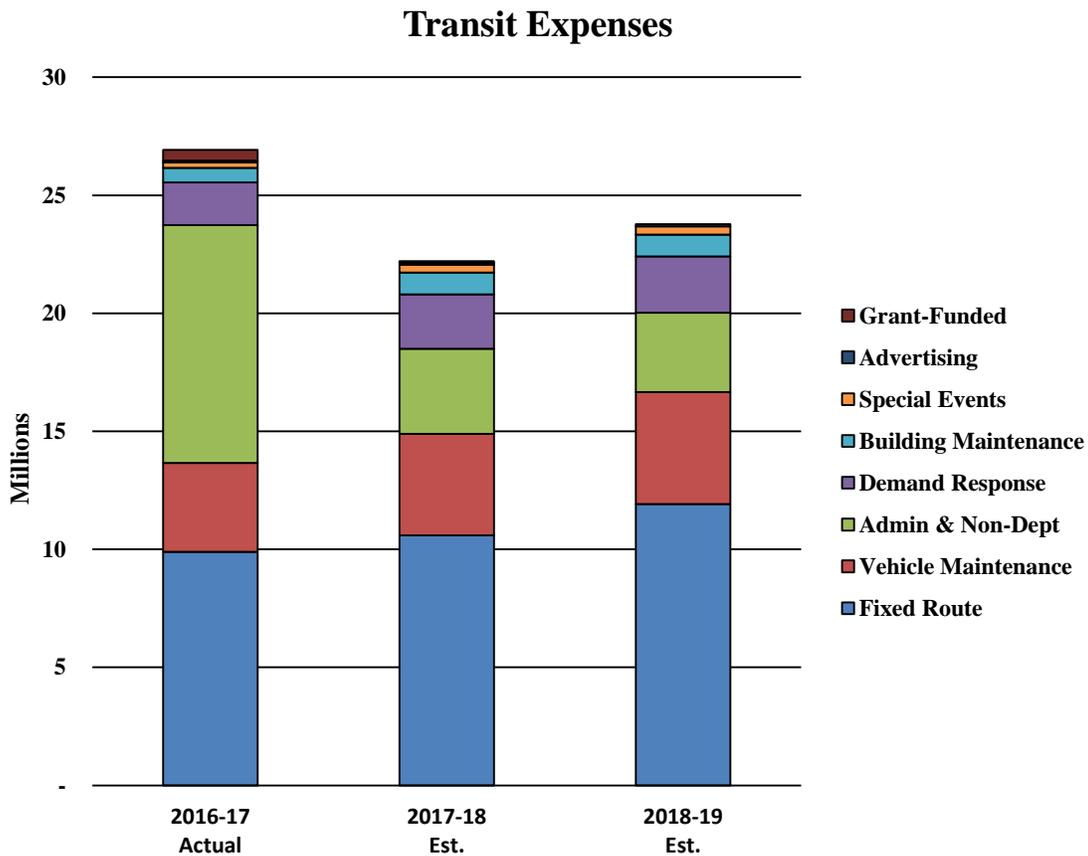
Fund Balance

The Transit system expects use approximately \$1.53 million in fund balance in 2017-18. The budget was balanced without the appropriation of fund balance.

TRANSIT FUND

Major Expenditures - Descriptions and Estimates

The adopted budget for Transit for 2018-19 continues fare free services for fixed routes in the system and totals \$23.77 million. 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 minivans, and four maintenance service trucks that provide transit service to the entire community. Operational costs total about \$14.6 million and Maintenance costs total about \$5.7 million.



Expenditures for 2018-19 include a 3% of market pay adjustment and a 1.5% health insurance cost decrease and costs associated with the UNC Clinic. There is \$184,800 budgeted cost for other postemployment benefits (OPEB) and also includes \$716,110 for debt payments for the purchase of 14 buses.

The 2018-19 adopted budget includes a \$250,890 transfer to the Capital Reserve Fund for future grant matches.

TRANSIT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Administration			
Director-Transportation	1.00	1.00	1.00
Assistant Director-Transportation	1.00	1.00	1.00
Assistant Director - Admin Services	0.00	0.00	1.00
Management Analyst	1.00	1.00	1.00
Community Outreach Manager	1.00	1.00	1.00
Advertising Sales Manager	1.00	1.00	1.00
Grants Coordinator	1.00	1.00	1.00
Customer Service Coordinator	1.00	1.00	0.00
Procurement Specialist	1.00	1.00	1.00
Transit Services Planner	2.00	1.00	1.00
Administrative Assistant	3.00	3.00	4.00
Human Resources Consultant	1.00	1.00	1.00
Training Coordinator	1.00	0.00	0.00
Transit Planning Coordinator	1.00	1.00	1.00
Administrative Services Manager	1.00	1.00	0.00
Division Totals	17.00	15.00	15.00
Operations			
OCC Health & Safety Officer	1.00	1.00	1.00
Demand Response Manager	1.00	1.00	1.00
Training Coordinator	0.00	1.00	1.00
Manager - Transit Operations	0.00	1.00	1.00
Assistant Manager - Transit	0.00	2.00	2.00
Supervisor-Transit	10.00	10.00	10.00
Transit Operator - Demand Response	13.63	14.63	14.63
Transit Operator - Fixed Route	123.66	122.66	122.66
Administrative Assistant	2.00	2.00	2.00
Division Totals	151.29	155.29	155.29
Equipment Maintenance			
Maintenance Manager	1.00	1.00	1.00
Assistant Maintenance Manager	1.00	1.00	1.00
Mechanic Supervisor	2.00	2.00	3.00
Parts Manager	1.00	1.00	1.00
Mechanic (I-III)	16.00	16.00	16.00
Bus Service Technician	2.00	2.00	2.00
Mechanic Helper	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Parts Clerk	2.00	2.00	2.00
Service Attendant	6.00	6.00	5.00
Division Totals	33.00	33.00	33.00
Transit Department Totals	201.29	203.29	203.29

TRANSIT

BUDGET SUMMARY

The adopted budget for the Transit Department continues fare-free service. Federal assistance remained flat, while state assistance had a 15.8% increase. The 2018-19 adopted budget also includes revenues from the Orange County Transit Plan (formerly entitled the Orange County Bus and Rail Plan), administered by GoTriangle. Cost increases include a 3% pay adjustment. Operations in 2017-18 are expected to use approximately \$1.53 million to fund balance. The 2018-19 adopted budget is balanced with a 1 cent increase to the Transit property tax in order to adequately fund the bus replacement plan. This increase in revenues from the Town will also cause the funding partners to see increases in their proportional share.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Admin & Non-Dept Grant-Funded	\$ 10,079,995	\$ 2,993,687	\$ 5,202,692	\$ 3,605,945	\$ 3,362,955	12.3%
Advertising	454,265	-	553,179	88,850	-	N/A
Fixed Route	82,324	98,715	98,715	69,925	91,916	-6.9%
Demand Response	9,895,968	11,834,442	11,799,879	10,595,235	11,899,399	0.5%
Special Events	1,802,688	2,231,080	2,232,232	2,303,419	2,381,391	6.7%
Vehicle Maintenance	232,612	333,958	333,958	333,016	336,905	0.9%
Building Maintenance	3,760,111	4,519,098	4,563,876	4,292,879	4,766,675	5.5%
	615,806	865,012	917,759	922,963	929,054	7.4%
Total	\$ 26,923,769	\$ 22,875,992	\$ 25,702,290	\$ 22,212,232	\$ 23,768,295	3.9%

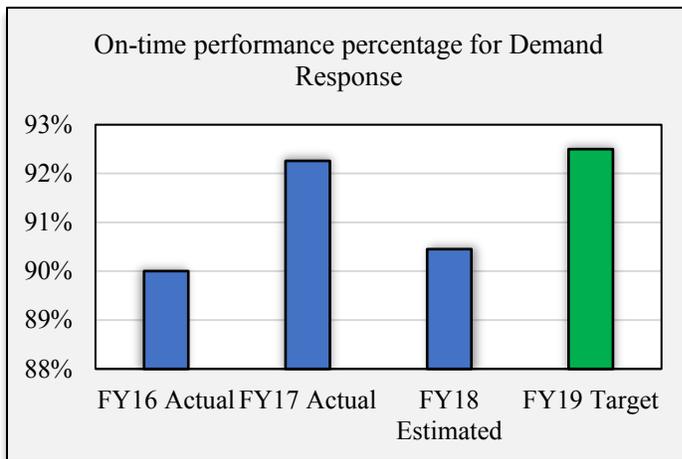
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Charges for Services	\$ 815,864	\$ 886,655	\$ 886,655	\$ 836,655	\$ 834,655	-5.9%
Federal Assistance	3,642,826	1,944,719	1,944,719	810,300	1,944,719	0.0%
Federal Ops Grants	156,241	-	205,680	58,370	-	N/A
State Assistance	3,385,614	2,539,695	2,687,832	2,939,769	2,939,769	15.8%
TTA Fees	928,618	1,739,000	3,239,000	2,644,000	2,094,000	20.4%
UNC Contract	7,231,584	7,288,468	7,288,468	7,288,468	8,573,655	17.6%
Carrboro Contract	1,455,012	1,481,821	1,481,821	1,481,821	1,808,945	22.1%
Advertising Revenue	76,629	150,000	150,000	150,000	150,000	0.0%
Chapel Hill Revenues	4,316,467	4,422,552	4,422,552	4,472,552	5,422,552	22.6%
Proceeds from						
Installment Financing	6,408,000	-	-	-	-	N/A
Appropriated Fund Balance	(1,493,086)	2,423,082	3,395,563	1,530,297	-	-100.0%
Total	\$ 26,923,769	\$ 22,875,992	\$ 25,702,290	\$ 22,212,232	\$ 23,768,295	3.9%

TRANSIT

MISSION-LEVEL MEASURES

Connected Community	Program:	Demand - Response Service
	Objective:	Demand response services will be on time (arriving within the 20 minute pick-up window) at least 90 percent of the time
	Mission Measure:	On-time performance percentage for Demand Response



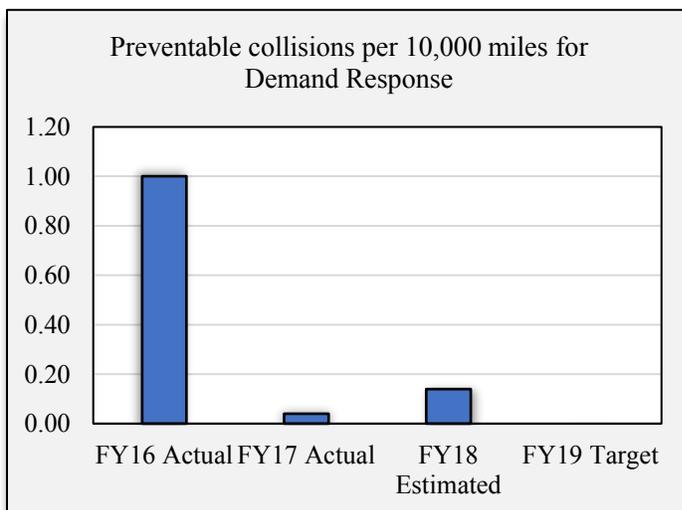
Departmental Analysis

- OTP decreased from FY17 to FY18 due to an increase of 15% in ridership.
- Continue to make improvements with scheduling

Initiatives - What will we do to take action?

1. Increase in staff and vehicles to meet the needs of our customers

Connected Community	Program:	Demand - Response Service
	Objective:	Keep the rate of demand response preventable accidents at 3 or fewer per 100,000 miles
	Mission Measure:	Preventable collisions per 10,000 miles for Demand Response



Departmental Analysis

- Demand Response safe driving was exceptional last fiscal year
- The safety awareness and training programs are working

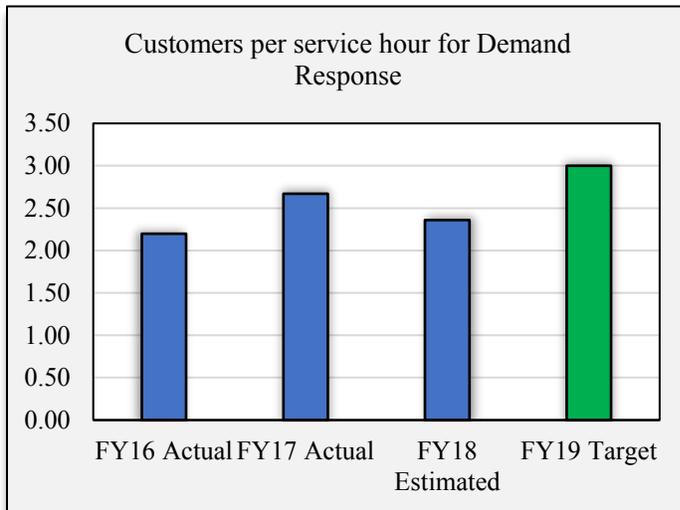
Initiatives - What will we do to take action?

1. Continue recognition efforts for safe performance
2. Continue to provide a higher level awareness and training

TRANSIT

MISSION-LEVEL MEASURES (continued)

Connected Community	Program:	Demand - Response Service
	Objective:	Increase the number of passengers per hour in demand response paratransit service
	Mission Measure:	Customers per service hour for Demand Response



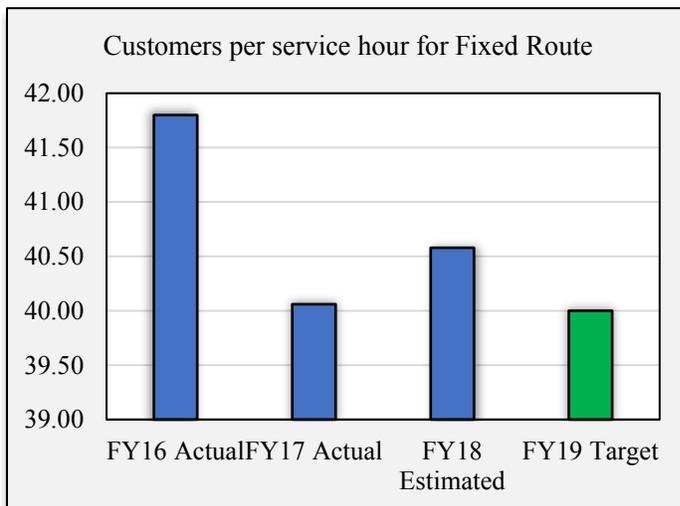
Departmental Analysis

- Total customers served has remained the same
- Looking for ways to improve customers per hour

Initiatives - What will we do to take action?

1. Monitor demands for service monthly
2. Identify potential enhancements to efficiency that do not reduce the customer's experience

Connected Community	Program:	Fixed - Route Bus Service
	Objective:	Increase the number of passengers per hour in fixed route transit service
	Mission Measure:	Customers per service hour for Fixed Route



Departmental Analysis

- Nationally, ridership trends continue to decline
- Impact by private shuttles and companies like Uber have lowered ridership
- Shifts to other modes (walking/biking) with some student housing shifted towards downtown
- Low gasoline prices also impact ridership

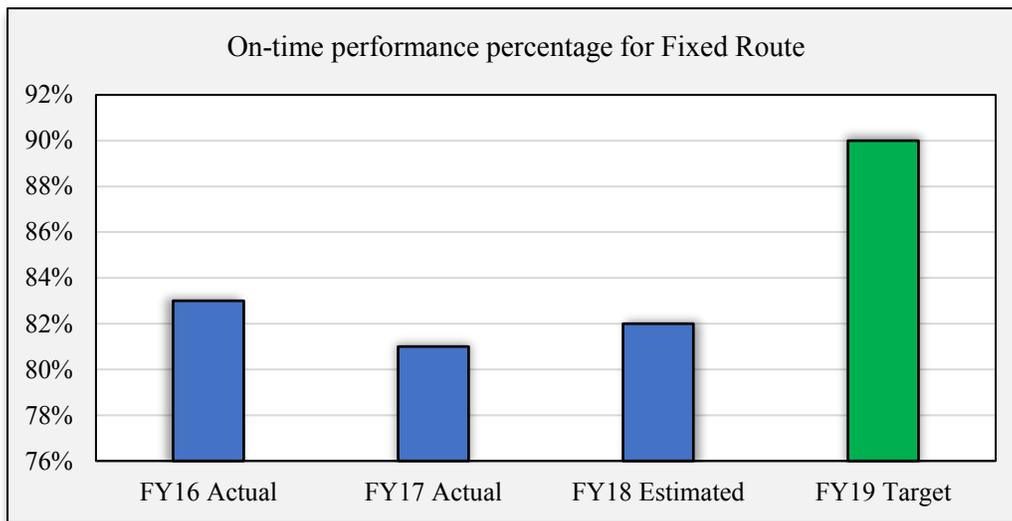
Initiatives - What will we do to take action?

1. Bi-directional bus stop signs to provide better identification of stop locations
2. Exploring on-demand or micro-transit solutions
3. Community Outreach to inform about services

TRANSIT

MISSION-LEVEL MEASURES (continued)

Connected Community	Program:	Fixed - Route Bus Service
	Objective:	Fixed route services will operate according to published schedules at least 90% of the time (note: Early departures or late departures more than 5 minutes late are considered not on time)
	Mission Measure:	On-time performance percentage for Fixed Route



Departmental Analysis

- Due to the high rate of operator turnover, we have an increase of newer operators who operating slower as they learn the routes
- Since FY17, we have implemented All-Door Boarding, which has helped us increase our OTP.
- Fixed Route continues to be challenged to meet On-Time Performance metrics
- This is attributable to increased traffic congestion during peak hours, construction, inclement weather, and other factors that are beyond our control
- Increased Street Supervision is needed so we can better understand the factors and better control those that are within our ability to influence and/or control
- Focus efforts to minimize early departures and other things that are within our control
- Staffing shortages impact On-Time Performance when we do not have personnel to operate the assignment

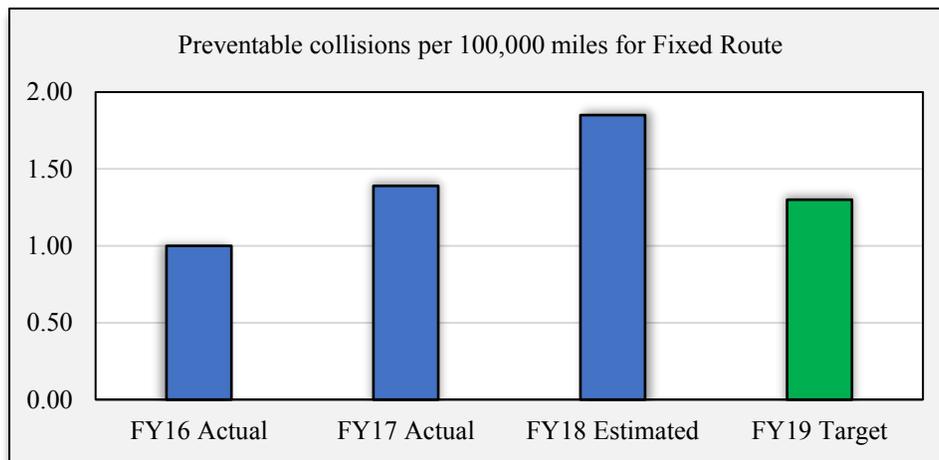
Initiatives - What will we do to take action?

