



Financial Update Budget Obstacles Budget Goals, Objectives and Programs

October 28, 2013

Business Management Department



FY2013 Results of Operations

- Slow recovery
 - Slow property tax growth
 - Uneven sales tax growth
 - Surge in permits revenue
- Mixed Signals
 - Uncertainty
- Region better than State
- State worse than Nation



Impact of Government Shut-Down

- No Impact on payments in “pipeline”
- Delays in most things that required administrative attention
- Trickle-down impact thru State Programs
- Larger Concern....Debt Ceiling



FY2013 Results of Operations

Audit is has been completed and Draft Financial Statements have been compiled, here is the bottom line:

- **Actual GF revenues exceeded expenditures by \$1.3 million (2.6%)**
- **GF Fund balance increased overall, but spendable portion decreased by \$473,106**
- **Fund Balance as of 6/30/13 is 23.5%, down from 25.4% for FY12**



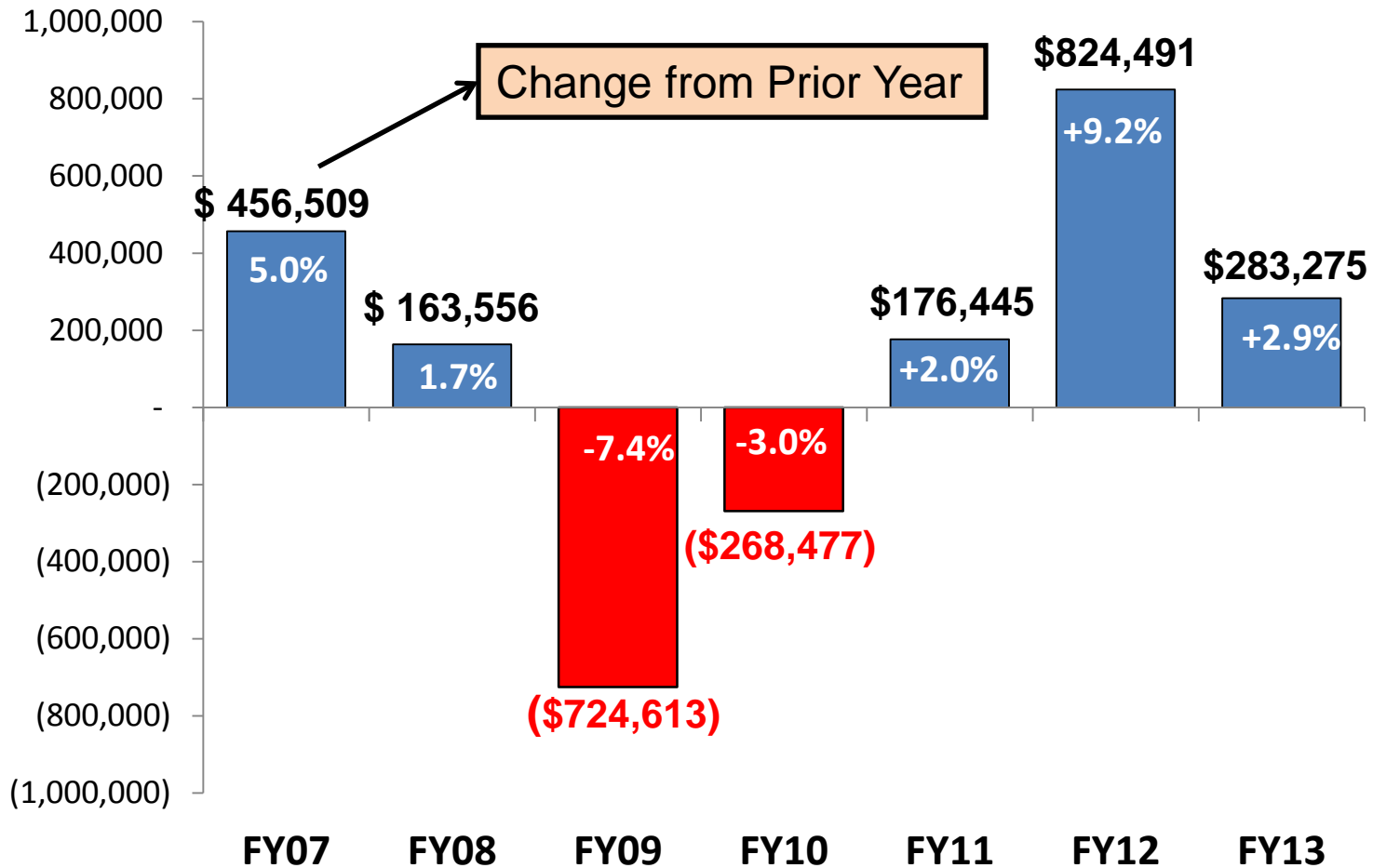
GF Revenue Trends

REVENUES	FY11	FY12	% Increase	FY13	% Increase
Taxes	\$ 35,328,100	\$ 38,200,415	8.4%	\$ 38,698,385	1.3%
Licenses & Permits	1,761,900	1,946,547	10.5%	2,369,155	21.7%
Intergovernmental	6,939,357	6,885,619	-0.8%	7,139,857	3.7%
Charges for Service	2,890,790	2,885,709	-0.2%	3,134,170	8.6%
Other	758,106	811,055	7.0%	1,080,273	33.2%
Total	\$ 47,738,253	\$ 50,729,345	6.6%	\$ 52,477,610	3.3%

