



Town of Chapel Hill
North Carolina

2014-2015 ADOPTED BUDGET



Chapel Hill Town Council, 2013-2014

Your Town Council is **Mayor Mark Kleinschmidt** and **Mayor Pro tem Sally Greene** (both seated at center) with Council members (clockwise from lower left) **Ed Harrison, Matt Czajkowski, George Cianciolo, Donna Bell, Maria Palmer, Lee Storrow** and **James Ward**.

Town Manager
Roger L. Stancil

Finance Officer
Kenneth C. Pennoyer



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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 2014-15. The budget includes an increase of 1 cent for a combined property tax rate of 52.4 cents per \$100 of assessed value. The property tax rate for the Downtown Service District remains at 7.1 cents per \$100 of assessed value.

The Adopted Budget for 2014-15 recognizes Council's most important goals and makes adjustments to compensate for the impact of the economic crisis. We are pleased to work with Council in making the final decisions on continuing the Town's high level of services and how they would be funded in the 2014-15 budget year. In addition to continuing basic services, the recommended budget:

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

This Adopted Budget document 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 9, 2014

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June 9, 2014

Dear Mayor Kleinschmidt 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 2014-15.

At the 2014 Council Planning Retreat, we began our discussion of Council Goals and specific budget challenges that we face for FY2014-15 and beyond. Based on our discussion we developed draft Council Goals for FY15 and FY16 based on the following overarching community goals:

Create a Place for Everyone



Support Community Prosperity



Facilitate Getting Around



Develop Good Places, New Spaces



Nurture Our Community



**Grow Town and Gown
Collaboration**



Draft Council Goals can be found on the Town’s web-site. These goals are intended to form a bridge between the long-term vision developed during the Chapel Hill 2020 process and the annual budget, helping to ensure that our incremental short-term decisions ultimately take us to the destination that we envisioned as a community.

No journey, no matter how well planned, is without obstacles, detours and delays. It is part of the character of this community to set our sights high and our ideals higher. Becoming the community we envision requires us to address and overcome significant challenges on many fronts.

As part of our annual budget process we have identified specific challenges that are described in this message. These challenges, shown in the table below represent some, but not all, of our most pressing issues that the Town will be dealing with over the next several years.

Budget Challenges

Capital	Operating	Policy
Transfer Station	Youth Services	Transit Sustainability
Asset Management	CIP Funding Target	Northside Community
Town Hall Project	Library Operating	Rogers Road
Ephesus Fordham	Compensation Plan	Affordable Housing
Parks Master Plan	Healthcare Costs/OPEB	Referendum
Bike & Pedestrian Plan	Street Resurfacing	
Public Safety Facilities	Recycling	
Parks & Rec. Facilities		

In addition to planning resource allocation for the delivery of services, we are also thinking about how we plan, organize and execute the delivery of those services. To assist in that effort we will continue to develop and use the following tools to focus our energy toward achieving Council Goals:

- Strategic Planning
- Asset Management
- Systemic thinking
- Performance metrics
- Strategic Partnerships
- Priority Budgeting
- Human resource development

The Adopted Budget addresses these challenges and moves the Town forward to achieve Council Goals. The Adopted Budget is balanced with a 1 cent tax increase allocated to the Debt Service Fund. There is a small increase in the use of non-current revenues and increases to certain fees in order to off-set the cost of operations. The Adopted Budget assumes growth in the property tax base of 1.0% and 6% growth in sales taxes. The Adopted Budget includes an allowance for a pay increase for all regular Town employees equivalent to 3% of their respective market salary for each pay grade and a 7% increase in the cost of employee medical insurance for active employees.

The following table compares the FY14 Adopted Budget with the FY15 Adopted Budget.

Fund	FY14 Adopted	FY15 Adopted	Incr./Decr.	Incr./Decr. %
General Fund	\$53,946,374	\$57,400,712	\$3,454,338	6.40%
Transit Funds	19,759,665	20,510,813	751,148	3.80%
Stormwater	2,702,517	2,540,516	(162,001)	-5.99%
Parking Funds	1,714,729	1,638,455	(76,274)	-4.45%
Housing	1,909,589	2,347,420	437,831	22.93%
Debt Service	7,404,742	7,524,587	119,845	1.62%
Capital Projects	828,500	849,856	21,356	2.58%
Other Funds	4,478,257	4,170,534	(307,723)	-6.87%
Total	\$92,747,373	\$96,982,893	\$3,550,125	4.57%

The increase in the General Fund budget is due mostly to the 3% of market pay adjustment, restoration of street resurfacing funds, the addition of 5 new positions, and the addition of the equivalent of 1 penny for housing. The Transit budget increase is due to the pay adjustment and the addition of funds to begin financing vehicle replacements. Both the Stormwater and Parking Funds show a reduction because of major one-time capital expenditures that occurred in FY14, while the Housing Budget increase is due in large part to the addition of one-time capital expenditures in FY15. The increase in the Debt Fund reflects additional funding from the 1 penny added to the tax rate. The additional revenue will be used to accelerate the Town’s capital improvement program. The reduction in “Other Funds” is due to a reduction in the amount of expected grants.

Background

Despite the poor economic climate since the fiscal crisis of 2008 and the sluggish pace of growth in the current recovery, the Town has made progress toward its goals. In each of the past five budget cycles we have made difficult choices to balance our need to maintain high service levels and to pursue forward-looking strategic initiatives, such as Chapel Hill 2020 and its implementation. Since 2008 our reality has been little or no revenue growth, while costs continued to increase. While we have seen an up-tick in revenues recently, we will need several years of consistent growth to fully recover from

the lost revenue growth since 2008 and to put the Town's capital investment program back on course.

In the General Fund, last year's 1 cent tax increase was a function of depressed revenue growth and operating cost increases including the increase in solid waste disposal costs and the cost of operating the expanded library. Likewise, the 1 cent increase in the Transit Fund Tax was a function of increasing costs, particularly maintenance, and the loss of grant funding.

Recycling

In the wake of the unexpected early closure of the Orange County Landfill, the Town has had to make difficult decisions regarding arrangements for the disposal of solid waste. One of these decisions is whether to continue to contract for recycling services through the County or to seek a new arrangement. Both the Town and the County conducted independent RFP processes to evaluate vendors. Due to economies of scale the responses to the County RFP were more aggressive. The County has entered into a five-year contract with the low bidder. We are currently negotiating a comprehensive interlocal agreement with the County that will cover at least a five year term beginning July 1, 2014. The Adopted Budget includes funding to continue use of County recycling services through authorization of the continued Recycling Fee to be collected by the County. The funding level is expected to be about the same as the current year cost.

Compensation Plan

Consistent with its Goals, Council adopted a "Compensation Philosophy that balances retention and recruitment, employee interests and financial sustainability". We initiated a comprehensive Pay and Classification Study aligned with that Philosophy and with the Town's "*Workforce of the Future*" initiative. The purpose of the study is to update the Town's classification and compensation system to better reflect the current responsibilities and market value of Town jobs. In essence, the Class and Compensation plan was a "reset" of our policy and practice of paying employees.

We have used the Class and Compensation plan to raise employees that were below the lowest step in their new classification to the minimum step and to move employees that fell between steps in the new pay scale to the next step in the new scale.

At this time, as we continue to evaluate compression and years-in-service issues through a cross departmental staff work-group. The work of that group will be completed in the Fall of this year for consideration in the 2015-16 Budget. This year, I have included a pay adjustment for FY15 of 3% of market rate for each pay grade. By centering the adjustment on the market rate for each pay grade, employees that are currently below market will get a higher percentage increase, while those that are above market will receive a lower percentage increase. This is consistent



Workforce of the Future

with the movement of salaries in the market. The cost of this adjustment is \$683,000 for the General Fund.

The Town’s ability to maintain a high level of service delivery and high customer satisfaction is directly attributable to the quality and dedication of our workforce. As shown in the table below, pay adjustments for FY09 through FY14 totaled 8.0% while inflation during that period was 9.75% (Bureau of Labor Statistics CPI Inflation Calculator). In order to keep up with inflation and to also provide an off-set to the increases in the employee cost of dependent care premiums that have increased far in excess of the rate of inflation, I have included a 3% of market salary adjustment for all regular employees. This increase is consistent with other jurisdictions in our area and will keep our pay rates competitive so that we can retain and recruit excellent employees.

	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% (of market)	0	7.0%

Street Resurfacing

As an interim measure, to help balance the General Fund Budget, beginning in FY12 the Town used bond proceeds as a funding source for the annual street repaving program. We continued this strategy in FY13 and in FY14 a combination of operating funds (\$111,000) and two-thirds bonds funds (\$380,000) were used to maintain the street paving program.

Recognizing the fact that bond funds are essentially “one-time” funds and street resurfacing is an ongoing program that is vital to our goal of supporting mobility throughout the Town, we are restoring operating budget funding of the Street Resurfacing program in the Adopted Budget. The FY15 Adopted Budget includes \$578,600 for street paving. Resurfacing priorities are based on the Town’s complete streets priorities.

Healthcare Costs / OPEB

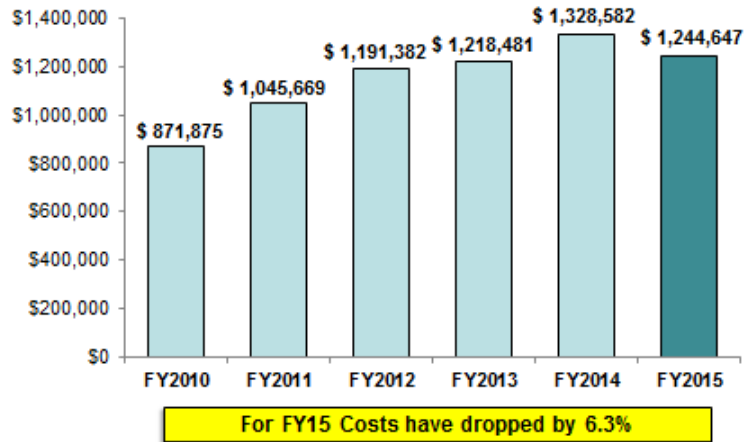
The Town’s commitment to paying healthcare expenses for retirees represents a major long-term liability and a significant annual budget cost. Steps taken in prior years have begun to show results, both in terms of reducing the long-term liability and slowing the increase in pay-as-you-go expenses.

Beginning in FY11 all new Town employees have been enrolled in a defined contribution plan rather than a defined benefit plan for retiree health care. The defined contribution

plan does not create a long-term funding responsibility for the Town, thereby eliminating the growth of the long-term retiree healthcare liability due to increases in the number of eligible employees. Currently there are 150 employees enrolled in the defined contribution plan. Based on the last actuarial valuation (December 2012) the Town's long-term liability for providing

retiree healthcare has declined by about \$8 million dollars from its highpoint in 2010. There were 892 members of the defined benefit plan with 178 receiving benefits as of the last valuation.

Retiree Healthcare Benefits Pay-as-you-go Costs (FY10 thru FY15)



We are currently paying for retiree healthcare benefits on a pay-as-you-go basis. The annual pay-go amount for retirees that are currently receiving benefits will be about \$1.24 million in FY15. This represents a 6.3% decrease in pay-go costs. One of the factors contributing to this reduction was moving post 65 retirees to a new health insurance plan (separate from active employees) that is less costly and more appropriate for coordinating coverage with Medicare.

Despite these gains, the amount of the long-term liability (\$56,370,479) is still extremely large. In FY09, FY10 and FY11 the Town set-aside \$400,000 as a first step in directly funding the long-term liability for retiree health care coverage, but the Town has not made any subsequent payments toward the liability, choosing instead to work on strategies to control the cost. In order to get back on track with direct funding of the retiree healthcare liability, we are recommending that Council adopt a policy establishing a funding mechanism based on available fund balance. Specifically, the proposed policy would designate that any fund balance (General Fund) in excess of 22% be split evenly between capital project funding and funding of the retiree healthcare liability.

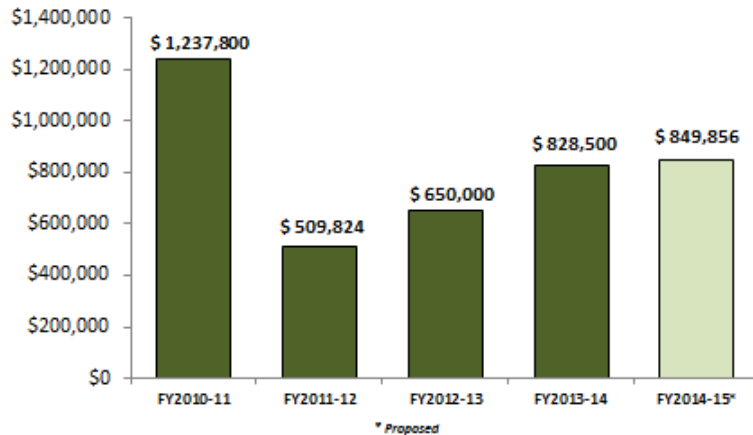
Capital Investment

Pay-Go Capital - Traditionally the Town has tried to maintain an annual pay-go CIP of about \$1 million to fund small capital projects. This amount has fluctuated in the past few years falling well short of the \$1 million in years of increased budget stress. For FY15 the adopted budget includes \$849,856 for pay-go capital improvements. This is approximately the same amount as FY14, the availability of debt funding associated with

the financing of the Ephesus Fordham Renewal Project will make up to \$800,000 of additional capital funding available for high priority projects.

Annual CIP (Pay-go) Funding

FY2010-11 Thru 2014-15 (original budget)



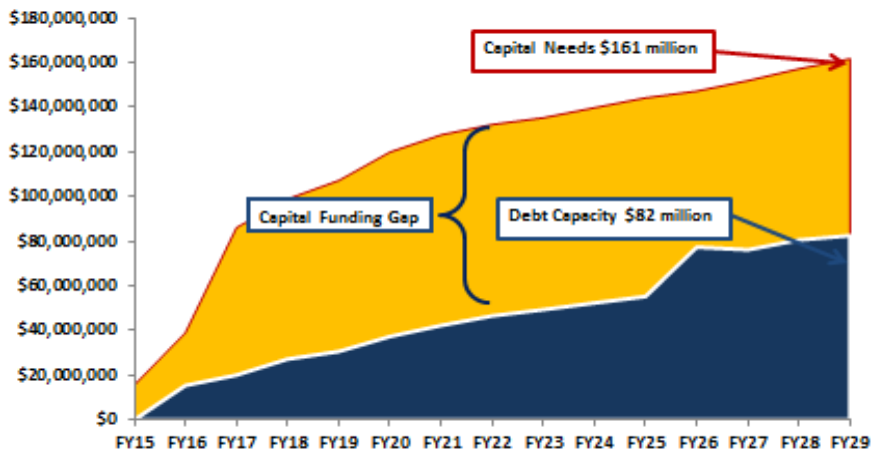
Referendum - The Town finances large scale capital projects mostly by issuing debt. In FY2009 Council created a Debt Management Fund to provide a dedicated funding source for debt service associated with large capital projects. The Debt Fund receives a portion of the Town’s property tax levy. Initially the Debt Fund tax was 11.0 cents and it was subsequently reduced after revaluation to a revenue neutral rate of 9.3 and then further reduced to 7.5 in FY12 when 1.8 cents was shifted to the General Fund to help balance the operating budget. The FY2014-15 Budget adds 1 penny to the Debt Fund tax rate partially restoring the revenue that was shifted to the General Fund in 2012. This increase in the tax rate will allow the Town to accelerate the pace of debt financed capital improvements.

As shown in the following graph, the Town’s capital needs, as represented by departmental CIP requests over the next 15 years, exceed our capacity to fund those capital needs through the issuance of debt, assuming that the source of repayment will be the Debt Management Fund at the current tax rate. The cumulative difference in capacity, represented by the yellow area in the graph is about \$79 million over the next 15 years. In order to manage this mismatch of needs versus capacity, one or more of the following must happen:

- Large projects are sequenced over a longer period of time
- Some projects are scaled back or tabled
- The property tax base grows faster than the 1.5% built into the current calculation
- Additional increases in the Debt Fund tax rate
- Other sources of funding are found

Capital Needs and Debt Fund Capacity

FY2015 Thru 2029



Based on the current Debt Fund tax rate the Town will have capacity for a significant debt issuance of approximately \$20 million in FY16. General Obligation (G.O.) bonds represent the lowest cost alternative for financing large capital projects however voter approval is needed for authority to issue G.O. bonds. In order to take advantage of Debt Fund capacity available in FY16 a bond referendum should be held in either FY15 or FY16.

The next referendum would probably include some of the following projects. Projects recommended for inclusion in the proposed referendum will be determined based on the urgency of the need for the project and the availability of other funding sources.

- Transfer Station \$ 5,142,500
- Fire Station Replacement 14,971,000
- Police Department Headquarters 17,283,400
- Parks & Recreation facilities 7,778,000
- Parks Improvements 12,463,000
- Affordable Housing 4,500,000
- Streets & Sidewalks 5,860,000
- Bike Plan Projects 6,500,000

Ephesus Fordham Renewal and Town Hall Renovations

In order to support the renewal of the Ephesus Fordham area the Town must make investments in much needed traffic and stormwater capital improvements. The total cost of these improvements is \$10.0 million (\$8.8 million for traffic improvements and \$1.2 million for stormwater).



The Town plans on issuing debt to finance the capital cost for these public improvements. The most efficient and cost effective way for the Town to finance this project is to coordinate the financing with other projects that can provide collateral for a combined financing.

The Town is planning on financing the Town Hall Renovation project and other CIP projects with debt. By combining the financing of these projects using two-thirds bonds and an installment financing using the Town Hall as collateral, the total cost of financing these projects will be reduced and can be completed on the timetable established for the Ephesus Fordham Project.

The Projects

Town Hall Repair & Renovation		\$ 900,000
High Priority CIP Projects		800,000
Ephesus Fordham:		
Traffic Improvements	8,800,000	
Stormwater Capital	<u>1,200,000</u>	
Total Ef Project		<u>10,000,000</u>
Total All Projects		<u>\$ 11,700,000</u>

The Debt

Two-thirds General Obligation Bonds	\$ 1,700,000
Installment Financing	<u>10,000,000</u>
Total Planned Debt issuance	<u>\$ 11,700,000</u>

The portion of debt used for Town Hall and CIP projects will be repaid through the Town’s Debt Management Fund. The portion of the debt used for the Ephesus Fordham public improvements will be repaid using the incremental increase in tax revenues resulting from redevelopment. In other words, the redevelopment we are hoping to generate through the Ephesus Fordham Renewal Project will increase property tax receipts from the area. Those tax receipts, over and above the base level of tax receipts that existed prior to the project, will be dedicated to pay off the debt for the public improvements.

Asset Management – The sale of Town owned properties, such as 523 East Franklin and 100 West Rosemary, are a potential source of funding for major capital projects. During FY15 staff will continue to evaluate Town owned property to determine if there is potential to leverage unused or underused properties to help achieve Council goals. All proposed changes to the disposition of Town owned properties will be subject to Council approval.

Technology Initiatives

In order to maximize the Town’s investment in technology, the FY14 budget included a

Business Analyst position in IT to evaluate and facilitate technology projects. In addition, funding for technology projects was consolidated in a Technology Pool in order to better ensure that our limited resources are used on the highest value technology applications.

The FY15 Budget reflects the reorganization of the IT function from a division of the Business Management Department to a separate Department of Technology Solutions. This organizational change reflects the strategic importance of technology in our organization and in our community.

GIG – U - The Town of Chapel Hill is working with a regional group that includes UNC Chapel Hill, Carrboro, Duke University, the City of Durham, NC State University, the City of Raleigh, the Triangle J Council of Governments, and Research Triangle Park to deliver gigabit speeds to the homes and businesses of these communities.



This project is part of a larger initiative that includes 37 research universities across the country. The GIG-U Universities and their respective local governments across the nation are seeking to partner with telecommunications providers who are able to implement high speed broadband at a reasonable cost. The local group North Carolina Next Generation network (NC NGN) has issued an RFP that received responses from 8 telecommunications companies. Representatives of the stakeholders of NC NGN are working through the process of providing detailed data to the respondents in order to validate their business model and to determine if they can meet the initiatives objectives. It is anticipated that the local group will present a recommendation regarding how to proceed with this initiative during FY15.

Google - In February of this year, Google announced that Chapel Hill was selected as one of 34 municipalities in nine U.S. metro areas for potential fiber-optic network build-out. The Triangle area municipalities included in this effort are: Chapel Hill, Carrboro, Durham, Raleigh, Morrisville, Garner, and Cary.



Between late February and May 1st, a team of Town staff completed a checklist of information for submission to Google about existing infrastructure, Town permitting and construction policies and procedures, and local and state legislation that would affect the build-out. Town staff worked collaboratively with other Triangle area municipalities to coordinate our submissions. This information is now being evaluated by Google as it conducts a detailed city study to scope the costs and timelines for network build-out.

Google Fiber will announce the next round of cities for fiber installation by the end of 2014. If Chapel Hill is selected as a Google Fiber City, Google will bear the cost necessary to design, construct, and operate a fiber-based network that provides residents

with Gigabit-speed broadband service. Google will deploy the Network to “Fiberhoods”, or geographically defined areas of town where at least 5-10% of residents pre-register for service. Google does not intend to offer broadband service to businesses, although home-based entrepreneurs would be able to take advantage of their residential service.

Our Technology priorities in this budget also include initiating a document management project that will transition our paper dependent systems to digital media and provide greater open data availability and transparency.

Library Operations / Youth Services



Library Operations - The Library is a special place for the residents of Chapel Hill and Orange County. It is a hub for the community and a resource for all. In a state where Libraries are predominantly a County “function” the presence of a state-of-the-art 63,800 square foot Library with the largest circulation per capita in the state is a source of pride and awe. The decision to move forward with the project was made despite some concern for the ongoing operating cost of a facility more than twice the size of its previous incarnation. At the time of the decision to move ahead with the construction project, we estimated that the additional costs to operate the expanded Library would be the equivalent of about one penny on the tax rate. In order to control costs Library hours were cut from 68 to 54 hours per week concurrent with the opening of the new facility.

Thanks to additional funding in the 2013-14 budget, the Library was able to restore 8 hours of operation, bringing the total to 62 hours per week. Expanded hours meant expanded staff, and expanded staff meant more access to resources, services, and programs that help our community thrive. With record numbers of people coming through our doors, using our meeting rooms, checking out materials, and attending events, the Library is truly establishing itself as a place for everyone.

The 2014-15 Adopted Budget includes funding that will allow the Library to better respond to the community’s growing demand for both print and digital materials. It also includes funds that will enable the Library, and therefore the Town, to better engage youth and support their interests. In 2014/15 - as in 2013/14 - the Library will continue to increase operational efficiencies, leverage technology, and improve processes in order to best use our resources to serve our community.

Youth Services – To address the need for coordination and expansion of youth services in the community, funding for a Teen Engagement Specialist is included in the FY15 budget. While this position will be located in the Library’s organizational chart, this

person will serve the Town's interests of expanding teen programs/services and fostering collaboration between internal and external groups serving teens. This position will work closely with colleagues in Parks and Recreation, Chapel Hill Police Department, and other departments and organizations that already have dedicated teen staff. This position will play a key role in furthering the work begun by the Youth Initiative and serving the interests shared by the Town and the Chapel Hill Community.

Transit Sustainability

Over the past few years as fuel prices have trended upwards, fleet maintenance costs have increased and State and Federal funding sources have become less dependable making the Transit budget more difficult to balance. For FY14 the Transit portion of the property tax was increased by one cent and we are pursuing long-term sustainability strategies through an independent study with our Transit partners, UNC and Carrboro. Although the FY15 CHT budget is balanced without using fund balance, the operating budget does not reflect the looming crisis created by the lack of funding for bus replacement. The delay in replacing buses has, in effect, created a huge unfunded liability. Based on the consultants preliminary report an investment of \$42 million will be needed by 2023 in order to keep up with scheduled replacements.

Chapel Hill Transit (CHT), like most transit systems, relies heavily on State and Federal funding in order to maintain operations. The recent lack of reliable Federal funding, particularly funding for bus replacement, has created a critical maintenance issue for CHT. Based on the consultant's preliminary report, 42 of the 99 fixed route-buses CHT are beyond their useful life and all of the 19 demand response vehicles are beyond their useful life. In order to maintain CHT without significant reductions in fleet size and service levels, plans must be made for an alternative to the current replacement strategy that relies almost completely on Federal and State funding. Pending final recommendations of the sustainability study, the FY15 budget includes \$400,000 to begin a program of financing bus purchases. The details of the program, including a long-term financing strategy will be developed during FY15.

Stormwater Fund

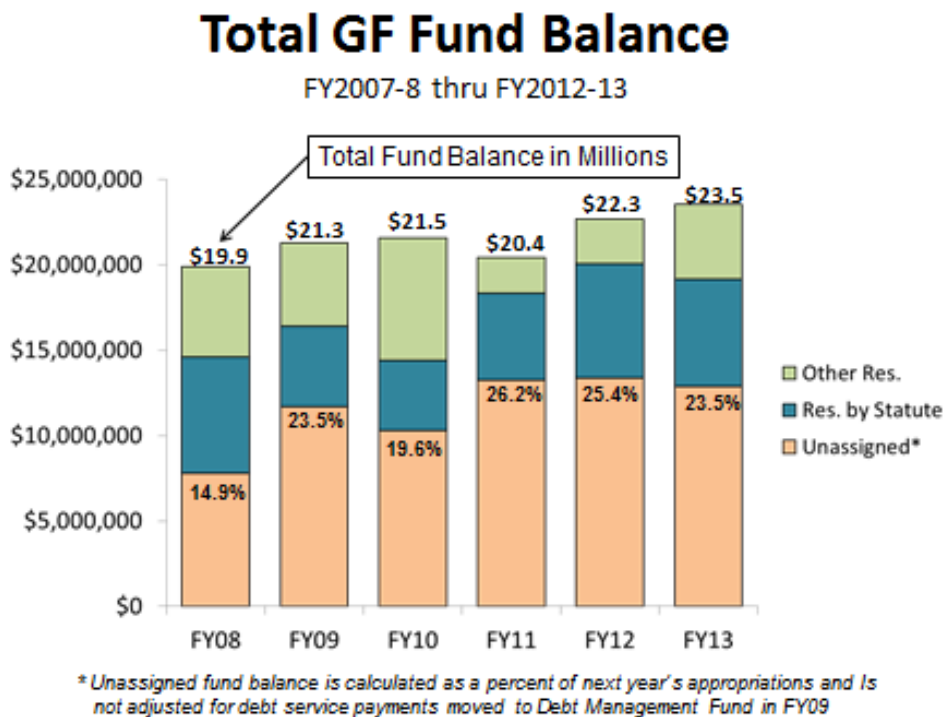
The FY14 Stormwater fund budget included a \$9 per Equivalent Rate Unit (ERU) fee increase, which brought the total fee to \$48 per ERU. Also, the size of the ERU was reduced from 2,000 to 1,000 square feet and the rate changed proportionally to \$24 per ERU. This was the first increase in the stormwater fee since the creation of the Stormwater Management Fund in 2004 despite a 40% increase in the Stormwater operating budget.

Recognizing the acute need to address stormwater issues in the Town and the high cost of stormwater related capital improvements, the FY15 Adopted Budget includes an increase of \$0.75 per Equivalent Rate Unit (ERU). This increase will bring the fee to \$24.75 per ERU and will generate an additional \$66,075 in revenue. It is anticipated that additional

future rate increases will be needed to address major capital projects and to reduce the reliance on one-time funds.

Fund Balance

Throughout the fiscal crisis, conservative budgeting practices and the use of one-time budget strategies such as curtailing capital spending and using bond funds for street resurfacing, have allowed the Town to maintain a strong and consistent General Fund fund balance (see graph below). In order to help address the Town’s capital needs and to create a funding mechanism for the Town’s long-term liability for retiree healthcare, we are recommending that unassigned fund balance (the portion of fund balance available for appropriation) over 22% be split between high priority capital investments, such as Rogers Road, and funding for the retiree healthcare liability. This recommended distribution would begin with the fund balance calculated from the FY14 financial statements when they become available in October of 2014.



Based on the unassigned fund balance from FY13, the amount in excess of 22% would be about \$830,000. Splitting this amount equally between capital and retiree healthcare liability would provide \$415,000 for each use.

The establishment of 22% as a fund balance “floor” for the purpose of allocating excess fund balance is based on the following:

- 22% fund balance (\$11 million) would provide about 2.5 months of operating funds for the Town’s General Fund.