1. The Short Range Transit plan will continue to look at routing patterns and scheduling related to demand
2. We saw a modest increase in our On-Time Performance through the use of All Door Boarding. We need to provide more training to the operators and more public education to further refine this initiative
3. Fixed Route needs additional supervisor positions to effectively manage the street operations
4. More focus will be applied towards operator attendance and ensuring that they are completing runs according to the time points
5. Transit Priority Signals would greatly aide us in our ability to maintain schedule
6. In the longer term, the BRT Project should help impact performance for the positive

TRANSIT

MISSION-LEVEL MEASURES (continued)

Connected Community	Program:	Fixed - Route Bus Service
	Objective:	Keep the rate of preventable fixed route accidents at 1 or fewer per 100,000 miles
	Mission Measure:	Preventable collisions per 100,000 miles for Fixed Route



Departmental Analysis

- Continues to be at or near Industry standard.
- We continue to see a high rate of operator turnover, which is reducing the years of service. With newer operators, collision frequency increases
- In FY17, 82% of the eligible Fixed Route operators received a safe driving award for no preventable accidents. Given the challenges they face daily with the sheer number of vehicles and pedestrians, we are doing well
- However, we are trending above our target goal and can always improve
- Complacency among more tenured operators and lack of experience among newer operators are largely contributing to the increase
- Unfortunately, the only way to gain experience is to perform the job functions and we would expect to see some accidents occurring with newer team members as they may not be perfect as they work to build their skill level
- We can implement measures to overcome the complacency aspect and renew the focus of our safety culture

Initiatives - What will we do to take action?

1. Continue recognition efforts for safe performance
2. Increased awareness via random video review.
3. Implement training measures for identified skills
4. All operators need to go through a Smith System Defensive Driving Training – staff has been working on receiving their certifications to be able to train and we will move to train 50% of our operator staff each year to keep a biennial rotation going
5. Increased supervision is needed to help mitigate risk exposures
6. Increased resources to provide training and remedial training are needed
7. Increased awareness through signage/safety reminders is needed
8. Continue to provide recognition for safe driving behaviors

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 2018-19 includes a \$150,000 budgeted item for costs related to the UNC Clinic and a 3% raise adjustment. Additionally, the personnel increase can be attributed to the movement of the Transit Operations Manager to the Administration Division.

The adopted budget includes a \$250,890 transfer to capital reserve for the purpose of future capital purchases as well as \$716,110 of debt toward the purchase of 14 buses that were purchased through installment financing.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,285,355	\$ 1,647,219	\$ 1,647,219	\$ 1,580,589	\$ 1,846,934	12.1%
Operating Costs	296,017	379,468	2,624,528	1,138,101	1,265,131	233.4%
Transfer to						
Capital Grant	-	-	680,255	680,255	-	N/A
Transfer to						
Capital Reserve	967,000	967,000	250,690	207,000	250,890	-74.1%
Capital Outlay	7,496,041	-	-	-	-	N/A
Debt Issuance Cost	35,582	-	-	-	-	N/A
Total	\$ 10,079,995	\$ 2,993,687	\$ 5,202,692	\$ 3,605,945	\$ 3,362,955	12.3%

TRANSIT - Grants
BUDGET SUMMARY

At the time of the adopted budget, there were no planned grants for 2018-19.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 81,437	\$ -	\$ 127,946	\$ 35,546	\$ -	N/A
Operating Costs	372,828	-	425,233	39,673	-	N/A
Capital Outlay	-	-	-	13,631	-	N/A
Total	\$ 454,265	\$ -	\$ 553,179	\$ 88,850	\$ -	N/A

TRANSIT - Advertising **BUDGET SUMMARY**

The adopted budget for 2018-19 has an overall expenditure decrease of 6.9%. There is a decrease of 7.5% in personnel expense due to position turnover. The decrease of 3.2% for operating costs reflects a slight decrease in indirect costs.

Revenues are projected at \$150,000 in 2017-18, and at \$150,000 for 2018-19.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 79,360	\$ 84,536	\$ 84,536	\$ 58,438	\$ 78,194	-7.5%
Operating Costs	2,964	14,179	14,179	11,487	13,722	-3.2%
Total	\$ 82,324	\$ 98,715	\$ 98,715	\$ 69,925	\$ 91,916	-6.9%

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 reflects a 0.5% increase in overall costs. There is a .8% increase in personnel costs, which is a result of a 3% pay adjustment, offset by the move of the Transit Operations Manager to the Administration Division.

There is a decrease of 0.2% for operating costs. This is due to a decrease in software related costs.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 7,360,528	\$ 8,927,974	\$ 8,857,974	\$ 7,668,346	\$ 8,998,652	0.8%
Operating Costs	2,456,261	2,906,468	2,885,036	2,870,020	2,900,747	-0.2%
Capital Outlay	79,179	-	56,869	56,869	-	N/A
Total	\$ 9,895,968	\$ 11,834,442	\$ 11,799,879	\$ 10,595,235	\$ 11,899,399	0.5%

TRANSIT - Demand Response
BUDGET SUMMARY

The adopted budget for Demand Response in 2018-19 has a 6.7% increase from the previous year. There is a 7.3% increase in personnel expenditures, which is the result of a 3% pay adjustment and a position move from another division. The increase in operating can be attributed to increases to travel & training as well as software related expenses.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,441,067	\$ 1,601,587	\$ 1,551,587	\$ 1,593,652	\$ 1,717,793	7.3%
Operating Costs	361,621	629,493	642,003	671,125	663,598	5.4%
Capital Outlay	-	-	38,642	38,642	-	N/A
Total	\$ 1,802,688	\$ 2,231,080	\$ 2,232,232	\$ 2,303,419	\$ 2,381,391	6.7%

TRANSIT - Tarheel Express / Special Events
BUDGET SUMMARY

The adopted budget for Tarheel Express & Special Events in 2018-19 reflects a 0.9% increase in overall expenditures. There is a 1.2% increase in personnel costs, which is due to a 3% pay adjustment.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 182,834	\$ 251,624	\$ 251,624	\$ 250,682	\$ 254,571	1.2%
Operating Costs	49,778	82,334	82,334	82,334	82,334	0.0%
Total	\$ 232,612	\$ 333,958	\$ 333,958	\$ 333,016	\$ 336,905	0.9%

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 adopted budget for 2018-19 represents a 5.5% increase in expenditures from the previous year. The 3.7% increase in personnel costs is due to a 3% pay adjustment and changes to medical insurance selections by employees. The increase of 7.6% in operating costs reflects increases to the costs related to the maintenance and repair of vehicles.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 2,069,993	\$ 2,427,372	\$ 2,395,912	\$ 2,140,070	\$ 2,517,402	3.7%
Operating Costs	1,633,829	2,071,726	2,147,964	2,132,809	2,229,273	7.6%
Capital Outlay	56,289	20,000	20,000	20,000	20,000	0.0%
Total	\$ 3,760,111	\$ 4,519,098	\$ 4,563,876	\$ 4,292,879	\$ 4,766,675	5.5%

TRANSIT - Building Maintenance

BUDGET SUMMARY

The adopted budget for Transit's Building Maintenance division reflects a 7.4% increase overall. The 46.3% decrease in personnel expenditures is due to adjusting the new retiree medical figure to align better with prior year actuals. The 8.2% increase in operating costs is due to an increase in miscellaneous contracted services and rising utility costs.

EXPENDITURES

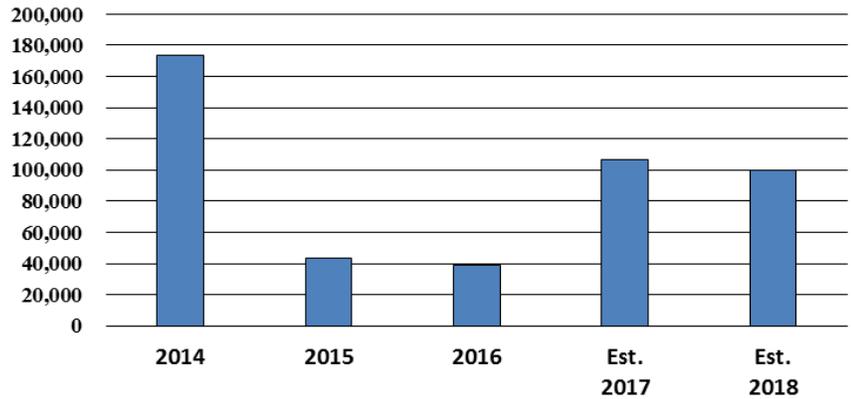
	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 11,892	\$ 12,100	\$ 12,100	\$ 6,350	\$ 6,500	-46.3%
Operating Costs	603,914	852,912	873,659	916,613	922,554	8.2%
Capital Outlay	-	-	32,000	-	-	N/A
Total	\$ 615,806	\$ 865,012	\$ 917,759	\$ 922,963	\$ 929,054	7.4%

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.

Contributions to Capital Grants



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. Matching funds for 2018-19 are estimates for grants historically received each year, but not yet awarded.

The contribution to reserve budgeted for 2018-19 is intended for bus replacement expenditures.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Contribution to Capital Grant Reserve	\$ 25,728 944,077	\$ 100,000 967,000	\$ 100,000 250,690	\$ - 212,000	\$ - 255,890	-100.0% -73.5%
Total	\$ 969,805	\$ 1,067,000	\$ 350,690	\$ 212,000	\$ 255,890	-76.0%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Interest Income	\$ 2,805	\$ 1,000	\$ 1,000	\$ 5,000	\$ 5,000	400.0%
Transfer from Transit Fund	967,000	967,000	250,690	207,000	250,890	-74.1%
Appropriated Fund Balance	-	99,000	99,000	-	-	-100.0%
Total	\$ 969,805	\$ 1,067,000	\$ 350,690	\$ 212,000	\$ 255,890	-76.0%

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 grant awards are received. Seven current project ordinances in the Transit Department are shown below:

2013-2014 Capital Grant 5339

The project ordinance for the fiscal year 2013-2014 Section 5339 Transit Capital Grant was adopted on June 22, 2015. The funds have been used to purchase 7 Light Transit Vehicles in the Demand Response Fleet. We have invoiced for reimbursement of 80% from the FTA. The State will provide 10% and the Town will provide the remaining 10%.

	Project Budget	Estimated Expenditures Through June 30, 2018
2013-2014 Transit Capital Grant	\$392,878.49	\$392,878.49

2013-2014 Capital Grant 5307

The project ordinance for the fiscal year 2013-14 Section 5307 capital grant was adopted on September 23, 2013. Funds will be used for an ADA compliance review of Chapel Hill Transit's bus stops.

	Project Budget	Estimated Expenditures Through June 30, 2018
2013-2014 Transit Capital Grant	\$25,485.00	\$25,485.00

2014-2015 Capital Grant 5307

The project ordinance for the fiscal year 2014-15 Section 5307 capital grant was adopted on June 22, 2015. Funds will be used for an ADA compliance review of Chapel Hill Transit's bus stops.

	Project Budget	Estimated Expenditures Through June 30, 2018
2014-2015 Transit Capital Grant	\$37,963.00	\$2,424.00

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2015-2016 Capital Grant 5307

The project ordinance for the fiscal year 2015-2016 Section 5307 capital grant was adopted on June 8, 2015. Funds will be used for an ADA compliance review of Chapel Hill Transit's bus stops.

	Project Budget	Estimated Expenditures Through June 30, 2018
2015-2016 Transit Capital Grant	\$22,666.00	\$0.00

2016-2017 Capital Grant 5307

The project ordinance for the fiscal year 2016-17 Section 5307 capital grant was adopted on June 13, 2016. Funds will be used for reimbursement of preventative maintenance costs. The FTA released the remaining 5/12ths of these funds.

	Project Budget	Estimated Expenditures Through June 30, 2018
2016-2017 Transit Capital Grant	\$1,911,829.00	\$833,990.00

2015-2016 Capital Grant 5307 STP-DA Flex Funds

The project ordinance for the fiscal year 2015-2016 Section 5307 capital grant for Surface Transportation Program – Direct Attributable (STP-DA) was adopted on February 28th, 2018. Funds are to be used to purchase three 40' diesel buses for the Fixed Route Department. An order was placed for the buses, however they are not expected to be delivered this FY. The Federal portion of this project is \$973,331.00. The Town's share is \$391,222.00

	Project Budget	Estimated Expenditures Through June 30, 2018
2015-2016 Transit Capital Grant	\$973,331.00	\$0.00

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2017 Capital Grant 5307 CMAQ Flex Funds

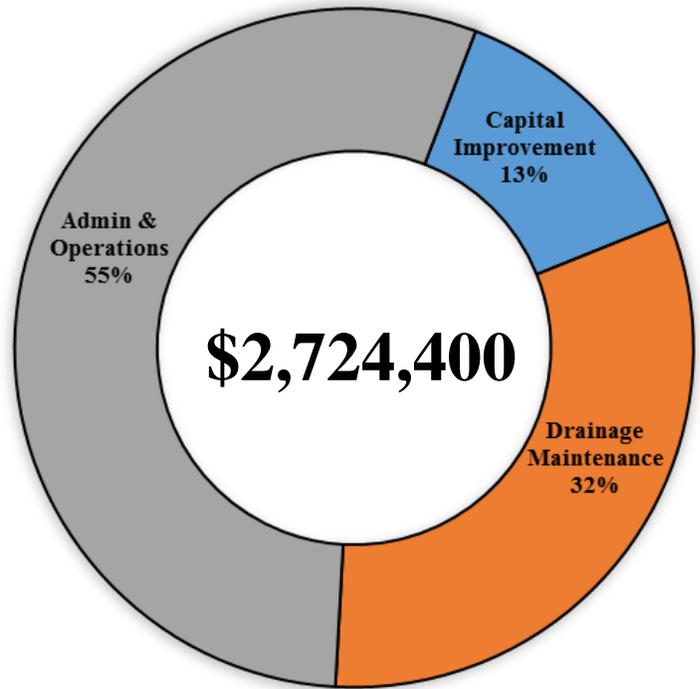
The project ordinance for the fiscal year 2017 Section 5307 Congestion Mitigation and Air Quality (CMAQ) capital grant was adopted on February 28th, 2018. Funds will be used for the purchase of three 40' diesel buses. An order has been placed, however we do not expect delivery this FY. The Federal portion of this project is \$1,120,000.00. The Town's share is \$240,000.00

	Project Budget	Estimated Expenditures Through June 30, 2018
2017 Transit Capital Grant	\$1,120,000.00	\$0.00

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



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.

The Public Works-Stormwater Management Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
Stormwater Infrastructure	Perform routine maintenance, remedial repairs, and capital improvements to the town-maintained stormwater infrastructure using in-house and contracted resources.
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).
Street Sweeping	Clean all publicly maintained streets within the town limits using in-house labor and equipment. Inspect and clean downtown streets twice a week, major roadways once a week, and residential streets once every six to eight weeks, weather permitting.

STORMWATER MANAGEMENT FUND

Major Revenue Sources – Descriptions and Estimates

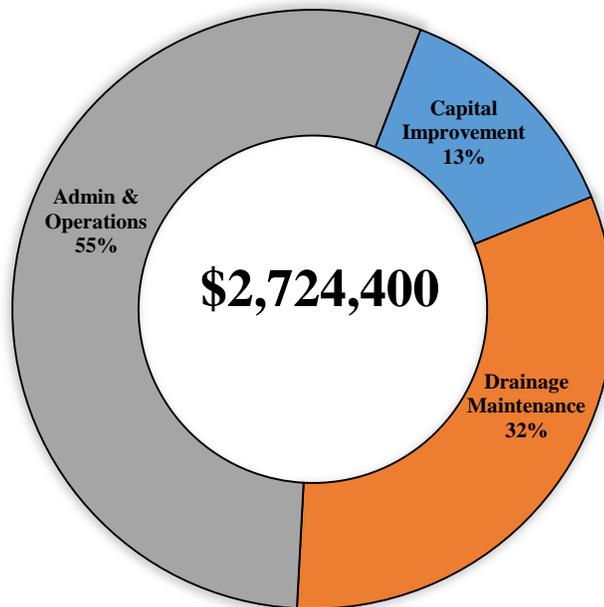
In order to continue to enhance stormwater management services currently provided by the Town, and to implement stormwater management activities necessary to comply with State and federal regulations, the Town established a Stormwater Management Fund in 2004-05. Stormwater management activities are funded by a fee charged to property owners based on the amount of impervious surface area on a property. The recommended budget maintains the fee of \$32.15 for each 1,000 square feet of impervious surface. At this rate, fees are estimated at about \$2.7 million in 2018-19. In the current year, the budget is expected to be balanced with \$1.1 million in fund balance. For 2018-19, the budget is balanced without the use of fund balance.