- Shift of Property Tax from Debt Fund accounts for about ½ of increase FY12 taxes
- Without Tax shift increase from FY11 to FY12 would be 3.9%
- Over the past two years we have seen an increase in revenues of 3%- 4%

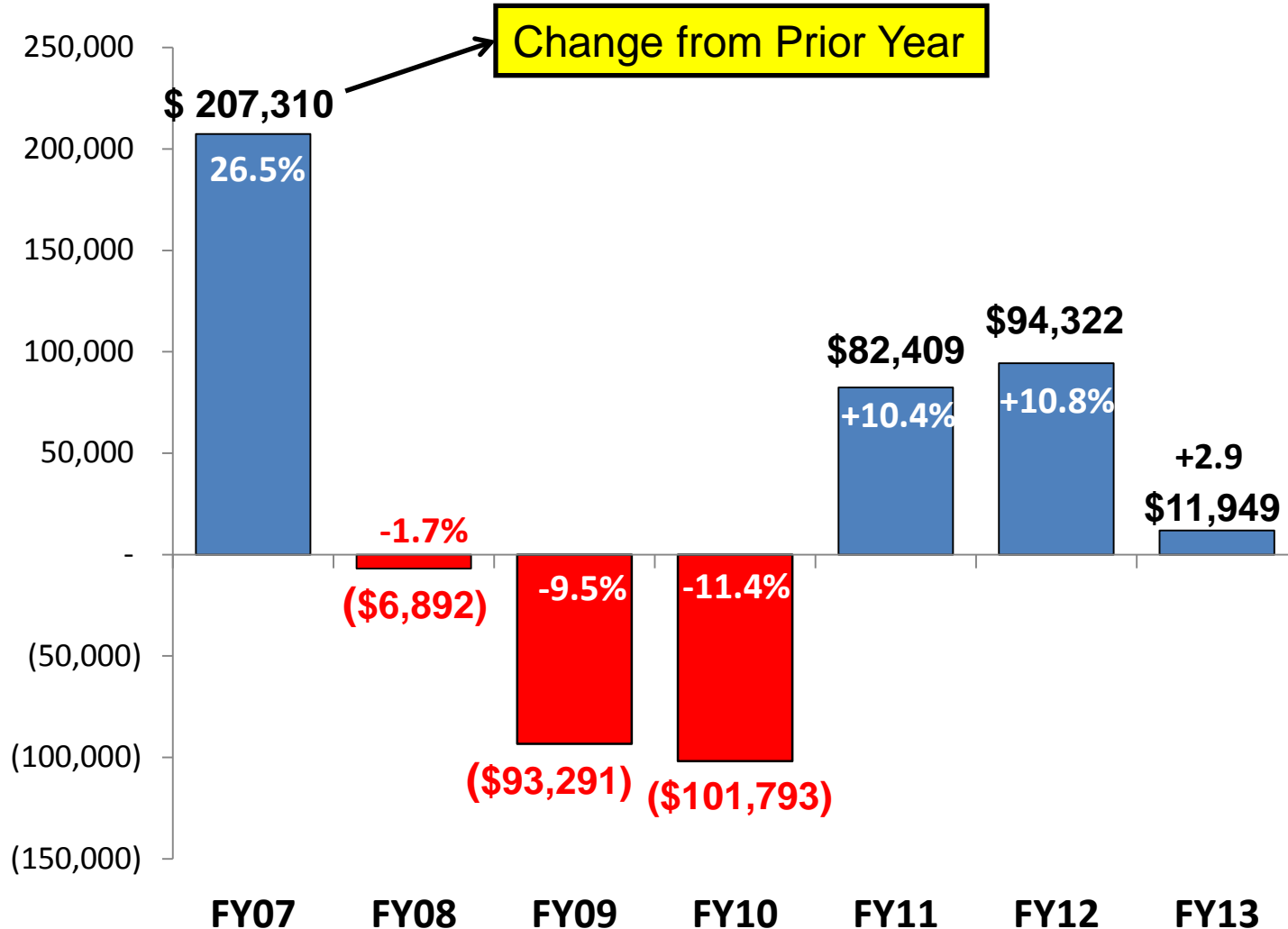
Sales Tax Receipts YR to YR Change

2006-07 thru 2012-13



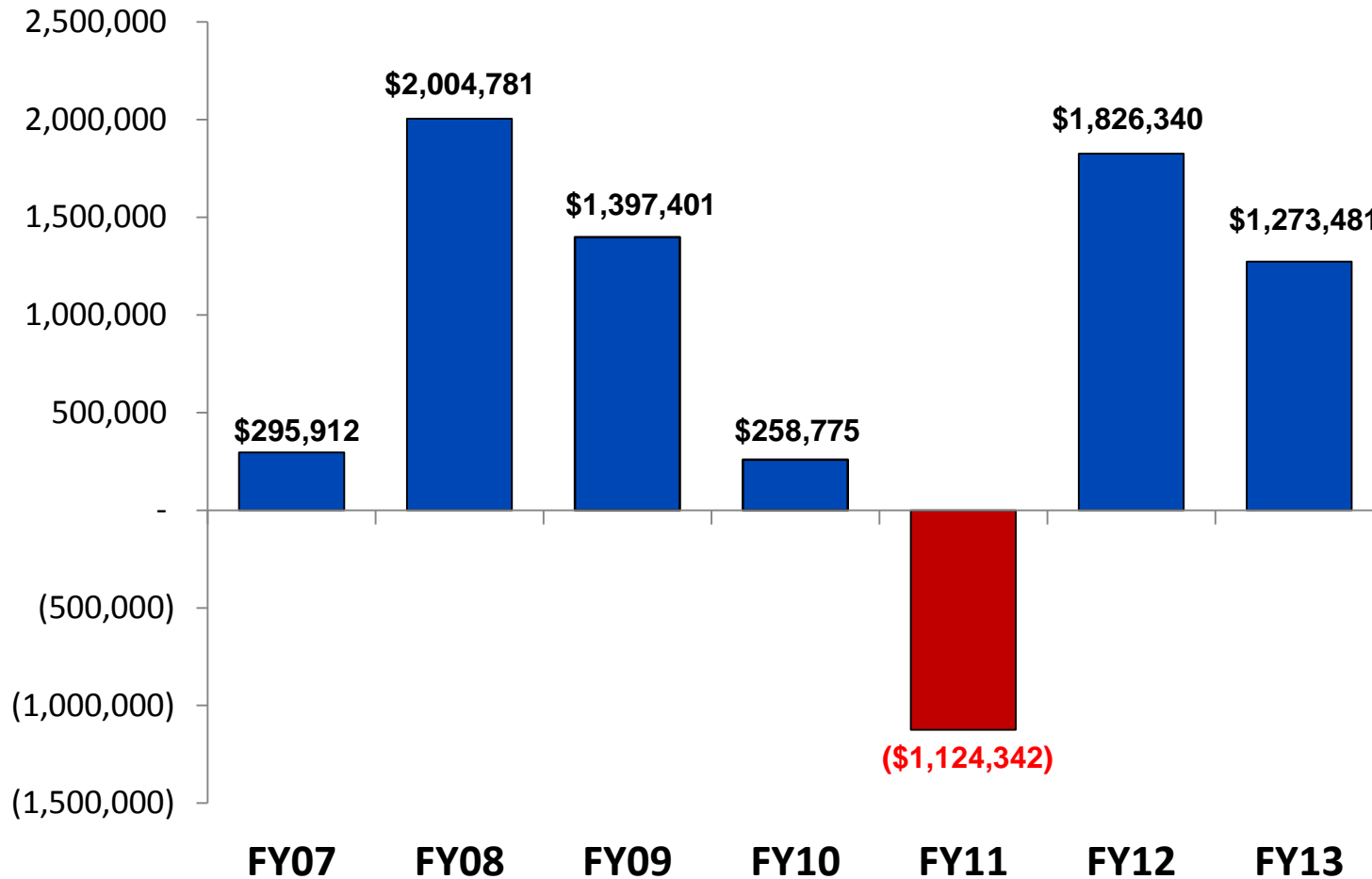
Occupancy Tax YR to YR Change

2006-07 thru 2012-13



Net Change in Total Fund Balance*