- Based on the timing and dependability of Town revenue sources, 22% provides adequate operating funds to avoid borrowing for operating cash flow needs.
- Although 10% has generally been considered the floor for purposes of satisfying the Local Government Commission and bond rating agencies, the experience of many municipalities during the fiscal crisis has suggested that 10% is insufficient.

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 high fund balance levels are a positive factor in assigning credit ratings to the Town's debt. The Town has received the highest possible rating for its general obligation bonds.

The FY15 Adopted Budget seeks to keep the use of fund balance to a manageable level and uses \$2.65 million of fund balance, about 4.5% of total revenues, to help balance the budget. We believe that this is an appropriate and sustainable level of fund balance use.

Affordable Housing / Northside Community

Clearly there is a strong demand for affordable housing in Chapel Hill and a high degree of awareness concerning the importance of affordable housing in creating the community that fits the Town's shared vision. Because of the strategic importance of how and where the Town invests funds to leverage existing community efforts, the FY15 budget increases the Town's affordable housing funding by about 1 penny for housing. During FY15, the newly formed Housing Advisory Board will have an opportunity to review the Town's investment in affordable housing supported by a more focused staff arrangement of housing resources. Together, they can recommend changes to that investment strategy and plan for the best use of any newly dedicated funds toward the affordable housing effort.

The FY15 Adopted Budget includes the equivalent of approximately 1 penny on the tax rate (\$688,395) to fund new affordable housing initiatives including the Northside Community Plan. This investment is in addition to the Town's existing commitments to affordable housing through performance agreements with outside agencies, pass through funding from CDBG and HOME, the work of the Housing and Neighborhood Services Division of the Planning Department, and the Public Housing Department.

Rogers Road

The FY15 budget includes \$100,000 as the Town's contribution for a New Rogers Road Community Center. Additional funding for improvements in the area, specifically water and sewer service, are dependent on the County's efforts to identify a viable funding plan either through a County Utility District or some other mechanism. Future investments

from the Town for this purpose could be funded from the distribution of excess fund balance as described above.

Priority Budgeting

During the FY11 budget process staff began work on creating a priority based budgeting system. Our goal was to improve our budget decision support system in a way that facilitated difficult decisions. Our efforts have been guided by the work of the Center for Priority Based Budgeting (CPBB) and other communities that have instituted similar budgeting systems. The development of a priority based budget system is usually done in two phases. The first phase is to reorganize the structure of the budget into service specific programs. The second phase is the creation of a decision system that compares the relative value of each program based on established budget priorities. The first phase was completed and, from the staff prospective, provided a different way of looking at the budget that helped connect service efforts with resource allocation. The second phase is currently a “hybrid” approach that uses priority budgeting methodology on a staff level and maintains the Council role on the policy level through setting Council Goals. The Budget process has also focused on priority use of resources through the asset management initiative, the review of service provisions such as stormwater services and cemetery expansion, the realignment of staff resources for planning and housing, and the pursuit of new approaches to development.

Parking Fund



In order to address the revenue deficit in the Parking Fund, created in part by the closure of Lot 5 when the 140 West project started, certain parking fees were increased for FY14. The first set of fee changes increased rates on high-demand lots and on-street spaces to \$1.50 per hour. Both the Wallace Deck and the 140 West Deck will remained at \$1.00 per hour in order to encourage their use. Other fee changes provided reductions in fees, including discounts for off-peak use at the Wallace Deck, a reduction in the commercial service permit fee from \$300 to \$150 and discounted pre-paid validation tickets that will be accepted at 140 West. With these fee changes, it was anticipated that Parking Fund should return to break-even in FY15 however our projections suggest that off-street parking will need to use about \$245,000 in fund balance. This continued use of fund balance to balance the Parking Fund budget reflects the slower than expected ramping-up of usage of the new 140 West parking deck. As the remainder of the commercial spaces in the 140 West Complex are leased and people become more familiar with the location of the parking deck, revenues will improve, decreasing the need to use fund balance.

FY16 (Planning Year)

In order to expand our focus beyond the traditional one year budget cycle, we are incorporating key events and issues that will have an impact after FY2015 into our budget discussions and analysis. The major issues that we are tracking that will impact FY16 and beyond include the following:

- Planning for the construction of a local transfer station for solid waste
- General Obligation bond referendum to fund large capital projects
- Implementation of financial sustainability model for Transit
- Possible changes to the state tax structure
- Adopting strategies for adding office and retail tax base
- Evaluate optimal ratio for office, retail and residential uses to meet Chapel Hill 2020 plan goals.
- Expand small business loan program
- Initiate a Pedestrian Plan
- Evaluate a transit trolley
- Initiate future development planning for the Greene Tract with ownership partners
- Create a strategy to impact out of school time, ESL, and vocational classes for youth with non-profit organizations
- Initiate strategy for use of fiber with UNC, UNC Health Care, Carrboro

Performance Agreements

The Town's operating budget includes funding for performance agreements with outside agencies that provide services consistent with the Town's goals and values. We have maintained approximately the same overall level of funding for these agreements over the past 6 years.

Applications for human service agencies are processed through a joint application process with Orange County and the Town of Carrboro. The human service agency applications are evaluated by the Human Services Advisory Board who make recommendations to Council for funding. All other agencies are evaluated by a cross departmental staff team. The recommended amounts are shown below.

Performance Agreements with Outside Agencies	2013-14 Adopted Budget	2014-15 Adopted Budget
Human Services	\$ 337,100	\$337,100
Environmental	1,000	1,000
Arts	10,500	10,500
Affordable Housing	255,715	257,074
Economic Development	260,000	260,000
Total Contributions to Agencies	\$ 864,315	\$ 865,674

The affordable housing agency funding recommendations includes a \$200,000 allocation to the Orange Community Housing and Land Trust. Orange Community Housing also has an allocation of the Town’s CDBG and HOME funds of \$25,000 and \$129,989 respectively.

The economic development agency funding recommendations includes \$175,000 for the Convention and Visitor’s Bureau. Their contract includes a clause that increases their funding if the Town’s Occupancy Tax receipts exceed \$950,000 for the fiscal year. The Bureau will receive 50% of all receipts in excess of \$950,000. Also included in economic development agencies is a \$70,000 allocation to the Downtown Partnership. The Partnership is also recommended to receive an allocation from the Downtown Service District of \$120,000.

The Town entered into a performance agreement with the Downtown Partnership to facilitate a joint venture among the Town, Orange County, UNC Chapel Hill, 3Birds Marketing and a private donor for a downtown business incubator called Launch Chapel Hill. Launch Chapel Hill offers its resident teams a place to work on their business, training events and mentorship from experienced entrepreneurs who bring industry and fundraising contacts. UNC Kenan-Flagler students will serve as consultants and potentially as members of venture teams. The FY15 Adopted Budget for the Downtown Fund includes funding for the second year of this joint venture.



Tax Rates

The Adopted FY15 budget increases the tax rate by 1 cent for Debt Service, bringing the total to 52.4 cents. As shown in the following table the Town’s property tax rate went up by 2 cents for FY14 after four years of maintaining the same rate. Last year’s increase included a 1.0 cent increase in the General Fund portion of the tax and a 1.0 cent increase in the Transit portion, for a total increase of 2.0 cents.

	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
General Fund	36.0	37.8	37.8	38.8	38.8
Debt Fund	9.3	7.5	7.5	7.5	8.5
Transit Fund	4.1	4.1	4.1	5.1	5.1
Total	49.4	49.4	49.4	51.4	52.4

Conclusion

The focus of the FY2014-15 Adopted Budget is to begin to reverse the unsustainable, but successful, strategies used during the economic crisis while continuing to make progress on Council policy goals. The community vision articulated through the 2020 process provides guidance for achieving our long-term objectives; our challenge is to translate that vision into concrete steps that are true to our intended direction.

The budget is the tool we use to build steps toward a future based on our shared vision. But, moreover, the budget is about choices. Choices dictated by limited resources, serious challenges and ambitions goals. The choices reflected in the Adopted Budget represent our best efforts to move forward toward achieving Council Goals. The 2014-15 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 read 'R. Stancil', with a large, sweeping flourish at the end.

Roger L. Stancil
Town Manager

CITIZENS' GUIDE TO REVIEWING THE BUDGET

General Comments

This budget document describes Town services and revenue sources adopted for the Town's budget for the fiscal year from July 1, 2014 through June 30, 2015.

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 2014-15.

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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

budget or interim budget for 2014-15 by July 1. State laws also determine the types of services and regulatory authority which the Town can provide, the revenue sources available to the Town and in many cases the maximum level of such revenue. For example, the Town is not authorized to levy income taxes, and Orange County has enacted a local option sales tax at the authorized limit of 2 and 1/2%. The Town is authorized to provide various types of services needed in urban areas, including police and fire protection, refuse collection and street maintenance services.

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

Financial Management Principles

The adopted budget is based on financial management principles including:

- * The Town makes conservative estimates of revenues and costs to minimize the chance that actual revenues received during a budget year may be less than expected, or that actual costs may exceed estimates.
- * The Town seeks to use stable, annually recurring revenues to pay for costs (such as wages, supplies, etc.) which tend to continue from year to year. The Town avoids using one-time revenues for annually recurring costs.
- * The Town seeks to keep a reserve of money saved in past years (undesignated net assets

or fund balance) so that the Town will not have to borrow funds early in the fiscal year when revenues are less than the cost of providing services, and so that the Town will have a reserve for any major unexpected costs or revenue fluctuations between budget years. The Town's objective is to have a General Fund balance of at least 12% of the General Fund budget for cash flow purposes in accord with State guidelines, and additional amounts for unforeseen circumstances and emergencies.

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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

* 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.

Budget Process

The Mayor and Council's process and schedule for developing the 2014-15 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.

CITIZENS' GUIDE TO REVIEWING THE BUDGET

◆ **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.

◆ **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:

- 2012-13 Actual
- 2013-14 Original Budget
- 2013-14 Revised Budget
- 2013-14 Estimated
- 2014-15 Adopted Budget
- % Change from 2013-14 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 2014-15 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	2012-13	2013-14	2013-14	2013-14	2014-15	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2013-14
Personnel	759,140	833,544	833,544	833,544	809,367	-2.9%
Operating Costs	123,123	106,693	151,605	122,484	107,446	0.7%
Capital Outlay	9,011	5,000	5,000	5,000	-	-100.0%
Total	891,274	945,237	990,149	961,028	916,813	-3.0%

REVENUES	2012-13	2013-14	2013-14	2013-14	2014-15	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2013-14
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%

Performance Measures Program

In the Spring of 2010, the Town of Chapel Hill began a pilot program targeted at improving departmental performance measures Town-wide. A committee of four Town employees was formed by the Town Manager to oversee this program. The Town entered into a contract with Dr. David Ammons from the University of North Carolina at Chapel Hill School of Government for his assistance with this program. A one day seminar was held at Town Hall to introduce department heads and others to the performance measure program.

Performance Measurement Process:

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

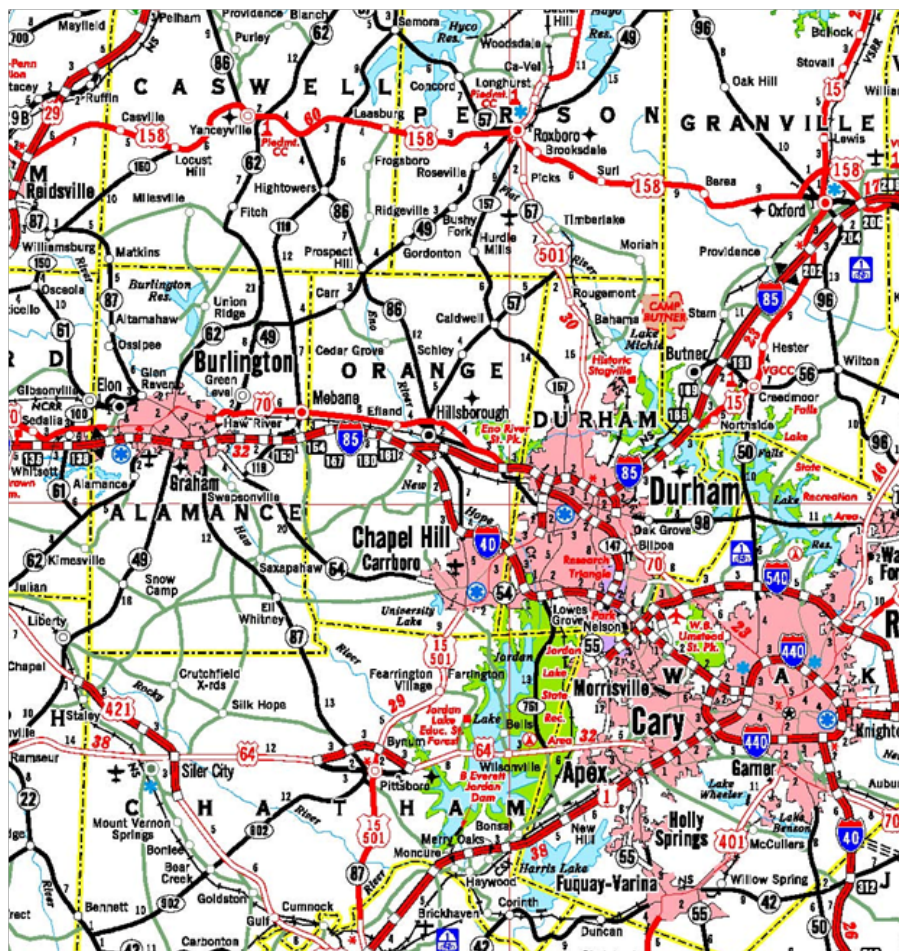
The service units that have yet to go through the program are encouraged to begin looking at improvements to their existing performance measures and consult with the committee.

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

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

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 59,271 according to the latest estimate issued by the State of North Carolina for July 2012. 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 29,155 in 2013-14. 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

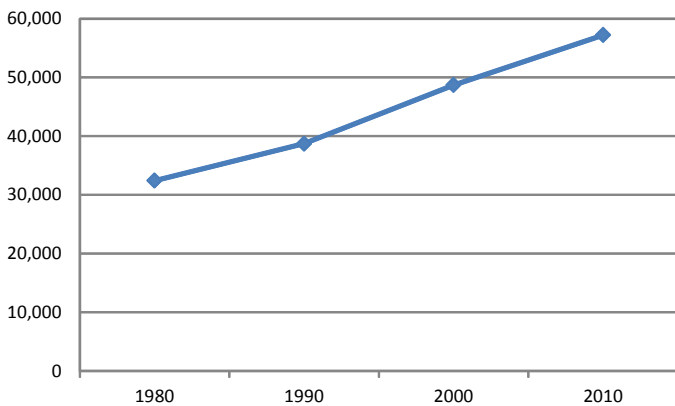
POPULATION GROWTH AND CHARACTERISTICS

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 2002 to 2012 amounts to 17.3 percent, the same growth rate of the statewide population and about 1.3 percent faster than Orange County’s growth.

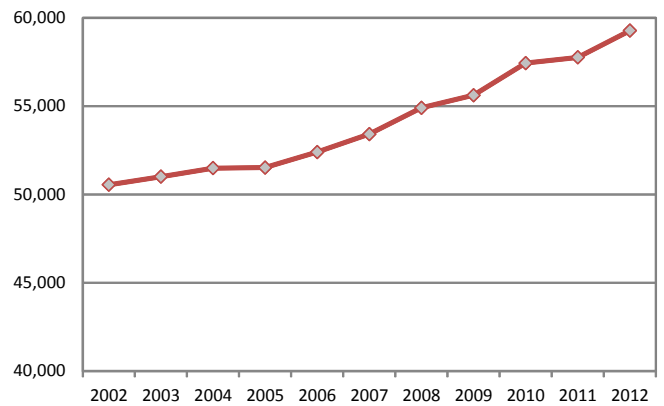
Figure 2 shows the Town’s growth since the 2000 Census.

Figure 1. Chapel Hill Population: 1980-2010



Source: US Census Bureau, 2010

Figure 2. Chapel Hill Population: 2002-2012



Source: North Carolina Office of Budget & Management

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

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

Table 1. Chapel Hill Population by County

County	Chapel Hill Population
Durham County	3,189
Orange County	56,082
TOTAL	59,271

Source: NC Office of State Budget and Management, 2012

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%

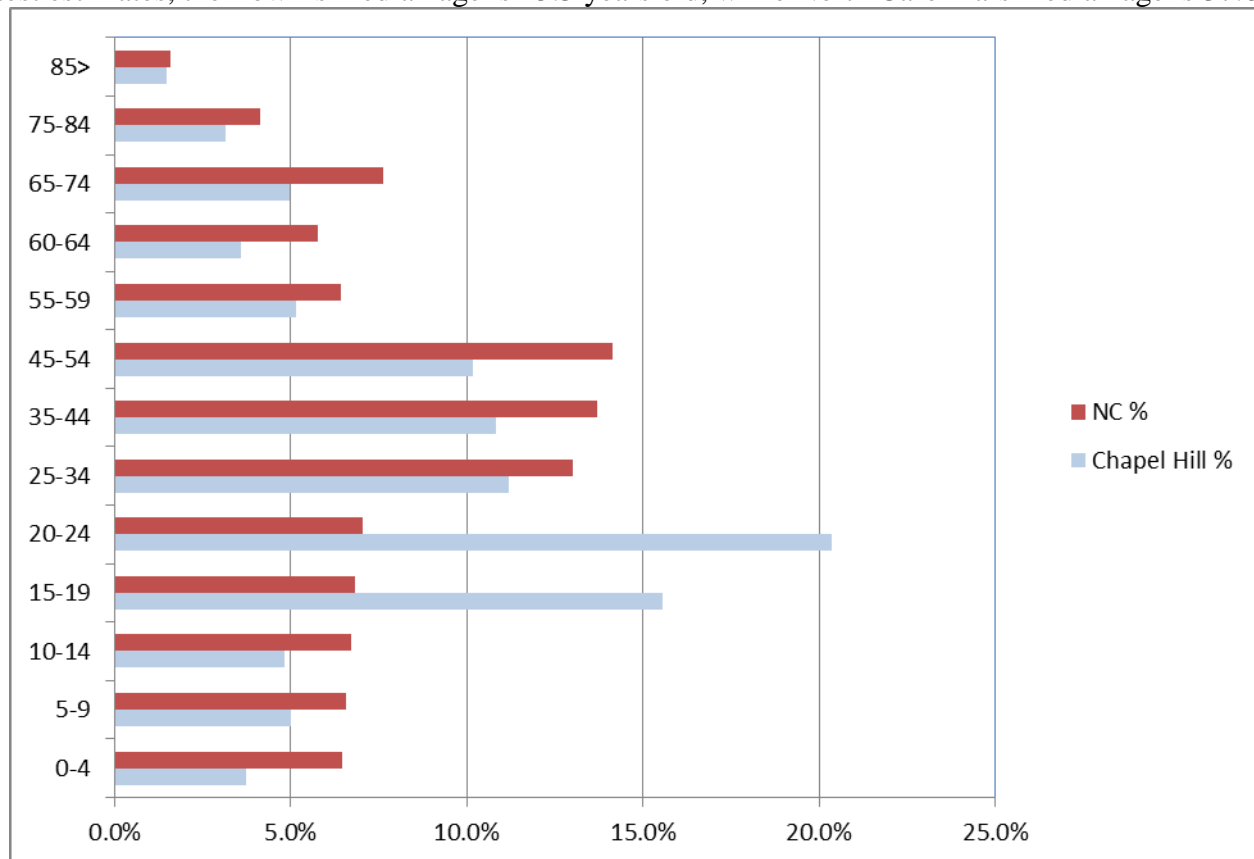
Source: US Census Bureau, 2010

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Age

Figure 3. Age Distribution

Figure 3 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 15.6 percent of the Town’s population, while the 20 to 24 age group comprises 20.4 percent. As a comparison, the 20 to 24 age group represents 7.1 percent of the State population. The chart illustrates that Chapel Hill has a relatively young population. According to latest estimates, the Town’s median age is 25.3 years old, while North Carolina’s median age is 37.6.



Source 2010-2012 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 2010-2012 American Community Survey 3-Year Estimates. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.

Table 3: Family Income (# of families)

	<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	481	1,313	143,708
\$10,000 to \$14,999	245	1,215	96,447
\$15,000 to \$24,999	381	2,227	237,404
\$25,000 to \$34,999	387	1,995	269,401
\$35,000 to \$49,999	932	3,204	359,086
\$50,000 to \$74,999	1,108	4,419	491,335
\$75,000 to \$99,999	1,096	3,656	332,381
\$100,000 to \$149,999	1,947	5,216	320,765
\$150,000 to \$199,999	1,078	2,920	108,540
\$200,000 or more	2,573	4,679	101,396
Total Households/Families	10,228	30,844	2,460,463
Median Income	\$112,846	\$83,672	\$55,411
Mean Income	\$148,382	\$114,930	\$72,983
Per Capita Income	\$34,874	\$33,462	\$24,609

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	4.70%	4.26%	5.84%
\$10,000 to \$14,999	2.40%	3.94%	3.92%
\$15,000 to \$24,999	3.73%	7.22%	9.65%
\$25,000 to \$34,999	3.78%	6.47%	10.95%
\$35,000 to \$49,999	9.11%	10.39%	14.59%
\$50,000 to \$74,999	10.83%	14.33%	19.97%
\$75,000 to \$99,999	10.72%	11.85%	13.51%
\$100,000 to \$149,999	19.04%	16.91%	13.04%
\$150,000 to \$199,999	10.54%	9.47%	4.41%
\$200,000 or more	25.16%	15.17%	4.12%
\$50,000 or more	76.28%	67.73%	55.05%

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 4: Educational Attainment

Educational Attainment	Chapel Hill (% of total)	Orange County	North Carolina
Less than 9th	2.3%	4.2%	5.7%
9th to 12th, No Diploma	3.2%	4.9%	9.4%
High School Graduate	7.2%	15.8%	27.3%
Some College, No Degree	8.8%	14.5%	21.9%
Associate's Degree	4.5%	5.6%	8.7%
Bachelor's Degree	26.5%	25.2%	17.9%
Graduate or Professional Degree	47.5%	29.8%	9.1%

Table 5: School Enrollment

School Enrollment	2009-10	2010-2011	2011-2012	2012-2013	2013-2014
Elementary (grades K-5)	5,224	5,288	5,475	5,532	5,570
Intermediate (grades 6-8)	2,702	2,712	2,741	2,789	2,858
Secondary (grades 9-12)	3,659	3,675	3,706	3,803	3,778
Total	11,585	11,675	11,922	12,124	12,206

Table 6: Unemployment Rates

Regional Average Unemployment Rates 2003-2014			
Year	Chapel Hill	Orange Co.	NC
2003	4.3	4.3	6.5
2004	3.8	3.8	5.5
2005	3.1	3.8	5.3
2006	2.9	3.3	4.8
2007	2.9	3.3	4.8
2008	3.6	4.1	6.3
2009	5.3	6.4	10.4
2010	5.3	6.6	10.8
2011	5.6	6.5	10.2
2012	5.3	6.1	9.2
2013	4.9	5.3	8.0
2014*	4.4	4.6	6.6

*2014 rates based on monthly averages through June
 Source: N.C. Employment Security Commission, U.S. Bureau of Labor Statistics, Labor Market Division

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7a: Economic Indicators – Building Permits

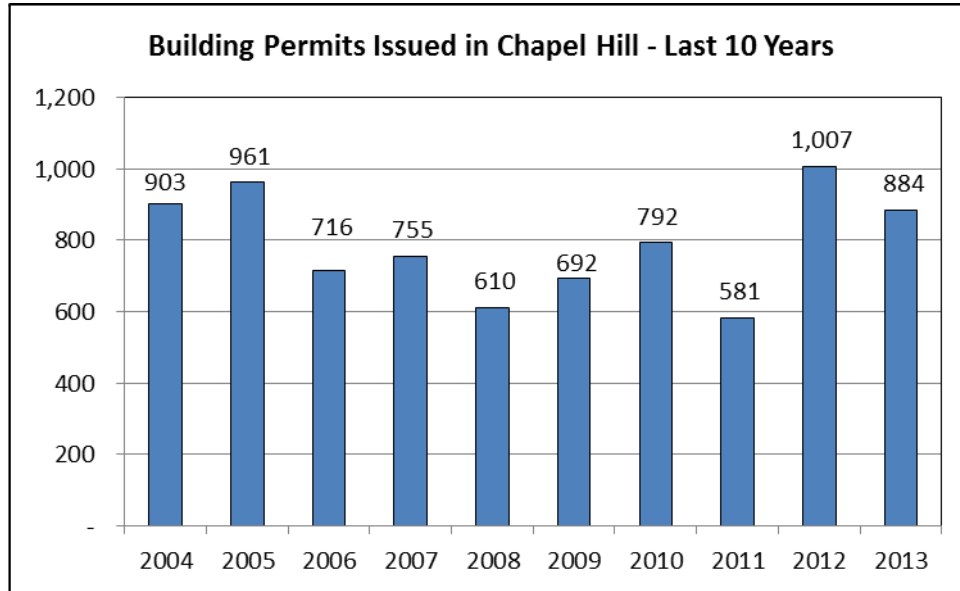
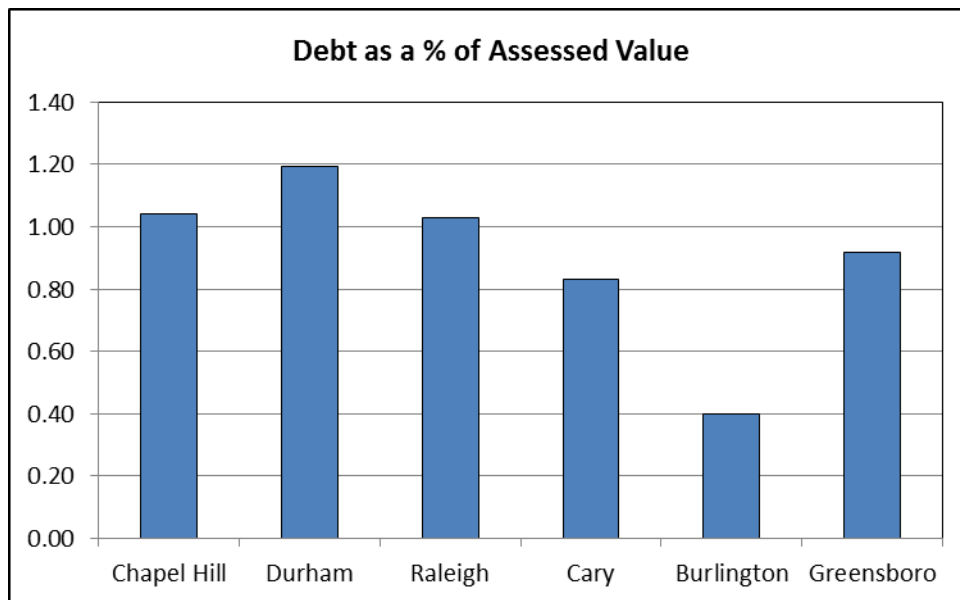


Table 7b: Economic Indicators – Debt Percentage



Outstanding debt due to Governmental Activities

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7c: Economic Indicators – Median Home Value

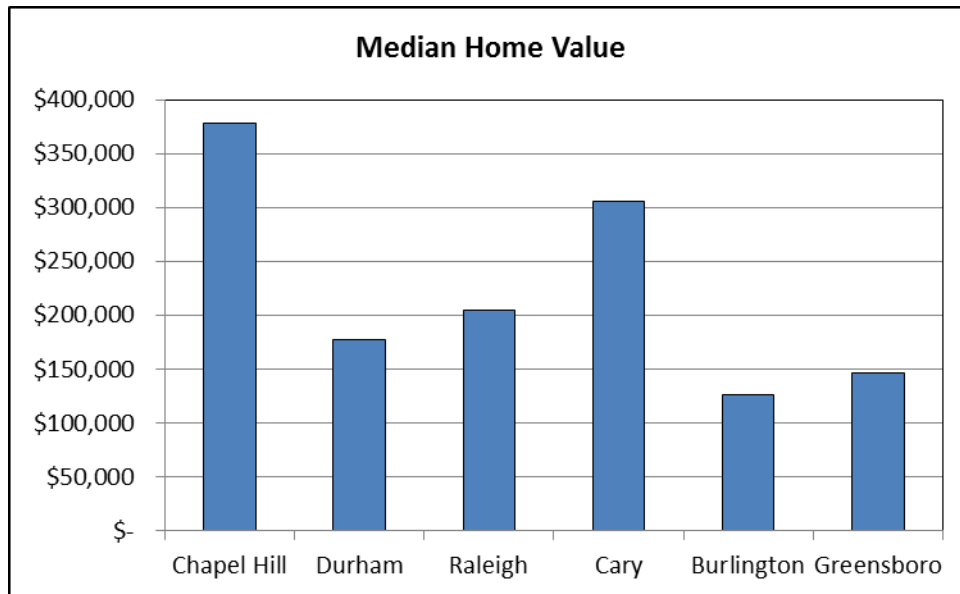


Table 8: Top Employers

Chapel Hill Top Employers By Size	
Employer	Number of Employees
University of North Carolina at Chapel Hill	1000+
UNC Health Care	1000+
Chapel Hill Carrboro City Schools	1000+
Town of Chapel Hill	500-999
Aramark Food	500-999
UNC Physicians Network LLC	250-499
Harris Teeter	250-499
The Chapel Hill Residential	250-499
Weaver Street Market	250-499
Performance Chevrolet, Inc.	250-499

Source: Orange County Economic Development

CHAPEL HILL – MAJOR ECONOMIC DEVELOPMENT

Ephesus Fordham

The Ephesus Fordham Area will become 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 is to create a pleasant walking experience, and 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:

- Improve transportation connectivity and reduce congestion, funded by \$8.8 million bond to be repaid with new tax revenues generated by new development in the district.
- Improve stormwater services by creating high standards for new development in the district. using some of the new tax revenues created by new development to pay for watershed improvements; creating a higher level of maintenance in the district funded through a municipal service district.
- Create more affordable housing. The Town has provided 8.5 acres of Town property off Legion Road to build between 140-170 units for seniors and low income families.
- Incentivize developers to design to conserve energy and water resources through a pilot program that is being organized.
- Create new shopping opportunities.
- Expand the commercial tax base in Chapel Hill.