Major Expenditures and Estimates

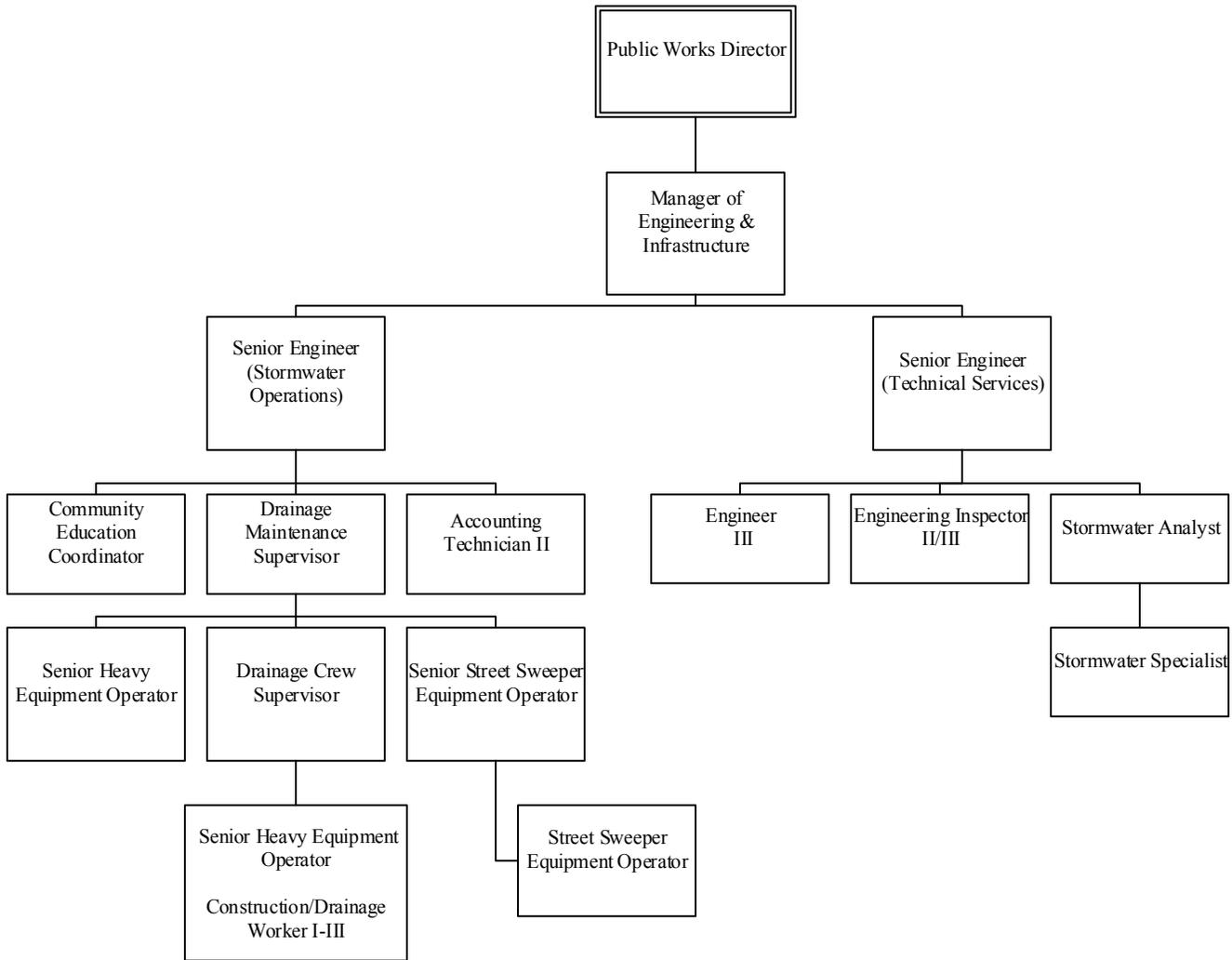
The budget for 2018-19 totals \$2,724,400. This is a 0.1% increase compared to FY18 due to a 3% pay adjustment, a 1.5% health insurance decrease, and a decrease in vehicle replacement (\$153,000). \$240,497 is in the recommended budget for the first debt payment related to the G.O. bond issuance. Approximately \$35,000 is budgeted for capital reserve.

As indicated in the chart below, 32% of the 2018-19 budget provides for the Drainage division to conduct stormwater-related drainage and maintenance projects.

STORMWATER EXPENSES



STORMWATER MANAGEMENT FUND



STORMWATER MANAGEMENT FUND
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Stormwater			
Senior Engineer	0.15	1.15	1.50
Engineer III	3.00	2.00	2.00
Engineering Inspector - SR	0.30	0.30	0.30
Stormwater Specialist	1.00	1.00	1.00
Stormwater Analyst	1.00	1.00	1.00
Survey/Project Coordinator	0.25	0.25	0.25
Community Education Coordinator	1.00	1.00	1.00
Accounting Tech II	1.00	1.00	1.00
Unit Totals	<u>7.70</u>	<u>7.70</u>	<u>8.05</u>
Drainage			
Drainage Maintenance Supervisor	1.00	1.00	1.00
Drainage Crew Supervisor	1.00	1.00	1.00
Senior Street Sweeper Equipment Operator	1.00	1.00	1.00
Street Sweeper Equipment Operator	1.00	1.00	1.00
Senior Heavy Equipment Operator	2.00	2.00	2.00
Construction Worker II	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
 Stormwater Management Fund Totals	 <u>14.70</u>	 <u>14.70</u>	 <u>15.05</u>

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

STORMWATER MANAGEMENT FUND BUDGET SUMMARY

The adopted budget for 2018-19 includes the continuation of existing services. The increase in personnel expenditures includes a 3% pay adjustment. The decrease in operating expenditures reflects a reduction in vehicle replacement charges (\$153,044) due to a one-time vehicle purchase. The increase in capital outlay is due to the debt payment related to the G.O. bond issuance.

The budget is balanced without the use of fund balance. Approximately \$38,000 will be put aside in capital reserve for costs related to the capital program.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 1,177,790	\$ 1,296,781	\$ 1,298,291	\$ 1,188,567	\$ 1,367,025	5.4%
Operating Costs	848,444	1,149,887	1,936,200	1,903,045	998,176	-13.2%
Capital Outlay	751,138	75,000	611,763	573,450	320,897	327.9%
Capital Reserve	-	200,362	200,362	200,362	38,302	-80.9%
Total	\$ 2,777,372	\$ 2,722,030	\$ 4,046,616	\$ 3,865,424	\$ 2,724,400	0.1%

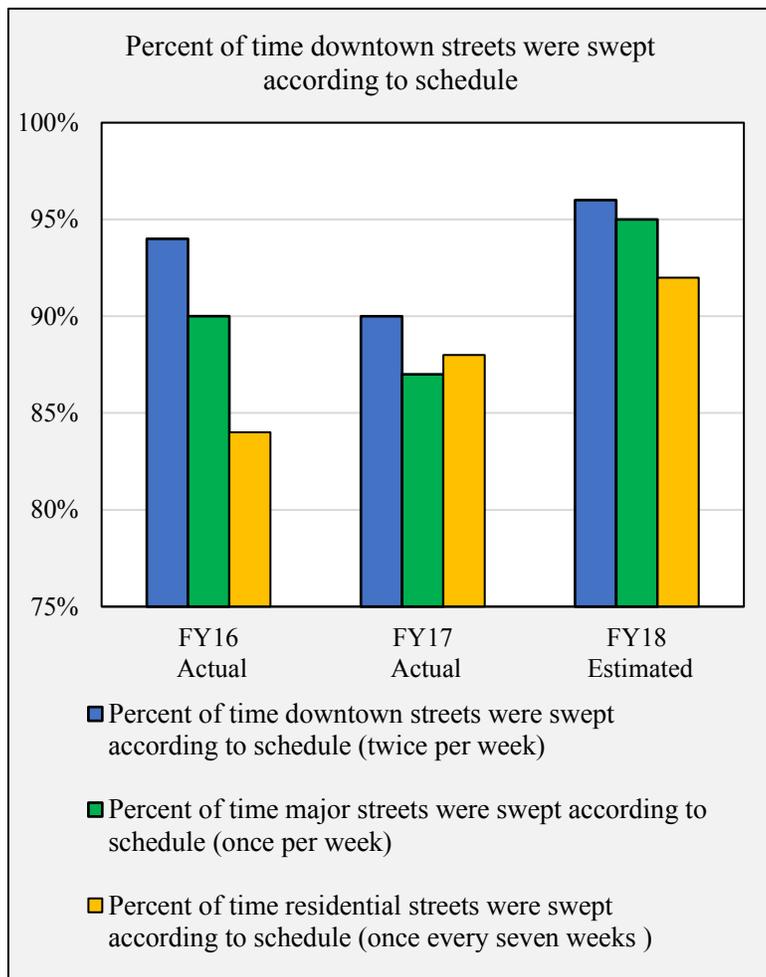
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Stormwater Fees	\$ 2,304,139	\$ 2,713,400	\$ 2,713,400	\$ 2,713,400	\$ 2,713,400	0.0%
Fee Exemption	(6,984)	(7,200)	(7,200)	(7,200)	(7,400)	N/A
Transfer from General Fund	6,984	7,200	7,200	7,200	7,400	2.8%
Interest Income	3,063	1,500	1,500	3,000	3,000	100.0%
Other Income	-	7,500	7,500	7,500	8,000	6.7%
Appropriated Fund Balance	470,170	(370)	1,324,216	1,141,524	-	N/A
Total	\$ 2,777,372	\$ 2,722,030	\$ 4,046,616	\$ 3,865,424	\$ 2,724,400	0.1%

STORMWATER

MISSION-LEVEL MEASURES

Environmental Stewardship	Program:	Street Sweeping
	Objective:	Sweep streets downtown twice weekly, major streets once weekly, and check and clean residential streets as needed once every six to eight weeks
	Mission Measure:	Percent of time downtown streets were swept according to schedule (twice per week)



Departmental Analysis

- Regular street sweeping helps maintain clean streets, clean streams, and a pleasant environment for residents and visitors.
- Overall the service level is consistent with recent history. (While Stormwater Maintenance is typically able to meet service objectives, on a weekly basis it is not always possible due to inclement weather, equipment maintenance, scheduled leave or the need to make adjustments to accommodate extra cleaning for special events during certain weeks.)
- Both street sweepers required major repairs in recent years. One street sweeper was replaced in FY18. The second sweeper scheduled for replacement this fiscal year was deferred due to budget constraints.

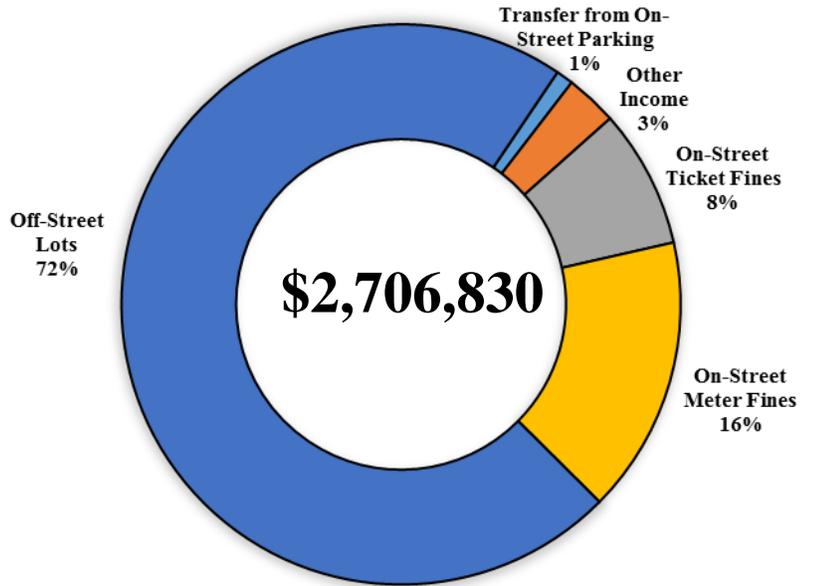
Initiatives - What will we do to take action?

1. Recommend Replacement of Street Sweeper in FY20.

PARKING SERVICES

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

TOTAL PARKING REVENUES



PARKING SERVICES

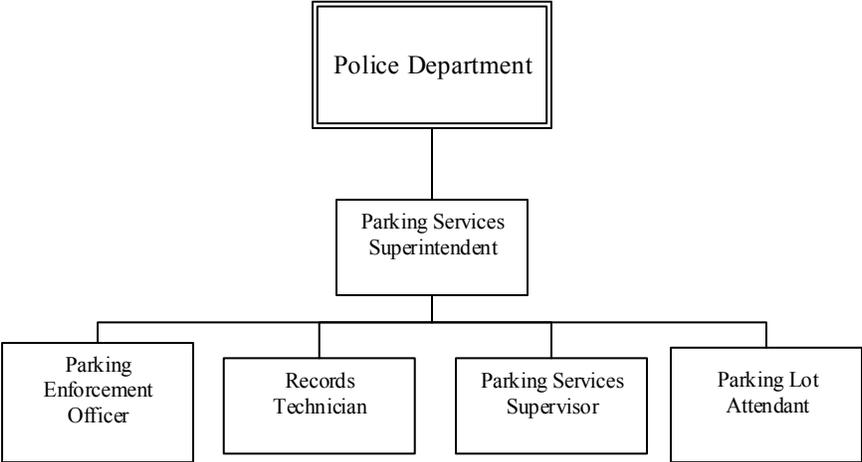
MISSION STATEMENT:

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.

The Parking Services Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
On-Street Parking	Maintain on-street parking inventory, parking meters and pay-stations. Collect meter revenue and monitor utilization and meter/pay station maintenance.
Off-Street Parking	Maintain off-street parking inventory 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 Police Department.

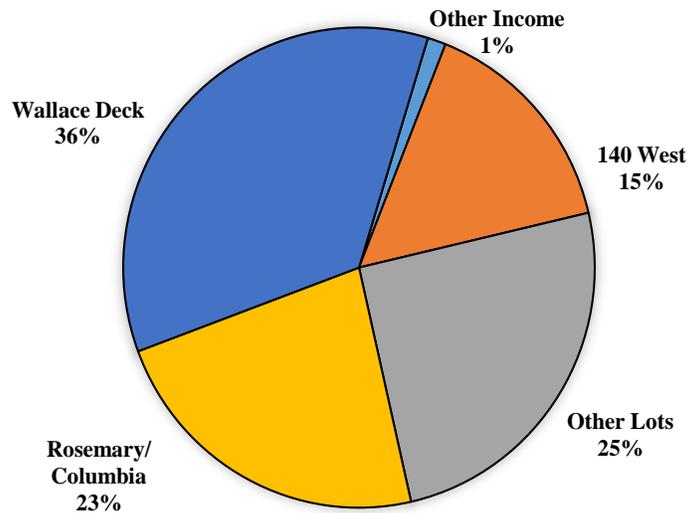
PARKING FUNDS

Major Revenue Sources – Descriptions and Estimates

The Off-Street Parking Fund, with a recommended budget of \$1,990,020 for 2018-19, 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 \$704,000, or 36% of total off-street parking revenues, is budgeted from the James Wallace Deck and \$455,000, or 23%, is budgeted from the Rosemary/Columbia Street lot. The deck at 140 West is budgeted to generate about \$305,300 in 2018-19.

The On-Street Parking Fund, with a recommended budget for 2018-19 of \$716,810, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$426,560 and parking ticket fines about \$207,000 in 2018-19.

OFF-STREET PARKING REVENUES



Major Expenditures and Estimates

The primary expenditure of the Off-Street Parking Fund is the cost of personnel to manage the lots (approximately \$366,000). The budget of \$1,990,020 includes a 3% pay adjustment and a 1.5% health insurance decrease. The Off-Street Parking Fund for 2018-19 will require a transfer from the On-Street Parking Fund of \$24,590 to maintain current service levels. The Off-Street Parking Fund will add \$107,000 to reserve in 2018-19.

The On-Street Parking Fund includes expenditures primarily for the personnel to administer and collect meter revenues and parking tickets of about \$471,000. The budget of \$716,810 includes a 3% pay adjustment and a 1.5% health insurance decrease.

PARKING SERVICES
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Superintendent-Parking Services	1.00	1.00	1.00
Assistant Superintendent-Parking Services	1.00	0.00	0.00
Supervisor-Parking Services	1.00	1.00	1.00
Assistant Parking Services Supervisor	0.00	0.00	1.00
Parking Enforcement Officer	2.00	2.00	3.00
Records Technician	1.80	1.00	1.80
Parking Attendant	3.00	3.00	2.00
Parking Attendant - SR	1.00	1.00	0.00
	<hr/>		
Parking Fund Totals	<u>10.80</u>	<u>9.00</u>	<u>9.80</u>

Note: Parking Services is supervised by the Police Chief

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

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
On-Street Parking	\$ 642,487	\$ 723,527	\$ 1,124,003	\$ 1,136,310	\$ 716,810	-0.9%
Off-Street Parking	2,022,568	1,945,235	2,147,586	2,042,017	1,990,020	2.3%
Total	\$ 2,665,055	\$ 2,668,762	\$ 3,271,589	\$ 3,178,327	\$ 2,706,830	1.4%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
On-Street Parking	\$ 642,487	\$ 723,527	\$ 1,124,003	\$ 1,136,310	\$ 716,810	-0.9%
Off-Street Parking	2,022,568	1,945,235	2,147,586	2,042,017	1,990,020	2.3%
Total	\$ 2,665,055	\$ 2,668,762	\$ 3,271,589	\$ 3,178,327	\$ 2,706,830	1.4%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking represents a 0.9% decrease over the fiscal year 2017-18 budget. There is a 15.4% increase in personnel for Enforcement. This is mainly due to the transfer of a position from Off-Street Parking along with a 3% pay adjustment.

There is a \$24,590 transfer to Off-Street Parking, which represents a 73.4% decrease over fiscal year 2017-18. This is mainly due to a slight decrease in projected revenues and the personnel move mentioned above. New parking meters were able to be purchased in fiscal year 2017-18.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Enforcement:						
Personnel	\$ 364,882	\$ 350,208	\$ 350,208	\$ 378,893	\$ 403,074	15.1%
Operations	139,823	130,384	180,860	124,043	135,883	4.2%
Capital	-	-	350,000	400,000	-	N/A
Meters:						
Personnel	60,602	63,195	63,195	57,787	68,213	7.9%
Operations	77,180	87,216	87,216	84,550	85,050	-2.5%
Transfer to Off-Street	-	92,524	92,524	91,037	24,590	-73.4%
Total	\$ 642,487	\$ 723,527	\$ 1,124,003	\$ 1,136,310	\$ 716,810	-0.9%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Transfer from Capital Improvement	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ -	N/A
Parking Meter Fees	376,478	430,900	430,900	426,060	426,560	-1.0%
Parking Ticket Fines/Fees	212,947	235,000	235,000	207,000	207,000	-11.9%
Interest Income	150	250	250	250	250	0.0%
Other Income	63,204	57,500	57,500	103,000	83,000	44.3%
Appropriated Fund Balance	(10,292)	(123)	353	-	-	N/A
Total	\$ 642,487	\$ 723,527	\$ 1,124,003	\$ 1,136,310	\$ 716,810	-0.9%

OFF-STREET PARKING BUDGET SUMMARY

Off-Street Parking revenues for the adopted 2018-19 budget reflects a decrease of about \$60,000 from the 2017-18 budget. The budget was balanced with a \$23,567 transfer from On-Street Parking and adds \$105,462 to fund balance.