2006-07 thru 2012-13

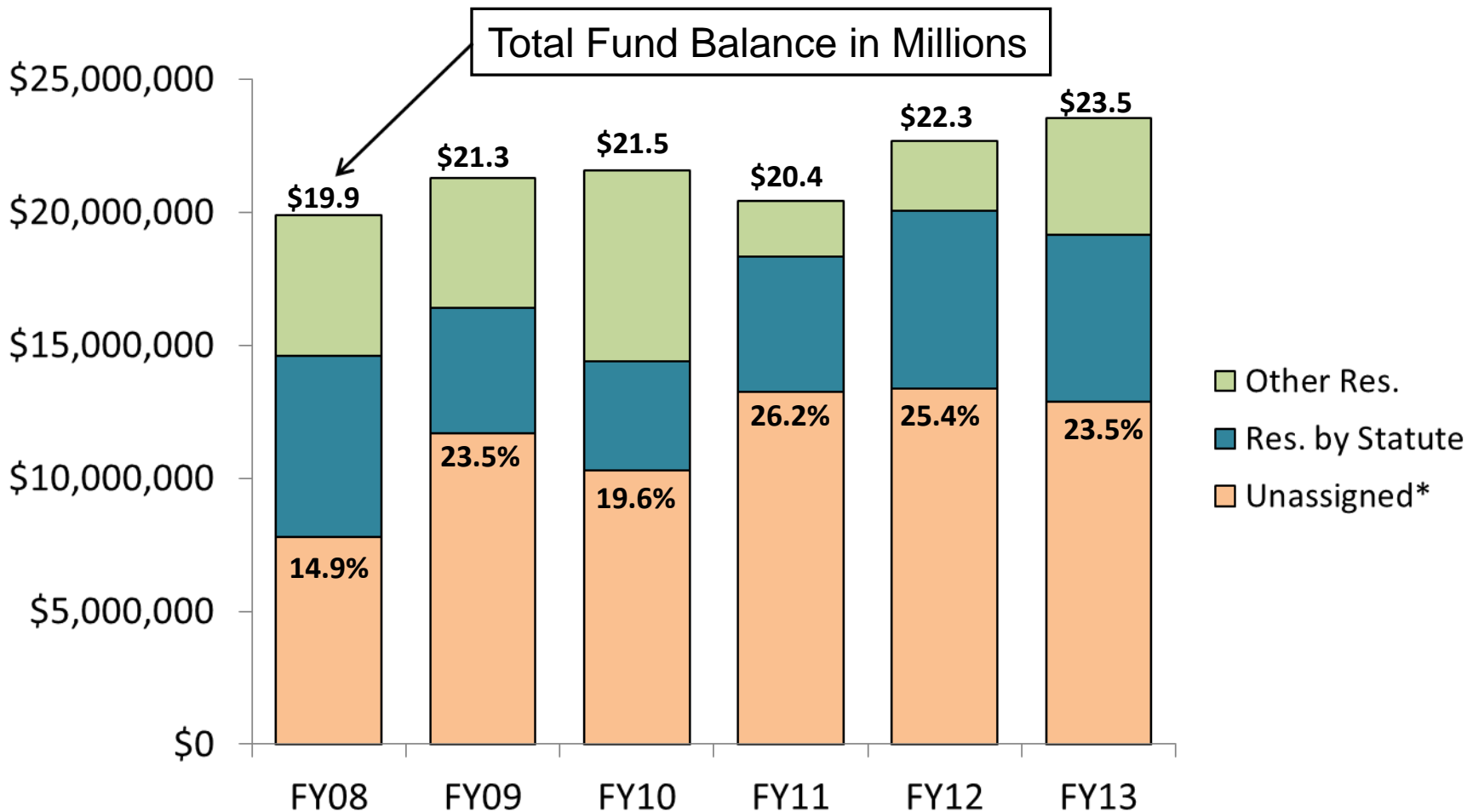


* Includes increases in "non-spendable" reserves and designations



Total GF Fund Balance

FY2007-8 thru FY2012-13



* Unassigned fund balance is calculated as a percent of next year's appropriations and is not adjusted for debt service payments moved to Debt Management Fund in FY09



Fund Balance Levels

Instability of intergovernmental revenues suggests the need for a higher minimum level of fund balance

- **Fund balance has been stable for last 5 years**
- **20% (2.5 months worth of operating funds) is a more appropriate minimum level**
- **Balances over 20% should be used for one-time expenditures, such as capital investments**

Themes



Stewardship

Stewardship of the Natural Environment

Provide Services that preserve the natural environment by promoting sustainable practices