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
<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

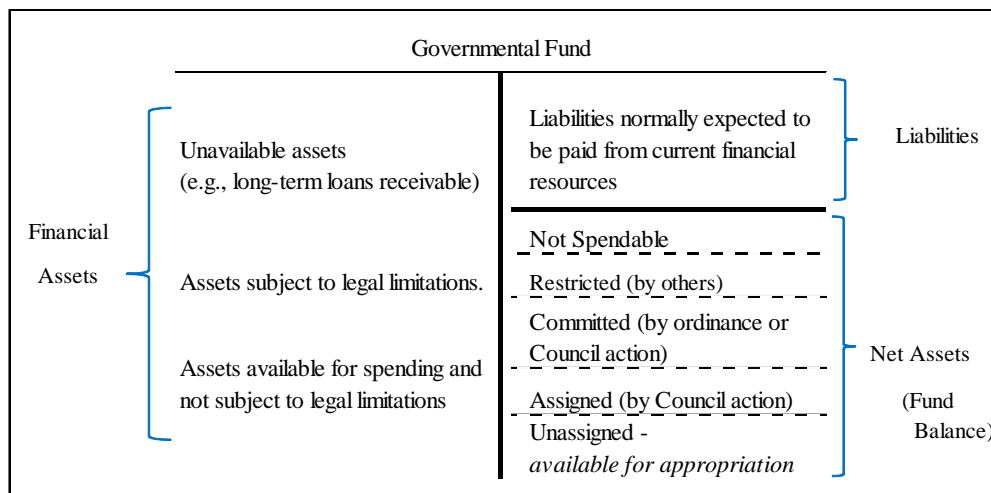
Fund balance (net assets) is the accumulated difference between revenues and expenditures in a governmental fund, and is similar to “working capital” for a private business. Portions of fund balance are intended to meet the cashflow and working capital needs of the Town in accordance with reserve recommendations 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 ↑ ↓ Available
Restricted		
Committed	Constraint imposed by Council action	
Assigned		
Unassigned	Available for appropriation	

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



DEBT

INTRODUCTION & BACKGROUND

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

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

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

ESSENTIALS

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

State statutes only allow debt issuance for capital expenditures.

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

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

General Obligation Bonds

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

DEBT

INTRODUCTION & BACKGROUND

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

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

Two-thirds GO Bonds

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

Revenue Bonds

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

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

Installment Contract Financing

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

DEBT

INTRODUCTION & BACKGROUND

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

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

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

Certificates of Participation

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

Debt Options under the Stimulus Act

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

Additional Debt Information

Please refer to page 178 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 241) for additional information on the Town's Capital Improvements Fund.

FUND STRUCTURE & BASIS OF BUDGETING

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

BASIS OF BUDGETING

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

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

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

GOVERNMENTAL FUNDS

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

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

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

The following are the Town's Governmental Fund Types:

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

PROPRIETARY FUND TYPES

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

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

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

BUDGETARY CONTROL

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

DEPARTMENTS/DIVISIONS

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

OVERVIEW OF BUDGET PROCESS



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

Financial Capacity Phase

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

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

Policy/Strategy Phase

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

OVERVIEW OF BUDGET PROCESS

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

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

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

Needs Assessment Phase

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

Review/Development Phase

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

Implementation/Adoption Phase

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

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

OVERVIEW OF BUDGET PROCESS

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

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

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

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

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

Budget Amendments

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

OVERVIEW OF BUDGET PROCESS

Budget Roles and Responsibilities

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

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

Budgeting for the Capital Program

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

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

BUDGET GUIDELINES & PRACTICES

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

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

BUDGET GUIDELINES & PRACTICES

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.

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.

CAPITAL EXPENDITURES

Guideline	Comment
<p>Consistent with the policy of the Town Council, a fifteen-year capital improvements program is developed and updated during the annual budget process, including anticipated funding sources.</p>	<p>Annually the Town prepares a fifteen-year Capital Improvements Program Budget that summarizes current capital improvements projects and future capital improvement needs. This program includes ongoing pay-as-you-go financing, installment contract financing, current and proposed long-term bond-financed projects, and projects funded by grants and miscellaneous funding sources.</p>
<p>Capital projects financed through the issuance of bonds are financed for a period not to exceed the expected useful life of the project.</p>	<p>Consistent with general State law and guidelines in North Carolina, general obligation bonds are normally issued for a period of 20 years for capital improvements that extend over the same 20-year period.</p>
<p>The Town coordinates development of the capital improvements budget with development of the operating budget. Future operating costs associated with the new capital improvements should be projected and included in the operating budget forecasts.</p>	<p>Operating costs of projects included in the Capital Improvements Program and budget are incorporated into the Town’s operating budget annually, and are reflected in the Town’s annual five-year forecast for its major operating funds.</p>

BUDGET GUIDELINES & PRACTICES

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

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

NET ASSET (FUND BALANCE) RESERVES

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

BUDGET GUIDELINES & PRACTICES

FINANCIAL REPORTING	
Guideline	Comment
<p>The Town’s accounting and financial reporting systems will be maintained in conformance with current generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).</p>	<p>The Town participates in the accounting and budgeting awards programs of the association, receiving the Certificate of Achievement for Excellence in Financial Reporting for fiscal year ending June 30, 2012 and Distinguished Budget Award in 2012-13 and in past years. The Town plans to continue participation in these programs annually.</p>
<p>Consistent with State law, an annual audit will be performed by an independent public accounting firm with subsequent issuance of a Comprehensive Annual Financial Report (CAFR). Full disclosure will be provided in the general financial statements and all bond representations.</p>	<p>The Town prepares a Comprehensive Annual Financial Report that receives an unqualified opinion by an independent accounting firm each year. As required by State law, the annual report is submitted to the N. C. Local Government Commission staff for a detailed review of compliance with Commission recommendations and guidelines and compliance with applicable accounting and financial reporting standards.</p>

BUDGET ASSUMPTIONS

Major issues affecting Town revenues for the FY 2015 budget include the expected continued economic recovery and its effect on local revenues, anticipated slower growth in the State and Orange County economies, and the indirect effect of funding and growth decisions of the University of North Carolina at Chapel Hill. Federal budget decisions also have a major effect on the Chapel Hill budget, particularly in the areas of transportation and housing.

The FY 2015 budget incorporates the following assumptions:

- We anticipate a modest recovery through FY 2015, resulting in revenue growth.
- The property tax base is estimated to increase to \$7.63 billion in FY 2015.
- We estimate that the Town's revenue from the local sales taxes will increase slightly in FY 2015.
- State operating assistance for the Transit Fund will increase only slightly for FY 2015 as the state recovers from the recession.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

INTRODUCTION AND OVERVIEW

This section of the budget outlines in summary form projected revenues and costs for the five fiscal years beyond 2014-15 for the Town's General Fund, Transit Fund and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs in each year.

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

Capital Programs and Related Debt Service

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

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

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

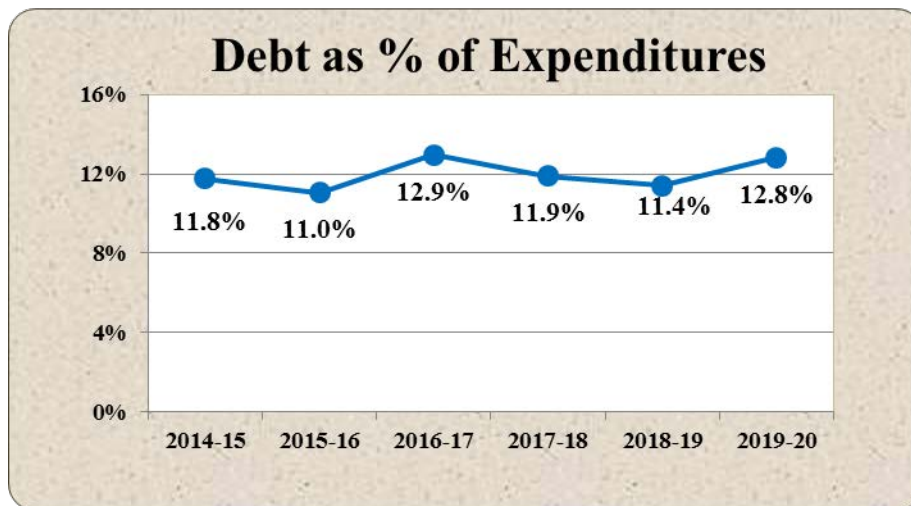
In addition to the final issuance of authorized bonds, the Council approved the issuance of \$1.7 million in Two-Thirds Bonds in July 2012. NC General Statutes allow units to issue bonds each year in an amount equal to two-thirds of the principal amount of debt retired in the previous year. These bonds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

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

In addition to the bonds, the Council approved a plan to borrow up to \$7.245 million to pay for underground parking at the 140 West Project (on the site of the Town's old Lot 5) as part of a mixed use development. Construction on the project was completed during FY13 for a total cost of \$5.96 million. The debt for the project was issued in conjunction with refunding of the Certificates of Participation for the Wallace Deck and Town Operations Center, for a total issuance of \$26,585,000. The FY15 payment totals \$3.30 million, with the 140 West debt payment of \$464,531 and the Wallace Deck payment of \$444,550. The projections assume that the Parking Fund will provide for the cost of this debt service (\$909,081) as a transfer to the Debt Fund.

Finally, 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 \$4.655 million in 2012 and \$3.05 million in 2013. Savings for these transactions were \$532,000 and \$178,820, respectively over the remaining life of the bonds.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have significantly increased the Town's debt load. The Town's measures of debt capacity, including debt per capita and debt as a percent of assessed value, are close to the average for our peer group (Triple A rated Municipalities). The Town has traditionally tried to keep debt service below 10% of budgeted expenditures, but with the recent investment in public facilities this ratio has risen to 11.8% in 2014-15. The increase in debt service as a percent of budget in excess of the 10% target was an anticipated result of the financing of the large Town Operations Center project in 2007 and issuance of the bonds that were approved in 2003.



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

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

The adopted budget for 2014-15 includes a \$1.0 cent increase in the Debt Fund's tax rate to \$8.5 cents per \$100 valuation. The debt fund has capacity to pay existing and planned debt service and will begin rebuilding reserves in 2014-15.

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 2014-15, but they may revisit this option in subsequent fiscal years.

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

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

GENERAL FUND

Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 69% of total General Fund revenues. The growth in property tax revenues has decreased in the past few years and it is anticipated that growth will be below normal during the current recovery period. The estimate of assessed valuation for the tax base in 2014-15 is about \$7.63 billion. The most recent revaluation of property assessments went into effect the FY2009-10 Budget Year, when real property values increased by approximately 24% and the motor vehicle and personal property valuations were decreased by about 10%. The Council adopted a property tax rate slightly below the revenue neutral rate for the FY2009-10 Budget.

State statute requires revaluation of property every eight years, though Orange County has been on a schedule of revaluation every four years. The recent economic downturn has led to considerably fewer sales on which to base revaluation and as a result, the county decided to delay the scheduled revaluation until 2015-16. These projections conservatively assume that the tax values reflect no change in value in 2016. Our projections assume slow growth after 2016, with growth rates of 1.5% in 2017 and 1.8% in 2018. Our projections assume the adoption of a revenue neutral tax rate.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

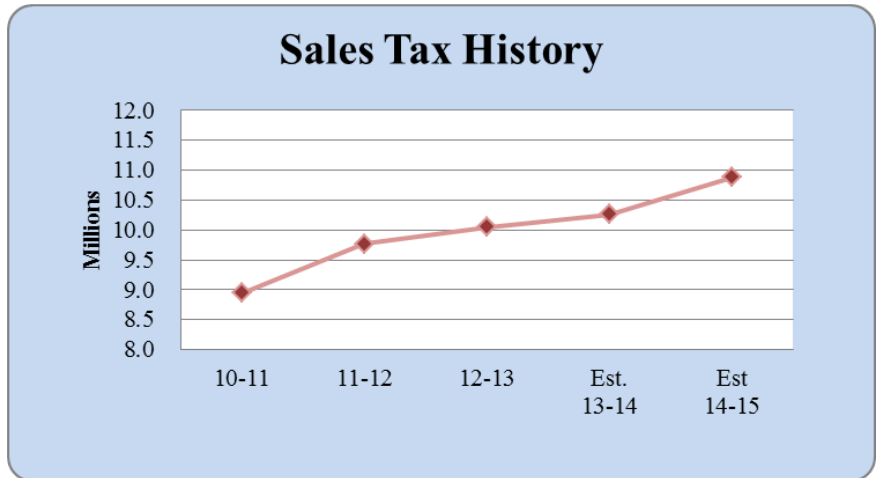
The tax levy projections assume that the General Fund tax rate will continue to be split with the Debt Service Fund. The rate adopted in FY12 moved \$1.8 cents of the tax rate from the Debt Fund to the General Fund.

Two factors may affect our ability to project and collect property taxes in the future. The first relates to Orange County's tax system. The Town relies on Orange County to assess and record most property tax. (A small portion is collected by Durham County for the citizens that reside in Chapel Hill and Durham County.) Orange County replaced its tax collection software system in the fall of 2010. The new system is still in implementation stage, but should improve our ability to obtain reports and analyze data. It also requires the Town to pay an additional subsidy for a portion of the system installation and maintenance.

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

Estimated additions to the tax base through growth of 1.5%, slightly lower than historical average, at a tax rate for 2014-15 of \$38.8 cents for the General Fund, would yield increases in property tax revenues of about \$440,000 each year.

The second largest source of Town revenue, sales tax, is a more volatile source than property tax. Revenues increase when the economy is good and grow at a slower pace or decrease when the economy is slow. With the economic downturn, sales tax revenues declined each year from their high point in FY2007-08. Based on FY14 receipts to date, it appears that



sales tax revenues have rebounded and we estimate FY14 receipts at about \$10.26 million, a level that exceeds 2008 levels. Based on local trends and state forecasts, we anticipate growth of about 6% for FY14-15.

Based on legislation adopted in 2002-03 by the North Carolina General Assembly (providing greater but not absolute protection for certain State-shared revenues withheld in past years), we believe it is reasonable to include full State-shared revenues in our five year projections for the General Fund. These State-shared revenues include revenue from utility franchise taxes (estimated at about \$2.8

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

million in 2012-13 and 2013-14) and Video Programming Tax, estimated to remain relatively flat in FY14 and FY15. Based on collections in Chapel Hill, we are projecting very slow growth over the next 5 years for utility franchise taxes.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about \$1.4 million in 2013-14) 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 FY14 and thereafter.

State Fire Protection Funds dropped in FY13 to \$1,097,590 from the historic level of \$1,210,000. We assume the continued reduced rate of \$1,097,590 for 2014-15. We recommend that the Council continue to seek additional fire protection funding consistent with the costs associated with providing fire protection for state owned property located in the Town.

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

Operating and Capital Improvement Costs

Projected costs for general operations are based on a continuation of most service levels and programs for 2014-15. Personnel and operating costs are based on assumptions as noted on the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years. For FY2014-15, the amount of capital funding is increased by about \$21,000 and allows for critical projects. We anticipate that funding levels will return to established levels in FY2015-16 and will remain at approximately \$1.0 million annually. While the project requests reflected in the capital plan are usually in excess of the projected available amounts, the funding demonstrates a commitment to maintaining and renovating Town properties.

Personnel costs for FY2014-15 include 3% of market rate pay adjustments effective October 2014 and an increase in medical insurance costs of 7.0% based on the contracted agreement with Blue Cross Blue Shield. Projections include annual pay increases of 3%, 5% increases in medical insurance costs each year, and the continuation of the 7.17% retirement contribution rate. Operating costs are estimated to increase about 3% annually.

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in FY2016-17 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

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

TRANSIT FUND

The budget for 2014-15 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. State operating assistance is expected to come in over budget in FY14 by about \$487,000. This revenue is projected to continue an upward trend, but is budgeted conservatively for FY15 at \$2.4 million. Federal assistance is estimated to continue at \$1.9 million each year, a reduction from recent years' receipts.

The estimates for expenses for 2014-15 include only minor adjustments to routes and services to streamline operations. The increased cost of fuel and other petroleum products has increased pressure on the available funding sources, and concerns regarding the adequacy of revenues to cover costs in future years remains. The adopted budget for 2014-15 includes increases for the funding partners. The projections assume continuation of the 5.1 cent rate in the next five years. The 2015 budget does not require the use of fund balance. Subsequent years show the need for a tax increase from 0.2 to 0.8 cents through 2019-20.

Adopted Tax Rate	Cents per \$100 valuation		
	FY13-14	FY14-15	\$ Change
General Fund	38.8	38.8	-
Debt Fund	7.5	8.5	1.0
Transit Fund	5.1	5.1	-
Total Tax Rate	51.4	52.4	1.0

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

DEBT SERVICE FUND

The projections for the Debt Service Fund include the adopted tax rate of 8.5 cents. This tax rate will generate about \$6.43 million in revenues in 2014-15 which, along with the transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the new \$20.41 million in bonds sold in the fall of 2010. In addition, the projections include the estimated \$6.5 million of debt related to the Downtown Initiative and the prospective sale of \$1.7 million of two-thirds bonds in FY2015. Our projections indicate no increase needed in the tax rate for debt service for the next five years, although new debt would require additional revenues.

CONCLUSION

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

Tax Rate Equivalents of Needed Revenue (in cents)

	2014-15 Adopted Increase	2015-16 Estimated Increase	2016-17 Estimated Increase	2017-18 Estimated Increase	2018-19 Estimated Increase	2019-20 Estimated Increase
General Fund	0.0	3.3	0.5	0.8	0.8	0.9
Debt Service	1.0	0.0	0.0	0.0	0.0	0.0
Transit Fund	0.0	0.8	(0.3)	0.2	0.2	0.2
Total	1.0	4.1	0.2	1.0	1.0	1.1

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
2014/2015- 2019/2020**

Category	2014-15 Adopted ¹	2015-16 Estimated ²	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Assessed Valuation (Real & Personal Property)	\$7,627,590,000	\$7,627,590,000	\$7,742,000,000	\$7,881,360,000	\$8,023,220,000	\$8,167,640,000
Tax Levy - General Fund Only*	29,595,000	29,595,000	30,039,000	30,580,000	31,130,000	31,690,000
Estimated Collections at 99%	29,370,000	29,370,000	29,810,000	30,350,000	30,890,000	31,450,000
Estimated Prior Year Collections	125,000	125,000	125,000	125,000	125,000	125,000
TOTALS	\$ 29,495,000	\$ 29,495,000	\$ 29,935,000	\$ 30,475,000	\$ 31,015,000	\$ 31,575,000
Tax rate	38.8¢	38.8¢	38.8¢	38.8¢	38.8¢	38.8¢

1¢ on the tax rate = \$ 755,000

¹ Fiscal years 2014-15 and forward reflect an estimated tax value of \$50 million for 140 West.

² Fiscal year 2015-16 is estimated as the next revaluation year. For illustrative purposes, levy is not displayed at revenue neutral rate.

* Based on continuing the current General Fund tax rate of \$38.8/\$100, with estimated growth as follows:

2015	1.00%
2016	0.00%
2017	1.50%
2018	1.80%
2019	1.80%
2020	1.80%

GENERAL FUND

PROJECTED STATE-SHARED REVENUES

2014/2015- 2019/2020

Category	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Franchise Tax ¹	\$ 2,800,000	\$ 2,814,000	\$ 2,828,000	\$ 2,842,000	\$ 2,856,000	\$ 2,870,000
Video Programming Tax	700,000	700,000	700,000	700,000	700,000	700,000
Supplemental PEG support	90,000	50,000	50,000	50,000	50,000	50,000
Beer, Wine Tax ²	230,000	232,000	234,000	236,000	238,000	240,000
1% Local Option Sales Tax (Article 39) ³	3,804,000	3,880,000	3,958,000	4,037,000	4,118,000	4,200,000
1/2% Local Option Sales Tax (Article 40) ³	2,579,000	2,605,000	2,631,000	2,657,000	2,684,000	2,711,000
1/2% Local Option Sales Tax (Article 42) ³	1,900,000	1,957,000	2,016,000	2,076,000	2,138,000	2,202,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) ³	12,000	12,000	12,000	12,000	12,000	12,000
City Hold Harmless ³	2,580,000	2,606,000	2,632,000	2,658,000	2,685,000	2,712,000
Total Local Option Sales Taxes	10,875,000	11,060,000	11,249,000	11,440,000	11,637,000	11,837,000
Fuel Tax (Powell Bill) ⁴	1,490,000	1,490,000	1,490,000	1,490,000	1,490,000	1,490,000
State Fire Protection ⁵	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000
Solid Waste Disposal Tax	32,000	32,000	32,000	32,000	32,000	32,000
TOTAL	\$ 17,315,000	\$ 17,476,000	\$ 17,681,000	\$ 17,888,000	\$ 18,101,000	\$ 18,317,000

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

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

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

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

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

GENERAL FUND
REVENUE PROJECTIONS
2014/2015 - 2019/2020

Category	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Property Taxes*	\$ 29,495,000	\$ 29,495,000	\$ 29,935,000	\$ 30,475,000	\$ 31,015,000	\$ 31,575,000
Sales Taxes	\$ 10,875,000	\$ 11,060,000	\$ 11,249,000	\$ 11,440,000	\$ 11,637,000	\$ 11,837,000
Other Taxes & Licenses	1,044,000	1,064,000	1,084,000	1,104,000	1,124,000	1,144,000
Licenses/Permits/Fines/ Forfeitures	2,062,000	2,062,000	2,062,000	2,062,000	2,062,000	2,062,000
State-Shared Revenues	6,440,000	6,416,000	6,432,000	6,448,000	6,464,000	6,480,000
Grants	791,000	800,000	809,000	818,000	827,000	836,000
Service Charges	4,354,000	4,364,000	4,374,000	4,384,000	4,394,000	4,404,000
Interest on Investments	21,000	35,000	30,000	30,000	30,000	30,000
Other Revenues	417,000	417,000	417,000	417,000	417,000	417,000
Interfund Transfers	120,000	124,000	128,000	132,000	136,000	140,000
TOTAL	\$ 55,619,000	\$ 55,837,000	\$ 56,520,000	\$ 57,310,000	\$ 58,106,000	\$ 58,925,000

* Based on continuing the current General Fund tax rate of \$38.8 cents/\$100, with estimated growth as follows:

2015	1.00%
2016	0.00%
2017	1.50%
2018	1.80%
2019	1.80%
2020	1.80%

**GENERAL FUND
PROJECTED COSTS
2014/2015 - 2019/2020**

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Personnel Services ¹	\$ 40,550,000	\$ 41,749,000	\$ 43,075,000	\$ 44,437,000	\$ 45,857,000	\$ 47,317,000
Operations						
Operating & Maintenance ²	15,950,000	15,615,000	15,370,000	15,434,000	15,416,000	15,455,000
Capital						
Equipment ³	129,000	100,000	100,000	100,000	100,000	100,000
Transfer to Capital Improvements Program ⁴	779,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other						
Human Service contracts, hotel/ motel allocations and grants to other agencies	866,000	866,000	866,000	866,000	866,000	866,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/ TOTALS	\$ 58,274,000	\$ 59,330,000	\$ 60,411,000	\$ 61,837,000	\$ 63,239,000	\$ 64,738,000

Assumptions for years after 2015, reflected on base cost estimates for 2014-15:

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Continuation of 7.17% Retirement rate.

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

2014/2015 - 2019/2020

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Estimated Total Costs	\$ 58,274,000	\$ 59,330,000	\$ 60,411,000	\$ 61,837,000	\$ 63,239,000	\$ 64,738,000
Estimated Total Revenues	55,619,000	55,837,000	56,520,000	57,310,000	58,106,000	58,925,000
Revenues Needed	2,655,000	3,493,000	3,891,000	4,527,000	5,133,000	5,813,000
Fund Balance Available	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
One-time use of Fund Balance	1,655,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 2,493,000	\$ 2,891,000	\$ 3,527,000	\$ 4,133,000	\$ 4,813,000
Change in Tax Rate in cents in Specific Years*	-	3.3	0.5	0.8	0.8	0.9

*Value of a cent = \$755,000

TRANSIT FUND
REVENUE PROJECTIONS
2014/2015 - 2019/2020

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Taxes ¹	\$ 3,870,000	\$ 3,861,000	\$ 3,919,000	\$ 3,989,000	\$ 4,061,000	\$ 4,133,000
Vehicle Taxes ²	424,738	427,000	429,000	431,000	433,000	435,000
TTA-Shared Revenues	1,125,000	1,136,000	1,147,000	1,158,000	1,170,000	1,182,000
Federal Operating Assistance ³	1,944,719	1,945,000	1,945,000	1,945,000	1,945,000	1,945,000
State Operating Assistance ³	2,435,996	2,436,000	2,436,000	2,436,000	2,436,000	2,436,000
UNC Contract (Net) ⁴	7,765,808	7,882,000	8,000,000	8,120,000	8,242,000	8,366,000
UNC Park & Ride Fee	75,000	150,000	150,000	150,000	150,000	150,000
Carrboro Contract (Net) ⁴	1,472,520	1,495,000	1,517,000	1,540,000	1,563,000	1,586,000
Service Charges ⁵	910,157	928,000	947,000	966,000	985,000	1,005,000
Advertising	150,000	150,000	150,000	150,000	150,000	150,000
Grants	334,375	200,000	200,000	200,000	200,000	200,000
Other	2,500	3,000	3,000	3,000	3,000	3,000
TOTAL	\$ 20,510,813	\$ 20,613,000	\$ 20,843,000	\$ 21,088,000	\$ 21,338,000	\$ 21,591,000

Revenue Notes:

¹ Based on a Manager's Recommended tax rate of 5.1 cents through 2019-20

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
2014/2015 - 2019/2020

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Personnel Services ¹	\$ 12,621,966	\$ 13,044,000	\$ 13,459,000	\$ 13,889,000	\$ 14,334,000	\$ 14,795,000
Operations ²	7,488,847	7,737,000	7,994,000	8,261,000	8,538,000	8,826,000
Capital Reserve Fund ³	400,000	400,000	400,000	400,000	400,000	400,000
TOTAL	\$ 20,510,813	\$ 21,181,000	\$ 21,853,000	\$ 22,550,000	\$ 23,272,000	\$ 24,021,000

Assumptions for years after 2014-15

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Continuation of 7.17% Retirement rate.