The overall decrease in expenditures for 2018-19 is mainly the result of the move of a Parking Attendant position to On-Street to create an additional Parking Enforcement Officer. This is slightly offset by a 3% market rate salary adjustment and a 0.6% increase in health insurance costs. Administrative expenses include the \$914,631 annual transfer to the Debt Fund to pay for debt service on the Wallace Deck and the underground parking at 140 West Deck.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
James Wallace Deck	\$ 491,237	\$ 440,948	\$ 474,062	\$ 381,023	\$ 371,215	-15.8%
Parking Lots	514,546	464,989	634,226	506,694	467,318	0.5%
140 West Deck	58,340	78,168	78,168	55,934	63,330	-19.0%
Administration	958,445	961,130	961,130	1,098,366	1,088,157	13.2%
Total	\$ 2,022,568	\$ 1,945,235	\$ 2,147,586	\$ 2,042,017	\$ 1,990,020	2.3%

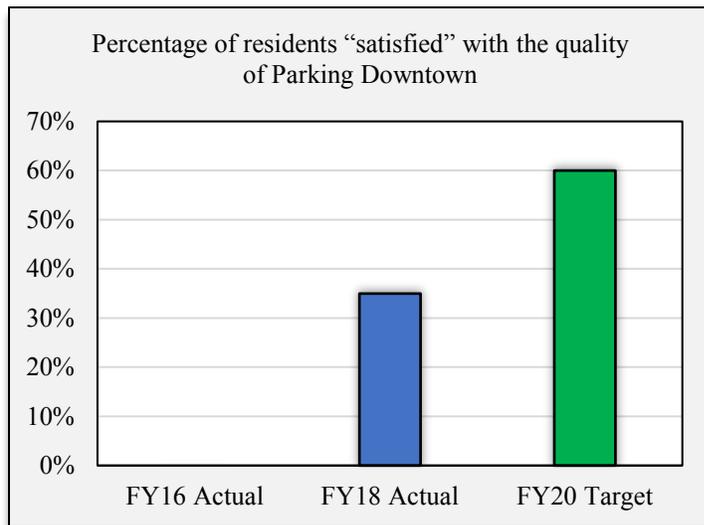
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
James Wallace Deck	\$ 672,997	\$ 699,000	\$ 699,000	\$ 684,000	\$ 704,000	0.7%
Rosemary/Columbia Lot	438,616	450,000	450,000	430,000	455,000	1.1%
415 West Franklin Lot	123,292	119,600	119,600	104,800	106,600	-10.9%
West Rosemary Lot	28,852	18,500	18,500	28,100	31,500	70.3%
Rosemary/Sunset	4,097	-	-	56,100	54,800	N/A
127 West Rosemary Lot	14,132	13,680	13,680	2,500	-	-100.0%
South Graham Lot	5,163	9,800	9,800	11,700	11,700	19.4%
West Franklin/Basnight Lot	106,740	74,920	74,920	111,150	134,030	78.9%
427 West Franklin Lot	63,256	65,000	65,000	57,000	45,000	-30.8%
Jones Park Lot	12,427	17,500	17,500	17,500	17,500	0.0%
Mallette Lot	-	-	-	15	22,000	N/A
Courtyard Lot	83,667	66,000	66,000	71,000	76,500	15.9%
140 West Deck	325,170	313,100	313,100	256,515	305,300	-2.5%
Interest Income	1,603	1,500	1,500	100	1,500	0.0%
Miscellaneous Income	10,342	27,550	27,550	5,500	-	-100.0%
Transfer from Capital Improvement	-	-	115,000	115,000	-	N/A
Transfer from On-Street Parking	-	92,524	92,524	91,037	24,590	-73.4%
Appropriated Fund Balance	132,214	(23,439)	63,912	-	-	N/A
Total	\$ 2,022,568	\$ 1,945,235	\$ 2,147,586	\$ 2,042,017	\$ 1,990,020	2.3%

PARKING SERVICES

MISSION-LEVEL MEASURES

Connected Community	Program:	On and Off-Street Parking
	Objective:	Achieve “satisfied” survey rating for “Quality of Parking Downtown” from at least 60% of residents surveyed
	Mission Measure:	Percentage of residents “satisfied” with the quality of Parking Downtown



Departmental Analysis

- Survey results show us the community’s desire for parking improvements guides our priority to continuously improve the parking experience
- This was a new survey question in the 2018 community survey, so no historical trend data is available

Initiatives - What will we do to take action?

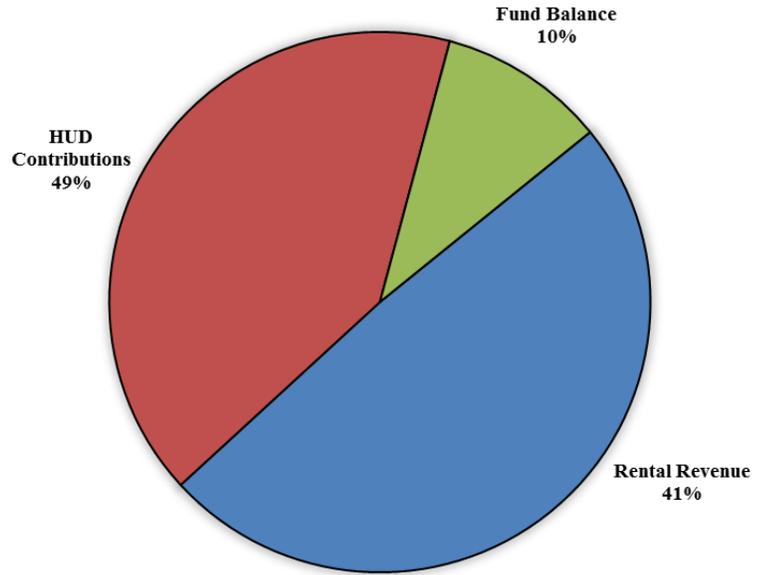
1. We are implementing a new marketing and educational campaign associated with parking including a new website. Additionally, new meters, technology, added capacity, and Downtown Ambassadors will result in more positive interactions for community members; hence higher satisfaction with the quality of parking

PUBLIC HOUSING FUND

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

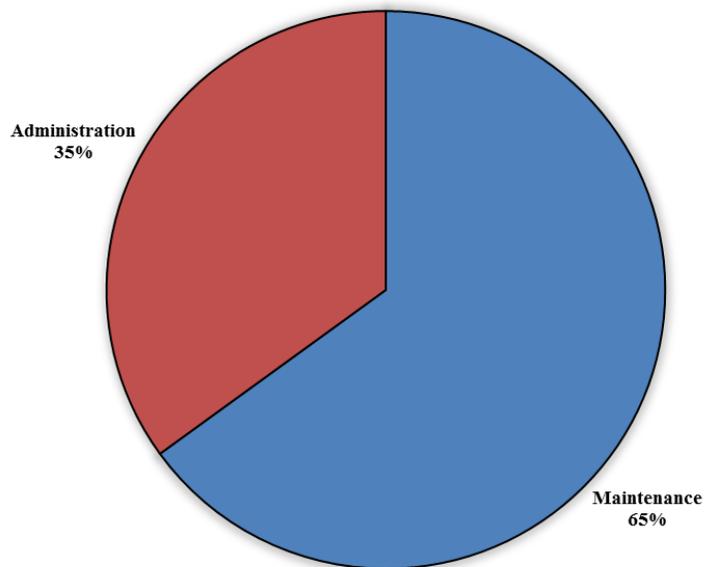
Since those with fewer than 400 units have been exempt each year from HUD's new funding model (AMPs) since 2007-08, we have returned to a simpler budget presentation comprised of Administrative and Maintenance divisions.

PUBLIC HOUSING REVENUES



Total \$2,204,372

PUBLIC HOUSING EXPENSES



PUBLIC HOUSING FUND DEPARTMENT

MISSION STATEMENT:

The mission of the Public Housing Fund 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.

The Public Housing Fund Department identified the following primary programs that are included in the adopted budget for 2018-19.

Program	Description
Rental Housing for Low-Income Families	Manage the 336 public housing units (13 locations) overseen by the Public Housing Fund 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.

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.

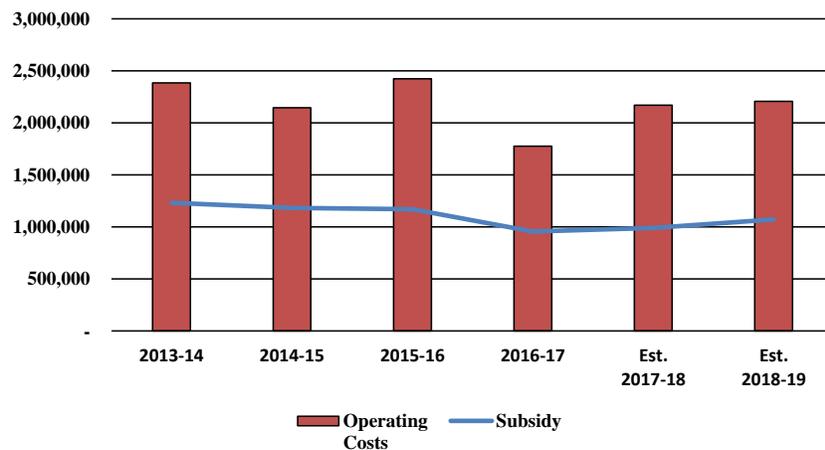
Primary revenue sources include dwelling rents paid by residents and operating grants from the Department of Housing and Urban Development (HUD). In the fall of 2005, HUD adopted a “new Operating Fund final rule” which prescribed a phased series of changes to public housing management and reporting requirements. 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 2017-18 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 2018 but we have no information about calendar 2019. Based on interim allocations, our estimate of HUD’s subsidy for 2017-18 is \$990,630,

about a 3.5% increase from the 2016-17 subsidy of \$956,462. Due to our need to sustain maintenance to our units, primarily due to the age of the units, we have requested an increase in our operation subsidy for 2018-19.

Housing Expenses vs. HUD Operating Subsidy



The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$903,642 decrease over current year estimates due to a number of vacant units, tenant’s income, and subsequent rent requirements.

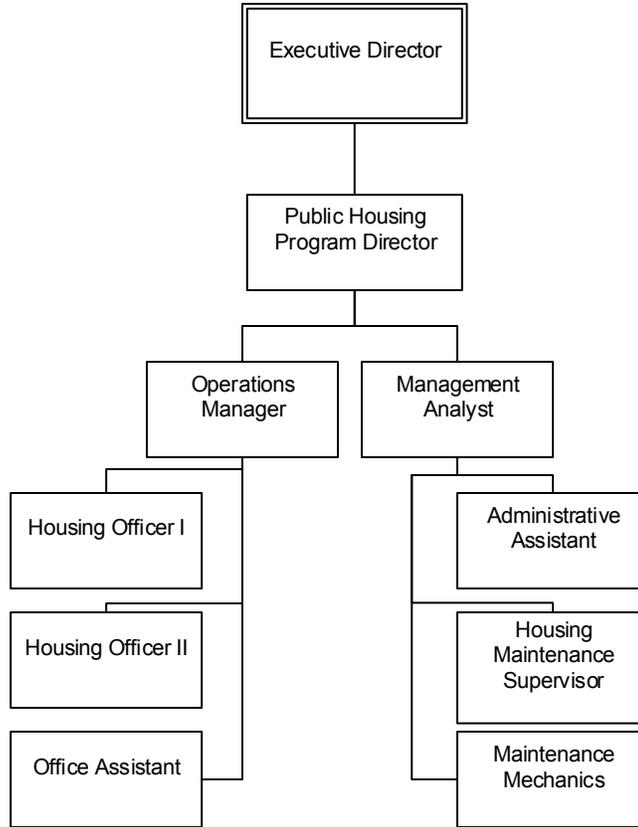
Major Expenditures and Estimates

Major expenditure categories include about \$1,261,497 for salaries and benefits, \$177,200 for utilities, \$90,200 for liability and flood insurance and about \$518,100 for maintenance of the units.

The personnel costs include a 3% pay adjustment and a 1.5% decrease in health insurance costs.

	2017-18 Original Budget	2018-19 Adopted Budget	% Change from 2017-18
Salary & Benefits - Administration	\$ 534,393	\$ 563,062	5.4%
Salary & Benefits - Maintenance	724,944	698,435	-3.7%
Maintenance Costs	546,760	518,100	-5.2%
Utilities	169,200	177,200	4.7%
Liability & Flood Insurance	84,044	90,200	7.3%
Other Expenses	244,858	157,375	-35.7%
Total Budget	\$ 2,304,199	\$ 2,204,372	-4.3%

PUBLIC HOUSING FUND



PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Assistant Director	1.00	1.00	0.00
Operations Manager - Housing	0.00	0.00	1.00
Management Analyst	0.00	0.00	1.00
Office Assistant	1.00	1.00	1.00
Housing Officer II	1.00	1.00	1.00
Housing Officer I	1.00	1.00	1.00
Assistant Housing Officer	1.00	1.00	0.00
Division Totals	6.00	6.00	6.00
Maintenance			
Mechanic Supervisor	1.00	1.00	1.00
Maintenance Mechanic (Repair Worker, I, II, III)	8.00	8.00	8.00
Administrative Assistant	1.00	1.00	1.00
Division Totals	10.00	10.00	10.00
Housing Department Totals	16.00	16.00	16.00

¹ Grant-funded position.

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 2018-19 retains a simpler model that includes an Administrative Division and a Maintenance Division.

The budget for 2018-19 reflects an estimate of the HUD subsidy anticipated for calendar year 2018. The Town anticipates an 8.3% increase in HUD subsidies due to a request for an increase in the operation subsidy based on the age of the Town's units and the need to sustain maintenance. Rental revenue reflects a decrease due to a number of vacant units that are being addressed within the Public Housing Master Plan. Additionally, tenant's income and subsequent rent requirements have decreased.

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Revenue Summary						
HUD Contributions	\$ 956,462	\$ 990,360	\$ 990,360	\$ 990,360	\$ 1,072,644	8.3%
Rental Revenue	944,456	956,166	956,166	956,166	903,642	-5.5%
Other Revenues	2,696	250	250	250	200	-20.0%
Interest Income	1,376	1,950	1,950	1,950	1,394	-28.5%
Appropriated Fund Balance	(128,067)	355,473	442,939	221,142	226,492	-36.3%
Total Revenues	\$ 1,776,923	\$ 2,304,199	\$ 2,391,665	\$ 2,169,868	\$ 2,204,372	-4.3%

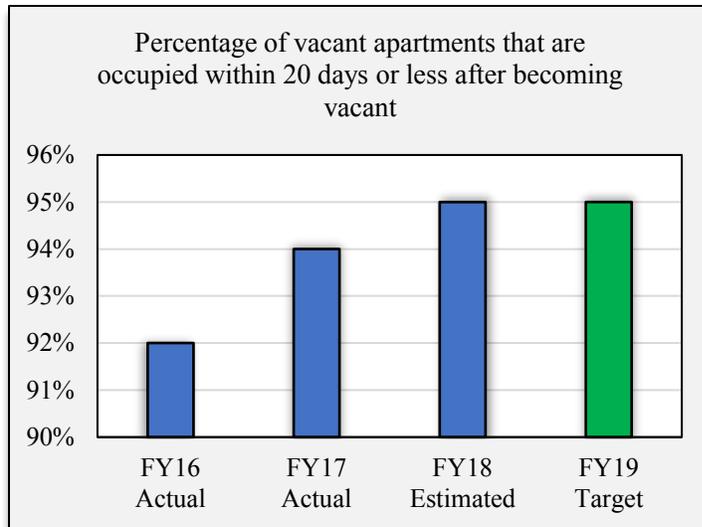
EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 847,829	\$ 1,259,337	\$ 1,259,172	\$ 1,024,885	\$ 1,261,497	0.2%
Operating	884,349	1,044,862	1,132,493	1,144,983	942,875	-9.8%
Capital	44,745	-	-	-	-	N/A
Total	\$ 1,776,923	\$ 2,304,199	\$ 2,391,665	\$ 2,169,868	\$ 2,204,372	-4.3%

PUBLIC HOUSING

MISSION-LEVEL MEASURES

Affordable Housing	Program:	Public Housing Administration
	Objective:	To provide decent, safe, and well maintained affordable rental housing for low income residents.
	Mission Measure:	Percentage of vacant apartments that are occupied within 20 days or less after becoming vacant



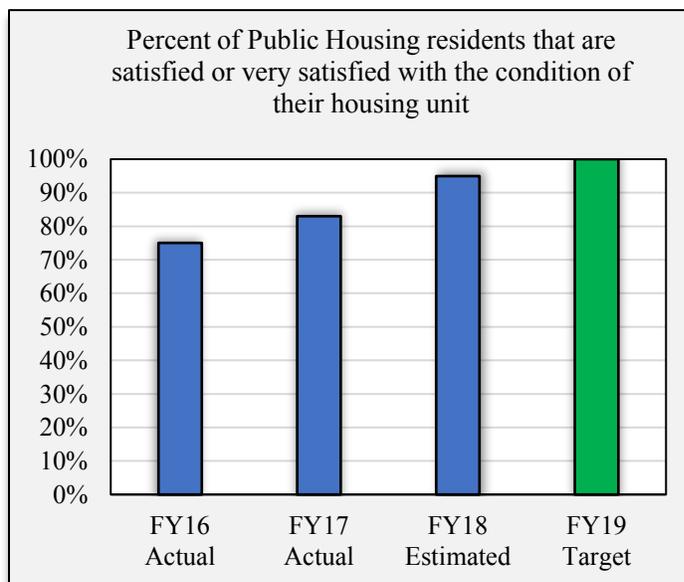
Departmental Analysis

- Shorter term vacancies result in larger operating subsidies
- Reducing the allowed days for notice from a resident would allow greater coordination with contractors and shorten the turnaround time

Initiatives - What will we do to take action?

1. More closely monitor vacancies
2. Increase the redistribution of current residents to the proper bedroom sized unit to make space for others
3. Amend our ACOP to allow greater flexibility for what days residents can move out of a unit

Affordable Housing	Program:	Public Housing Maintenance
	Objective:	To provide decent, safe, and well maintained affordable rental housing for low income residents.
	Mission Measure:	Percentage of vacant apartments that are occupied within 20 days or less after becoming vacant



Departmental Analysis

- Satisfied residents are less likely to complain and will be more willing to seek collaborative solutions; be more willing to assist in a volunteer capacity with community clean ups;

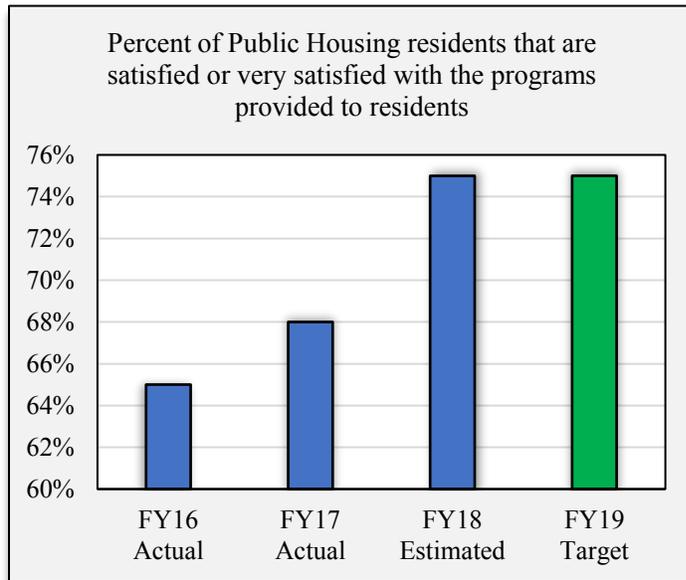
Initiatives - What will we do to take action?