Development

Strategic, Sustainable & Balanced Development

Provide for comprehensive, successful growth and development

Community

Inclusive and Socially Thriving Community

Provide leisure, cultural and social opportunities to the entire community



Governance

Quality Governance & Stewardship of Public Assets

Provide an effective, efficient and sustainable operation

Safety

Safe Community

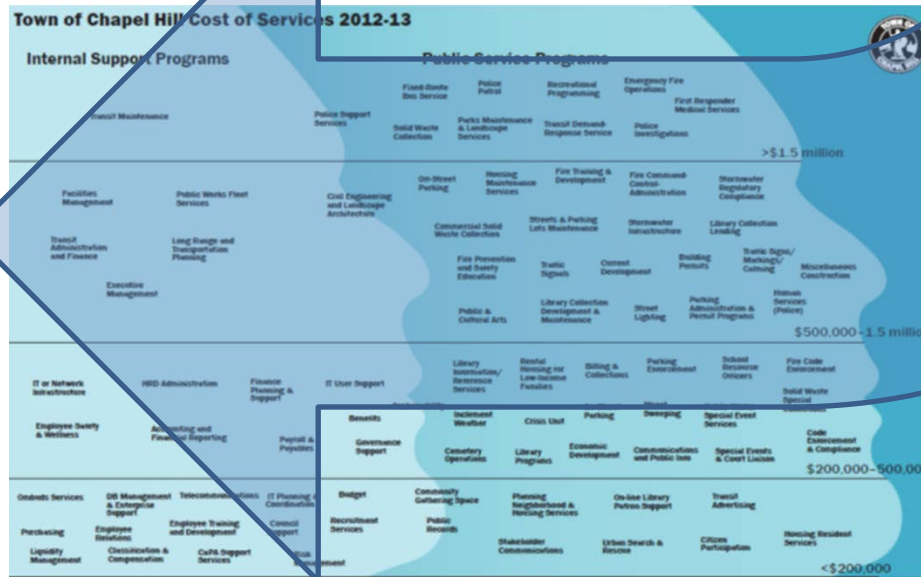
Provide services to preserve and protect people and property

Accessibility

Accessible & Connected Community

Provide reliable infrastructure and an effective and connected transportation system

Programs



Priority Budgeting

Objectives

Category	Budget Goal	Budget Objectives
Development	Strategic, Sustainable, & Balanced Development	Long Range Zoning - Develops and prepares integrated, comprehensive long-range zoning and land use plans that are consistently followed and managed Public Infrastructure - Provides, maintains and invests in a well-planned public infrastructure network that accommodates the long-range growth needs of the community Economic Development - Plans, prepares and invests in development that stimulates the local economy while preserving the character of the community Neighborhoods - Plans and preserves residential neighborhoods that are safe, attractive and provide diverse, affordable housing options
	Safe Community	Emergency - Protects the community by justly enforcing the law, promptly responding to calls for services and being prepared for all emergency situations Community Presence - Fosters a feeling of personal safety through visible and approachable presence that ensures police, fire prevention and emergency services Regulatory Compliance - Enforces regulatory compliance in order to protect property, the environment and the lives of its residents and visitors Safe Environment - Creates a safe, well-regulated, well-maintained community that is healthy, clean, well lit and visually attractive
	Stewardship of the Natural Environment	Energy Conservation - Encourages energy conservation and efficiency through education, incentives and the provision of alternative solutions Human Threats - Manages and mitigates factors that impact environmental quality Regulations - Promotes and regulates a clean, safety and ecologically balanced community Natural Threats - Controls and mitigates threats to the environment
	Quality Governance & Stewardship of Public Assets	Manage Resources - Protects and prudently manages its financial, physical and technology resources Operations - Administers and manages operation of Town government, coordinates, communicates, develops and implements policy, programs and initiatives Sustainable Infrastructure - Plans, provides and maintains the Town's infrastructure, facilities and assets with a commitment to financial, ecological and social sustainability Workforce - Attracts, motivates and develops a high-quality workforce; Strategic Public Service Decision Support - Supports decision-making with timely and accurate short-term and long-range analysis to enhance organizational and community sustainability
Community	Inclusive and Socially Thriving Community	Activities & Facilities - Offers and supports a variety of safe activities and facilities that provide for the physical health and social well-being of the community Neighborhood Housing - Supports residential neighborhoods that provide diverse, affordable housing options Enrichment - Supports the delivery of services to provide cultural, social and professional enrichment for the community Recreation Planning - Plans for the creation, maintenance and accessibility of open space, parks, recreational activities and educational opportunities
	Accessible & Connected Community	Infrastructure - Provides infrastructure for a safe, well-maintained transportation network for motorists, cyclists and pedestrians Public Transit - Builds and operates a public transit system that provides personal mobility, while supporting local development and environmental goals of the community Traffic Flow - Facilitates traffic flow and offers safe mobility to motorists, cyclists and pedestrians Parking - Provide a parking system that supports the local culture, economy and environmental goals of the community
Governance	Quality Governance & Stewardship of Public Assets	Manage Resources - Protects and prudently manages its financial, physical and technology resources Operations - Administers and manages operation of Town government, coordinates, communicates, develops and implements policy, programs and initiatives Sustainable Infrastructure - Plans, provides and maintains the Town's infrastructure, facilities and assets with a commitment to financial, ecological and social sustainability Workforce - Attracts, motivates and develops a high-quality workforce; Strategic Public Service Decision Support - Supports decision-making with timely and accurate short-term and long-range analysis to enhance organizational and community sustainability
	Accessible & Connected Community	Infrastructure - Provides infrastructure for a safe, well-maintained transportation network for motorists, cyclists and pedestrians Public Transit - Builds and operates a public transit system that provides personal mobility, while supporting local development and environmental goals of the community Traffic Flow - Facilitates traffic flow and offers safe mobility to motorists, cyclists and pedestrians Parking - Provide a parking system that supports the local culture, economy and environmental goals of the community