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
2014/2015 - 2019/20***

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Estimated Costs	\$ 20,510,813	\$ 21,181,000	\$21,853,000	\$ 22,550,000	\$ 23,272,000	\$ 24,021,000
Estimated Revenues	20,510,813	20,613,000	20,843,000	21,088,000	21,338,000	21,591,000
Revenue Needed/(Excess)	-	568,000	1,010,000	1,462,000	1,934,000	2,430,000
Additional Revenue Needed	\$ -	\$ 568,000	\$ 1,010,000	\$ 1,462,000	\$ 1,934,000	\$ 2,430,000
Change in Tax Rate in Specific Years	-	0.8	(0.3)	0.2	0.2	0.2

1 cent on the tax rate = \$755,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2014-15 (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 FY15.
 - Includes estimated adjustments of 5% in fuel and tire costs after FY15.
-

***DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2014/2015- 2019/2020***

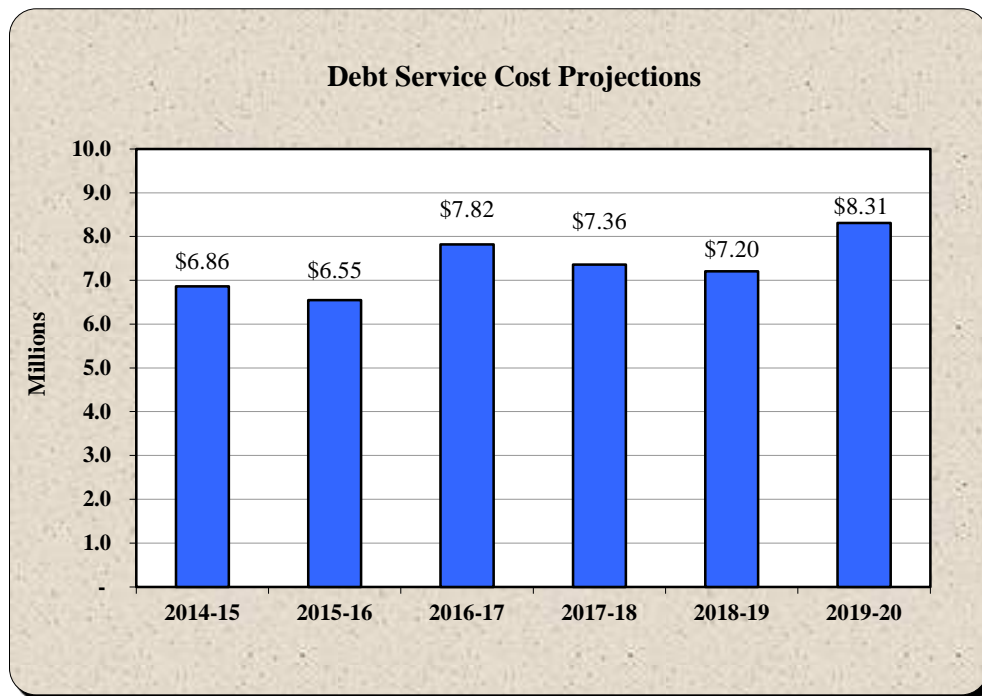
Category	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,627,590,000	\$ 7,627,590,000	\$ 7,742,000,000	\$ 7,881,360,000	\$ 8,023,220,000	\$ 8,167,640,000
Tax Levy - Debt Service Fund Only*	6,483,000	6,483,000	6,581,000	6,699,000	6,820,000	6,942,000
Estimated Collections at 99%	6,430,000	6,418,000	6,515,000	6,632,000	6,752,000	6,873,000
TOTAL TAXES	\$ 6,430,000	\$ 6,418,000	\$ 6,515,000	\$ 6,632,000	\$ 6,752,000	\$ 6,873,000
BABS Interest Subsidy	182,506	183,000	183,000	183,000	183,000	183,000
Interest Income	3,000	3,000	3,000	3,000	3,000	3,000
Transfer from Parking	909,081	910,000	909,000	907,000	915,000	915,000
TOTAL REVENUES	\$ 7,524,587	\$ 7,514,000	\$ 7,610,000	\$ 7,725,000	\$ 7,853,000	\$ 7,974,000

* Based on a continued tax rate of \$8.5 cents for the Debt Fund through 2019-20, with estimated growth as follows:

2015	1.00%
2016	0.00%
2017	1.50%
2018	1.80%
2019	1.80%
2020	1.80%

**DEBT SERVICE FUND
PROJECTED COSTS
2014/2015 - 2019/2020**

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Existing Debt	\$ 6,859,000	\$ 6,413,000	\$ 6,149,000	\$ 5,688,000	\$ 5,534,000	\$ 5,105,000
Two-Thirds Bonds	-	137,000	137,000	137,000	137,000	137,000
Future Issuance	-	-	1,533,000	1,533,000	1,533,000	3,065,000
TOTALS	\$ 6,859,000	\$ 6,550,000	\$ 7,819,000	\$ 7,358,000	\$ 7,204,000	\$ 8,307,000



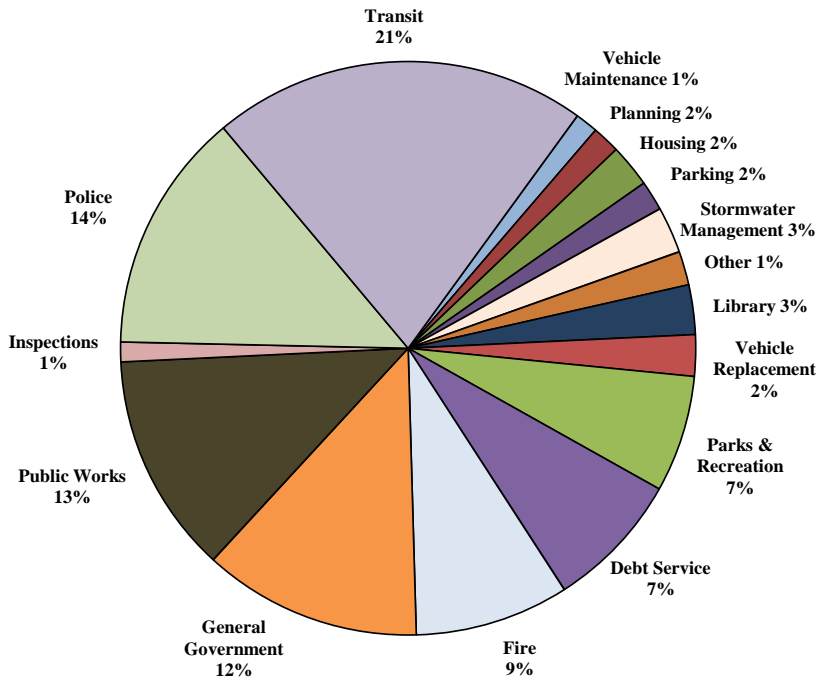
DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2014/2015 - 2019/2020

	2014-15 Adopted	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated
Estimated Total Costs	\$ 6,859,000	\$ 6,550,000	\$ 7,819,000	\$ 7,358,000	\$ 7,204,000	\$ 8,307,000
Estimated Total Revenues	7,524,587	7,514,000	7,610,000	7,725,000	7,853,000	7,974,000
Revenue (Needed)/Available	665,587	964,000	(209,000)	367,000	649,000	(333,000)
Fund Balance Available	-	-	209,000	-	-	333,000
Reserved for future debt	665,587	964,000	-	367,000	649,000	-
Additional Revenue (Needed)/Available	-	-	-	-	-	-
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

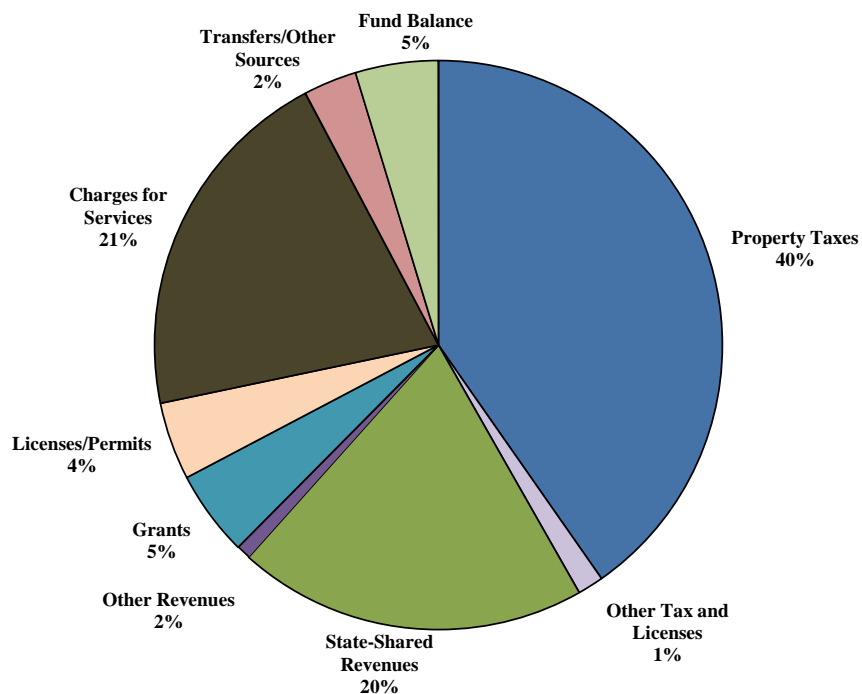
Value of a cent = \$755,000

ALL FUNDS SUMMARY

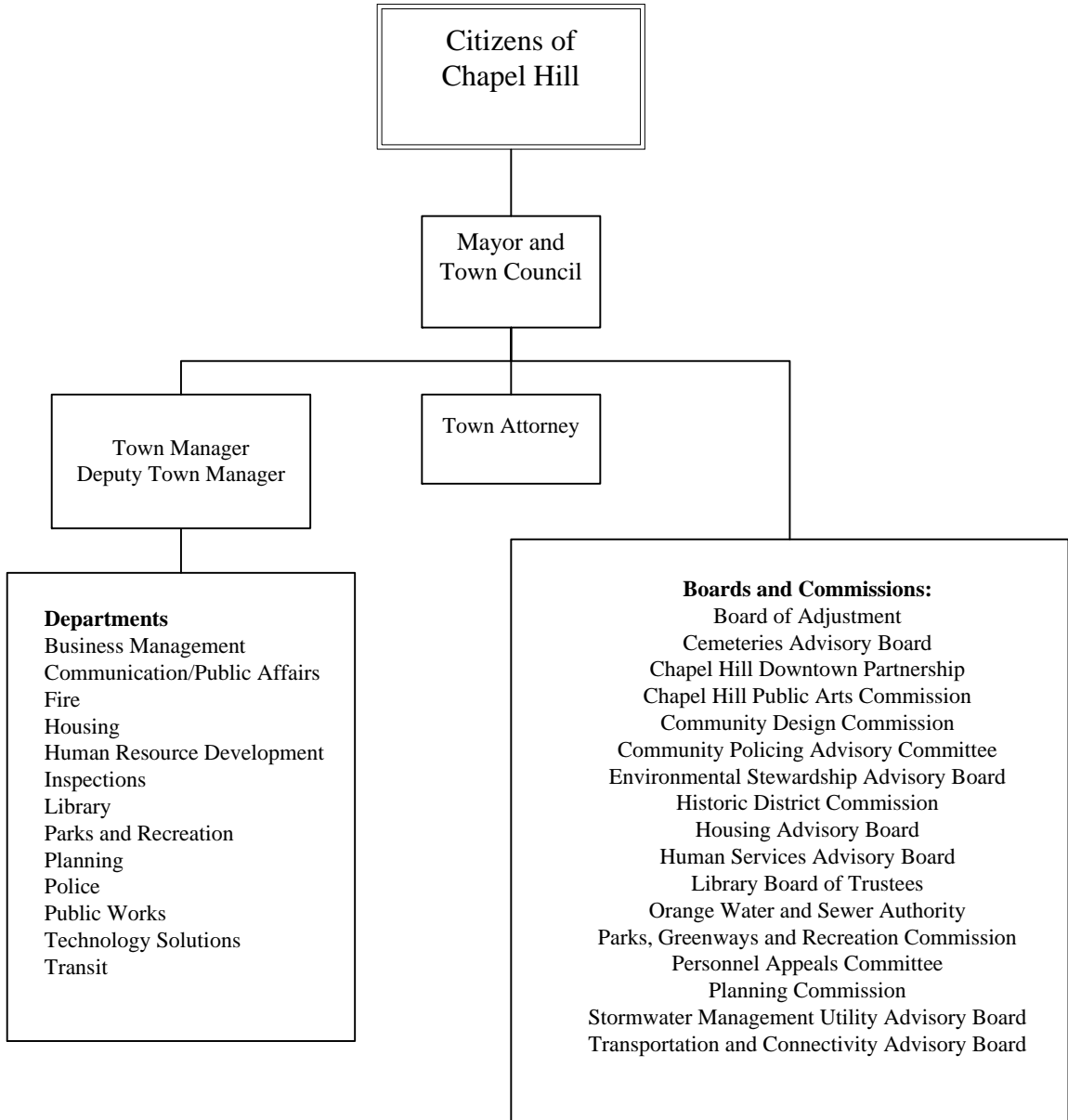
TOTAL BUDGET EXPENDITURES \$97,302,979 (NET OF TRANSFERS)



TOTAL BUDGET REVENUES



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2014-15***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 58,274,000	\$ 873,288	\$ 57,400,712
Transit Funds			
Transit	20,510,813	-	20,510,813
Transit Capital Reserve Fund	218,000	218,000	-
Stormwater Management Fund	2,540,516	-	2,540,516
Parking Funds			
Off-Street Parking Fund	1,914,696	909,081	1,005,615
On-Street Parking Fund	707,750	74,910	632,840
Housing Funds			
Public Housing Fund	2,347,420	-	2,347,420
Debt Service Fund	7,524,587	-	7,524,587
Capital Projects			
Capital Improvements Fund	849,856	-	849,856
Other Funds			
Grants Fund	464,731	-	464,731
Downtown Service District Fund	310,841	-	310,841
Library Gift Fund	100,600	45,000	55,600
Vehicle Replacement Fund	2,264,997	-	2,264,997
Vehicle Maintenance Fund	1,234,481	-	1,234,481
Computer Replacement Fund	159,970	-	159,970
TOTAL	\$ 99,423,258	\$ 2,120,279	\$ 97,302,979

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 59% of the Town's operating budget. The Staffing Summary represents a snapshot of the FTE's on which the FY15 Adopted Budget is based.

2014-2015 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Mayor	1.00	1.00	1.00
Manager	7.00	11.75	11.75
Communications & Public Affairs	6.53	7.53	7.53
Human Resource Development	8.00	8.00	7.00
Business Management	15.00	15.00	16.00
Technology Solutions	8.00	9.00	9.00
Legal	2.00	2.00	2.00
Planning	17.75	15.75	15.75
Inspections	8.00	8.00	12.00
Public Works	88.25	94.25	94.25
Police	139.00	138.00	136.00
Fire	90.00	92.00	92.00
Parks & Recreation	53.51	54.01	54.41
Library	30.39	26.63	30.09
Transit	171.73	178.41	183.79
Stormwater	14.00	14.00	14.00
Parking	11.80	11.80	11.80
Housing	16.00	16.00	16.00
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	7.75	7.75	7.75
Total FTE's	696.71	711.88	723.12

FTE changes from FY14 Adopted Budget - FY15 Adopted Budget

Positions Added	Department	Positions Deleted	Department
Budget Analyst	Business Management	Health&Safety Officer	HRD
Building - Fire Plans Reviewer	Inspections		
Code Enforcement Coordinator	Inspections		
Office Assistant	Inspections		
Permit Technician Apprentice	Inspections		
Community Engagement Specialist	Library		
Library Systems Administrator	Library		
Media Lab Coordinator	Library		
Teen Engagement Specialist	Library		
Assistant Maintenance Manager	Transit		
Electronics Technician	Transit		

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

TAX RATES AND TAX COLLECTIONS

Adopted 2014-15

	2012-13 Actual	2013-14 Budget	2013-14 Estimated	2014-15 Adopted
Assessed Value of Real and Personal Property	\$ 7,304,497,468	\$ 7,388,520,000	\$ 7,502,559,715	\$ 7,627,590,000
Tax Rate Per \$100 Valuation				
General Fund	37.8	38.8	38.8	38.8
Transit Fund	4.1	5.1	5.1	5.1
Debt Service Fund	7.5	7.5	7.5	8.5
Total Tax Rate (cents)	49.4	51.4	51.4	52.4
Tax Levy	36,084,217	37,977,000	38,563,000	39,969,000
Estimated Collections at 99%	\$ 35,810,000	\$ 37,597,200	\$ 38,269,900	\$ 39,665,200
Distribution				
General Fund	27,401,160	28,380,000	28,890,000	29,370,000
Transit Fund	2,972,085	3,730,461	3,800,000	3,860,000
Debt Service Fund	5,435,829	5,486,000	5,580,000	6,430,000
Downtown Service District Fund				
Tax Rate (cents)	7.1	7.1	7.1	7.1
Assessed Value of Real and Personal Property	\$ 323,677,000	\$ 324,890,000	\$ 340,617,000	\$ 343,455,000
Tax Levy	230,000	231,000	242,000	244,000
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 723,000	\$ 731,000	\$ 743,000	\$ 755,000

ESTIMATED UNDESIGNATED RESERVES

ANNUALLY BUDGETED FUNDS

	Approximate Unassigned Fund Balance July 1, 2014	2014-15 Budgeted Revenues	2014-15 Budgeted Expenditures	Approximate Unassigned Fund Balance June 30, 2015
GENERAL FUND	\$ 10,000,000	\$ 55,620,000	\$ 58,274,000	\$ 7,346,000
SPECIAL REVENUE FUNDS				
Downtown Service District	131,000	282,000	311,000	102,000
Library Gift	257,000	101,000	101,000	257,000
Grants Fund	8,000	465,000	465,000	8,000
DEBT SERVICE FUND	4,800,000	7,525,000	6,861,000	5,464,000
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	3,128,000	850,000	850,000	3,128,000
Capital Reserve	214,000	-	-	214,000
ENTERPRISE FUNDS				
Transit	7,591,000	20,511,000	20,511,000	7,591,000
Transit Capital Reserve	904,000	-	218,000	686,000
Public Housing	2,619,000	1,915,000	2,347,000	2,187,000
On-Street Parking	-	708,000	708,000	-
Off-Street Parking	234,304	1,690,000	1,915,000	9,304
Stormwater Management	1,734,000	2,144,000	2,541,000	1,337,000
INTERNAL SERVICE FUNDS				
Vehicle Replacement	2,037,000	1,509,000	2,265,000	1,281,000
Vehicle Maintenance	156,000	1,263,000	1,234,000	185,000
Computer Replacement	487,000	160,000	160,000	487,000
TOTAL	\$ 34,300,304	\$ 94,743,000	\$ 98,761,000	\$ 30,282,304

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 2014-15 is anticipated to be about 12.6% of budgeted expenditures.

GOVERNMENTAL FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2014-15**

	General Fund			Special Revenue Funds		
	12-13 Actual	13-14 Estimated	14-15 Adopted	12-13 Actual	13-14 Estimated	14-15 Adopted
Net Unreserved Assets, Beginning of Year	11,077,221	12,350,704	9,883,078	369,793	495,102	430,434
Financial Source						
Property Taxes	27,608,930	29,050,865	29,495,000	228,064	240,000	242,000
Other Tax and Licenses	1,040,208	1,043,600	1,044,000	-	-	-
State-Shared Revenues	16,589,609	16,699,590	17,315,190	-	-	-
Interest on Investments	19,293	21,104	21,000	1,414	650	-
Other Revenues	729,698	499,628	417,360	868,210	168,793	140,600
Grants	567,665	689,994	791,407	357,757	440,666	376,943
Charges for Services	3,524,282	3,809,381	4,353,948	-	-	-
Licenses/Permits/Fines	2,397,928	2,278,700	2,062,092	-	-	-
Transfers/Other Sources	175,137	139,159	119,910	142,334	93,525	87,788
Appropriated Net Assets (Fund Balance)	-	-	2,654,093	-	-	28,841
Total Estimated Financial Sources	52,652,750	54,232,021	58,274,000	1,597,779	943,634	876,172
Expenditures						
Personnel	35,337,751	36,993,615	40,450,250	357,299	428,200	454,882
Operations	14,009,380	17,480,045	16,932,744	1,115,171	556,102	421,290
Capital	2,032,136	2,225,987	891,006	-	24,000	-
Total Budget	51,379,267	56,699,647	58,274,000	1,472,470	1,008,302	876,172
Financial Sources less Budget	1,273,483	(2,467,626)	-	125,309	(64,668)	-
Net Unreserved Assets, End of Year	12,350,704	9,883,078	7,228,985	495,102	430,434	401,593

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

Debt Service Fund			Capital Funds		
12-13 Actual	13-14 Estimated	14-15 Adopted	12-13 Actual	13-14 Estimated	14-15 Adopted
6,281,025	5,340,180	4,620,885	2,135,431	3,037,909	1,357,300
5,468,713	5,606,000	6,430,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
58,109	3,500	3,000	1,958	1,220	1,000
-	-	-	1,500	267,092	-
182,506	169,366	182,506	-	-	-
-	-	-	57,987	69,000	69,856
-	-	-	-	-	-
3,925,663	908,331	909,081	1,635,000	2,409,693	779,000
-	-	-	-	-	-
9,634,991	6,687,197	7,524,587	1,696,445	2,747,005	849,856
-	-	-	-	-	-
10,575,836	7,406,492	7,524,587	-	-	-
-	-	-	793,967	4,427,614	849,856
10,575,836	7,406,492	7,524,587	793,967	4,427,614	849,856
(940,845)	(719,295)	-	902,478	(1,680,609)	-
5,340,180	4,620,885	4,620,885	3,037,909	1,357,300	1,357,300

ENTERPRISE FUNDS

**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES
2014-15**

	Parking Funds			Transportation Funds		
	12-13 Actual	13-14 Estimated	14-15 Adopted	12-13 Actual	13-14 Estimated	14-15 Adopted
Net Unreserved Assets, Beginning of Year	2,331,405	1,576,899	1,063,141	1,551,183	5,408,410	5,424,487
Financial Source						
Property Taxes	-	-	-	2,987,410	3,740,434	3,870,000
Other Tax and Licenses	-	-	-	417,114	424,738	424,738
State-Shared Revenues	-	-	-	2,757,495	2,692,863	2,435,996
Interest on Investments	7,684	4,750	5,250	5,020	3,227	2,500
Other Revenues	67,087	67,760	75,000	75,492	97,671	90,671
Grants	-	-	-	4,245,140	2,835,637	2,354,094
Charges for Services	-	-	-	9,313,743	9,731,279	10,207,814
Licenses/Permits/Fines	2,059,543	2,215,402	2,317,205	-	-	-
Transfers/Other Sources	-	-	-	720,000	472,000	1,125,000
Appropriated Net Assets (Fund Balance)	-	-	224,991	-	-	218,000
Total Estimated Financial Sources	2,134,314	2,287,912	2,622,446	20,521,414	19,997,849	20,728,813
Expenditures						
Personnel	845,900	792,177	830,672	10,532,113	11,627,986	12,621,966
Operations	1,037,121	786,233	882,693	5,683,950	8,082,284	7,880,847
Capital	1,005,799	1,223,260	909,081	448,123	271,502	226,000
Total Budget	2,888,820	2,801,670	2,622,446	16,664,187	19,981,772	20,728,813
Financial Sources less Budget	(754,506)	(513,758)	-	3,857,227	16,077	-
Net Unreserved Assets, End of Year	1,576,899	1,063,141	838,150	5,408,410	5,424,487	5,206,487

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

Stormwater Management Fund			Housing Fund		
12-13 Actual	13-14 Estimated	14-15 Adopted	12-13 Actual	13-14 Estimated	14-15 Adopted
1,114,863	1,347,276	789,461	2,643,804	2,792,472	2,577,317
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,340	800	800	2,038	1,939	1,950
-	203	7,200	9,743	214,956	225
-	-	-	1,150,068	1,145,927	1,132,420
1,932,991	2,063,600	2,129,575	790,422	806,073	780,444
-	-	-	-	-	-
5,231	6,400	6,500	-	-	-
-	-	396,441	-	-	432,381
1,939,562	2,071,003	2,540,516	1,952,271	2,168,895	2,347,420
1,093,750	1,042,080	1,172,188	996,956	993,742	1,101,913
613,399	781,738	938,328	806,647	1,155,768	1,184,007
-	805,000	430,000	-	234,540	61,500
1,707,149	2,628,818	2,540,516	1,803,603	2,384,050	2,347,420
232,413	(557,815)	-	148,668	(215,155)	-
1,347,276	789,461	393,020	2,792,472	2,577,317	2,144,936

INTERNAL SERVICE FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2014-15

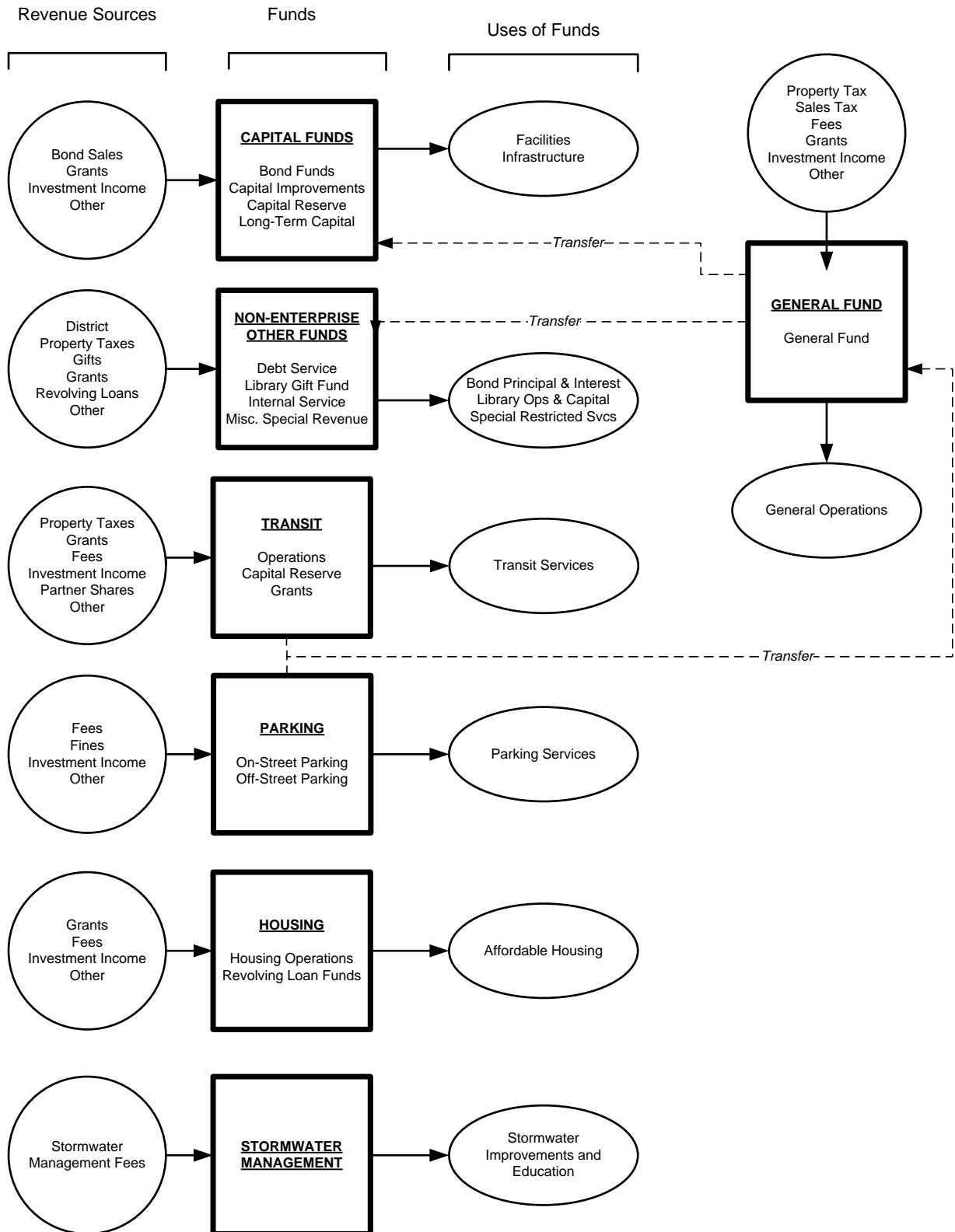
	Internal Service		
	12-13 Actual	13-14 Estimated	14-15 Adopted
Net Unreserved Assets, Beginning of Year	<u>2,785,756</u>	<u>2,379,047</u>	<u>2,638,913</u>
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investments	4,089	4,425	2,000
Other Revenues	977,504	996,005	70,000
Grants	-	-	-
Charges for Services	2,928,495	2,905,395	2,859,770
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	727,678
Total Estimated Financial Sources	3,910,088	3,905,825	3,659,448
Expenditures			
Personnel	589,662	532,117	568,316
Operations	2,063,390	1,969,247	1,742,968
Capital	1,663,745	1,144,595	1,348,164
Total Budget	4,316,797	3,645,959	3,659,448
Financial Sources less Budget	(406,709)	259,866	-
Net Unreserved Assets, End of Year	2,379,047	2,638,913	1,911,235