1. We have reached out to residents on at least two occasions with surveys to gather information on how we can improve their satisfaction level
2. We have partnered with Refugee Community Partners in an effort to reach more of our Limited English Proficient residents to better involve them in community activities

PUBLIC HOUSING

MISSION-LEVEL MEASURES

Affordable Housing	Program:	Public Housing Administration
	Objective:	To provide decent, safe, and well maintained affordable rental housing for low income residents.
	Mission Measure:	Percentage of vacant apartments that are occupied within 20 days or less after becoming vacant



Departmental Analysis

- The Annual Plan includes a survey of residents for their suggestions on what to do with the Capital Grant fund. They have traditionally included request for job training; small business development training; general adult education training.

Initiatives - What will we do to take action?

1. We have two contractors that are offering job skill development training
2. We are negotiating for a financial literacy training program to start in the Fall of 2018
3. Our Landscaper is offering gardening classes starting in September 2018
4. The Boys and Girls Club may assist our efforts to offer general adult education training in two of our sites

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 2014 project ordinance budgets a \$403,505 grant and \$7,338 program income, for public housing improvements, homeownership assistance, code enforcement, after school programs, community and homelessness outreach, and youth skills development programs.

The 2015 project ordinance budgets a \$404,761 grant and \$7,338 program income, for public housing improvements, homeownership assistance, code enforcement, after-school programs, summer youth employment programs, and youth skills development programs, community and homelessness outreach, homeowner housing improvements.

The 2016 project ordinance budgets a \$387,702 grant and \$7,338 program income, for public housing improvements, homeownership assistance, homeowner housing improvement programs, code enforcement, neighborhood revitalization activities, summer youth employment programs, homelessness outreach and case management, youth skills development and community literacy programs.

The 2017 project ordinance budgets a \$387,702 grant and \$7,338 program income, for public housing improvements, homeownership assistance, homeowner housing improvement programs, code enforcement, neighborhood revitalization activities, summer youth employment programs, and homelessness case management.

CAPITAL PROGRAM

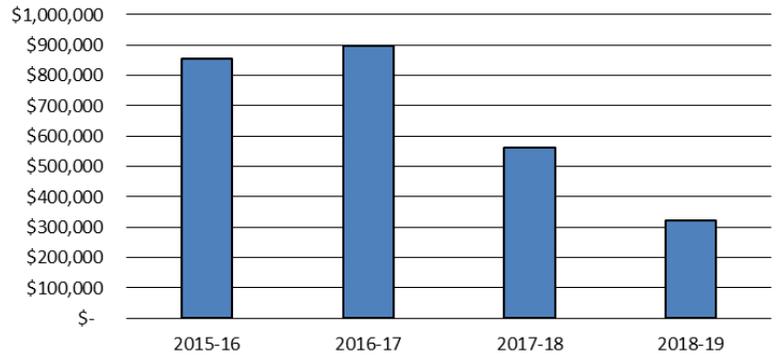
The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The program identifies capital needs, establishes priorities and identifies potential funding sources.

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 2018-19 are part of the 2018-19 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 Improvements Fund Budget
2015-16 to 2018-19**



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

2015 Bonds

In November 2015, voters approved \$40.3 million in bonds. The bond projects are assigned to five individual categories as follows:

- *Sidewalks and Streets* (\$16.2 million): For improvements for bicycle and pedestrian safety, sidewalks, streets and bridges, and Downtown Streetscape.
- *Trails and Greenways* (\$5 million): For expansion of the town’s Greenway System.

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

- Recreation Facilities (\$8 million): Renovations to parks, Parks & Recreation administrative space, and a community programming space.
- Solid Waste Options (\$5.2 million): Develop options for future solid-waste removal.
- Stormwater Improvements (\$5.9 million): For drainage improvements, flood control and stream restoration.

The Town issued \$9 million of General Obligation bonds in February 2017.

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 issued \$1.6 million in two-thirds bonds in March 2017.

Stormwater Management Funds

Stormwater Management fees provide funding for the Town's Stormwater Management Department, including capital projects.

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

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

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.
- Additional financing options include Certificates of Participation (COPS) and Asset-Backed Installment Debt

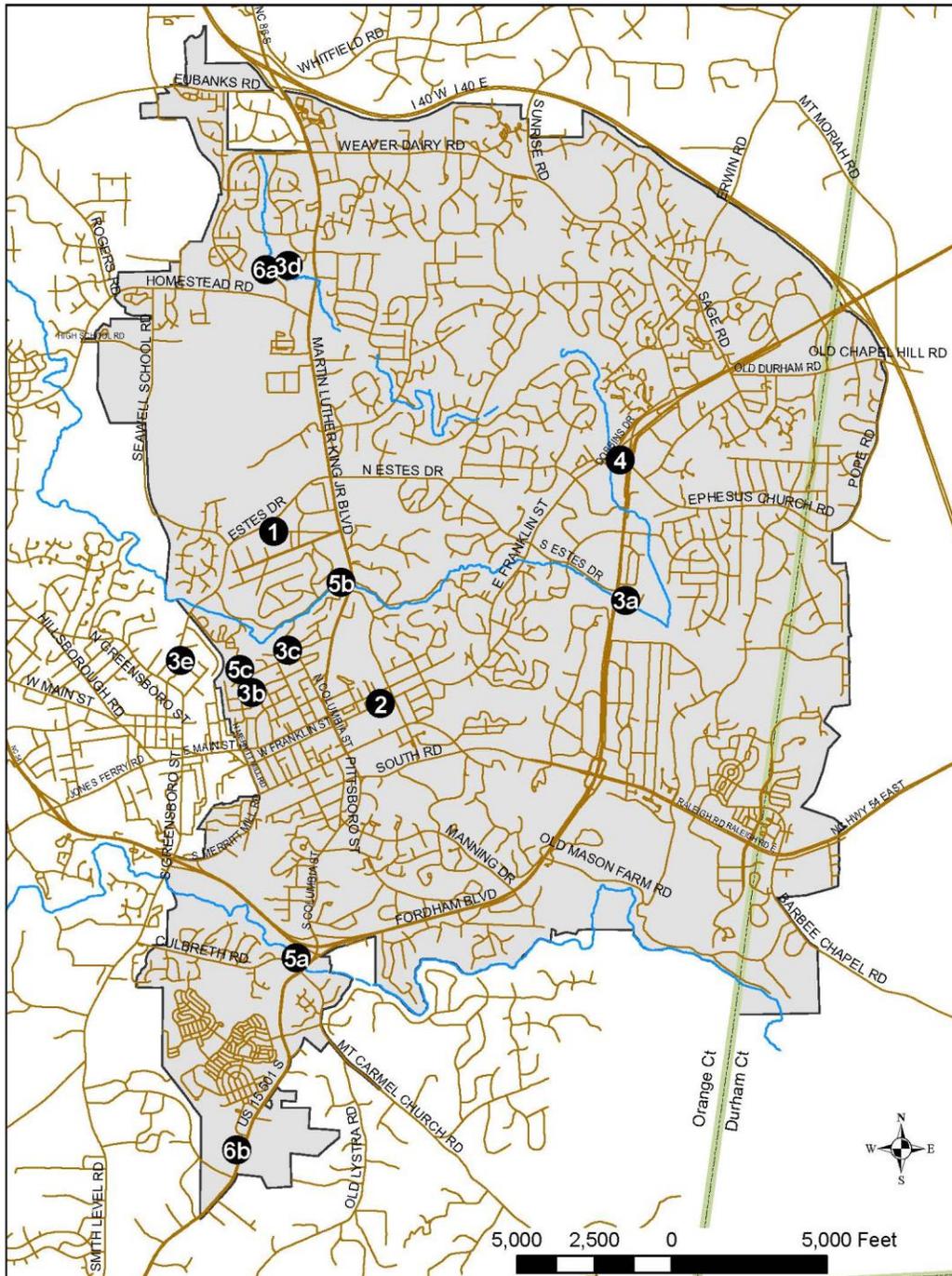
CAPITAL PROGRAM – KEY PROJECTS

This section highlights key projects included in the 2018-33 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 the Municipal Services Center (MSC), roof repairs to the Wallace Deck, renovations to the roofs at several neighborhood apartments, culvert replacements at Booker Creek, and various trail expansions, replacement of playground equipment, and extending the Bolin Creek trail. Other capital projects include construction of sidewalk and bicycle facilities, 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.

CAPITAL PROGRAM – KEY PROJECTS



Location of Key Capital Projects

KEY

1. Municipal Services Center; 2 Wallace Deck; 3a. South Estes Drive; 3b. Craig/Gomains Street; 3c. Pritchard Park; 3d. Bright Sun Place; 3e. Oakwood 4. Booker Creek Watershed Improvements; 5a. Morgan Creek Trail; 5b. Bolin Creek Trail; 5c. Tanyard Branch Trail; 6a. Homestead Park; 6b. Southern Community Parks

CAPITAL PROGRAM – KEY PROJECTS

1. Municipal Services Center (MSC)

This project replaces existing Town facilities that have reached the end of their useful life and includes construction of a 70,000 square foot building to house the following Town functions:

- o Police
- o Parks & Recreation – Administration
- o Fire Administration / EOC
- o Technology Solutions
- o Housing & Community
- o Wellness
- o Ombuds

The building is planned for a piece of land on Estes Drive owned by UNC. A long-term lease is being negotiated for the Town’s use of the land. Preliminary design work is in progress and a design-build contractor has been selected. The project will be financed by a combination of the proceeds of the sale of Town property (“Old Library” \$1.6 million) and the future issuance of debt (installment financing approximately \$33 million).

2. Wallace Deck

The Wallace Deck has a water infiltration problem caused by value engineering decisions made during construction. Waterproofing between the two layers on the top of the structure was omitted during construction, which has led to water infiltration. Ultimately this will cause structural deterioration. Roof repairs, including the placement of a waterproof barrier are needed to prevent structural deterioration.

3. Public Housing

The FY19 CIP includes funding for needed repairs and renovations to public housing apartments, facilities and sites. These improvements to the public housing apartments will allow us to continue our efforts to provide safe and sanitary living conditions to a portion of the lower-income citizens of Chapel Hill. Locations for these planned improvements include our sites at Craig Gomains, Oakwood, South Estes Drive, Pritchard Park, and Bright Sun Place.

4. Booker Creek Watershed Improvements

The Booker Creek Watershed project includes stream channel and infrastructure improvements, stream restoration, and infrastructure repair/retrofit along Booker Creek. This project will mitigate flooding/drainage problems as well as improve water quality conditions.

CAPITAL PROGRAM – KEY PROJECTS

5. Greenways & Trails Projects

Morgan Creek Trail (Phase 3): The next phases of the Morgan Creek Trail are currently in the design phase. There are four separate sub-projects for design purposes. Funds remaining in the 2015 Greenways Bond fund will likely allow construction of only one or possibly two of these sub-projects. One project will extend the trail east from Merritt's Pasture, along Fordham Boulevard to Morgan Creek Road. Another project will extend the trail from the existing parking lot westward to Smith Level Road. We are also designing an expansion of the existing parking lot and a separate pedestrian bridge over Morgan Creek near Bartram Drive. Design and permitting is underway and should be completed in 2019.

Bolin Creek Trail (Phase 3): The Bolin Creek Trail (Phase 3) extended the existing Bolin Creek Trail about .5 miles from Martin Luther King Jr. Boulevard west along Bolin Creek to Umstead Park. The project includes underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction was mostly completed in June 2017. One remaining section east of Martin Luther King Jr. Blvd. remains unfinished due to the coal ash situation on the Police Department property. Construction of the final segment is expected to resume in October 2018 and should be completed in early 2019.

Tanyard Branch Trail (Phase 3): This project provides a direct link from the downtown/Northside neighborhood to the Bolin Creek Trail. The trail ~~will~~ extends the existing trail near McMasters Street to Umstead Park, where it ~~will~~ merges with the Bolin Creek Trail. The project is now 98% complete and is open to the public. A few remaining items should be finished in late 2018 or early 2019.

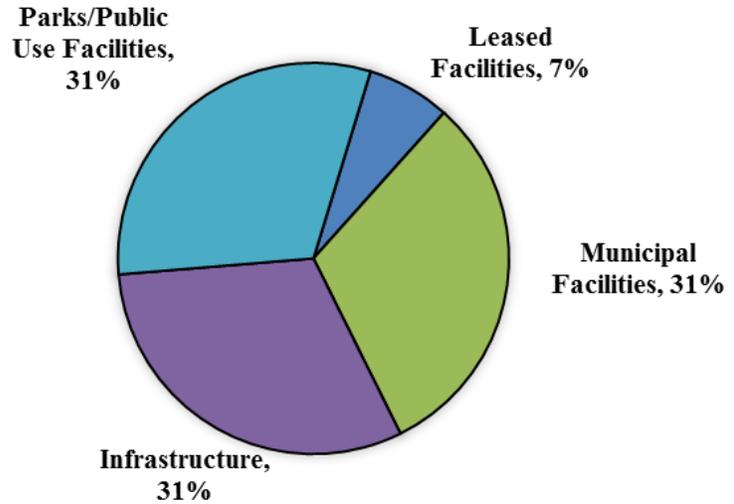
6. Small Parks Improvements

In FY10, the Town began process of replacing playground equipment in all Town parks that are in need of replacement or capital level repair 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 eight of this process. In FY19, the Town will focus on either Homestead Park or Oakwood Park. The goal of the playground replacement program is to provide safe, accessible facilities for the citizens of Chapel Hill.

CAPITAL IMPROVEMENTS FUND

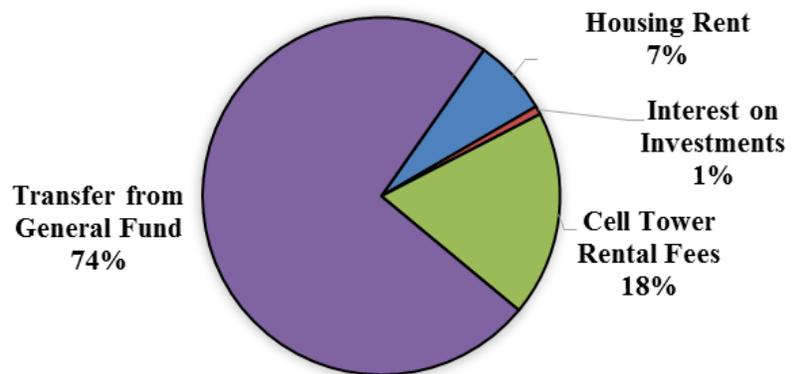
The Capital Improvements Fund generally accounts for purchases and construction that can be completed within a single year. Capital Improvements Fund (CIP) projects are prioritized as part of the Town's 15-year capital program.

CAPITAL IMPROVEMENTS FUND EXPENDITURES



Total \$322,260

CAPITAL IMPROVEMENTS FUND REVENUES



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2018-19 totals \$322,260 and includes projects to be completed in 2018-19.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget
Municipal Facilities	\$ 672,409	\$ 100,000	\$ 354,560	\$ 354,560	\$ 100,000
Public Safety	88,333	-	1,448,367	1,448,367	-
Facilities Leased by Others	11,937	22,260	50,931	50,931	22,260
Infrastructure	299,037	100,000	120,061	120,061	100,000
Communication/Technology	71,173	80,000	80,000	80,000	-
Parks/Public Use Facilities	239,622	259,000	781,747	781,747	100,000
Transfers/Financing Costs	247,850	-	515,000	515,000	-
Total	\$ 1,630,361	\$ 561,260	\$ 3,350,666	\$ 3,350,666	\$ 322,260

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget
Orange County Contribution	\$ -	\$ -	\$ 520,000	\$ 520,000	\$ -
Revenue in Lieu	141,709	-	52,731	52,731	-
Housing Rent Proceeds	22,512	22,260	22,260	22,260	22,260
Cell Tower Rental Fees	57,963	60,000	60,000	60,000	60,000
UNC Contribution	66,520	-	-	-	-
Grants	73,555	-	-	-	-
Interest on Investments	3,182	2,500	2,500	2,500	2,500
2016 Installment Financing	500,000	-	-	-	-
Transfer from General Fund	778,000	476,500	480,700	480,700	237,500
Appropriated Fund Balance	(13,080)	-	2,212,475	2,212,475	-
Total	\$ 1,630,361	\$ 561,260	\$ 3,350,666	\$ 3,350,666	\$ 322,260

CAPITAL IMPROVEMENTS FUND

DETAIL EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget
MUNICIPAL OPERATIONS FACILITIES					
Extraordinary Maintenance, Emergency Repairs	\$ 116,018	\$ 100,000	\$ 118,330	\$ 118,330	\$ 100,000
Town Hall Renovation	385,653	-	17,818	17,818	-
Town Hall Parking Lot	26,216	-	13,591	13,591	-
Town Hall Flood	1,310	-	-	-	-
Facility Condition Assessment	43,165	-	41,834	41,834	-
Small Capital Improvements	100,047	-	77,987	77,987	-
Fire Extraordinary Maintenance	-	-	85,000	85,000	-
Subtotal	\$ 672,409	\$ 100,000	\$ 354,560	\$ 354,560	\$ 100,000
PUBLIC SAFETY					
Fire Truck	\$ 1,700	-	\$ 15,000	\$ 15,000	-
Hamilton Rd. Fire Station	86,633	-	1,433,367	1,433,367	-
Subtotal	\$ 88,333	\$ -	\$ 1,448,367	\$ 1,448,367	\$ -
TOWN FACILITIES LEASED BY OTHERS					
Housing Maintenance	\$ 11,937	\$ 22,260	\$ 50,931	\$ 50,931	\$ 22,260
Subtotal	\$ 11,937	\$ 22,260	\$ 50,931	\$ 50,931	\$ 22,260
INFRASTRUCTURE					
Variable Message Sign System	\$ 50,563	-	\$ 19,317	\$ 19,317	-
Path, Trail and Lot Maintenance	54,746	50,000	51,000	51,000	50,000
Traffic Calming/Bike & Ped.	68,418	-	4,744	4,744	-
Curbs / ADA	58,790	50,000	45,000	45,000	50,000
Friday Center Drive	66,520	-	-	-	-
Subtotal	\$ 299,037	\$ 100,000	\$ 120,061	\$ 120,061	\$ 100,000

CAPITAL IMPROVEMENTS FUND

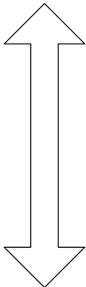
DETAIL EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget
COMMUNICATIONS AND TECHNOLOGY					
General Technology	\$ 71,173	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Subtotal	\$ 71,173	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	\$ 51,342	\$ -	\$ 51,575	\$ 51,575	\$ -
Playground Replacement	13,225	100,000	230,931	230,931	100,000
Accessible Playground	16,621	-	-	-	-
Cemetery Beautification	14,948	-	108,645	108,645	-
Meadowmont	-	159,000	300,709	300,709	-
Small Park Improvements	112,478	-	89,887	89,887	-
Meadowmont Dam	31,008	-	-	-	-
Subtotal	\$ 239,622	\$ 259,000	\$ 781,747	\$ 781,747	\$ 100,000
TRANSFER TO OTHER FUNDS AND FINANCING COSTS					
Streets & Sidewalks	\$ (202,150)	\$ -	\$ -	\$ -	\$ -
Basnight Lane Parking Expansion	-	-	115,000	115,000	-
Replace Parking Meters	-	-	400,000	400,000	-
Capital Projects Ordinance Fund	450,000	-	-	-	-
Subtotal	\$ 247,850	\$ -	\$ 515,000	\$ 515,000	\$ -
TOTALS	\$ 1,630,361	\$ 561,260	\$ 3,350,666	\$ 3,350,666	\$ 322,260

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

This section provides descriptions of capital projects funded in the 2018-19 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 style="text-align: center;">Operating Budget Impact</p> <div style="text-align: center;">  </div> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <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> </div> <hr style="width: 50%; margin: 10px auto;"/> <div style="text-align: center;">  </div> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p><i>Positive:</i> Project will save operating budget funds.</p> </div>
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PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Illustration: Tips for Reading Project Descriptions

MUNICIPAL OPERATIONS FACILITIES

← **Project Category**

Project Name

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 repair, asbestos/lead abatements, vandalism remediation, swimming pool mechanical system repairs and hazardous material spill abatements.