Linking Objectives & Programs

- **From the Budget Objective perspective:**
 - Identify programs that support each of the Budget Objectives and the level of support that each program provides to that objective
- **From the Budget Program Perspective:**
 - Identify which Objectives that each program supports and at what level



Linking Objectives & Programs

DEVELOPMENT

**Strategic, Sustainable
& Balanced Development**

Budget Goal

Long Range Zoning - Develops and prepares integrated, comprehensive long-range zoning and land use plans that are consistently followed and managed

Budget Objectives

Public Infrastructure - Provides, maintains and invests in a well-planned public infrastructure network that accommodates the long-range growth needs of the community

Economic Development - Plans, prepares and invests in development that stimulates the local economy while preserving the character of the community

Neighborhoods - Plans and preserves residential neighborhoods that are safe, attractive and provide diverse, affordable housing options

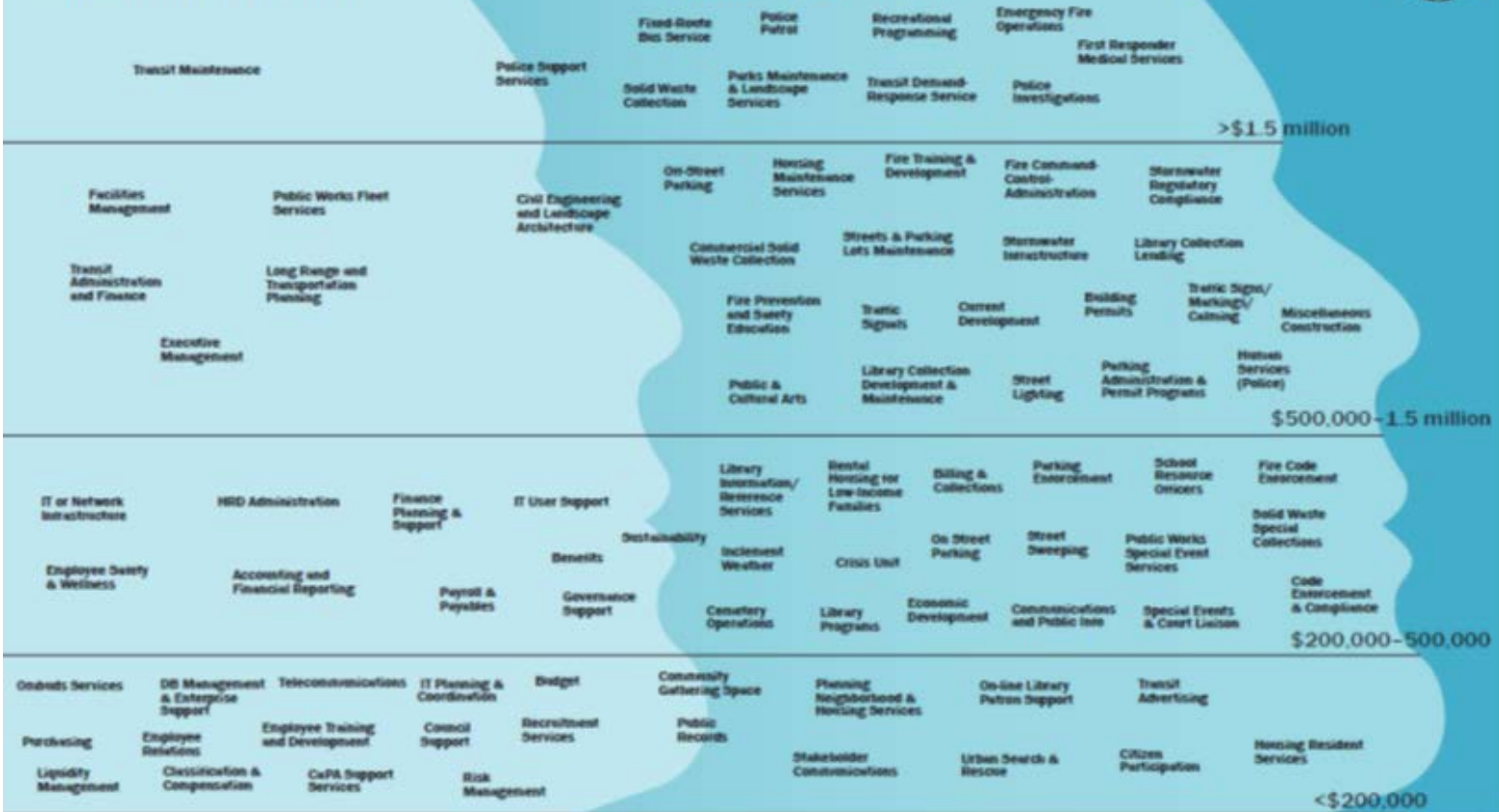


Linking Objectives & Programs

Town of Chapel Hill Cost of Services 2012-13

Internal Support Programs

Public Service Programs





Linking Objectives & Programs

DEVELOPMENT

Strategic, Sustainable & Balanced Development

Long Range Zoning - Develops and prepares integrated, comprehensive long-range zoning and land use plans that are consistently followed and managed