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

Annual Funds - Combined Totals

12-13 Actual	13-14 Estimated	14-15 Adopted
30,290,480	34,727,999	28,785,016
36,293,117	38,637,299	40,037,000
1,457,322	1,468,338	1,468,738
19,347,104	19,392,453	19,751,186
100,945	41,615	37,500
2,729,234	2,312,108	801,056
6,503,136	5,281,590	4,837,370
18,547,920	19,384,728	20,401,407
4,457,471	4,494,102	4,379,297
6,603,365	4,029,108	3,027,279
-		4,682,425
96,039,614	95,041,341	99,423,258
49,753,431	52,409,917	57,200,187
35,904,894	38,217,909	37,507,464
5,943,770	10,356,498	4,715,607
91,602,096	100,984,324	99,423,258
4,437,519	(5,942,983)	-
34,727,999	28,785,016	24,102,591

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

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

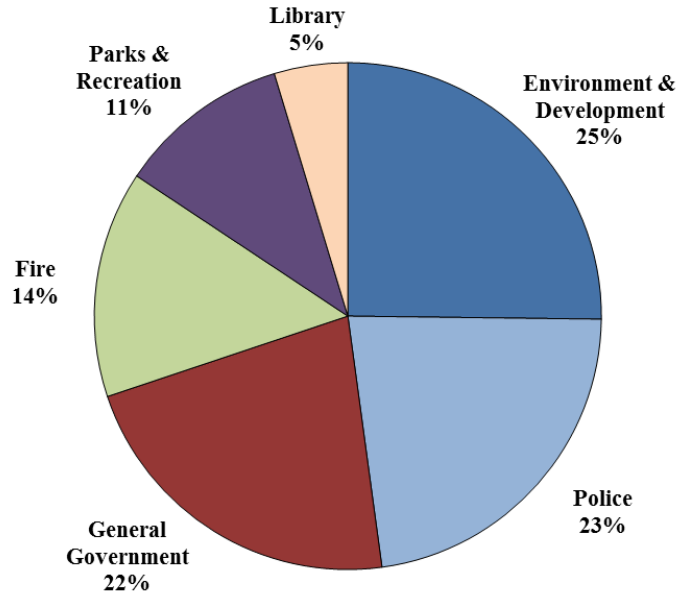
Vehicle Maintenance Fund
Vehicle Replacement Fund
Computer Replacement Fund

INTERFUND TRANSFERS						
Adopted 2014-15						
Transfers to:	Transfers From:					
	General Fund	Transit	Parking	Transit Capital Reserve	Library Gift Fund	Net Transfers
General Fund	\$ -	\$ -	\$ 74,910	\$ -	\$ 45,000	\$ 119,910
Transit Capital Grants	-	-	-	218,000	-	218,000
Stormwater Management	6,500	-	-	-	-	6,500
Debt Service Fund	-	-	909,081	-	-	909,081
CIP Fund	779,000	-	-	-	-	779,000
Grants Fund	87,788	-	-	-	-	87,788
Net Transfers	\$ 873,288	\$ -	\$ 983,991	\$ 218,000	\$ 45,000	\$ 2,120,279

GENERAL FUND

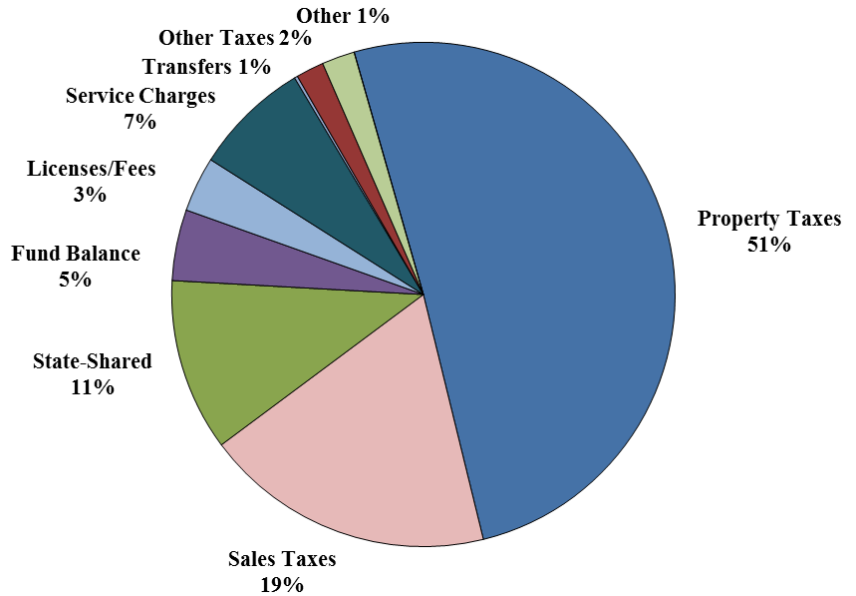
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$58,274,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Government	\$ 11,274,675	\$ 11,658,692	\$ 14,411,783	\$ 13,807,217	\$ 12,827,060	10.0%
Environment & Development	12,586,543	13,445,192	14,984,209	13,731,645	14,681,331	9.2%
Public Safety	19,516,891	20,907,614	21,056,669	20,426,924	21,634,269	3.5%
Leisure	8,001,158	8,777,002	9,044,729	8,733,861	9,131,340	4.0%
Total	\$ 51,379,267	\$ 54,788,500	\$ 59,497,390	\$ 56,699,647	\$ 58,274,000	6.4%

REVENUES

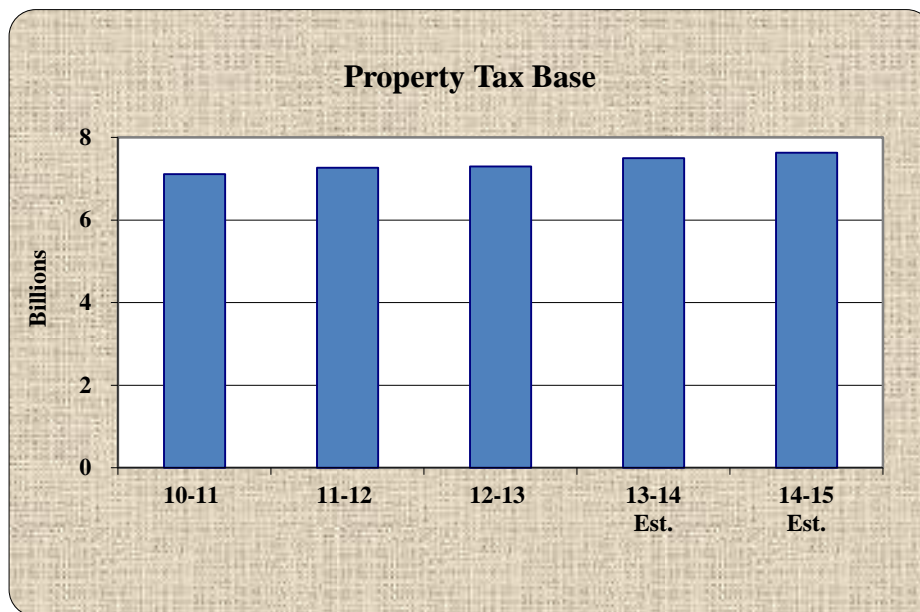
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues:						
Property Taxes	\$ 27,608,930	\$ 28,550,000	\$ 28,550,000	\$ 29,050,865	\$ 29,495,000	3.3%
Sales Taxes	10,049,246	10,260,000	10,260,000	10,260,000	10,875,600	6.0%
Other Tax and Licenses	1,040,208	1,019,000	1,019,000	1,043,600	1,044,000	2.5%
State-Shared Revenues	6,540,363	6,318,630	6,318,630	6,439,590	6,439,590	1.9%
Interest on Investments	19,293	20,000	20,000	21,104	21,000	5.0%
Other Revenues	729,698	252,300	283,599	499,628	417,360	65.4%
Grants	567,665	699,386	1,441,255	689,994	791,407	13.2%
Charges for Services	3,524,282	3,759,619	3,759,619	3,809,381	4,353,948	15.8%
Licenses/Permits/Fines	2,397,928	1,801,190	1,976,190	2,278,700	2,062,092	14.5%
Transfers/Other Sources	175,137	122,225	122,225	139,159	119,910	-1.9%
Appropriated Fund Balance	(1,273,483)	1,986,150	5,746,872	2,467,626	2,654,093	33.6%
Total	\$ 51,379,267	\$ 54,788,500	\$ 59,497,390	\$ 56,699,647	\$ 58,274,000	6.4%

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 2014-15 is estimated to be about \$7,627,590,000 with 1 cent on the tax rate equivalent to about \$755,000.



The combined property tax revenue we anticipate for 2014-15 totals about \$39.7 million, with \$29.4 million of that supporting the General Fund.

Other Local Taxes

- Cable franchise revenues represent a tax on local Time Warner gross receipts. Effective January 1, 2007, the Department of Revenue changed the distribution calculation for cable franchise revenues, and the majority of the funds we previously received in this revenue line are now allocated in the utility franchise tax.
- Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$985,000 in the current year and about \$985,000 in 2014-15. Revenue trends are affected by University events and general economic conditions.

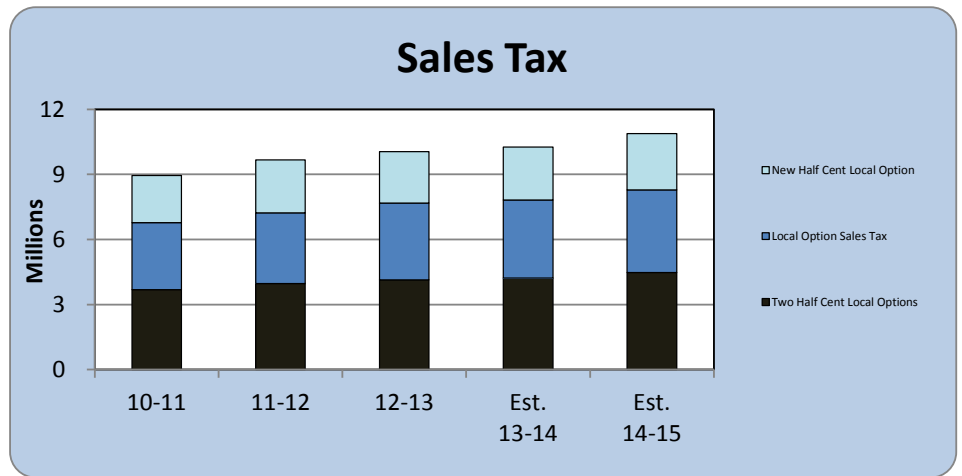
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in at budget in 2013-14. Recent information from the North Carolina League of Municipalities suggests that we should see greater gains in sales tax in the coming fiscal year. Based on this information, we are estimating an overall growth rate of 6% in sales taxes for FY15. We estimate combined sales taxes of about \$10,875,600 for 2014-15. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in about \$2.5 million in reduced sales tax receipts for the Town.



Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total \$1,490,000 in 2013-14, about the same as prior year. For 2014-15, we anticipate revenues will hold the line at around \$1,490,000.

State Fire Protection Funds

We are expecting about \$1,097,590 in State Fire Protection Funds in the current year, and we expect about the same level of funding from this source in 2014-15.

Utility Franchise Tax

Utility franchise taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction, and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. In 2007, the State changed the distribution method for cable franchise fees and included them in the utility franchise tax distribution. Indications are that utility franchise fees will be in line with the current year's budget for a total of about \$3.5 million in 2013-14, and we expect no increase in 2014-15.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

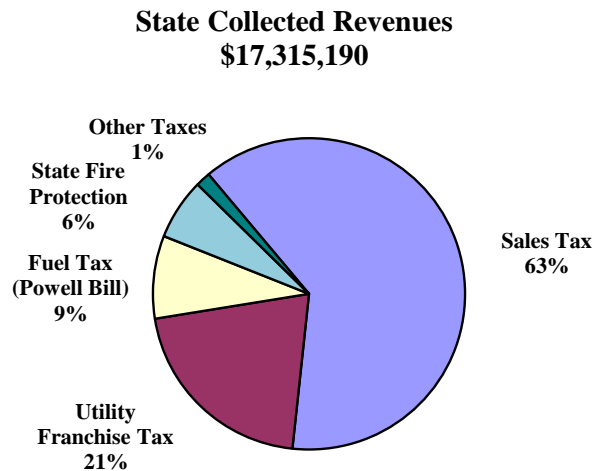
Solid Waste Disposal Tax

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 \$32,000 for the current year and \$32,000 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 \$230,000 for the current year and \$230,000 next year.

In summary, we estimate State-collected revenues would total about \$17,315,190 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$721,197 for 2014-15. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The adopted budget for 2014-15 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. The adopted 2014-15 budget includes \$498,000 in Orange County funding to support the Chapel Hill Library, a 3% increase over the FY14 allocation per the new agreement with the County. The State appropriation for Library services is budgeted at \$28,000. Local grants also include a reimbursement from the NC DOT for a portion of the costs of the Traffic Signal Analyst position that was added in FY13.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to exceed budget in the current year by about \$56,000. This can be attributed to revenue windfalls in police reimbursements, library fines and various parks programs. Charges for services are expected to increase from \$3,760,000 to about \$3,906,000 in 2014-15 due to continued growth and further increases in parks 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 2014-15, these include estimates of \$81,000 from Parking Enterprise Funds, \$110,000 from the Stormwater Management Fund, and \$1,143,000 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to exceed the current year's budget by about \$303,000 due to an increase in inspection permits. Total licenses and permits are expected to continue this trend in 2014-15, with a budget of about \$2.1 million.

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 meet the current year's budget estimate of \$20,000 and generate about \$21,000 next year.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include the sale of cemetery plots and equipment, court cost reimbursements, and donations (Carol Woods). Miscellaneous revenues are expected to total about \$500,000 for 2013-14 and \$417,000 for 2014-15.

Transfers

Transfers include a transfer of \$45,000 for 2014-15 from the Library Gift Fund for Library purposes. This section also includes a transfer from On-Street Parking in the amount of \$74,910 for 2014-15, which represents the amount of anticipated revenues in excess of expenditures.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use \$5.7 million of fund balance in 2013-14, but through cost-cutting measures, will use only about \$2.5 million. The annual budget includes the use of about \$2,655,000 in 2014-15 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$58,274,000 in General Fund revenues, including the use of about \$2,654,000 of fund balance.

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

	13-14 Revised Budget	13-14 Estimated	14-15 Adopted Budget
Property Taxes	\$ 28,550,000	\$ 29,050,865	\$ 29,495,000
Sales Taxes	10,260,000	10,260,000	10,875,600
Other State-Collected	6,318,630	6,439,590	6,439,590
Other Revenues	2,032,385	2,254,326	2,273,767
Licenses/Permits	1,976,190	2,278,700	2,062,092
Service Charges	3,759,619	3,809,381	4,353,948
Interfund Transfers	122,225	139,159	119,910
Fund Balance	5,745,172	2,467,626	2,654,093
Total	\$ 58,764,221	\$ 56,699,647	\$ 58,274,000

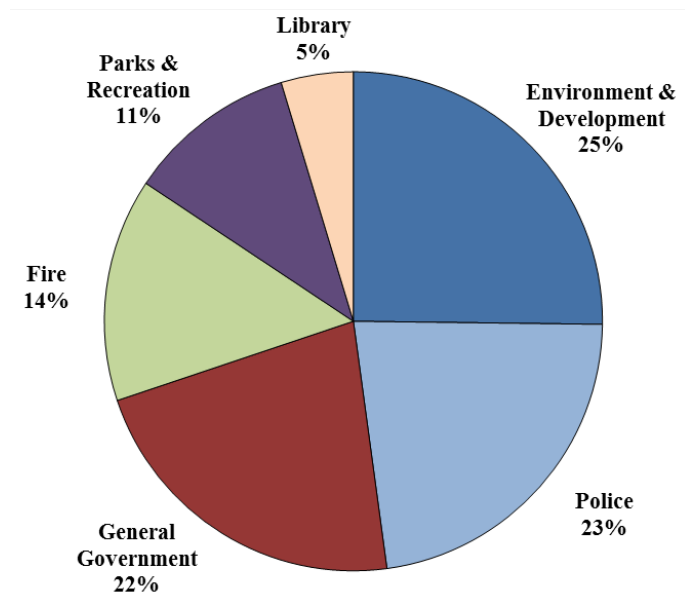
GENERAL FUND

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 \$58,274,000 for the 2014-15 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$13.2 million and Fire Department expenditures of about \$8.4 million.



Environment and Development is the second largest category in the General Fund at about \$14.7 million, including Planning, Inspections and Public Works which provide services of planning for growth, engineering, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 58% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$6.4 million, Library services of \$2.7 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$12.8 million.

Other General Fund services include Parks and Recreation

Non-departmental expenditures total \$4.9 million. Non-departmental expenditures include a transfer for capital improvements of \$779,000. \$865,674 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development, and for development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$450,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2014-15 budget includes changes to medical insurance rates. The adopted budget includes a 7.0% increase in rates for active employees and under-65 retirees, or about \$340,000. The budget also includes an increase to the employer contribution to the state retirement system from 7.07% to 7.17%, or about \$26,000, for General Fund employees.

Additional expenses in the budget include a 3% of market rate salary adjustment (\$683,000), restoration of street paving funding (\$578,600), the establishment of a legal/investigations/demolition fund (\$100,000), increases to the transfer to CIP fund (\$20,500), increase of the equivalent of approximately 1 penny on the tax rate (\$688,395) for affordable housing initiatives such as the Northside community plan, five new positions in Finance, Fire, Inspections and Library (\$348,000), increases in training funds in various departments (\$75,000), increases for various one-time equipment purchases in Fire, Parks, and Public Works (\$83,000), additional funding for Halloween event safety (\$27,300), additional Library collections materials (\$25,000) and an increase in funding for solid waste disposal (\$24,000).

The 2014-15 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$941,850), but does not contribute towards the post-employment benefit liability. The budget completely restores the pay-as-you-go CIP to the \$1 million level that has been historically budgeted. The General Fund contribution is supplemented by 2/3 bonds proceeds (\$165,000).

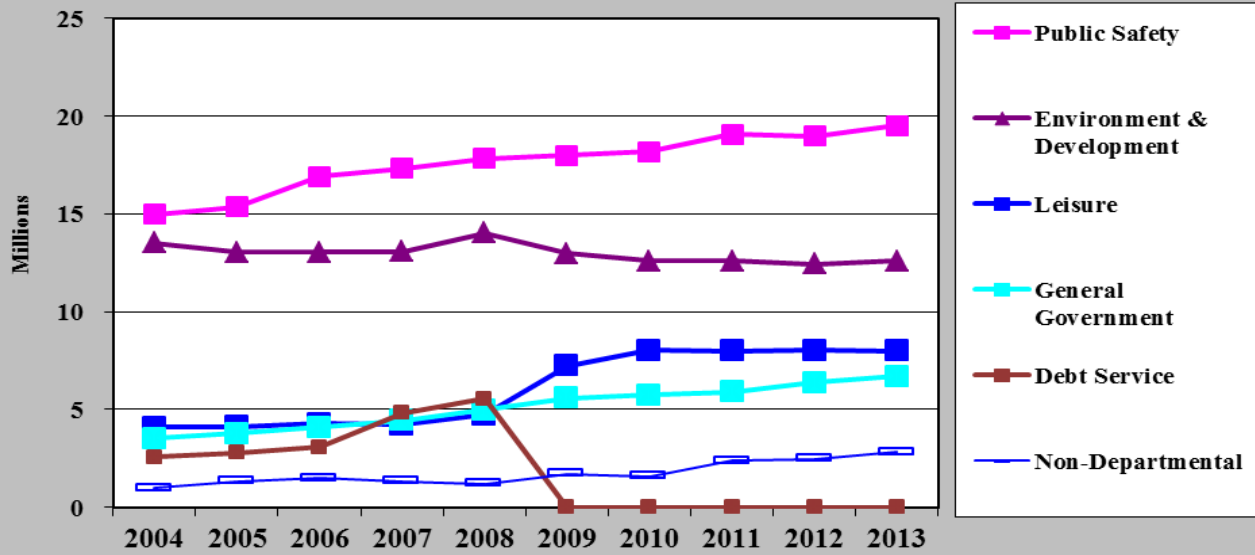
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2012-13	2013-14	2013-14	2013-14	2014-15	% Change
	Actual	Original	Revised	Estimated	Adopted	from
		Budget	Budget		Budget	2013-14
Personnel	\$ 35,337,751	\$ 38,441,118	\$ 38,480,153	\$ 36,993,615	\$ 40,450,250	5.2%
Operating Costs	14,009,380	15,441,882	18,060,831	17,480,045	16,932,744	9.7%
Capital Outlay	2,032,136	905,500	2,223,237	2,225,987	891,006	-1.6%
Total	\$ 51,379,267	\$ 54,788,500	\$ 58,764,221	\$ 56,699,647	\$ 58,274,000	6.4%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Government						
Mayor/Council	\$ 390,585	\$ 436,573	\$ 442,073	\$ 437,869	\$ 417,068	-4.5%
Manager/CaPA	2,042,640	2,410,088	2,423,405	2,317,607	2,504,747	3.9%
Human Resource Dev't	1,158,268	1,339,622	1,427,545	1,320,050	1,468,795	9.6%
Finance	1,557,826	1,668,711	1,698,239	1,594,541	1,822,728	9.2%
Technology Solutions	1,254,127	1,326,791	1,394,203	1,367,697	1,428,111	7.6%
Town Attorney	272,643	303,197	353,197	348,133	308,660	1.8%
Non-Departmental	4,598,586	4,173,710	6,670,337	6,421,320	4,876,951	16.8%
Subtotal	\$ 11,274,675	\$ 11,658,692	\$ 14,408,999	\$ 13,807,217	\$ 12,827,060	10.0%
Environment & Development						
Planning	\$ 1,288,728	\$ 1,425,972	\$ 1,929,005	\$ 1,871,416	\$ 1,524,108	6.9%
Inspections	699,202	788,989	788,989	681,732	1,071,537	35.8%
Public Works	10,598,613	11,230,231	11,534,421	11,178,497	12,085,686	7.6%
Subtotal	\$ 12,586,543	\$ 13,445,192	\$ 14,252,415	\$ 13,731,645	\$ 14,681,331	9.2%
Public Safety						
Police	\$ 11,895,486	\$ 12,759,697	\$ 12,851,222	\$ 12,225,470	\$ 13,201,831	3.5%
Fire	7,621,405	8,147,917	8,205,447	8,201,454	8,432,438	3.5%
Subtotal	\$ 19,516,891	\$ 20,907,614	\$ 21,056,669	\$ 20,426,924	\$ 21,634,269	3.5%
Leisure						
Parks and Recreation	\$ 5,835,592	\$ 6,114,147	\$ 6,383,124	\$ 6,262,171	\$ 6,401,924	4.7%
Library	2,165,566	2,662,855	2,663,014	2,471,690	2,729,416	2.5%
Subtotal	\$ 8,001,158	\$ 8,777,002	\$ 9,046,138	\$ 8,733,861	\$ 9,131,340	4.0%
General Fund Total	\$ 51,379,267	\$ 54,788,500	\$ 58,764,221	\$ 56,699,647	\$ 58,274,000	6.4%

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

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Mayor/Council	\$ 390,585	\$ 436,573	\$ 446,660	\$ 437,869	\$ 417,068	-4.5%
Town Manager/CaPA	2,042,640	2,410,088	2,420,518	2,317,607	2,504,747	3.9%
Human Resources	1,158,268	1,339,622	1,427,545	1,320,050	1,468,795	9.6%
Finance	1,557,826	1,668,711	1,698,239	1,594,541	1,822,728	9.2%
Technology Solutions	1,254,127	1,326,791	1,395,287	1,367,697	1,428,111	
Town Attorney	272,643	303,197	353,197	348,133	308,660	1.8%
Non-Departmental	4,598,586	4,173,710	6,670,337	6,421,320	4,876,951	16.8%
Total	\$ 11,274,675	\$ 11,658,692	\$ 14,411,783	\$ 13,807,217	\$ 12,827,060	10.0%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 11,274,675	\$ 11,658,692	\$ 14,411,783	\$ 13,807,217	\$ 12,827,060	10.0%
Total	\$ 11,274,675	\$ 11,658,692	\$ 14,411,783	\$ 13,807,217	\$ 12,827,060	10.0%

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.

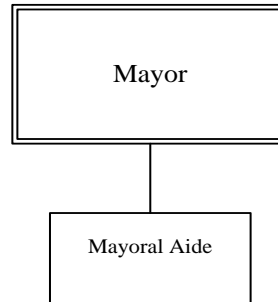
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town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

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Mayoral Aide	1.00	1.00	1.00
Mayor's Office Totals	1.00	1.00	1.00



MAYOR

BUDGET SUMMARY

The adopted budget for the Mayor's office reflects a slight overall increase from the prior year. The 3.2% increase in personnel costs includes a 3% of market rate adjustment for employee pay effective October 2014, an increase of 7% in medical insurance costs and a slight increase in the state retirement contribution. The 11.3% decrease in operating costs can be attributed to anticipated travel expenses.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 97,804	\$ 101,110	\$ 101,110	\$ 100,133	\$ 104,340	3.2%
Operating Costs	19,105	20,330	19,080	17,946	18,025	-11.3%
Total	\$ 116,909	\$ 121,440	\$ 120,190	\$ 118,079	\$ 122,365	0.8%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 116,909	\$ 121,440	\$ 120,190	\$ 118,079	\$ 122,365	0.8%
Total	\$ 116,909	\$ 121,440	\$ 120,190	\$ 118,079	\$ 122,365	0.8%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects a decrease of 6.5% from the 2013-14 budget, primarily for election-related items since 2014-15 is a non-election year. The 0.6% increase in personnel is the net result of the 3% pay adjustment effective October 2014, medical insurance selections made by Council members, as well as the 7% increase in medical insurance.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 160,691	\$ 166,210	\$ 170,697	\$ 168,610	\$ 167,138	0.6%
Operating Costs	112,985	148,923	155,773	151,180	127,565	-14.3%
Total	\$ 273,676	\$ 315,133	\$ 326,470	\$ 319,790	\$ 294,703	-6.5%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 273,676	\$ 315,133	\$ 326,470	\$ 319,790	\$ 294,703	-6.5%
Total	\$ 273,676	\$ 315,133	\$ 326,470	\$ 319,790	\$ 294,703	-6.5%

TOWN MANAGER

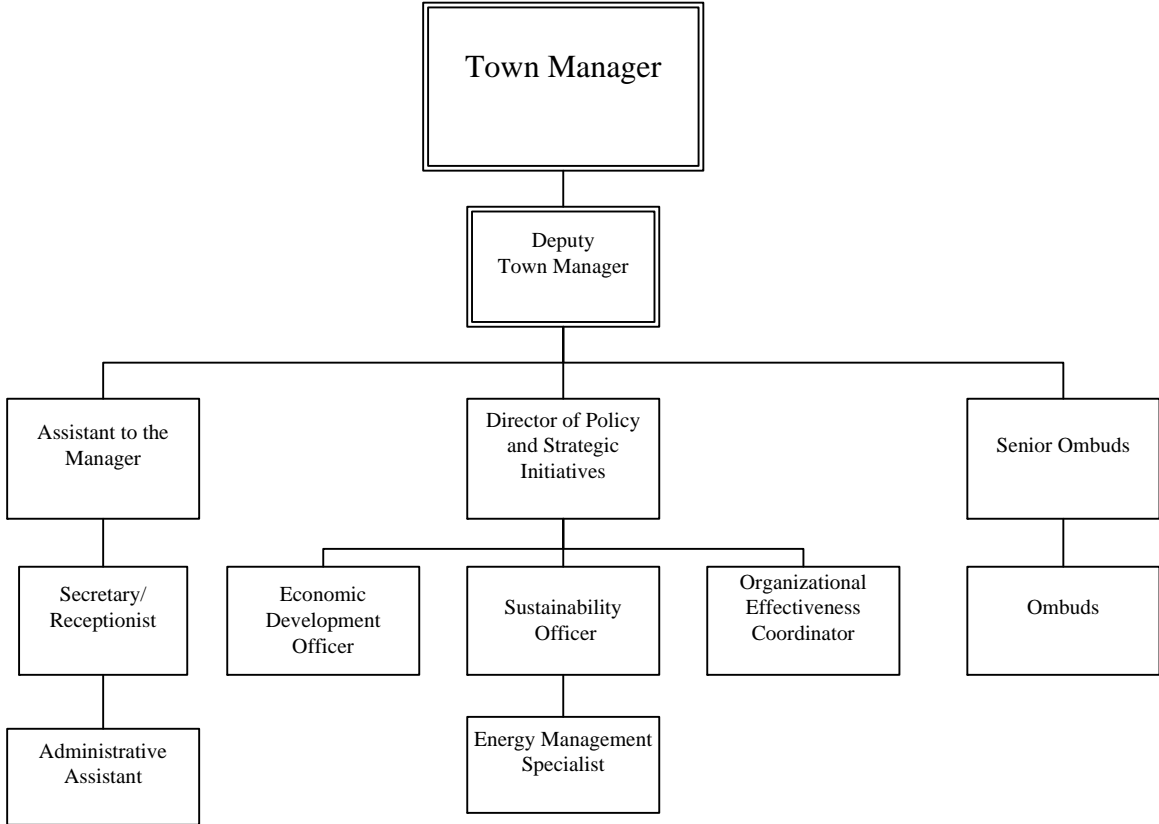
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Town Manger's Office identified the following primary programs that are included in the projected budget for FY15.