Description

← **Where to find project in Tables 1, 2 or 3, which appear after this section**

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.

Effect on Town's operating budget when project is implemented.

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	Capital Improvements Fund

Summary of 2018-19 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 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</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 #36
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually): Renovations will reduce need to make repairs using operating budget funds.

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$782,242	\$782,242	\$782,242	\$782,242	\$782,242	\$3,911,210	\$11,733,630	Community Development Block Grant Program

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Wallace Parking Facility

Funding will be used to focus on structural and waterproofing items, including spalls, cracks, expansion joints and painting, with a general assessment of major systems such as lighting, electrical conduit, plumbing, painting, façade conditions, and other miscellaneous items readily visible in the parking garage.

Table and Ref #: Table 2, Ref #50
Location: Wallace Parking Deck
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$393,674) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	\$4,323,167	-	-	-	-	-	Limited Obligation Bonds

Hargraves Roof Replacement

Funding will replace the old shingles with a slate roof as a way to increase the lifespan of the roof, provide better fire protection, and be invulnerable to rot and insects.

Table and Ref #: Table 2, Ref #54
Location: Town Hall
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$290,000) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	Multi-year Capital Project Ordinance

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Municipal Services Center

Funding for this project replaces existing Town facilities that have reached the end of their useful life and includes construction of a 70,000 square foot building to house Town functions related to Police, Parks and Recreation, Fire, Technology Solutions, Housing and Community, Wellness, and Ombuds.

Table and Ref #: Table 2, Ref #46
Location: Estes Drive
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	\$1,020,876	\$1,722,377	\$21,651,971	\$191,375	\$24,586,599	\$24,586,599	Future Financing

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 #13
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 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$750,000	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 #14
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$750,000	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 throughout the Town. This project will mitigate flooding/drainage problems as well as improve water quality conditions.

Table and Ref #: Table 2, Ref #60
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000	\$750,000	Stormwater Management Fund

Rogers Road Design & Engineering

This collaborative project between the Town of Chapel Hill, the Town of Carrboro, and Orange County will provide funding for a new sewer service and to create a master plan for the Rogers Road – Eubanks Road Neighborhood.

Table and Ref #: Table 2, Ref #76
Location: Rogers Road-Eubanks Road Neighborhood
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$1,058,000) budgeted in NCDOT Direct Allocation Grant in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	Multi-Year Capital Project Ordinance

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Friday Center Drive Bike & Pedestrian Improvements

Funding will construct bicycle facilities along Friday Center Drive in accordance with the Chapel Hill Bicycle and Pedestrian Action Plan.

Table and Ref #: Table 2, Ref #73
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$665,000) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	Multi-year Capital Project Ordinance

Estes Drive Bike and Pedestrian Improvements

Funding will include bike lanes and sidewalks on the north and south sides of Estes Drive and an off-road multi-use trail on the north side. The work supports goals outlined in Chapel Hill 2020 comprehensive plan and The Chapel Hill Bike Plan.

Table and Ref #: Table 2, Ref #74
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$224,390) budgeted in NCDOT Direct Allocation Grant in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	NCDOT Direct Allocation Grant

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Elliot Road Storage Project

This project involves constructing a stormwater control facility behind the existing Day’s Inn on Fordham Boulevard along with making park and pedestrian improvements to the area. Public Works staff are working with WK Dickson, a stormwater engineering consultant, to execute construction management services for the Elliott Road Storage Facility.

Table and Ref #: Table 3, Ref #92
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$2,829,554) budgeted in 2018 Bond Sale in FY 2018-19</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
(\$2,829,554)	-	-	-	-	-	-	2018 Bond Sale

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

COMMUNICATIONS AND TECHNOLOGY

Virtual Servers

Funding will replace Microsoft Hyper-Visor servers with VMWare virtual servers. This increases the security of the Town’s cyber assets.

Table and Ref #: Table 1, Ref #17
Location: Varies Sites
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$0	\$115,000	\$12,000	\$12,000	\$12,000	\$151,000	\$211,000	Capital Improvements Fund

Public Safety Radios/Body Cameras

Funding will replace aging public safety radios and will provide every police officer on patrol with a body camera.

Table and Ref #: Table 3, Ref #87
Location: Technology Solutions
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$241,322) budgeted in Two-Thirds Bonds in FY 2016-17.</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	Two-Thirds Bonds

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

PARKS AND OTHER PUBLIC USE FACILITIES

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 Homestead Park and Southern Community Park.

Table and Ref #: Table 1, Ref #28
Location: Various locations
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	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 from Martin Luther King Jr. Boulevard west along Bolin Creek to Umstead Park. The project includes underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction was mostly completed in June 2017. One remaining section east of Martin Luther King Jr. Blvd. remains unfinished due to the coal ash situation on the Police Department property.

Table and Ref #: Table 3, Ref #95
Location: Bolin Creek
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$1,163,306) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	2015 Bond Issue

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Morgan Creek Trail

The next phases of the Morgan Creek Trail are currently in the design phase. There are four separate sub-projects for design purposes. For construction these might be bid separately or bundled together. One project will extend the trail east from Merritt’s Pasture, along Fordham Boulevard to Morgan Creek Road. Another project will extend the trail from the existing parking lot westward to Smith Level Road. We are also designing an expansion of the existing parking lot and a separate pedestrian bridge at Ashe Place. Design and permitting is underway and should be completed in 2018.

Table and Ref #: Table 3, Ref #96
Location: Morgan Creek
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$2,446,694) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
-	-	-	-	-	-	-	2015 Bond Issue

American Legion Property

After entering into an agreement to purchase the 36.2-acre American Legion Property on Legion Road, the Chapel Hill Town Council has initiated a public engagement process to learn about the community’s interests. Council has also established the American Legion Task Force to represent a spectrum of viewpoints in considering possible future uses of the American Legion property.

Table and Ref #: Table 3, Ref #101
Location: Legion Road
Operating Budget Impact: No Impact

Adopted 2018-19 Budget and Projected Expenditures

<i>Fiscal Year (\$4,506,327) budgeted in 2018 Bond Sale in FY 2018-19</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2018-19	2019-20	2020-21	2021-22	2022-23	<i>Through 2022-23</i>	<i>Through 2032-33</i>	
\$4,506,327	-	-	-	-	-	-	2018 Bond Sale

CAPITAL PROGRAM TABLES – INTRODUCTION

The Capital Improvements Program contains tables that outline the adopted budget for CIP projects in fiscal year 2018-19 and projected expenditures in future fiscal years for all funds, from 2018-19 through 2032-33. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include adopted projects for 2018-19 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	2017-18 Budget Revised	2018-19 Adopted Budget	2019-20
Municipal Operations Facilities				
1	Extraordinary Maintenance	\$ 118,330	\$ 100,000	\$ 100,000
2	Town Hall Renovation	17,818	-	-
3	HRD Training Room	-	-	200,000
4	Small Capital Improvements	77,987	-	-
5	Facility Condition Assessment	41,834	-	-
6	Town Hall Parking Deck Maintenance	13,591	-	-
7	Fire Extraordinary Maintenance	85,000	-	-
Public Safety				
8	Fire Truck	15,000	-	-
9	Fire Station Roof Replacement	-	-	130,000
10	Hamilton Road Fire Station	1,433,367	-	-
Town Facilities Leased by Others				
11	Housing Maintenance	50,931	22,260	-
Infrastructure				
12	Parking Lots/Paths/Trails	51,000	50,000	50,000
13	Neighborhood Traffic Calming, Pedestrian & Bicycle Improvements	4,744	-	-
14	Curb Cut Improvements (ADA)	45,000	50,000	50,000
15	Variable Message Sign System	19,317	-	-
Communications				
16	General Technology	80,000	-	-
17	Virtual Servers	-	-	115,000
18	UPS for Library	-	-	40,000
19	Network Monitoring & Security	-	-	84,110
Parks and Other Public Use Facilities				
20	Cemetery Beautification	108,645	-	-
21	Small Parks Improvements	89,887	-	-
22	Greenways	51,575	-	-
23	Bridge Replacement Meadowmont Park	300,709	-	-
24	Demolition of Sport Art Gymnastics Building	-	-	95,000
25	Replacement of HVAC Equipment at Public Works	-	-	-
26	Replacement of HVAC Equipment at Transit	-	-	-
27	Property Line Marking	-	-	54,000
28	Playgrounds	230,931	100,000	100,000
Transfer to Other Funds and Financing Costs				
29	Basnight Lane Parking Expansion	115,000	-	-
30	Replace On-Street Parking Meters	400,000	-	-
	Total	\$ 3,350,666	\$ 322,260	\$ 1,018,110

*Future years after FY2018-19 are for planning purposes only.

2020-21	2021-22	2022-23	2024-34	Reference #
\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000	1
-	-	-	-	2
-	-	-	-	3
-	-	-	-	4
-	-	60,000	-	5
-	-	-	-	6
-	-	-	-	7
				8
-	-	-	-	8
-	-	-	-	9
-	-	-	-	10
-	-	-	-	11
50,000	50,000	50,000	500,000	12
-	-	-	-	13
50,000	50,000	50,000	500,000	14
-	-	-	-	15
-	-	-	-	16
12,000	12,000	12,000	120,000	17
5,000	5,000	5,000	50,000	18
9,620	9,620	9,620	96,200	19
-	-	-	-	20
-	-	-	-	21
-	-	-	-	22
-	-	-	-	23
-	-	-	-	24
-	32,500	267,500	-	25
-	21,500	215,000	-	26
55,000	57,000	59,000	590,000	27
100,000	100,000	100,000	1,000,000	28
-	-	-	-	29
-	-	-	-	30
\$ 381,620	\$ 437,620	\$ 928,120	\$ 3,856,200	

TABLE 2: Other Sources - Current Year Budget and Future Year Budget Requests

Reference #	Project	Revised Budget 2017-18	Adopted 2018-19	2019-20
Municipal Operations Facilities				
31	Comprehensive Public Housing Renovations	\$ -	\$ 782,242	\$ 782,242
32	Comprehensive Public Housing Renovations	549,598	-	-
33	Comprehensive Public Housing Renovations	521,212	-	-
34	Comprehensive Public Housing Renovations	400,472	-	-
35	Comprehensive Public Housing Renovations	392,407	-	-
36	Comprehensive Public Housing Renovations	37,002	-	-
37	Fire Station 1 Replacement	-	-	-
38	Fire Station 2 Replacement	-	-	2,652,250
39	Fire Station 3 Replacement	-	-	-
40	Fire Station 4 Replacement	-	-	-
41	Building Addition to Public Works	-	-	-
42	Library Roof Replacement	-	-	-
43	Transit Roof Replacement	-	-	-
44	Public Works Roof Replacement	-	-	-
45	100 West Rosemary Renovation	-	-	450,000
46	Public Safety Headquarters (MSC)	-	-	1,020,876
47	Parks & Recreation Facility	-	-	142,982
48	Solid Waste Transfer Station	-	-	-
49	Wallace Parking Facility	17,908	300,000	2,400,000
50	Multi-Agency Complex Project	1,079,996	-	-
51	Town Hall HVAC Improvements	12,365	-	-
52	Hargraves Roof Replacement	290,000	-	-
53	Energy Efficiency Projects	86,752	-	-
Public Safety				
54	Rescue Unit	-	-	1,008,000
55	Engine 33	-	-	-
56	Engine 31	-	-	-
57	Tower Unit 73	-	-	-
58	Engine 35	-	-	-
59	Fire Self-Contained Breathing Apparatus	3,995	-	-
Infrastructure				
60	Stormwater Projects	75,000	80,400	75,000
61	ADA Improvements	-	-	45,000
62	Small/Medium Drainage Maintenance and Improvements	-	-	-
63	Teen Center/Archives Renovation	-	-	175,000
64	Infrastructure Capital Improvement Program	-	-	-
65	Water Quality Capital Improvement Program	-	-	-
66	Booker Creek Road Culvert Replacement	467,763	-	-
67	Subwatershed Modeling	420,770	300,000	-
68	140 West Project	192,600	-	-
69	Downtown Parking Deck	-	-	-
70	Downtown Parking Lot	-	-	3,386,125
71	Parking Lot Construction	72,600	-	-
72	Ridge Road Reconstruction	250,000	-	-
73	Friday Center Drive Bike & Ped Improvements*	665,000	-	-
74	Estes Drive Bike & Ped Improvements*	224,390	-	-
75	Fordham Sidepath*	446,400	-	-
76	Estes Drive Bike & Ped Improvements*	508,000	-	-
77	Rogers Road Design and Engineering	1,058,000	-	-
78	Traffic Signal Improvement	226,069	-	-
Parks and Other Public Use Facilities				
79	Meadowmont Bridge	116,479	-	-
	TOTAL	\$ 8,114,778	\$ 1,462,642	\$ 12,137,475

Note: Future years after FY2018-19 are for planning purposes only.

*In addition to the funding shown on this table, these projects are also funded by Streets & Sidewalks Bonds.

2020-21	2021-22	2022-23	2024-34	Fund Source	Reference #
\$ 782,242	\$ 782,242	\$ 782,242	\$ 7,824,540	HUD Grant	31
-	-	-	-	HUD Grant	32
-	-	-	-	HUD Grant	33
-	-	-	-	HUD Grant	34
-	-	-	-	HUD Grant	35
-	-	-	-	HUD Grant	36
-	3,376,527	-	-	Future Financing	37
-	-	-	-	Future Financing	38
150,000	2,400,000	750,000	-	Future Financing	39
2,652,250	-	-	-	Future Financing	40
-	-	-	1,920,000	Future Financing	41
-	-	-	400,000	Future Financing	42
-	-	-	400,000	Future Financing	43
-	-	-	575,000	Future Financing	44
3,300,000	-	-	-	Future Financing	45
1,722,377	21,651,971	191,375	-	Future Financing	46
257,368	3,235,350	28,596	-	Future Financing	47
75,000	75,000	425,000	4,700,000	Future Financing	48
-	-	-	-	Limited Obligation Bonds	49
-	-	-	-	Multi-year Capital Project Ord.	50
-	-	-	-	2015 Installment Financing	51
-	-	-	-	2015 Installment Financing	52
-	-	-	-	2015 Installment Financing	53
-	-	-	-	Future Financing	54
-	-	-	935,819	Future Financing	55
-	-	-	1,373,428	Future Financing	56
-	-	-	2,738,336	Future Financing	57
-	-	-	1,641,278	Future Financing	58
-	-	-	-	2015 Installment Financing	59
75,000	75,000	75,000	750,000	Stormwater Management Funds	60
535,000	-	-	-	Future Financing	61
-	-	-	1,000,000	Stormwater Management Funds	62
1,850,000	-	-	-	Future Financing	63
-	-	-	5,500,000	Stormwater Management Funds	64
-	-	-	5,500,000	Stormwater Management Funds	65
-	-	-	-	Stormwater Management Funds	66
-	-	-	-	Stormwater Management Funds	67
-	-	-	-	Limited Obligation Bonds	68
2,712,827	2,794,212	28,878,039	-	Future Financing	69
305,009	-	-	-	Future Financing	70
-	-	-	-	Parking Revenue	71
-	-	-	-	UNC Contribution	72
-	-	-	-	Multi-year Capital Project Ord.	73
-	-	-	-	NCDOT Direct Allocation Grant	74
-	-	-	-	NCDOT Direct Allocation Grant	75
-	-	-	-	CMAQ Grant	76
-	-	-	-	Multi-year Capital Project Ord.	77
-	-	-	-	NCDOT Direct Allocation Grant	78
-	-	-	-	Multi-year Capital Project Ord.	79
\$ 14,417,073	\$ 34,390,302	\$ 31,130,252	\$ 35,258,401		