Public Infrastructure - Provides, maintains and invests in a well-planned public infrastructure network that accommodates the long-range growth needs of the community

Economic Development - Plans, prepares and invests in development that stimulates the local economy while preserving the character of the community

Neighborhoods - Plans and preserves residential neighborhoods that are safe, attractive and provide diverse, affordable housing options

Programs

Long Range & Transportation Planning (Planning)

Civil Engineering & Landscape Arch.(PW)

Storm water Regulatory Compliance (PW)

Current Development Review (Planning)

Housing & Neighborhd Services (Planning)

Parks Maintenance (P&R)

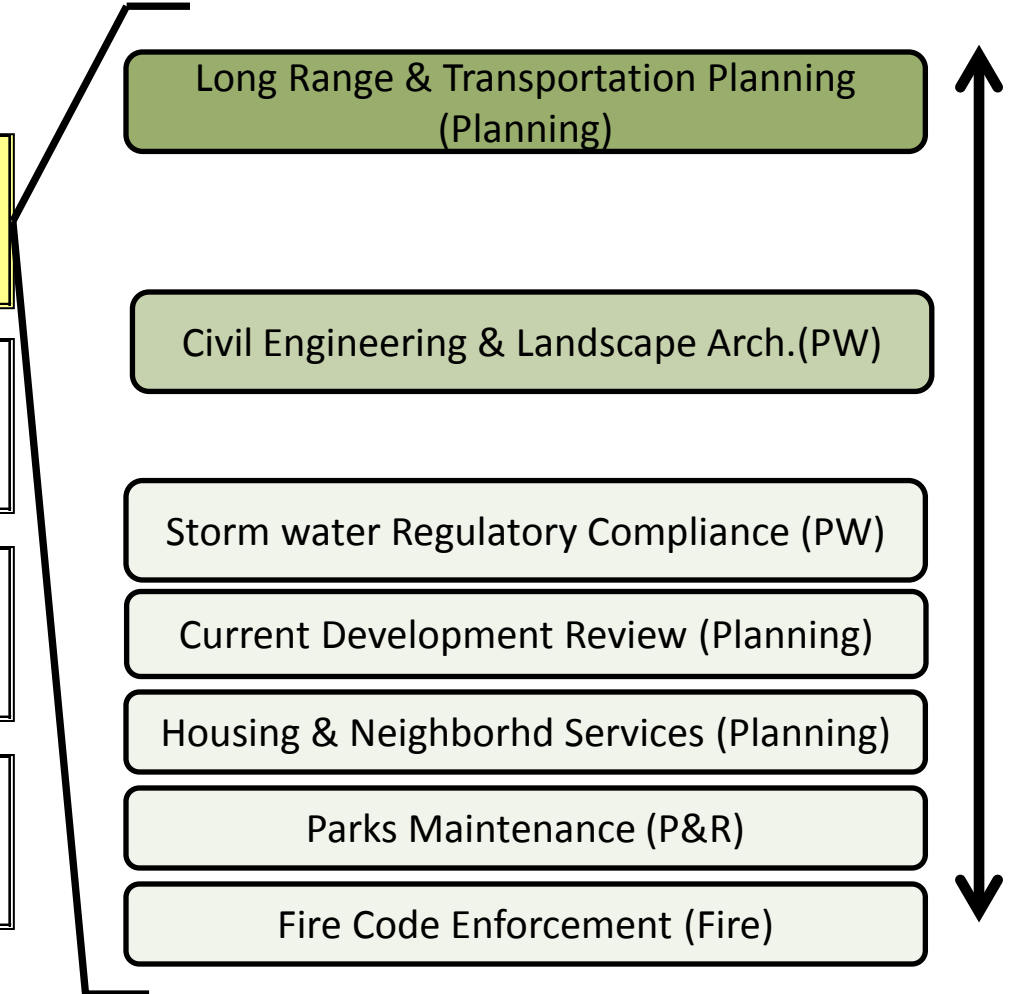
Fire Code Enforcement (Fire)

Level of Support

3

2

1





Budget Challenges for FY15 +

- **Looking at our Budget Challenges from a Priority Budget perspective:**
 - Which objectives will be advanced by addressing this challenge?
 - Which Budget Programs will be engaged in meeting these challenges and moving us toward our objectives?