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

TOWN MANAGER



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

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Town Manager	1.00	1.00	1.00
Deputy Town Manager	1.00	1.00	1.00
Assistant Town Manager	0.00	0.00	0.00
Economic Development Coordinator	1.00	1.00	1.00
Executive Assistant (Unfunded)	0.00	0.00	0.00
Sustainability Officer	1.00	1.00	1.00
Energy Management Specialist	1.00	1.00	1.00
Policy & Strategic Initiatives Director	0.00	1.00	1.00
Organizational Effectiveness Coordinator	0.00	1.00	1.00
Coordinator - Special Projects (Unfunded)	0.00	0.00	0.00
Senior Ombuds	0.00	1.00	1.00
Ombuds	0.00	1.00	1.00
Assistant to the Manager	1.00	1.00	1.00
Administrative Assistant	0.00	0.75	0.75
Office Assistant	1.00	1.00	1.00
	<hr/>		
Town Manager's Office Totals	7.00	11.75	11.75
	<hr/> <hr/>		

TOWN MANAGER

BUDGET SUMMARY

The Town Manager's adopted budget for FY15 reflects a 5.6% increase over FY14. Personnel increases include a 3% of market rate adjustment for employee pay effective October 2014, an increase of 7% in medical insurance costs and a slight increase in the state retirement contribution. The operating increase of 21.2% is primarily for Organizational Development Training.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,197,711	\$ 1,444,472	\$ 1,446,085	\$ 1,429,488	\$ 1,490,146	3.2%
Operating Costs	202,069	220,324	229,411	209,338	267,080	21.2%
Total	\$ 1,399,780	\$ 1,664,796	\$ 1,675,496	\$ 1,638,826	\$ 1,757,226	5.6%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 1,399,780	\$ 1,664,796	\$ 1,675,496	\$ 1,638,826	\$ 1,757,226	5.6%
Total	\$ 1,399,780	\$ 1,664,796	\$ 1,675,496	\$ 1,638,826	\$ 1,757,226	5.6%

COMMUNICATIONS & PUBLIC AFFAIRS

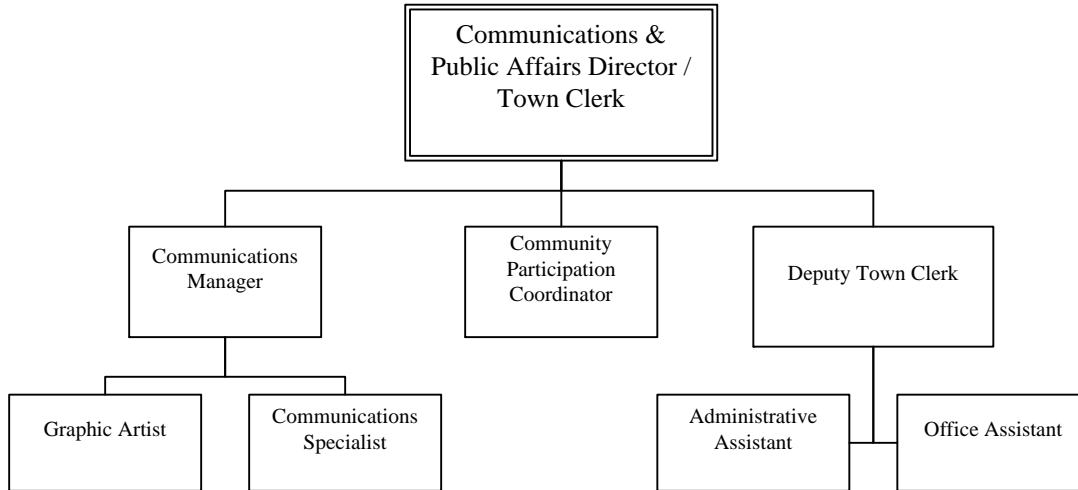
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Communications and Public Affairs Department identified the following primary programs that are included in the projected budget for FY15.

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

COMMUNICATIONS & PUBLIC AFFAIRS



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

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 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	1.00	1.00
Office Assistant	0.53	0.53	0.53
Community Participation Coordinator	1.00	1.00	1.00
Public Information Officer	1.00	1.00	1.00
Graphic Artist	1.00	1.00	1.00
Media Specialist	0.00	1.00	1.00
	<hr/>	<hr/>	<hr/>
CAPA Office Totals	6.53	7.53	7.53

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK BUDGET SUMMARY

The adopted budget for 2014-15 reflects a 0.3% increase from prior year. The personnel increase of 9.6% reflects a 3% of market rate adjustment for employee pay effective October 2014, an increase of 7% in medical insurance costs and a slight increase in the state retirement contribution. The 21.4% decrease to the operating budget is primarily due to the costs associated with the community survey (\$20,000) not appearing in this year's budget and savings associated with copier rentals.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 458,216	\$ 521,953	\$ 518,767	\$ 476,360	\$ 572,083	9.6%
Operating Costs	184,644	223,339	226,255	202,421	175,438	-21.4%
Total	\$ 642,860	\$ 745,292	\$ 745,022	\$ 678,781	\$ 747,521	0.3%

REVENUES

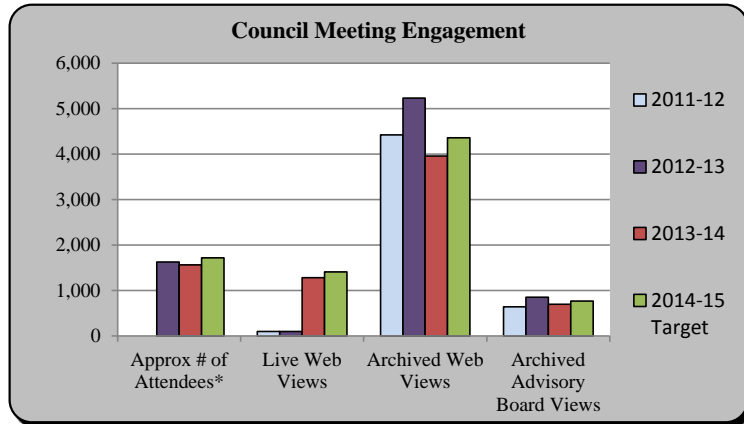
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 642,860	\$ 745,292	\$ 745,022	\$ 678,781	\$ 747,521	0.3%
Total	\$ 642,860	\$ 745,292	\$ 745,022	\$ 678,781	\$ 747,521	0.3%

COMMUNICATIONS & PUBLIC AFFAIRS/TOWN CLERK TRENDS

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

Objective: Public Participation - Engage the public in Town decision making and Town programs so that outcomes balance community interests, values, and needs

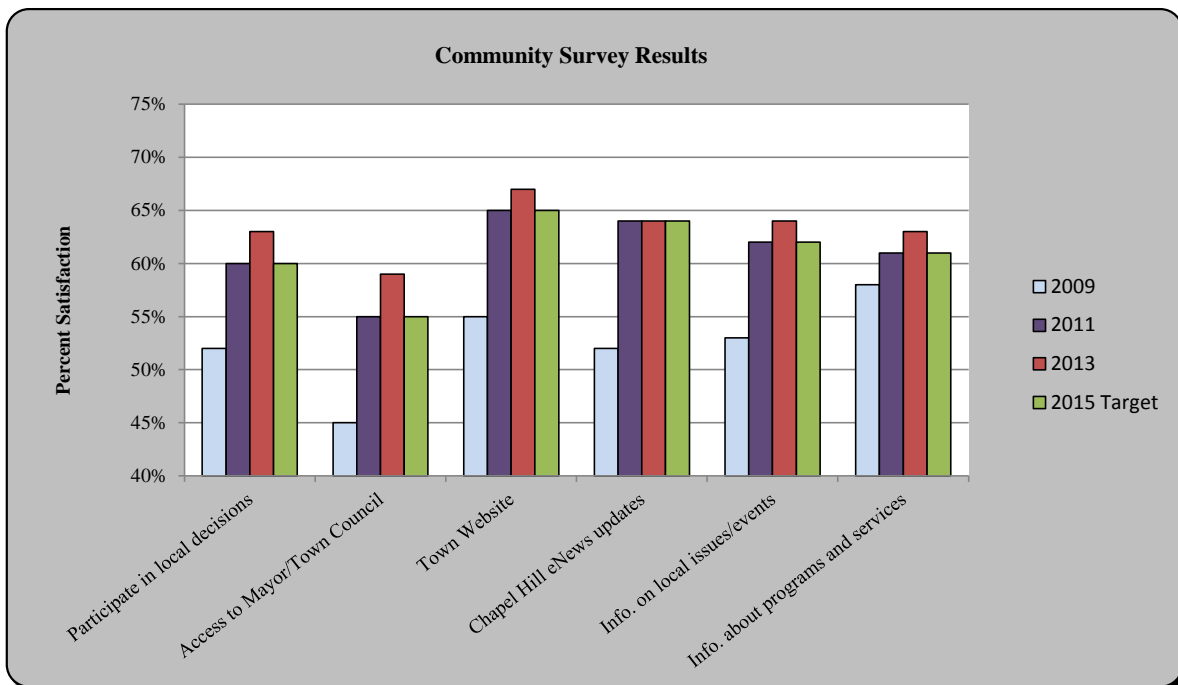
Public engagement is monitored by actual attendance at meetings as well as meetings viewed on the Web. The graph indicates that a similar number of residents attend meetings as view the meetings online. The number of residents that view archived views of Council meetings is two to three times higher than those who attend in person or watch live broadcasts of meetings. Views of Advisory Board archived meetings remain constant.



Objective: Communications and Public Information - 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

Community Survey

We have experienced increases in nearly all communication outreach categories in the biennial Community Survey. Our rankings are about 20% higher than regional benchmarks, which serve as our targets. We also engage with the public using social media. We have seen steady increases in combined subscribers to eNews, Twitter and Facebook channels -- 10,586 in 2012-13 and 13,100 in 2013-14 -- a 23.7% increase.



HUMAN RESOURCE DEVELOPMENT DEPARTMENT

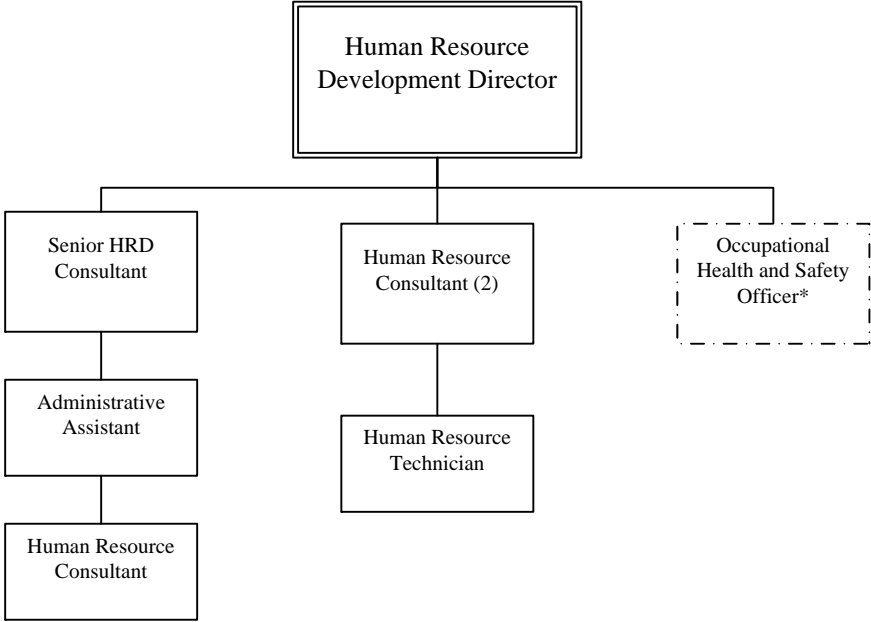
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Human Resource Development Department identified the following primary programs that are included in the projected budget for FY15.

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

HUMAN RESOURCE DEVELOPMENT



*Occupational Health and Safety Officer is contracted through the League of Municipalities

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

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Human Resource Development Director	1.00	1.00	1.00
Assistant Director-Human Resource Development	0.00	0.00	1.00
Senior Human Resource Consultant Planner	0.00	1.00	1.00
Occupational Health and Safety Officer	1.00	0.00	0.00
Human Resources Technician	1.00	1.00	0.00
Human Resource Consultant	0.00	0.00	1.00
Administrative Assistant	4.00	4.00	2.00
	1.00	1.00	1.00
 Human Resource Development Totals	 8.00	 8.00	 7.00

HUMAN RESOURCE DEVELOPMENT BUDGET SUMMARY

The adopted budget for FY15 includes a 9% decrease in personnel costs. This is the net result of a 3% of market rate adjustment for employee pay effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, and contracting of a Safety and Risk Management Officer. The 27.7% increase to the operating budget can be attributed to that personnel contract as well as increased training funds.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 556,486	\$ 659,747	\$ 649,247	\$ 548,542	\$ 600,445	-9.0%
Operating Costs	601,782	679,875	778,298	771,508	868,350	27.7%
Total	\$ 1,158,268	\$ 1,339,622	\$ 1,427,545	\$ 1,320,050	\$ 1,468,795	9.6%

REVENUES

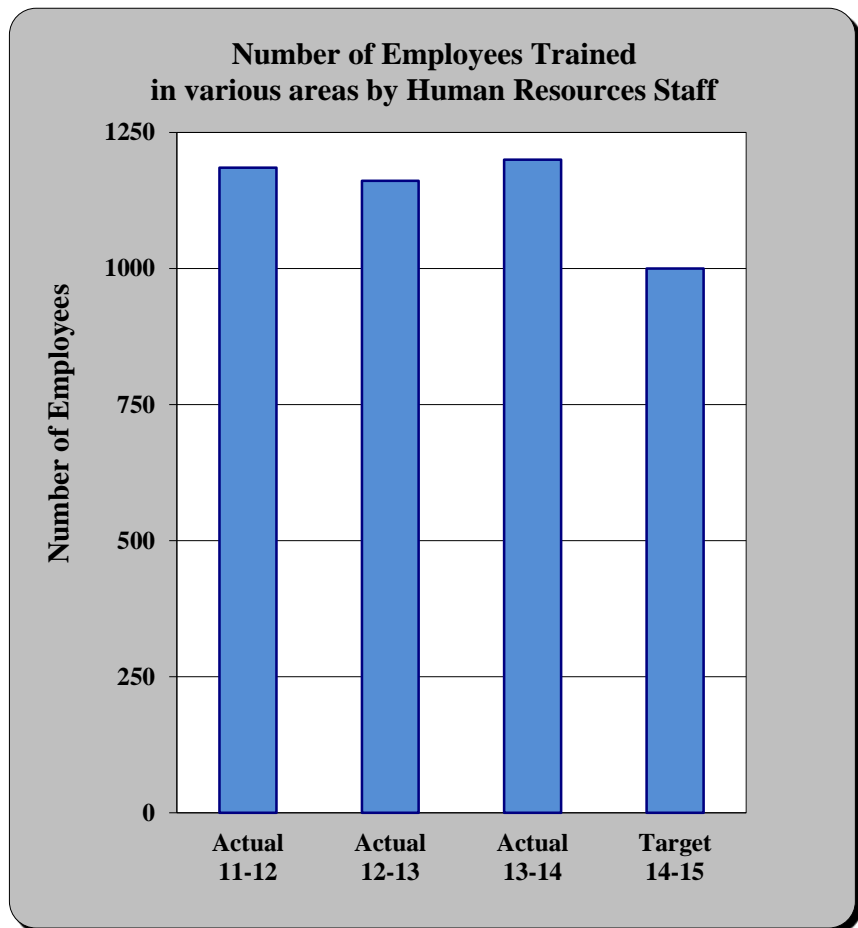
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 1,158,268	\$ 1,339,622	\$ 1,427,545	\$ 1,320,050	\$ 1,468,795	9.6%
Total	\$ 1,158,268	\$ 1,339,622	\$ 1,427,545	\$ 1,320,050	\$ 1,468,795	9.6%

HUMAN RESOURCES TRENDS

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

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

The Human Resource Development Department offered a variety of training and developmental opportunities in 2013-2014. Our focus continues to be creating a framework that engages staff at all levels of the organization in the process of aligning their learning activities with the mission, values and strategic goals of the Town. This year HRD continued to train all new employees on legal compliance in a values based organization and continued to provide leadership development and skill building training. As a result, we provided training to approximately 1200 participants.



BUSINESS MANAGEMENT DEPARTMENT

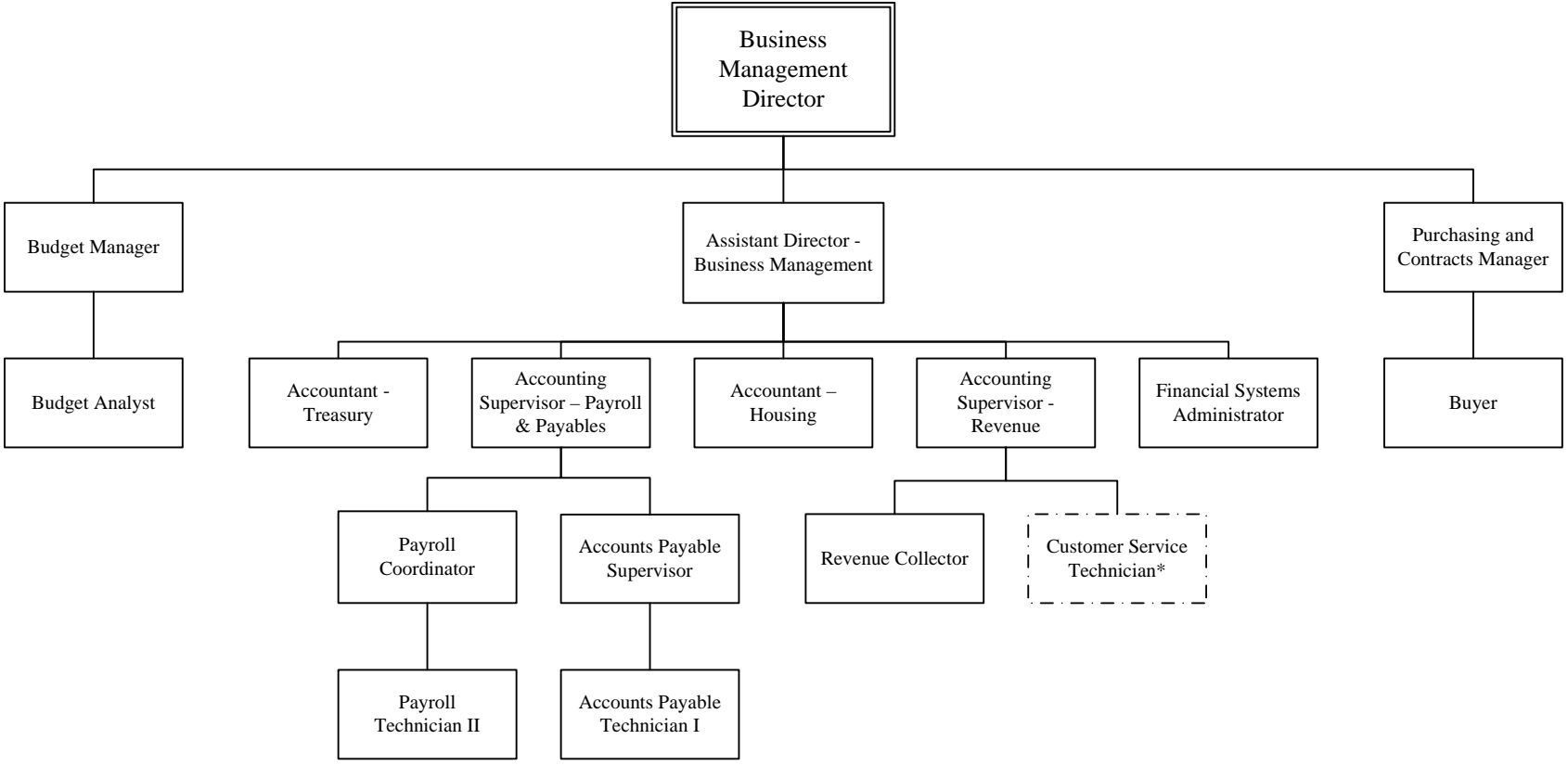
MISSION STATEMENT:

The mission of the Business Management Department is to safeguard the Town's assets through appropriate financial controls, facilitate Town operations through accurate and timely processing of financial transactions, and provide relevant and timely reporting of the Town's financial condition.

As a first step towards Priority-Based Budgeting, the Business Management Department identified the following primary programs that are included in the projected budget for FY15.

Program	Description
Billing & Collections	Provide administration and/or oversight of all Town billings and collections.
Budget	Administer the Town's capital and operating budgets.
Payroll & Payables	Administer the Town's payroll and payables functions.
Accounting & Financial Reporting	Maintain the Town's financial accounting system.
Purchasing & Contracts	Administer the Town's purchasing and contracting systems.
Risk Management	Process liability, property and W/C claims against the Town.
Liquidity Management	Administer the Town's cash management, investment, banking, and debt management functions.
Financial Planning & Support	Provide financial analysis, research and strategic planning for the Town's financial operations.
Database Management and Enterprise Application Support	Administer and manage the Tyler Technologies MUNIS financial/payroll/human resources software application and databases

BUSINESS MANAGEMENT DEPARTMENT



*Customer Service Technician reports to Accounting Supervisor – Revenue, but is budgeted in the Off-Street Parking Fund

BUSINESS MANAGEMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13	2013-14	2014-15
	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
Accounting Manager	1.00	1.00	0.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager	1.00	1.00	1.00
Budget Analyst	0.00	0.00	1.00
Accountant - Payroll & Payables	0.00	0.00	1.00
Accountant - Revenue	1.00	1.00	1.00
Accountant - 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 Technician	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	0.00
Accounts Payable Supervisor	0.00	0.00	1.00
Revenue Collector	1.00	1.00	1.00
Accounting Clerk	1.00	1.00	1.00
Division Totals	15.00	15.00	16.00

BUSINESS MANAGEMENT

BUDGET SUMMARY

The adopted budget for FY15 includes a 12.4% increase in personnel costs, the result of a 3% of market rate adjustment for employee pay effective October 2014, a 7% increase in the cost of medical insurance, and the addition of a Budget Analyst position. The operating increase of 1.1% is mostly due to increased Business Meetings & Trainings. The FY15 budget also includes \$6,000 for an actuarial study that is required every other year.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,112,502	\$ 1,197,467	\$ 1,192,467	\$ 1,141,218	\$ 1,346,416	12.4%
Operating Costs	445,324	471,244	505,772	453,323	476,312	1.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,557,826	\$ 1,668,711	\$ 1,698,239	\$ 1,594,541	\$ 1,822,728	9.2%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 1,557,826	\$ 1,668,711	\$ 1,698,239	\$ 1,594,541	\$ 1,822,728	9.2%
Total	\$ 1,557,826	\$ 1,668,711	\$ 1,698,239	\$ 1,594,541	\$ 1,822,728	9.2%

BUSINESS MANAGEMENT

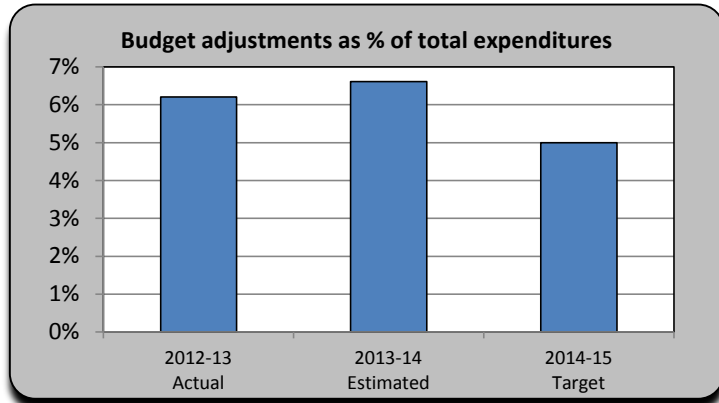
TRENDS

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

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

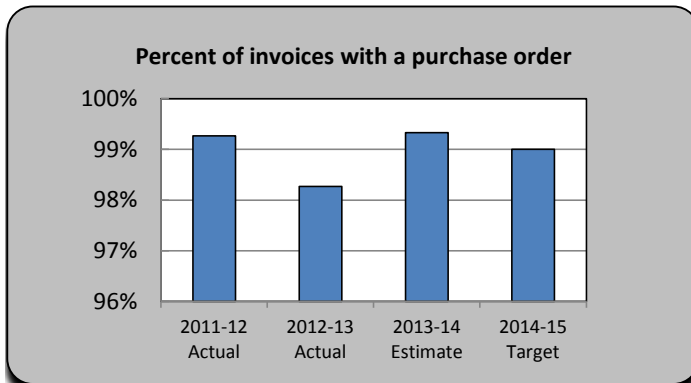
OBJECTIVE : Maintain budget adjustments at less than 5% of total expenditures.

This new measure was established in FY12, with a target of keeping budget adjustments at less than 5% of total expenditures. The target was not achieved in FY13. We will reassess the target as we collect more data.



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

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



During FY13-14, purchase orders were secured for 99.25% of invoices over \$1,000. This is up from 98.27% in FY13 and meets the goal of 99%. The Target for FY15 remains at 99%.

OBJECTIVES	PROGRESS/STATUS
Maintain accounting records in a manner that supports the operation of the Town and enables the Town to obtain an unqualified audit opinion on its annual financial statements. Renew the Certificate of Achievement for Excellence in Financial Reporting from the National Government Finance Officers Association.	Received Award for Excellence in Financial Reporting for the FY13 Comprehensive Annual Financial Report. Audit services secured for fiscal year ending June 30, 2014 and initial visits from auditors conducted.
Provide financial, budgetary, and accounting assistance on the coordination and implementation of bond projects and other debt financing requirements.	Monthly bond payments made on time and \$3.05 million in General Obligation bonds were refunded in FY13. Installment financing for replacement vehicles in the amount of \$872,000 was secured in FY14. A reimbursement resolution was adopted in FY14 in anticipation of the issuance of two-thirds bonds (\$1.7 million) and Limited Obligation Bonds (\$10 million) in FY15.
Include information in annual budgets necessary to continue to receive the Distinguished Budget Presentation Award from Governmental Finance Officers Association.	Budget work sessions were held in May - June, and the Council adopted the FY13 budget on June 9th. Work has begun on the budget document for submission to GFOA.