TABLE 3: Issued Bond Projects

Reference #	Council Priority	Project Name	Category	2004 Bond Sale (\$4,000,000)		2006 Bond Sale (\$4,950,000)
				2004-05	2005-06	2006-07
Municipal Operations Facilities						
80	2	Energy Efficiency Projects	Public Buildings	\$ 392,600	\$ -	\$ -
81	2	Sustainable Community Project - Local Match	Public Buildings	17,400	-	-
82	7	Energy Management System: Town Hall HVAC	Public Buildings	-	90,000	-
Public Safety						
83	5	100 Foot Fire Ladder Truck	Public Safety	-	-	-
84	5	Public Safety Radios/Body Cameras	Public Safety	-	-	-
Infrastructure						
85	2	Downtown Improvements - Streetscape	Sidewalks & Streets	500,000	-	1,000,000
86	7	Capital Project Management, Bond Issuance Costs	Sidewalks & Streets	-	-	-
87	2	Neighborhood Traffic Calming, Pedestrian, and Bicycle Improvements	Sidewalks & Streets	50,000	250,000	-
88	2	Pedestrian Amenities at Town Owned Traffic Signals	Sidewalks & Streets	20,000	80,000	50,000
89	7	Public Art	Sidewalks & Streets	-	-	-
90	2	Streets and Bridges	Sidewalks & Streets	-	-	-
91	2	Sidewalks and Bicycle Facilities	Sidewalks & Streets	600,000	-	600,000
92	6	Elliot Road Storage Project	Stormwater	-	-	-
Parks and Other Public Use Facilities						
93	2	Bolin Creek Trail	Parks/Recreational Facilities	100,000	-	-
94	2	Dry Creek Trail	Parks/Recreational Facilities	125,000	-	16,000
95	2	Tanyard Branch Trail	Parks/Recreational Facilities	-	-	-
96	2	Morgan Creek Trail	Parks/Recreational Facilities	75,000	-	968,000
97	2	Open Space Acquisition	Open Space and Areas	1,200,000	-	800,000
98	2	Playground Improvements	Parks/Recreational	-	-	-
99	2	Upper Booker Creek Trail	2003 Bond	-	-	16,000
100	2	Parks Facilities	Parks/Recreational	-	-	-
101	2	American Legion Property	Open Space and Areas	-	-	-
102	2	Library Expansion	Library Facilities	500,000	-	1,500,000
TOTAL				\$ 3,580,000	\$ 420,000	\$ 4,950,000

COLUMN DESCRIPTION KEY

Council Priority

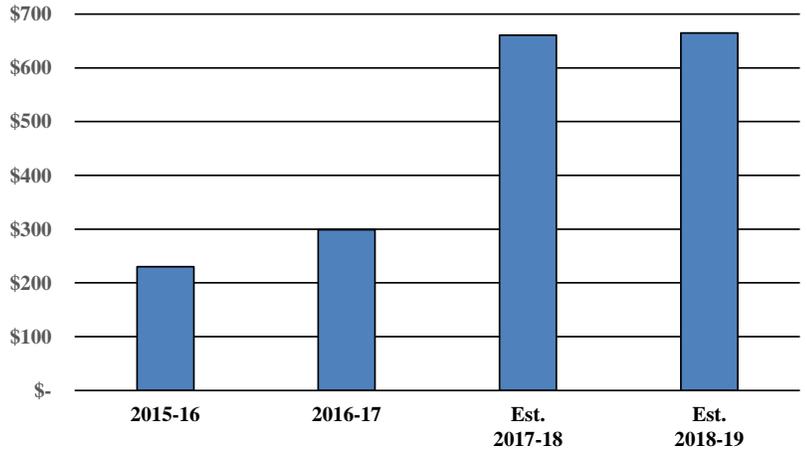
- 1 - Council Authorized Contracts
- 2 - Projects that have a Council mandate
- 3 - Projects that we have a legal requirement to perform or complete
- 4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
- 5 - Projects involving public safety
- 6 - Projects which are part of an adopted master plan
- 7 - Other projects

2010 Bond Sale (\$20,760,237)	Two-Thirds Bonds (\$1,700,000)	2015 Bond Sale (\$9,615,091)	Two-Thirds Bonds (1,614,703)	2018 Bond Sale (\$13,099,788)		
2010-11	2012-13	2016-17		2017-18	TOTAL	Reference #
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,600	80
-	-	-	-	-	17,400	81
-	-	-	-	-	90,000	82
-	-	-	1,348,000	-	1,348,000	83
-	-	-	241,322	-	241,322	84
64,000	-	414,266	-	800,000	2,778,266	85
-	-	425,091	25,381	263,907	714,379	86
225,000	-	670,134	-	-	1,195,134	87
100,000	-	-	-	-	250,000	88
-	-	30,000	-	55,000	85,000	89
661,000	1,000,000	1,000,000	-	775,000	3,436,000	90
1,442,042	-	1,075,600	-	3,870,000	7,587,642	91
-	-	-	-	2,829,554	2,829,554	92
2,245,889	-	1,163,306	-	-	3,509,195	93
150,540	-	-	-	-	291,540	94
-	-	1,390,000	-	-	1,390,000	95
1,212,455	-	2,446,694	-	-	4,702,149	96
-	-	-	-	-	2,000,000	97
-	-	1,000,000	-	-	1,000,000	98
154,608	-	-	-	-	170,608	99
-	700,000	-	-	-	700,000	100
-	-	-	-	4,506,327	4,506,327	101
14,504,703	-	-	-	-	16,504,703	102
\$ 20,760,237	\$ 1,700,000	\$ 9,615,091	\$ 1,614,703	\$ 13,099,788	\$ 55,739,819	

CAPITAL RESERVE FUND

The Capital Reserve Fund accounts for funds reserved for specific capital improvement projects including water and sewer improvements.

Capital Reserve Interest Income



CAPITAL RESERVE FUND BUDGET SUMMARY

No appropriations are planned for the Capital Reserve Fund for 2018-19, which had a fund balance of \$215,525 at June 30, 2017.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Reserved for CIP	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Transfer to Capital Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Interest on Investments Appropriated	\$ 299	\$ 240	\$ 240	\$ 661	\$ -	-100.0%
Fund Balance	(299)	(240)	(240)	(661)	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

MAJOR CAPITAL BOND PROJECTS

Several major capital improvement projects were approved by bond referenda in November of 1996, November of 2003 and November of 2015.

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 March 31, 2018 are shown in the table at the right.

Major Capital Bond Projects	Budget	Expenditures as of June 30, 2018
1996 Bond Projects		
Parks and Recreation Facilities	\$ 5,850,786	\$ 5,744,499
Open Space/Greenways	3,209,025	3,209,025
Public Safety Improvements	2,331,602	2,331,602
Streets and Sidewalks	2,995,324	2,990,407
Public Works Facilities	30,881,119	30,873,756
Subtotal	<u>\$ 45,267,856</u>	<u>\$ 45,149,289</u>
2003 Bond Projects		
Public Buildings	\$ 671,858	\$ 671,858
Streets and Sidewalks	6,846,698	6,653,311
Library Expansion	16,892,835	16,886,997
Open Space	2,067,224	2,067,224
Parks and Recreation	8,239,406	8,093,052
Subtotal	<u>\$ 34,718,021</u>	<u>\$ 34,372,442</u>
2012 LOBS Projects		
Lot 5 Project	\$ 5,962,600	\$ 5,770,000
Parking Projects	643,456	625,549
TOC Projects	202,261	134,890
Subtotal	<u>\$ 6,808,317</u>	<u>\$ 6,530,439</u>
2012 Two-Thirds Projects		
Street Resurfacing	\$ 982,500	\$ 982,500
Bolinwood Drive Bridge	17,500	17,500
Cedar Falls Park Building	226,566	226,565
Umstead Playground	7,000	7,000
Tennis Court Reconstruction	228,639	228,639
Southern Comm Park Lighting	106,535	106,534
Cedar Falls Artificial Turf	245,591	245,591
Inclusive Playground	6,453	2,740
Subtotal	<u>\$ 1,820,784</u>	<u>\$ 1,817,069</u>
2015 Bond Projects		
Streets and Sidewalks	\$ 10,456,428	\$ 2,867,728
Parks Trails	5,000,000	2,199,899
Parks Facilities	6,306,327	2,356,242
Subtotal	<u>\$ 21,762,755</u>	<u>\$ 7,423,869</u>
2017 Two-Thirds Projects		
Ladder Truck	\$ 1,348,000	\$ 1,347,991
Public Safety Radios	168,816	134,568
Body Cameras	72,506	72,506
Subtotal	<u>\$ 1,589,322</u>	<u>\$ 1,555,065</u>
TOTAL	<u>\$ 111,967,055</u>	<u>\$ 96,848,173</u>

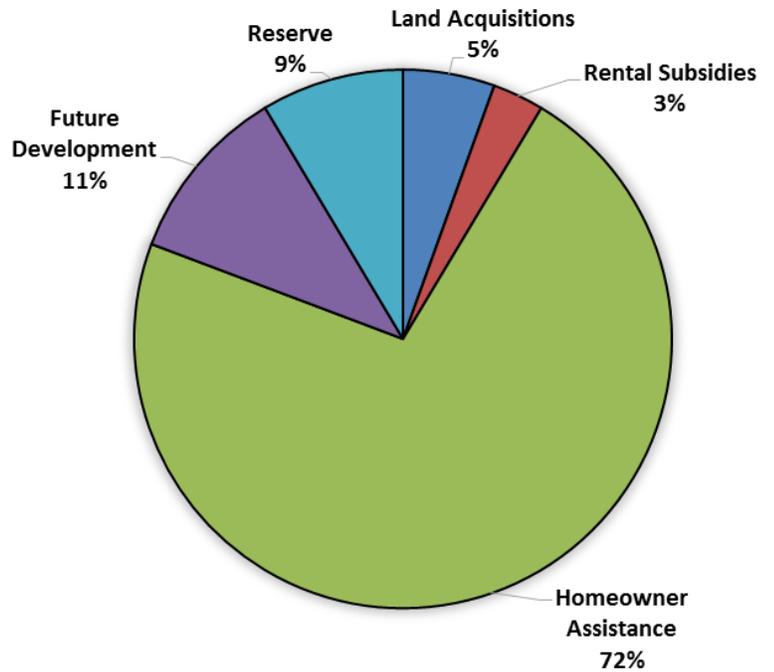
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AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND

The Affordable Housing Development Reserve Fund was established in FY18 to dedicate funding for the development and preservation of affordable housing.

FY18 AFFORDABLE HOUSING EXPENDITURES



AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND BUDGET SUMMARY

The Affordable Housing Development Reserve Fund is dedicated exclusively for the development and preservation of affordable housing. Funds had been budgeted annually in the General Fund through the "penny for Housing", but in September of 2017, the Town Council approved the creation of the Affordable Housing Development Reserve Fund. For FY19, the funding level remains at \$688,395.

EXPENDITURES

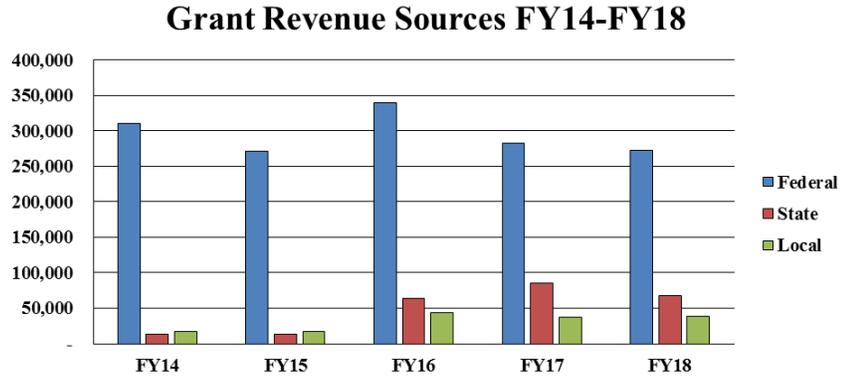
	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Land Acquisitions	\$ 55,000	\$ -	\$ 96,398	\$ 96,398	\$ -	N/A
Rental Subsidies	242,800	-	54,128	54,128	-	N/A
Homeownership Assist.	87,000	-	1,261,254	1,261,254	-	N/A
Future Development	200,000	-	187,000	187,000	-	N/A
Reserve	-	-	150,000	150,000	688,395	N/A
Total	\$ 584,800	\$ -	\$ 1,748,780	\$ 1,748,780	\$ 688,395	N/A

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Transfer from General Fund	\$ 1,645,185	\$ -	\$ 688,395	\$ 688,395	\$ 688,395	N/A
Appropriated Fund Balance	(1,060,385)	-	1,060,385	1,060,385	-	N/A
Total	\$ 584,800	\$ -	\$ 1,748,780	\$ 1,748,780	\$ 688,395	N/A

GRANTS FUND

The Grants Fund was established to account for miscellaneous small grants that would otherwise be accounted for in the General Fund.



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. Grants for 2018-19 consist of three Planning grants that provide personnel and operating funding for transportation planning.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Police Grants	\$ 99,042	\$ -	\$ 193,800	\$ 193,800	\$ -	N/A
Planning Grants	356,705	404,640	404,640	404,640	384,640	-4.9%
Total	\$ 455,747	\$ 404,640	\$ 598,440	\$ 598,440	\$ 384,640	-4.9%

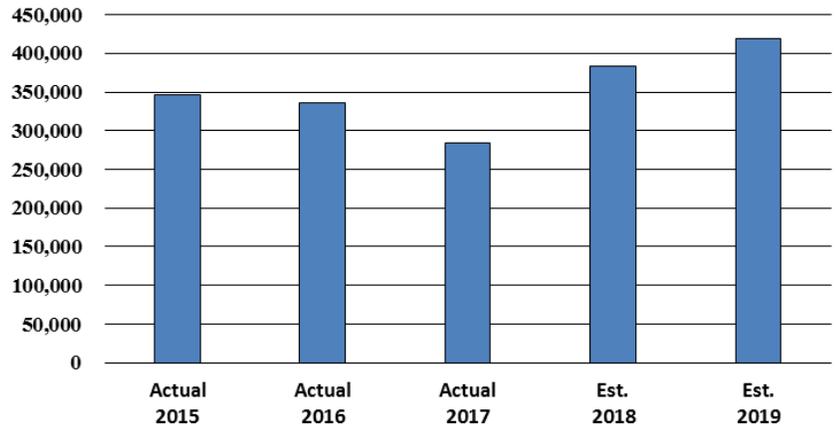
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Grants	\$ 355,742	\$ 319,776	\$ 478,831	\$ 478,831	\$ 303,089	-5.2%
Transfer from General Fund	81,350	84,864	98,635	98,635	81,551	-3.9%
Appropriated Fund Balance	18,655	-	20,974	20,974	-	N/A
Total	\$ 455,747	\$ 404,640	\$ 598,440	\$ 598,440	\$ 384,640	-4.9%

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 Expenditures



DOWNTOWN SERVICE DISTRICT FUND

Major Revenue Sources – Descriptions and Estimates

The revenue source for the Downtown Service District is the special district property tax on the assessed value of \$515,474,000. The tax rate of 7.0 cents is unchanged from FY 2017-18, and is expected to yield a total of about \$361,000 in FY 2018-19. This represents an increase of \$49,000 from the current year estimates, due to the increase in value from new development in the downtown area.

FY19 continues funding from Orange County in the amount of \$73,500 for the “Launch” initiative, which is a partnership between Orange County, the University and the Town of Chapel Hill with the goal of providing incentives to assist in small and local business development.

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 adopted budget provides for \$120,000 in continued funding for services related to the downtown service district. These services include efforts to bring 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. Additionally, there are expenses related to the “Launch” initiative (\$137,000) along with 140 West expenses (\$105,000).

DOWNTOWN SERVICE DISTRICT FUND BUDGET SUMMARY

The adopted Downtown Service District Fund tax rate of 7.0 cents for 2018-19 provides for continued funding of the groundskeeper position dedicated to the downtown area (including a 3% of market rate salary adjustment, effective July 1, and a 1.5% rate decrease in medical insurance). The adopted budget continues an allocation of about \$120,000 for services related to the district, and includes expenses related to the "Launch" initiative (\$137,000) along with 140 West expenses (\$105,000).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 54,103	\$ 54,338	\$ 54,338	\$ 55,605	\$ 56,597	4.2%
Contracted Services	227,080	225,000	225,000	225,000	235,000	4.4%
Grants/Deferred Loans	103,500	103,500	103,500	103,500	137,000	32.4%
Reserve	-	-	-	-	6,903	N/A
Total	\$ 384,683	\$ 382,838	\$ 382,838	\$ 384,105	\$ 435,500	13.8%

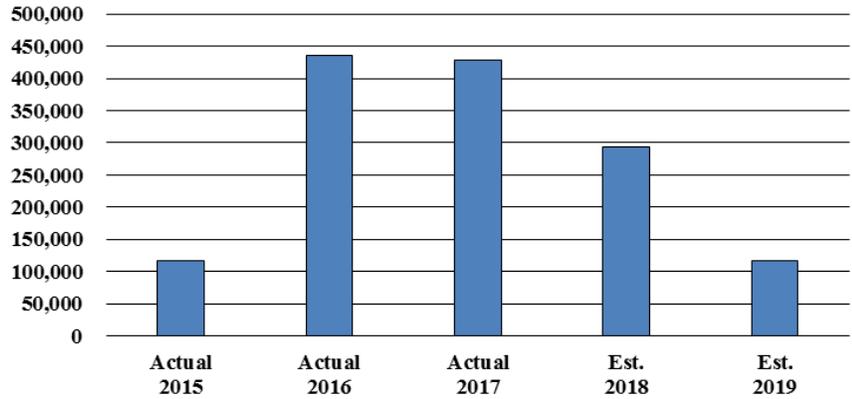
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Property Taxes	\$ 278,262	\$ 311,610	\$ 311,610	\$ 305,008	\$ 361,000	15.8%
Interest Income	119	-	-	44	1,000	N/A
Gifts and Donations	113,500	73,500	73,500	73,500	73,500	0.0%
Interest on Receivable	695	528	528	-	-	-100.0%
Appropriated Fund Balance	(7,893)	(2,800)	(2,800)	5,553	-	N/A
Total	\$ 384,683	\$ 382,838	\$ 382,838	\$ 384,105	\$ 435,500	13.8%

LIBRARY GIFT FUND

The Library Gift Fund accounts for private contributions to the Town's library.

Library Gift Fund Donations and Interest Earnings



LIBRARY GIFT FUND

BUDGET SUMMARY

The adopted budget for the Library Gift Fund for 2018-19 reflects a decrease from the previous year due to a reduction in grants. Gifts for 2018-19 include donations (\$65,000) from the Friends of the Library and miscellaneous donations (\$50,600). 2018-19 expenses include additions to the collection, computers, software and other miscellaneous expenses. The Library Gift Fund continues to budget a transfer to the General Fund to support Library operations, at an amount of \$45,000 for 2018-19.