Budget Challenges for FY15 +

- **Long-term Solid Waste Solution**
 - Construction of a Transfer Station
- **Recycling**
 - Future partners; Increased cost to residents

Goal	Objective	Program
Stewardship of the Natural Environment	Human Threats - Manages and mitigates factors that impact environmental quality	<ul style="list-style-type: none">- Solid Waste Collection- Special Collections- Commercial Solid Waste Collections
Safety	Safe Environment - Create a secure, well-regulated, well-maintained community that is healthy, clean, well-lit and visually attractive	



Budget Challenges for FY15 +

- **Street Resurfacing**
 - Restoring annual funding in the operating budget
- **LT financial sustainability for Transit**
 - Unmet Capital needs

Goal	Objectives	Programs
Accessible & Connected Community	Infrastructure - Provides infrastructure for a safe, well-maintained transportation network for motorists, cyclists and pedestrians Public Transit - Build and operate a public transit system that provides personal mobility, while supporting local development and environmental goals of the community	<ul style="list-style-type: none">- Streets & Parking Lots- Fixed Route Bus System- Demand-Response Service- Bus Maintenance



Budget Challenges for FY15 +

- **Funding the Capital Improvement Plan**
 - Maintaining pay-go CIP at about \$1 million per yr.
- **Asset Management Decisions**
 - Best use of Town owned facilities

Goal	Objectives	Programs
Quality Governance and Stewardship of Assets	Manage Resources - Protects and prudently manages its financial, physical and technology resources	<ul style="list-style-type: none">- Financial Planning- Budget- Economic Development
	Sustainable Infrastructure - Plans, provides and maintains the Town's infrastructure, facilities and assets with a commitment to financial, ecological and social sustainability	<ul style="list-style-type: none">- Facilities Maintenance



Budget Challenges for FY15 +

- **Debt**

- Referendum, Parks & Greenways Master Plan funding, Facilities projects (Police, P&R, Fire and Town Hall), Ephesus/Fordham project funding

Goal	Objectives	Programs
Quality Governance and Stewardship of Assets	Manage Resources - Protects and prudently manages its financial, physical and technology resources	<ul style="list-style-type: none">- Financial Planning- Budget
	Decision Support - Supports decision-making with timely and accurate short-term and long-range analysis to enhance organizational and community sustainability	<ul style="list-style-type: none">- Accounting & Financial Reporting- Liquidity Management



Budget Challenges for FY15 +

- **Northside Community Plan**
- **Rogers Road Improvements**
 - Water & Sewer
 - Community Center

Goal	Objectives	Programs
Strategic, Sustainable, & Balanced Development	Neighborhoods - Plans and preserves residential neighborhoods that are safe, attractive and provide diverse, affordable housing options	- Current Development - Neighborhood & Housing Services
Inclusive and Socially Thriving Community	Activities & Facilities - Offers and supports a variety of safe activities and facilities that provide for the physical health and social well-being of the community	



Budget Challenges for FY15 +

- **Phase 3 of Class & Comp**
 - Pay-for-performance system to replace annual across the board increases
- **Health Care Costs**
 - Managing employee & retiree HC Costs

Goal	Objectives	Programs
Quality Governance and Stewardship of Assets	Workforce - Attracts, motivates and develops a high-quality workforce, dedicated to public service	<ul style="list-style-type: none">- Classification & Compensation- Benefits
	Manage Resources - Protects and prudently manages its financial, physical and technology resources	<ul style="list-style-type: none">- Budget- Financial Planning



Budget Challenges for FY15 +

- **Library**
 - Operating costs for expanded Library
- **Youth Services Initiative**

Goal	Objectives	Programs
Inclusive and Socially Thriving Community	Activities & Facilities - Offers and supports a variety of safe activities and facilities that provide for the physical health and social well-being of the community Enrichment - Coordinate the delivery of services to provide cultural, social and professional enrichment for the community	<ul style="list-style-type: none">- Library Programs- Info. & Reference Services- Community Gathering Space- Recreational Programming



Budget Challenges for FY15 +

- **Affordable Housing**

Goal	Objectives	Programs
Inclusive and Socially Thriving Community	Neighborhood Housing - Supports residential neighborhoods that provide diverse, affordable housing options	<ul style="list-style-type: none">- Neighborhood and Housing Services- Rental Housing for Low – income Families
Strategic, Sustainable, & Balanced Development	Neighborhoods - Plans and preserves residential neighborhoods that are safe, attractive and provide diverse, affordable housing options	



Next Steps

- 1. Council: Provide guidance on objectives, prioritization and process*
- 2. Staff: Develop a public engagement plan for the Budget Process*
- 3. Distribution of FY13 CAFR*