TECHNOLOGY SOLUTIONS DEPARTMENT

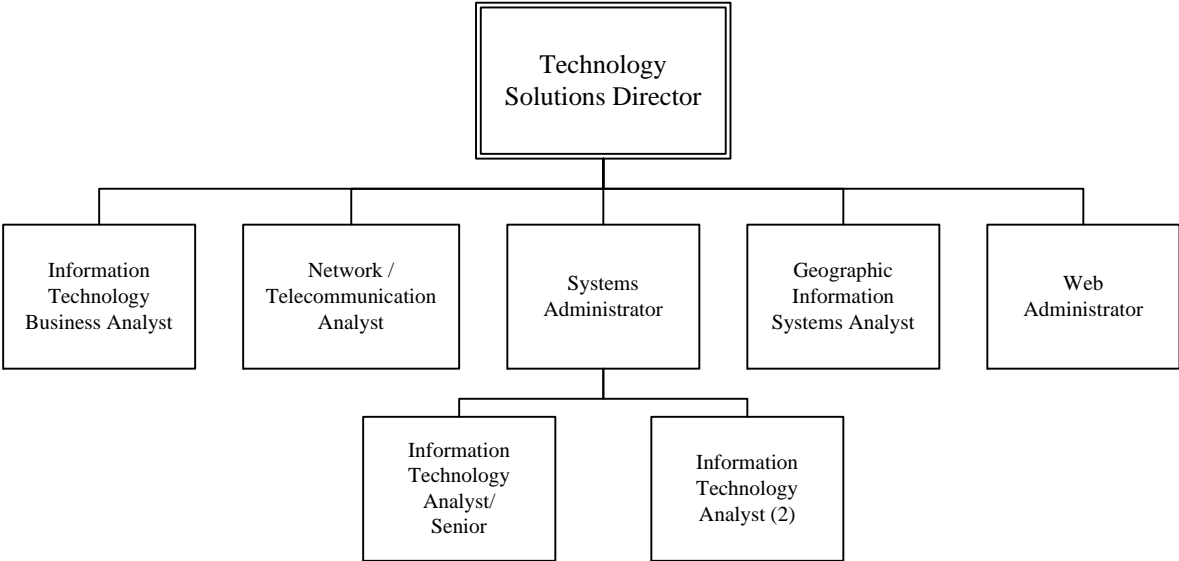
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Technology Solutions Department identified the following primary programs that are included in the projected budget for FY15.

Program	Description
User Support	Provide user Help Desk support for computer hardware, software, network, servers, and telephones.
Intranet Infrastructure	Administer and manage all server, SAN, and network infrastructure.
Telecommunications	Administer and manage all Voice over IP telephone systems.
Database Management and Enterprise Application Support	Administer and manage the ESRI Geographic Information System, Tyler Technologies MUNIS financial/payroll/human resources software application and databases, and Davenport LAMA development tracking software.
IT Planning and Coordination	Consult with Town departments on IT planning, collaboration, and design services for infrastructure and software configurations.

TECHNOLOGY SOLUTIONS DEPARTMENT



Technology Solutions

STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Director-Technology Solutions/Chief Information Officer	1.00	1.00	1.00
Network and Telecommunications Analyst	1.00	1.00	1.00
Geographic Information Systems Analyst	1.00	1.00	1.00
Business Analyst	0.00	1.00	1.00
Information Technology Analyst	5.00	5.00	4.00
Systems Administrator	0.00	0.00	1.00
Division Totals	<u>8.00</u>	<u>9.00</u>	<u>9.00</u>

TECHNOLOGY SOLUTIONS

BUDGET SUMMARY

The adopted budget for the Technology Solutions department reflects an overall 7.6% increase from FY14. The personnel increase of 11.6% reflects a 3% of market rate adjustment for employee pay effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, and increased overtime expense. The 13.3% increase to the operating budget is primarily associated with software license costs. These increases are partially offset by a reduction in capital outlay for the year.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 687,708	\$ 837,282	\$ 837,802	\$ 811,491	\$ 934,781	11.6%
Operating Costs	429,486	389,509	512,385	506,206	441,384	13.3%
Capital Outlay	136,933	100,000	45,100	50,000	51,946	-48.1%
Total	\$ 1,254,127	\$ 1,326,791	\$ 1,395,287	\$ 1,367,697	\$ 1,428,111	7.6%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 1,254,127	\$ 1,326,791	\$ 1,395,287	\$ 1,367,697	\$ 1,428,111	7.6%
Total	\$ 1,254,127	\$ 1,326,791	\$ 1,395,287	\$ 1,367,697	\$ 1,428,111	7.6%

TECHNOLOGY SOLUTIONS

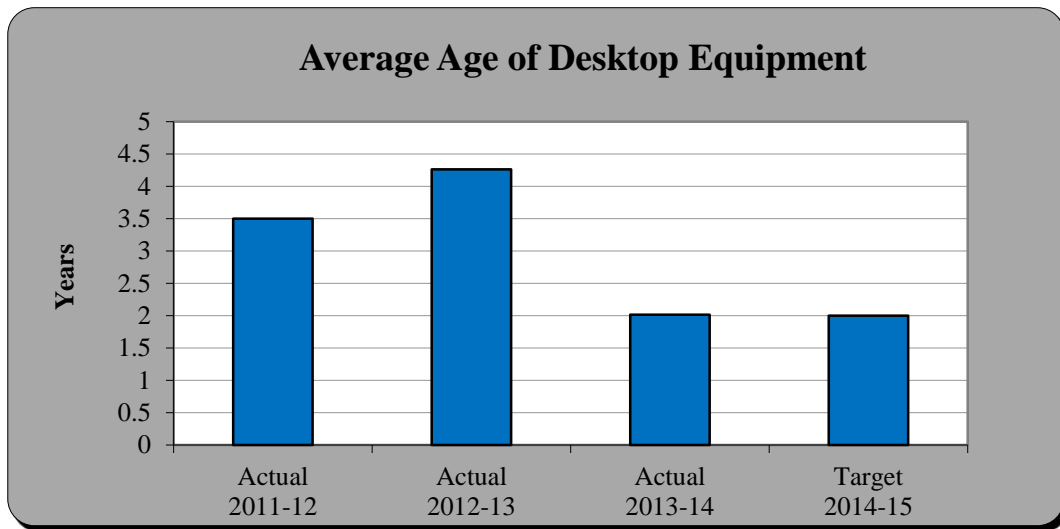
TRENDS

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

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

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

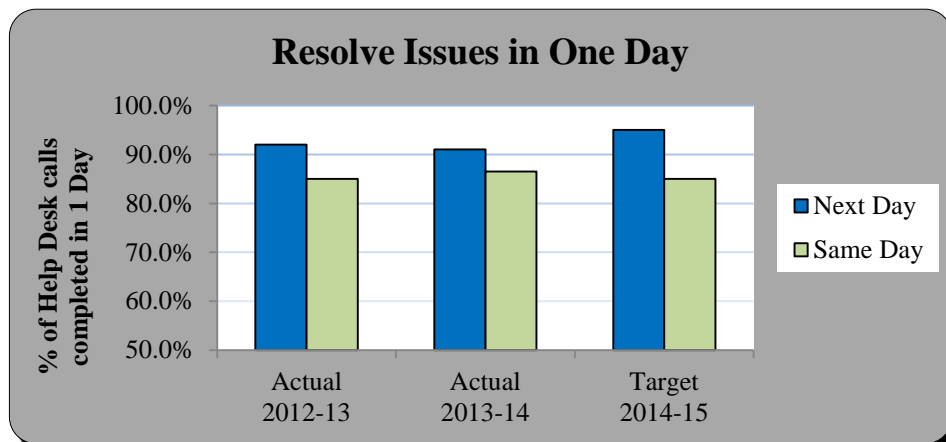
A great majority of desktop computer equipment is no older than 4 years. Projections for FY15 are to sustain the individual computer life cycle as close to four years as possible, permitting the purchase of one fourth of the total PC inventory in FY15 and after to maintain the average age of 2 years. The chart below previously displayed the age of replacement, but as of FY 2014 shows average age.



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

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

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



TOWN ATTORNEY

MISSION STATEMENT:

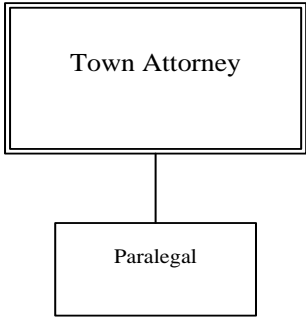
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

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

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

TOWN ATTORNEY
STAFFING COMPARISONS - IN FULL-TIME

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Town Attorney	1.00	1.00	1.00
Paralegal	1.00	1.00	1.00
Attorney Department Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>



TOWN ATTORNEY

BUDGET SUMMARY

The adopted budget for the Town Attorney's office for 2014-15 shows a increase of 1.8% over the prior year. The personnel increase of 2.0% is a result of the 3% of market rate adjustment for employee pay effective October 2013, an increase of 7% in medical insurance costs, and a slight increase in the state retirement contribution. The 1.0% decrease to the operating budget is the result of a reduction in anticipated travel.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 248,908	\$ 282,172	\$ 283,619	\$ 285,524	\$ 287,835	2.0%
Operating Costs	23,735	21,025	69,578	62,609	20,825	-1.0%
Total	\$ 272,643	\$ 303,197	\$ 353,197	\$ 348,133	\$ 308,660	1.8%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 272,643	\$ 303,197	\$ 353,197	\$ 348,133	\$ 308,660	1.8%
Total	\$ 272,643	\$ 303,197	\$ 353,197	\$ 348,133	\$ 308,660	1.8%

NON-DEPARTMENTAL DIVISION BUDGET SUMMARY

The Non-Departmental Division is used to account for activities in the General Fund that are not related to other departmental functions. These activities include contributions to other agencies, transfers to other funds and liability insurance. The adopted budget includes increases from the prior year for Grant Matching Funds (\$9,962) and a reduction to the Vacancy Pool (\$13,940). The 9.3% increase in retiree medical insurance is due to the 7% increase in medical insurance costs as well as an increase in the number of retirees. Other increases from prior year include an increase to the transfer to the Capital Improvements Fund (\$20,500), roughly 1 cent equivalence on the tax rate for Affordable Housing initiatives (\$688,395), funding for the Rogers Road Community Center (\$100,000), and the creation of a fund for legal fees/demolitions/investigations (\$100,000).

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Retiree Medical Insurance	\$ 1,060,433	\$ 941,085	\$ 941,085	\$ 975,000	\$ 1,028,687	9.3%
Other Personnel Costs	73,999	320,788	220,788	51,196	120,000	-62.6%
Liability Insurance	441,611	450,000	450,000	450,000	450,000	0.0%
OPEB Liability Contributions	-	-	1,200,000	1,200,000	-	N/A
Operations	77,897	161,049	134,500	134,500	270,500	68.0%
Supplemental PEG Fees	197,711	210,000	210,000	210,000	210,000	0.0%
Transfer to Other Funds	5,231	5,800	5,800	6,400	6,500	12.1%
Transfer to Capital Improvement Funds	1,635,000	758,500	2,409,693	2,409,693	779,000	2.7%
Penny for Housing	-	-	-	-	688,395	N/A
Grant Matching Funds	141,155	77,826	97,160	97,160	87,788	12.8%
Agency Contributions	875,000	864,315	885,598	885,598	865,674	0.2%
Technology Fund	-	270,407	1,773	1,773	270,407	0.0%
Vacancy Pool	-	113,940	113,940	-	100,000	-12.2%
Green Tract	90,549	-	-	-	-	N/A
Total	\$ 4,598,586	\$ 4,173,710	\$ 6,670,337	\$ 6,421,320	\$ 4,876,951	16.8%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 4,598,586	\$ 4,173,710	\$ 6,670,337	\$ 6,421,320	\$ 4,876,951	16.8%
Total	\$ 4,598,586	\$ 4,173,710	\$ 6,670,337	\$ 6,421,320	\$ 4,876,951	16.8%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

This section includes the Planning, Inspections and Public Works departments.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Planning	\$ 1,288,728	\$ 1,425,972	\$ 1,929,005	\$ 1,871,416	\$ 1,524,108	6.9%
Inspections	699,202	788,989	790,414	681,732	1,071,537	
Public Works	10,598,613	11,230,231	12,264,790	11,178,497	12,085,686	7.6%
Total	\$ 12,586,543	\$ 13,445,192	\$ 14,984,209	\$ 13,731,645	\$ 14,681,331	9.2%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 9,769,753	\$ 11,195,212	\$ 11,827,760	\$ 11,009,992	\$ 11,721,201	4.7%
State-Shared Revenues	32,714	40,000	40,000	32,000	32,000	-20.0%
Grants	-	113,000	844,469	84,800	107,000	-5.3%
Charges for Services	1,007,443	943,880	943,880	911,400	1,335,988	41.5%
Licenses/Permits/Fines	1,688,707	1,100,350	1,275,350	1,579,250	1,409,242	28.1%
Other Revenues	87,926	52,750	52,750	114,203	75,900	43.9%
Total	\$ 12,586,543	\$ 13,445,192	\$ 14,984,209	\$ 13,731,645	\$ 14,681,331	9.2%

PLANNING DEPARTMENT

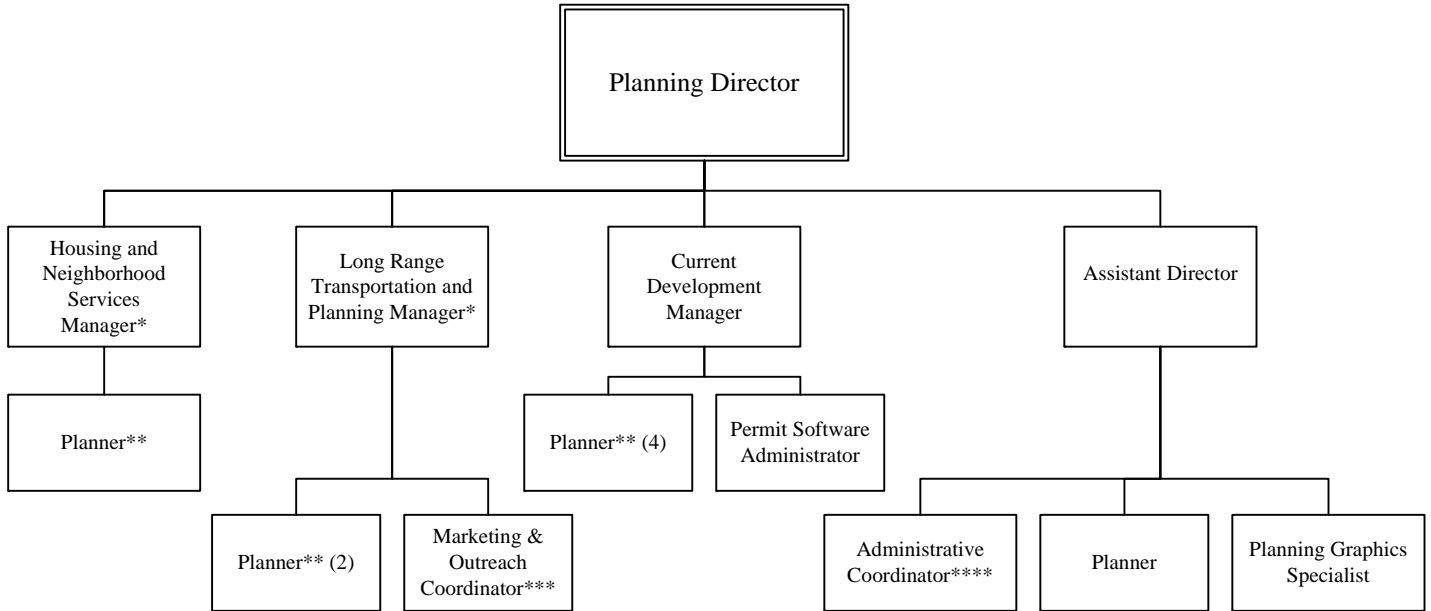
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Planning Department identified the following primary programs that are included in the projected budget for FY15.

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

PLANNING



*Housing & Neighborhood Manager position is 35% grant funded and Long Range Transportation and Planning Manager position is 65% grant funded.
 **One FT Planner position is 75% grant funded, one FT Planner position is 60% grant funded, one FT Planner position is 45% grant funded, and one FT Planner position is 29% grant funded.
 *** Marketing & Outreach Coordinator is 50% grant funded.
 **** Administrative Coordinator position is 30% grant funded.

PLANNING DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13	2013-14	2014-15
	ADOPTED	ADOPTED	ADOPTED
Director-Planning	1.00	1.00	1.00
Assistant Director	1.00	0.00	1.00
Planning Manager ¹	3.00	3.00	2.00
Planner ²	7.75	7.75	7.75
Community Outreach Specialist	1.00	0.00	0.00
Coordinator-Public Outreach ³	1.00	1.00	1.00
Planning Graphics Specialist	1.00	1.00	1.00
Planning Technician	0.00	0.00	0.00
Permitting Systems Administrator	0.00	1.00	1.00
Administrative Coordinator	2.00	1.00	1.00
Planning Department Totals	<u>17.75</u>	<u>15.75</u>	<u>15.75</u>

¹ Two Planning Managers are partially grant-funded in FY15.

² A number of Planner positions are partially or fully grant funded in FY15.

³ Public Outreach Coordinator is 50% grant-funded.

PLANNING

BUDGET SUMMARY

The adopted budget for 2014-15 for the Planning Department is up 6.9% from the adopted FY14 budget overall. The increase in the personnel budget reflects a 3% of market rate adjustment for employee pay effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, annualization of the FY14 pay increase, class & compensation implementation, and career progressions. The 2.4% increase in operating funds is for payments to the Metropolitan Planning Organization.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 904,434	\$ 912,743	\$ 891,160	\$ 874,741	\$ 998,502	9.4%
Operating Costs	384,294	513,229	1,037,845	996,675	525,606	2.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,288,728	\$ 1,425,972	\$ 1,929,005	\$ 1,871,416	\$ 1,524,108	6.9%

REVENUES

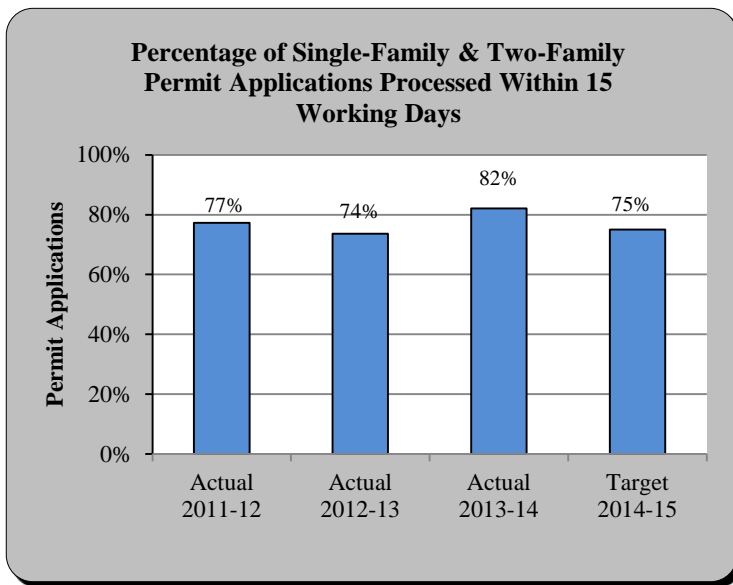
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 552,511	\$ 960,922	\$ 1,288,955	\$ 1,216,386	\$ 548,528	-42.9%
Charges for Services	284,990	200,500	200,500	215,500	623,288	210.9%
Licenses/Permits/Fines	441,262	250,000	425,000	425,000	337,792	35.1%
Other Revenues	9,965	14,550	14,550	14,530	14,500	-0.3%
Total	\$ 1,288,728	\$ 1,425,972	\$ 1,929,005	\$ 1,871,416	\$ 1,524,108	6.9%

PLANNING TRENDS

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

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

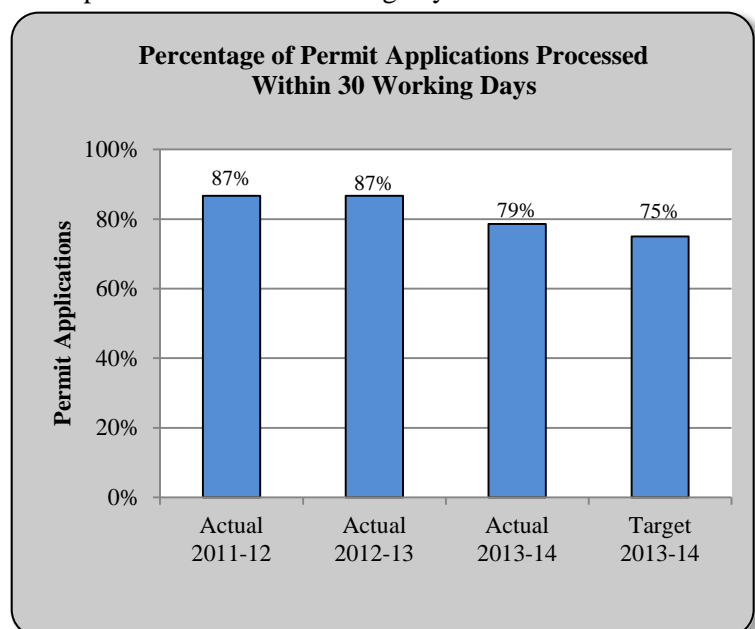
OBJECTIVE: Process 75% of single-family/two-family zoning compliance permits within 15 working days.



During the 2013-14 fiscal year, 82 % of the applications for single-family / two-family permits were processed within 15 days: half the time allocated in the Town Ordinance. The single-family / two-family permit application percentage processed in the reduced time period is has increased from last year (74%).

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

In the upcoming fiscal year, the Planning Department will continue to focus on the 30-day goal for both single-family/two family permits as well as other Zoning Compliance Permit applications. We believe the transition to a new Development Services Center in renovated Town Hall will further support this goal. The Development Services Center is a single location to apply for zoning and building permits. It will also include a central web portal for applications and payments, scheduling inspections, and status updates.



PUBLIC WORKS

MISSION STATEMENT:

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

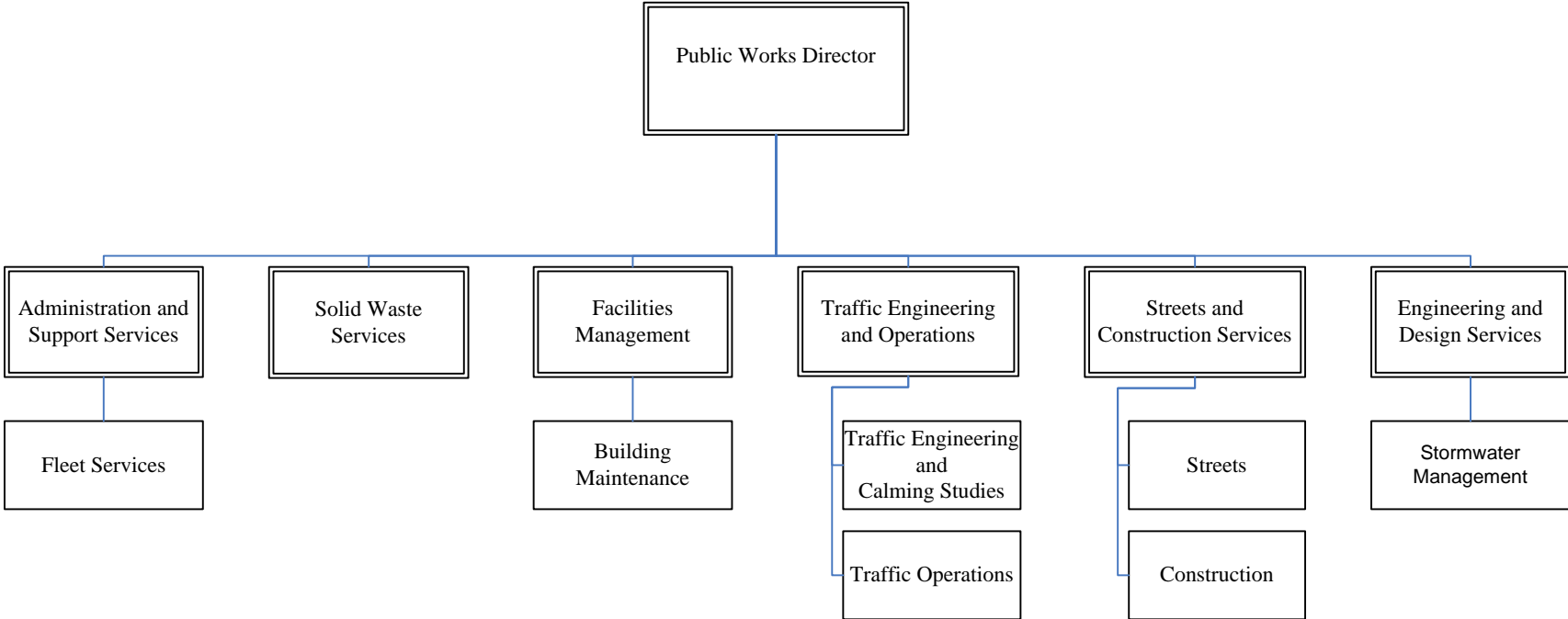
As a first step towards Priority-Based Budgeting, the Public Works Department identified the following primary programs that are included in the projected budget for FY15.

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

PUBLIC WORKS

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

PUBLIC WORKS OVERVIEW



PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
<u>Administration</u>			
Director-Public Works	1.00	1.00	1.00
Management 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	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>8.00</u>	<u>8.00</u>	<u>8.00</u>
<u>Engineering and Design Services</u>			
Town Engineer	1.00	1.00	1.00
Engineering Coordinator-Sr	1.00	1.00	1.00
Project Manager	1.00	1.00	1.00
Survey/Project Coordinator ¹	1.00	1.00	1.00
Engineering Design Specialist	1.00	1.00	1.00
Engineering Inspector ¹	2.00	2.00	2.00
Landscape Architect	1.00	1.00	1.00
GIS Technician-Sr	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Administrative Coordinator ¹	1.00	1.00	1.00
Special Projects Coordinator/Urban Forester	1.00	1.00	1.00
Unit Totals	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
<u>Traffic Engineering and Operations</u>			
Engineering Services Manager	1.00	1.00	1.00
Engineer	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Traffic Signal Analyst	1.00	1.00	1.00
Traffic Signal Technician (Levels I-III)	4.00	4.00	4.00
Sign and Marketing Technician (Levels I-II)	3.00	3.00	3.00
Unit Totals	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>
Division Totals	<u>23.00</u>	<u>23.00</u>	<u>23.00</u>

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Drainage	1.00	1.00	1.00
Supervisor-Streets	1.00	1.00	1.00
Inspector-Streets	1.00	1.00	1.00
Supervisor-Streets Crew	1.00	1.00	1.00
Construction Worker (Levels I-IV)	9.00	9.00	9.00
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)	4.00	4.00	4.00
Senior Heavy Equipment Operator	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
Division Totals	<u>21.00</u>	<u>21.00</u>	<u>21.00</u>
<u>Facilities Management</u>			
Buildings			
Facilities Manager	1.00	1.00	1.00
Supervisor-Buildings Program	1.00	1.00	1.00
Maintenance Mechanic (Levels I-III)	5.00	6.00	6.00
Processing Technician ²	0.25	0.25	0.25
Unit Totals	<u>7.25</u>	<u>8.25</u>	<u>8.25</u>
Division Totals	<u>7.25</u>	<u>8.25</u>	<u>8.25</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	3.00	3.00
Solid Waste Equipment Operator III	4.00	4.00	4.00
Solid Waste Equipment Operator II	9.00	10.00	10.00
Solid Waste Equipment Operator I	3.00	3.00	3.00
Solid Waste Collector	10.00	13.00	13.00
Division Totals	<u>29.00</u>	<u>34.00</u>	<u>34.00</u>
Public Works Totals	<u>88.25</u>	<u>94.25</u>	<u>94.25</u>

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

² Position split between Building Maintenance and Vehicle Maintenance.