EXPENDITURES

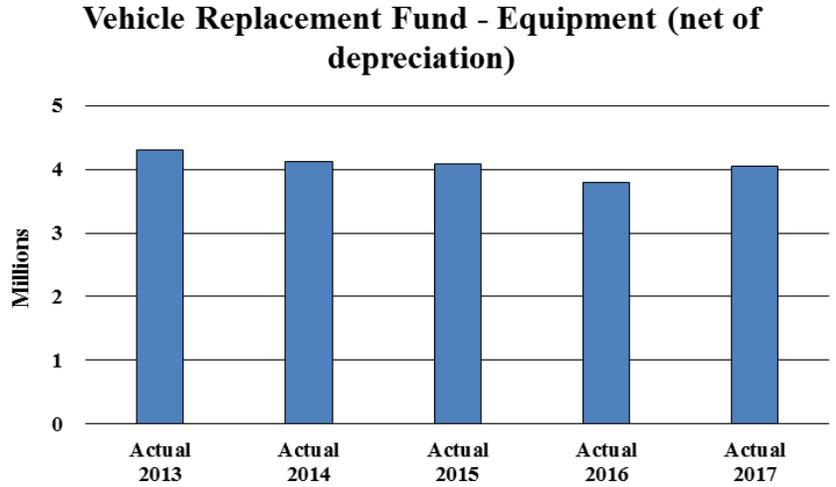
	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Computers/Database	\$ 176	\$ 35,800	\$ 26,500	\$ 26,500	\$ 11,200	-68.7%
Furniture	27,880	10,000	55,219	94,486	21,676	116.8%
Collection Purchases	23,468	34,800	60,722	35,272	26,000	-25.3%
Other	63,374	118,905	306,894	260,646	36,200	-69.6%
Pop-Up Library	110,002	-	3,521	3,521	-	N/A
Transfer to General Fund	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 269,900	\$ 244,505	\$ 497,856	\$ 465,425	\$ 140,076	-42.7%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Interest Income	\$ 291	\$ -	\$ -	\$ 530	\$ 476	N/A
Friends' Donations	87,000	75,000	75,000	115,000	65,000	-13.3%
Grants	283,611	119,740	163,261	123,261	-	-100.0%
Misc Donations	57,124	49,765	49,765	54,376	50,600	1.7%
Appropriated Fund Balance	(158,126)	-	209,830	172,258	24,000	N/A
Total	\$ 269,900	\$ 244,505	\$ 497,856	\$ 465,425	\$ 140,076	-42.7%

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 2018-19 for the Vehicle Replacement Fund includes a list of the most critical capital equipment needs pending a comprehensive review of the Town's fixed assets. Included in the 2018-19 recommended budget is the replacement of three mowers, one Fire vehicle, four Public Works vehicles, and two police cars. The Vehicle Replacement Fund is moving to a pay-as-you-go system. Beginning in 2014-15, vehicle purchases were bought outright rather than financed.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Lease Purchase Payments	\$ 906,833	\$ 650,395	\$ 650,395	\$ 650,395	\$ 400,630	-38.4%
Other Expense	10,441	10,000	10,000	6,000	6,000	-40.0%
Capital Equipment	1,475,193	786,000	1,033,281	1,033,281	713,500	-9.2%
Total	\$ 2,392,467	\$ 1,446,395	\$ 1,693,676	\$ 1,689,676	\$ 1,120,130	-22.6%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Vehicle Use Fees	\$ 1,158,666	\$ 835,995	\$ 835,995	\$ 835,995	\$ 387,129	-53.7%
Interest Income	3,576	2,000	2,000	4,500	3,500	75.0%
Sale of Fixed Assets	115,821	50,000	50,000	68,234	50,000	0.0%
Appropriated Fund Balance	1,114,404	558,400	805,681	780,947	679,501	21.7%
Total	\$ 2,392,467	\$ 1,446,395	\$ 1,693,676	\$ 1,689,676	\$ 1,120,130	-22.6%

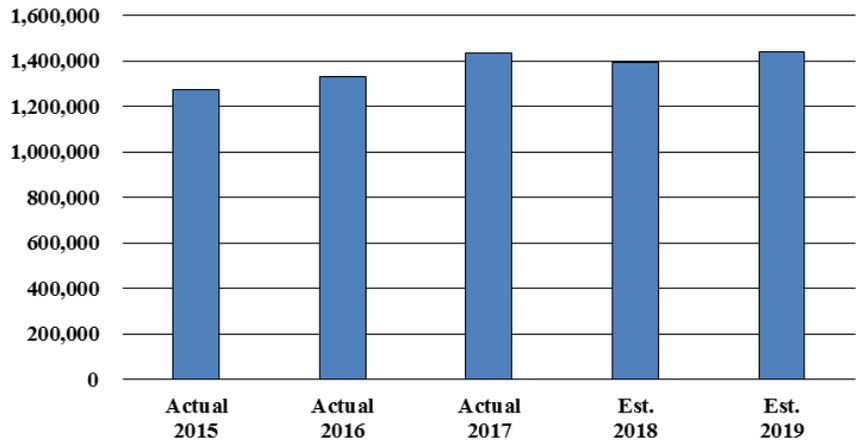
VEHICLE MAINTENANCE FUND

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 Fund Expenditures



VEHICLE MAINTENANCE

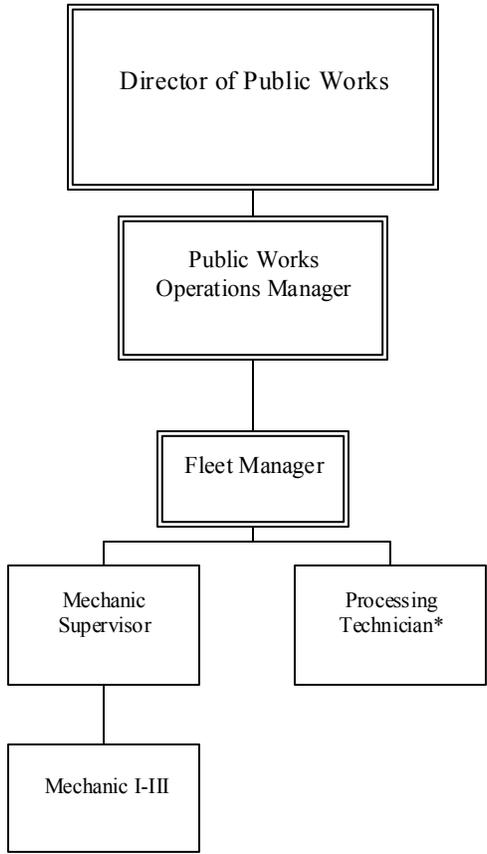
MISSION STATEMENT:

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

	2016-17 ADOPTED	2017-18 ADOPTED	2018-19 ADOPTED
Supervisor-Mechanic	1.00	1.00	1.00
Mechanic (I-III)	5.00	5.00	5.00
Manager-Fleet	1.00	1.00	1.00
Processing Technician ¹	0.75	0.75	0.75
Unit Totals	7.75	7.75	7.75

¹ Processing Technician is split between Building Maintenance and the Vehicle Maintenance Fund.

Note: Vehicle Maintenance is supervised by the Public Works Department.

VEHICLE MAINTENANCE FUND BUDGET SUMMARY

The 2018-19 adopted budget for the Vehicle Maintenance Fund reflects an overall increase in expenditures of 2% from last year's budget. The increase in personnel is the result of a 3% market rate salary adjustment and a 1.5% rate decrease in medical insurance. The 2.1% increase in the operating budget is mainly due to an increase in maintenance and repair costs (\$28,719).

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Personnel	\$ 581,547	\$ 621,816	\$ 621,816	\$ 616,874	\$ 633,675	1.9%
Operating Costs	817,835	788,033	788,106	775,309	804,625	2.1%
Capital Outlay	33,824	-	-	-	-	N/A
Total	\$ 1,433,206	\$ 1,409,849	\$ 1,409,922	\$ 1,392,183	\$ 1,438,300	2.0%

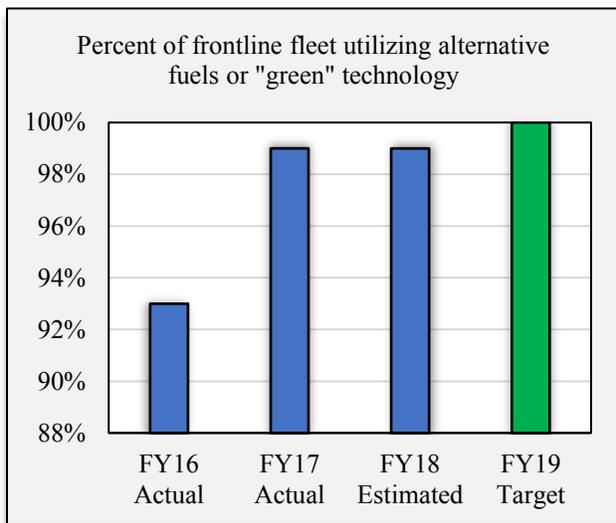
REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Vehicle Maintenance Fees	\$ 1,431,824	\$ 1,371,700	\$ 1,371,700	\$ 1,372,700	\$ 1,420,300	3.5%
Interest Income	629	-	-	-	-	N/A
Insurance Claims	19,194	18,000	18,000	18,000	18,000	0.0%
Appropriated Fund Balance	(18,441)	20,149	20,222	1,483	-	-100.0%
Total	\$ 1,433,206	\$ 1,409,849	\$ 1,409,922	\$ 1,392,183	\$ 1,438,300	2.0%

VEHICLE MAINTENANCE

MISSION-LEVEL MEASURES

Environmental Stewardship	Program:	Fleet Services
	Objective:	Achieve 100% replacement of frontline unleaded vehicles with “green” vehicles— hybrids, alternative fuels, etc.—by the end of FY2019
	Mission Measure:	Percent of frontline fleet utilizing alternative fuels or "green" technology



Departmental Analysis

- Our fleet replacement program continues to improve our carbon footprint. However, the inconsistency of the replacement program is having a definite effect on our ability to reach our targets.
- Reduction in fleet replacement for FY19 continues to impact our original goal to reach a 100% green frontline fleet by 2018.
- Maintaining the scheduled vehicle replacement program helps manage maintenance and repair workload and prioritize preventive scheduled maintenance.
- By continuing to complete reactive repairs in-house, we can provide better customer service, and shorter, more predictable wait times. However, increased workload may necessitate outsourcing repairs to dealerships at a higher cost and more unpredictable wait times.

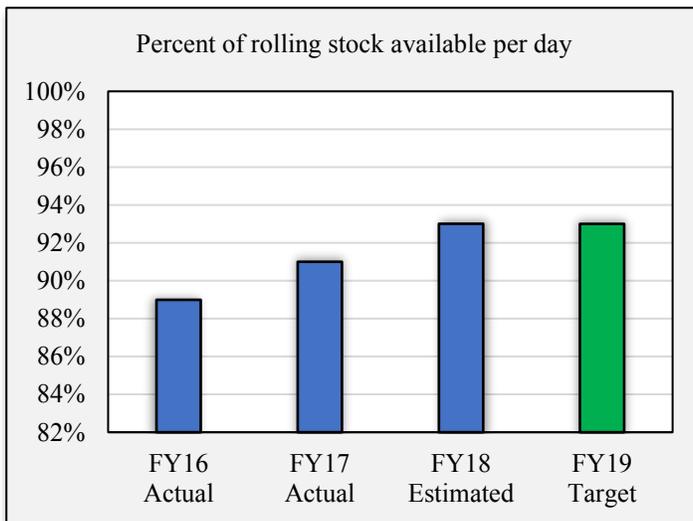
Initiatives - What will we do to take action?

1. Provide additional analysis and information in support of fully funding Vehicle Replacement in FY20.

VEHICLE MAINTENANCE

MISSION-LEVEL MEASURES

Collaborative & Innovative Organization	Program:	Fleet Services
	Objective:	Ensure that 90% of rolling stock is available per day
	Mission Measure:	Percent of rolling stock available per day



Departmental Analysis

- The industry standard is 95% rolling stock availability.
- To increase rolling stock availability with improved customer service, we have requested an additional mechanic in past budget years to service PD and Fire vehicles on site.
- We are currently maximizing our efforts related to fleet availability; mechanics are averaging over 90% productivity. (Mechanics are expected to show 70% productivity during performance review based on industry standard.)

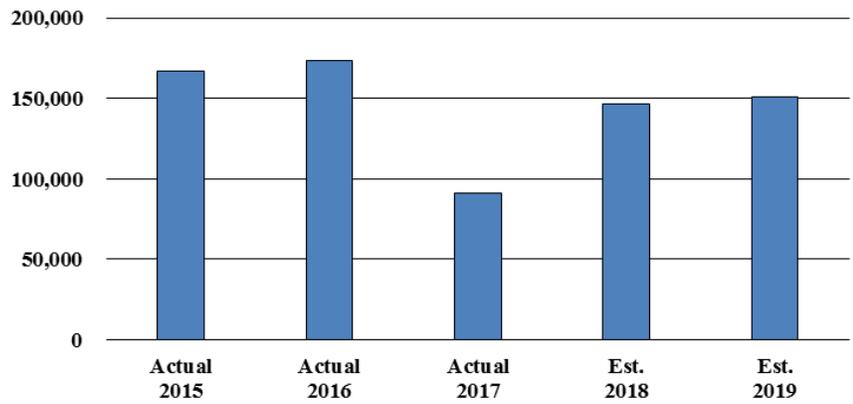
Initiatives - What will we do to take action?

1. Continue pursuing funding to add a mechanic to increase on-site vehicle maintenance, with a goal of improving customer service and increasing fleet availability.
2. Provide additional analysis and information in support of fully funding Vehicle Replacement in FY20.

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 Equipment Purchases



COMPUTER REPLACEMENT FUND BUDGET SUMMARY

The adopted budget for 2018-19 provides for replacement of computer equipment on a pay-as-you-go basis. For fiscal year 2018-19, \$150,875 of appropriated fund balance will be used to balance the budget and provide financial assistance to all Town funds.

EXPENDITURES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Small Equipment	\$ 90,908	\$ 145,625	\$ 145,625	\$ 146,875	\$ 150,875	3.6%
Other Expense	-	500	500	-	-	-100.0%
Total	\$ 90,908	\$ 146,125	\$ 146,125	\$ 146,875	\$ 150,875	3.3%

REVENUES

	2016-17 Actual	2017-18 Original Budget	2017-18 Revised Budget	2017-18 Estimated	2018-19 Adopted Budget	% Change from 2017-18
Computer Use Fees	\$ 133,125	\$ -	\$ -	\$ -	\$ -	N/A
Interest Income	706	-	-	1,600	-	N/A
Appropriated Fund Balance	(42,923)	146,125	146,125	145,275	150,875	3.3%
Total	\$ 90,908	\$ 146,125	\$ 146,125	\$ 146,875	\$ 150,875	3.3%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2018 (2018-06-13/O-1)

BE IT ORDAINED by the Council of the Town of Chapel Hill, the following appropriations are hereby made:

ARTICLE I

GENERAL FUND

<u>Function</u>	<u>Function Total</u>
General Government	\$ 15,263,182
Environment & Development	15,726,875
Public Safety	24,599,694
Leisure	10,767,249
GENERAL FUND TOTAL	\$ 66,357,000

OTHER FUNDS

Transit Fund	\$ 23,768,295
Transit Capital Reserve Fund	255,890
Debt Service Fund	8,274,231
Vehicle Replacement Fund	1,120,130
Vehicle Maintenance Fund	1,438,300
Computer Replacement Fund	150,875
Public Housing Fund	2,204,372
Affordable Housing Reserve Fund	688,395
On-Street Parking Fund	716,810
Off-Street Parking Facilities Fund	1,990,020
Library Gift Fund	140,076
Capital Improvements Fund	322,260
Downtown Service District Fund	435,500
Stormwater Management Fund	2,724,400
Grants Fund	384,640
TOTAL ALL FUNDS	\$ 110,971,194

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019 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	\$ 31,771,000
Other Taxes & Licenses	1,357,500
State-Shared Revenues	21,674,417
Grants	680,899
Charges for Services	4,820,808
Licenses/Permits/Fines	2,461,890
Interest on Investments	50,000
Other Revenues	398,600
Transfers/Other Sources	45,000
Fund Balance Appropriated	3,096,886
General Fund Total	\$ 66,357,000

OTHER FUNDS

Transit Fund	\$ 23,768,295
Transit Capital Reserve Fund	255,890
Debt Service Fund	8,274,231
Vehicle Replacement Fund	1,120,130
Vehicle Maintenance Fund	1,438,300
Computer Replacement Fund	150,875
Public Housing Fund	2,204,372
Affordable Housing Reserve Fund	688,395
On-Street Parking Fund	716,810
Off-Street Parking Facilities Fund	1,990,020
Library Gift Fund	140,076
Capital Improvements Fund	322,260
Downtown Service District Fund	435,500
Stormwater Management Fund	2,724,400
Grants Fund	384,640
TOTAL ALL FUNDS	\$ 110,971,194

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, 2018 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)	\$0.386/\$100
Debt Service Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.082/\$100
Transit Fund (for the payment of expenses related to transportation approved by referendum)	\$0.060/\$100
TOTAL	\$0.528/\$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	\$0.070/\$100
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This the 13th day of June, 2018.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Chapel Hill

North Carolina

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrill

Executive Director

Performance Agreements with Other Agencies

	2017-18 Adopted Budget	2018-19 Adopted Budget
Performance Agreements with Other Agencies		
Human Services		
Human Services Advisory Board Recommendations	\$ 419,500	\$ 419,500
Total Human Services	419,500	419,500
Environment		
Piedmont Wildlife	500	-
Total Arts	500	-
Arts		
Cultural Arts Dinner	1,000	1,000
ArtsCenter	12,500	12,500
Total Arts	13,500	13,500
Affordable Housing		
Orange Community Housing and Land Trust	339,831	347,148
Affordable Rentals Group/Empowerment Inc.	13,500	13,500
Homeless Initiative	45,306	63,899
Total Affordable Housing	398,637	424,547
Economic Development		
Chapel Hill/Orange County Visitors Bureau	200,000	200,000
North Carolina High School Athletic Association	10,000	-
Chapel Hill Downtown Partnership	70,000	70,000
Total Economic Development	280,000	270,000
Total Contributions to Agencies	\$ 1,112,137	\$ 1,127,547

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.

GLOSSARY

- Objective** - A specific statement or objective that is to be accomplished or achieved for a particular 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.

GLOSSARY

Reclassification - A change in the classification and corresponding job title of an existing position 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.