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

PUBLIC WORKS

BUDGET SUMMARY

The adopted budget for the Public Works Department reflects an overall increase of 7.6% from last year. In addition to adjustments for the 3% of market rate employee pay increase, 7% increase in medical costs, and a slight increase in the state retirement contribution, the Public Works budget restores \$578,600 for street resurfacing.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Administration	\$ 801,973	\$ 807,915	\$ 787,601	\$ 758,457	\$ 827,877	2.5%
Engineering & Design	1,061,708	1,157,977	1,111,327	1,097,758	1,199,908	3.6%
Traffic	1,746,883	1,885,121	1,929,333	1,846,611	1,869,143	-0.8%
Construction	739,561	718,362	848,587	796,266	679,350	-5.4%
Streets	1,505,004	1,549,235	1,655,788	1,636,991	2,298,923	48.4%
Building Maintenance	1,263,424	1,463,872	1,553,245	1,453,500	1,499,536	2.4%
Solid Waste	3,480,060	3,647,749	4,378,909	3,588,914	3,710,949	1.7%
Total	\$ 10,598,613	\$ 11,230,231	\$ 12,264,790	\$ 11,178,497	\$ 12,085,686	7.6%

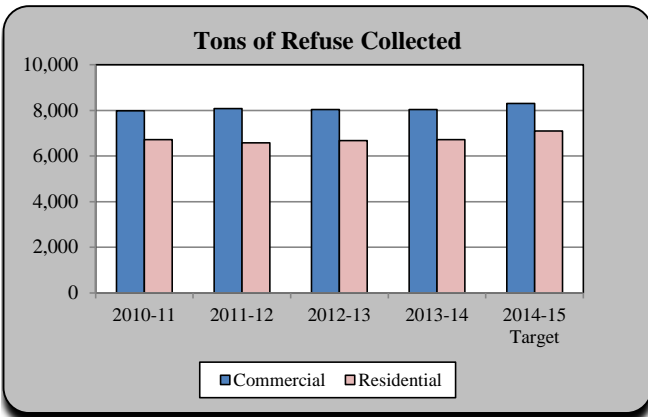
REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 9,523,904	\$ 10,106,801	\$ 10,409,891	\$ 10,031,874	\$ 11,003,636	8.9%
State Shared	32,714	40,000	40,000	32,000	32,000	-20.0%
Grants	-	113,000	844,469	84,800	107,000	-5.3%
Charges for Services	721,853	741,880	741,880	695,900	712,700	-3.9%
Licenses/Permits/Fines	242,181	190,350	190,350	234,250	168,950	-11.2%
Other Revenues	77,961	38,200	38,200	99,673	61,400	60.7%
Total	\$ 10,598,613	\$ 11,230,231	\$ 12,264,790	\$ 11,178,497	\$ 12,085,686	7.6%

PUBLIC WORKS TRENDS

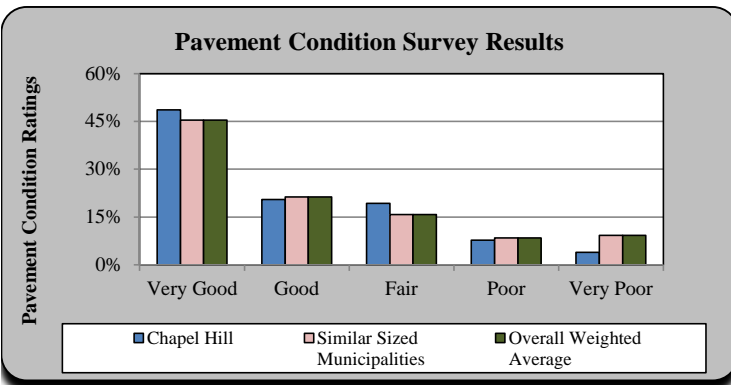
COUNCIL SERVICE GOALS: Maintain a safe environment and attractive public facilities. Maintain basic services.

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

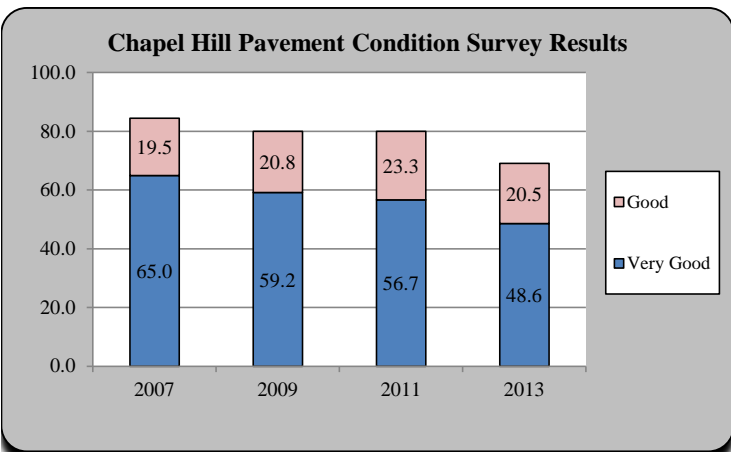


The Public Works Department maintained on-time service 100% of the time (with the exception of rescheduling due to inclement weather). Total quantities of commercial and residential refuse collected have declined over the last decade, but this decline appears to have plateaued in 2011-12 with a slight increase in tonnages over the last two years. Compared to last fiscal year, residential and commercial solid waste collection increased by less than 1%.

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



The 2013 pavement condition survey reflects comparative pavement conditions among localities state wide. The "Similar Sized Municipalities" ratings represent the average ratings of municipalities similar in size to the Town of Chapel Hill in terms of the number of miles of pavement. The "Overall Weighted Average" is a weighted average of the pavement conditions of 32 municipalities, excluding the Town of Chapel Hill.



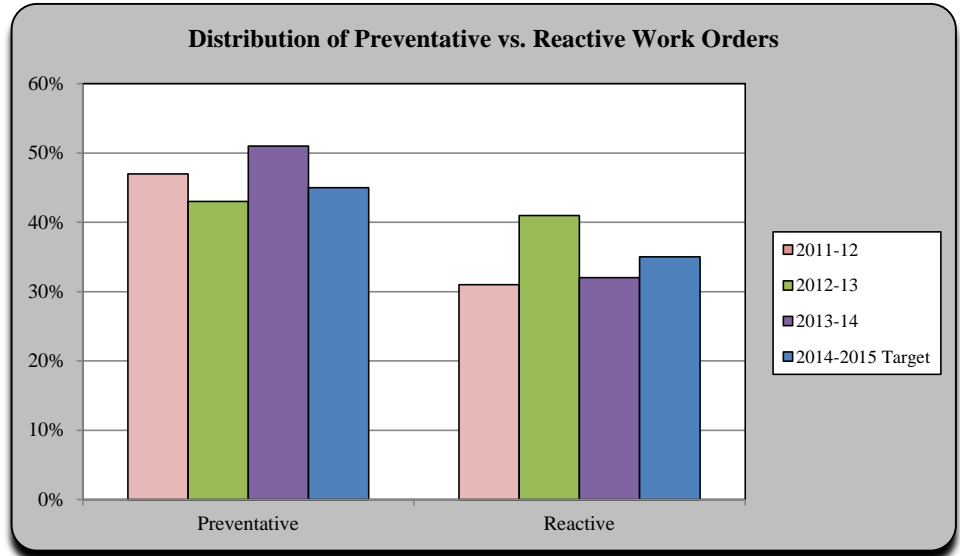
In 2013, 48.6% of Chapel Hill streets were rated "very good," a 8.1% decrease from 2011 . Compared to previous years, the percentage of streets rated poor and very poor has also increased from 4.6% in 2011 to 11.6% in 2013. These trends suggest that the Town's pavement conditions will continue to deteriorate unless corrective action is taken.

PUBLIC WORKS

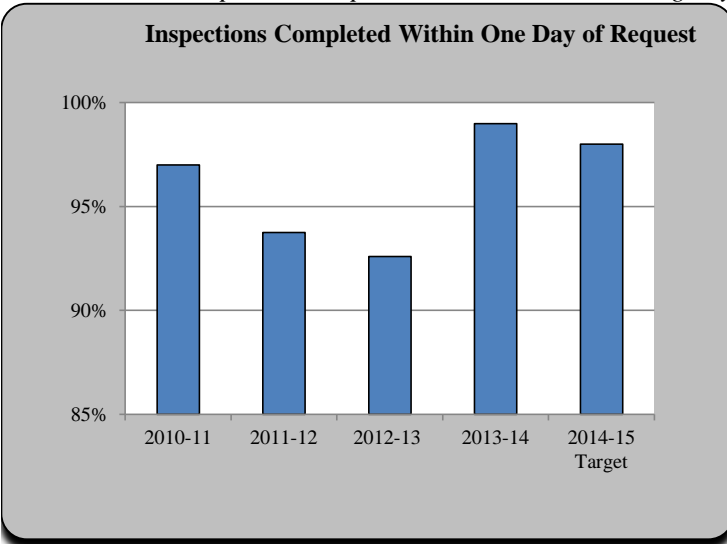
TRENDS *Cont.*

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

Of the work orders issued by the facilities maintenance division in FY 14, 51% were associated with preventive maintenance. In comparison, 32% of work orders were in the reactive (unscheduled) maintenance category in FY 14. FY 15 objective is to ensure that 45% of work orders are preventive maintenance work.



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



In 2013-14, 99% of inspections were completed within one business day of the request.

PUBLIC WORKS - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 2.5% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, and a slight increase in the state retirement contribution. The operating decrease can be attributed to decreases in cellular phones and vehicle replacements.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 616,007	\$ 678,280	\$ 660,830	\$ 622,702	\$ 707,252	4.3%
Operating Costs	185,966	129,635	126,771	135,755	120,625	-7.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 801,973	\$ 807,915	\$ 787,601	\$ 758,457	\$ 827,877	2.5%

PUBLIC WORKS - Engineering and Design Services

BUDGET SUMMARY

The adopted budget for the Engineering and Design division reflects an overall expenditure increase of 3.6% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, and a slight increase in the state retirement contribution. The operating decrease can be mostly attributed to vehicle replacement needs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 970,450	\$ 1,037,308	\$ 1,012,308	\$ 989,241	\$ 1,100,691	6.1%
Operating Costs	91,258	120,669	83,419	108,517	99,217	-17.8%
Capital Outlay	-	-	15,600	-	-	N/A
Total	\$ 1,061,708	\$ 1,157,977	\$ 1,111,327	\$ 1,097,758	\$ 1,199,908	3.6%

PUBLIC WORKS - Traffic

BUDGET SUMMARY

The adopted budget for the Traffic division reflects an overall expenditure decrease of 0.8% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, and a slight increase in the state retirement contribution.. The operating decreases can be attributed to a decrease of \$20,000 over the prior year for street lighting electricity and a decrease of \$20,000 in vehicle replacement costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 768,590	\$ 862,200	\$ 835,200	\$ 748,462	\$ 891,420	3.4%
Operating Costs	978,293	1,022,921	1,094,133	1,098,149	977,723	-4.4%
Total	\$ 1,746,883	\$ 1,885,121	\$ 1,929,333	\$ 1,846,611	\$ 1,869,143	-0.8%

PUBLIC WORKS - Construction Unit
BUDGET SUMMARY

The adopted budget for the Construction division reflects an overall expenditure decrease of 5.4% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, and a slight increase in the state retirement contribution. The operating decreases can be attributed to a decrease in vehicle replacement costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 394,588	\$ 433,143	\$ 428,143	\$ 415,147	\$ 447,466	3.3%
Operating Costs	190,192	285,219	420,444	381,119	231,884	-18.7%
Capital Outlay	154,781	-	-	-	-	N/A
Total	\$ 739,561	\$ 718,362	\$ 848,587	\$ 796,266	\$ 679,350	-5.4%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets division reflects an overall expenditure increase of 48.4% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, a slight increase in the state retirement contribution, and turnover. The operating increases can be attributed to the restoration to the budget of \$578,600 for street resurfacing and an increase of about \$140,000 in vehicle replacement costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 853,977	\$ 874,309	\$ 864,309	\$ 860,665	\$ 899,513	2.9%
Operating Costs	643,427	657,926	770,279	752,326	1,369,410	108.1%
Capital Outlay	7,600	17,000	21,200	24,000	30,000	76.5%
Total	\$ 1,505,004	\$ 1,549,235	\$ 1,655,788	\$ 1,636,991	\$ 2,298,923	48.4%

PUBLIC WORKS - Building Maintenance Unit
BUDGET SUMMARY

The adopted budget for the Building Maintenance division reflects an overall expenditure increase of 2.4% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, and a slight increase in the state retirement contribution. The operating increases can be attributed to increases in maintenance vehicle replacement costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 470,085	\$ 596,486	\$ 596,486	\$ 592,092	\$ 618,709	3.7%
Operating Costs	793,339	867,386	948,859	861,408	880,827	1.5%
Capital Outlay	-	-	7,900	-	-	N/A
Total	\$ 1,263,424	\$ 1,463,872	\$ 1,553,245	\$ 1,453,500	\$ 1,499,536	2.4%

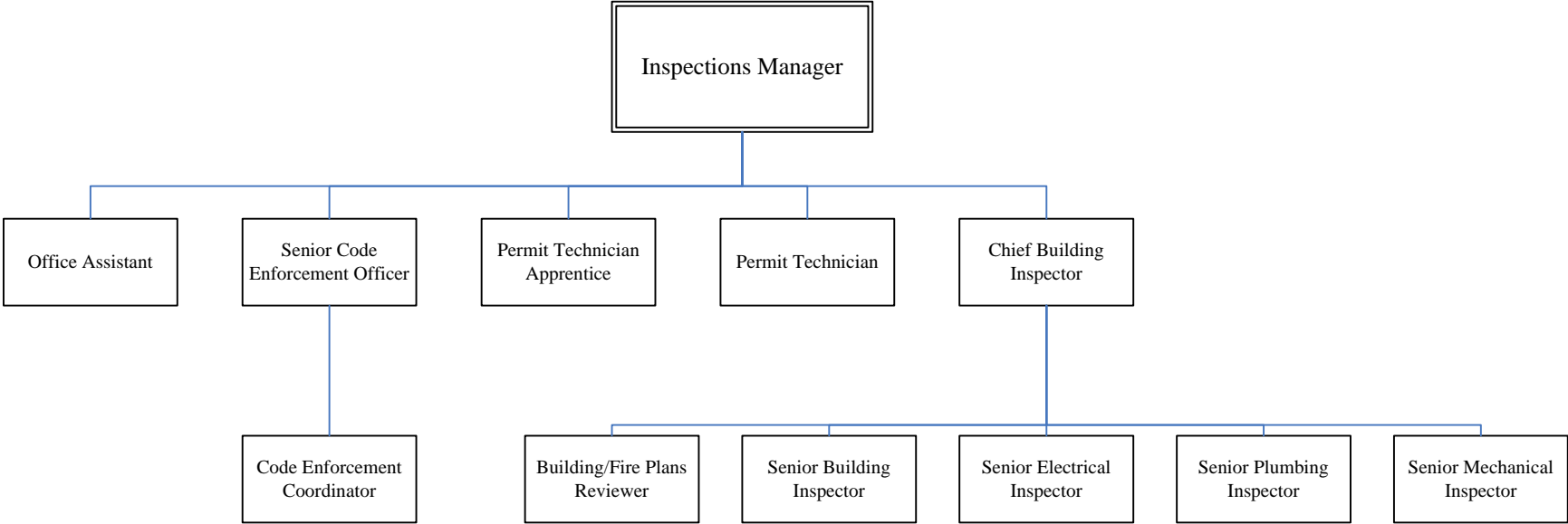
PUBLIC WORKS - Solid Waste Services Unit
BUDGET SUMMARY

The adopted budget for the Solid Waste Services division reflects an overall expenditure increase of 1.7% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, a slight increase in the state retirement contribution, and turnover. Operating increases can be attributed to increases in waste disposal fees and downtown compactor contracting, but these are partially offset by lower fuel costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,722,558	\$ 1,983,278	\$ 1,945,378	\$ 1,893,143	\$ 2,034,097	2.6%
Operating Costs	1,757,502	1,664,471	2,433,531	1,695,771	1,676,852	0.7%
Total	\$ 3,480,060	\$ 3,647,749	\$ 4,378,909	\$ 3,588,914	\$ 3,710,949	1.7%

INSPECTIONS



INSPECTIONS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
<u>Inspections</u>			
Building Inspector Manager	1.00	1.00	1.00
Chief Building Inspector	1.00	1.00	1.00
Code Enforcement Officer	1.00	1.00	1.00
Code Enforcement Coordinator	0.00	0.00	1.00
Building-Fire Plans Reviewer	0.00	0.00	1.00
Inspector	4.00	4.00	4.00
Permit Technician	1.00	1.00	1.00
Permit Technician Apprentice	0.00	0.00	1.00
Office Assistant	0.00	0.00	1.00
Department Totals	8.00	8.00	12.00

INSPECTIONS DEPARTMENT

BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure increase of 35.8% from last year's budget. The net increase in the personnel budget reflects a combination of the 3% of market rate employee pay adjustment effective October 2014, 7% medical insurance increase, a slight increase in the state retirement contribution, increased overtime, the addition of a Buildings/Fire Plans Reviewer position, and the addition of a Code Enforcement Coordinator position . The operating decrease of 29.4% can be attributed to a decrease to Personnel Agency Payments which is offset by the addition of the new Code Enforcement position.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 561,013	\$ 692,523	\$ 635,923	\$ 547,159	\$ 1,003,428	44.9%
Operating Costs	138,189	96,466	154,491	134,573	68,109	-29.4%
Total	\$ 699,202	\$ 788,989	\$ 790,414	\$ 681,732	\$ 1,071,537	35.8%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ (306,662)	\$ 127,489	\$ 128,914	\$ (238,268)	\$ 169,037	32.6%
Charges for Services	600	1,500	1,500	-	-	-100.0%
Licenses/Permits/Fines	1,005,264	660,000	660,000	920,000	902,500	36.7%
Total	\$ 699,202	\$ 788,989	\$ 790,414	\$ 681,732	\$ 1,071,537	35.8%

PUBLIC SAFETY
BUDGET SUMMARY

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

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Police	\$ 11,895,486	\$ 12,759,697	\$ 12,851,222	\$ 12,225,470	\$ 13,201,831	3.5%
Fire	7,621,405	8,147,917	8,205,447	8,201,454	8,432,438	3.5%
Total	\$ 19,516,891	\$ 20,907,614	\$ 21,056,669	\$ 20,426,924	\$ 21,634,269	3.5%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 17,764,672	\$ 19,099,194	\$ 19,243,849	\$ 18,507,184	\$ 19,726,879	3.3%
State-Shared Revenues	1,097,590	1,088,630	1,088,630	1,097,590	1,097,590	0.8%
Grants	4,200	4,200	8,600	9,700	4,200	0.0%
Charges for Services	346,091	586,750	586,750	638,000	637,750	8.7%
Licenses/Permits/Fines	136,425	128,840	128,840	124,450	127,850	-0.8%
Other Revenues	167,913	-	-	50,000	40,000	N/A
Total	\$ 19,516,891	\$ 20,907,614	\$ 21,056,669	\$ 20,426,924	\$ 21,634,269	3.5%

CHAPEL HILL POLICE DEPARTMENT

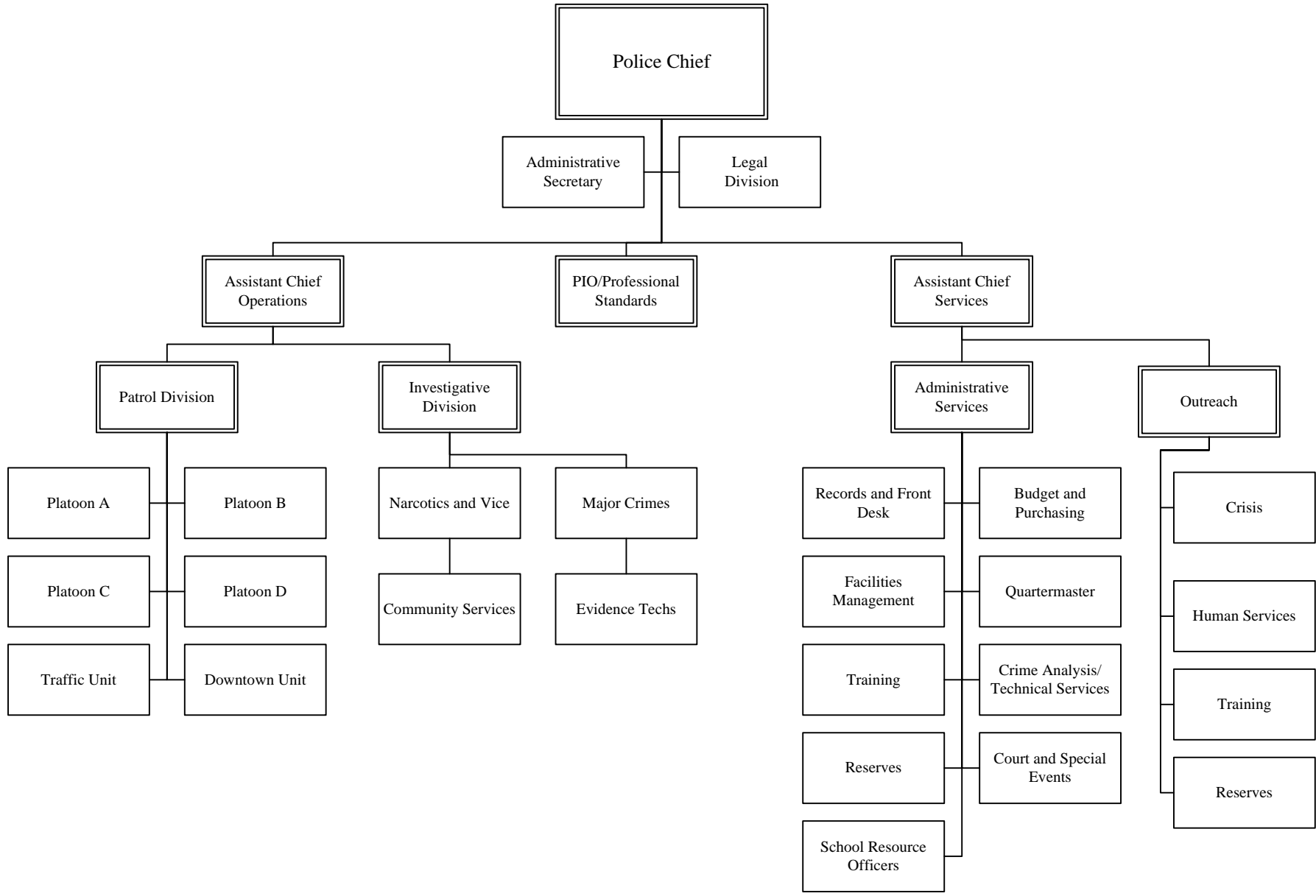
MISSION STATEMENT:

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 FY15.

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

POLICE DEPARTMENT



POLICE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Support Services			
Police Chief	1.00	1.00	1.00
Assistant Police Chief	1.00	1.00	0.00
Police Captain	1.00	1.00	1.00
Police Attorney/Legal Advisor	2.00	2.00	2.00
Police Analyst	1.00	1.00	1.00
Crisis Unit Supervisor	1.00	1.00	1.00
Crisis Counselor	3.00	3.00	3.00
Human Services Coordinator	1.00	1.00	1.00
Information Security Officer	1.00	1.00	1.00
Resident Services Coordinator	1.00	1.00	1.00
Records Supervisor	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Alternative Sentencing Assistant	1.00	0.00	0.00
Information Services Technician	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Records Technician	1.00	1.00	0.00
Customer Service Technician	2.00	2.00	3.00
Division Totals	<u>21.00</u>	<u>20.00</u>	<u>19.00</u>
Operations			
Assistant Police Chief	1.00	1.00	2.00
Police Captain	2.00	2.00	2.00
Police Lieutenant	9.00	9.00	9.00
Police Sergeant	13.00	13.00	13.00
Forensic and Evidence Specialist	2.00	2.00	2.00
Police Officer	91.00	91.00	89.00
Division Totals	<u>118.00</u>	<u>118.00</u>	<u>117.00</u>
Police Department Totals	<u><u>139.00</u></u>	<u><u>138.00</u></u>	<u><u>136.00</u></u>

POLICE

BUDGET SUMMARY

While the Police Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Most grant revenues were moved to a separate Grants Fund in 2007-08. Revenues are expected to remain largely unchanged overall in 2014-15. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 10,144,466	\$ 10,886,024	\$ 10,796,908	\$ 10,341,474	\$ 11,211,044	3.0%
Operating Costs	1,690,005	1,873,673	2,054,314	1,883,996	1,990,787	6.3%
Capital Outlay	61,015	-	-	-	-	N/A
Total	\$ 11,895,486	\$ 12,759,697	\$ 12,851,222	\$ 12,225,470	\$ 13,201,831	3.5%

REVENUES

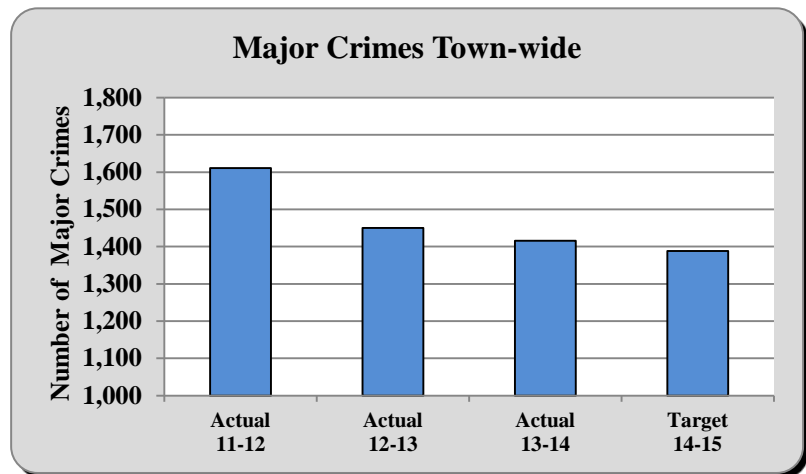
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 11,268,571	\$ 12,344,957	\$ 12,432,082	\$ 11,707,970	\$ 12,697,081	2.9%
Grants	4,200	4,200	8,600	9,700	4,200	0.0%
Charges for Services	344,377	305,000	305,000	356,250	356,000	16.7%
Licenses/Permits/Fines	110,425	105,540	105,540	101,550	104,550	-0.9%
Other Revenues	167,913	-	-	50,000	40,000	N/A
Total	\$ 11,895,486	\$ 12,759,697	\$ 12,851,222	\$ 12,225,470	\$ 13,201,831	3.5%

POLICE TRENDS

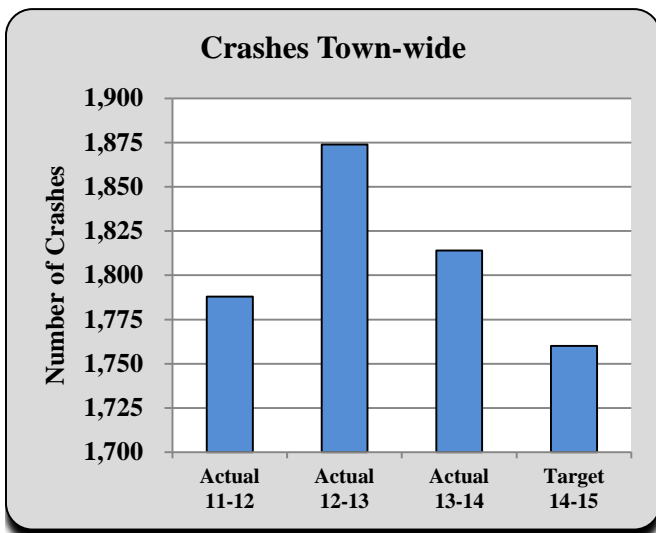
COUNCIL SERVICE GOAL: Provide protection and public safety.

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

In fiscal year 2013-14, the number of Part I crimes (homicide, rape, robbery, assault, burglary, larceny, auto theft and arson) totaled 1,416. This represents a 2% decrease in major crimes from the previous year. During the 2014-15 fiscal year, the Police Department will continue to use strategies developed through data analysis, crime prevention, and enforcement procedures to pursue an additional 2% decreases in major crimes.



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



In fiscal year 2013-14, the number of crashes Town-wide totaled 1,814. This represents a 3% decrease from the previous year. The Police Department will continue to analyze areas of most frequent crashes and develop plans to reduce them. Through education, enforcement and directed patrols, we will work to enhance the safety of motorists, cyclists and pedestrians throughout Town and pursue an additional 3% decrease in crashes Town-wide.

POLICE - Support Services Division
BUDGET SUMMARY

The adopted budget for the Support Services division reflects an overall expenditure increase of 0.7% from last year's budget. The 0.4% decrease in personnel is the net result of the 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs and a slight increase in the state retirement contribution, offset by moving an Assistant Police Chief to the Operations division. The operating increases can be attributed to increases in supply purchases, building maintenance, and contractual services, partially offset by decreases in telephone and electricity expenses. There are no capital purchases budgeted for FY14.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,696,298	\$ 1,752,893	\$ 1,774,851	\$ 1,736,415	\$ 1,745,315	-0.4%
Operating Costs	510,433	664,025	794,201	656,461	689,433	3.8%
Capital Outlay	56,777	-	-	-	-	N/A
Total	\$ 2,263,508	\$ 2,416,918	\$ 2,569,052	\$ 2,392,876	\$ 2,434,748	0.7%

POLICE - Operations Division
BUDGET SUMMARY

The Personnel Budget for the Operations Division reflects a 3.6% increase in personnel costs, the net of a 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, the funding for career progression, sale of holiday time, turnover, and pay for reserve and on-call officers, offset partially by turnover.

The 5.9% increase in operating expenses can be attributed to the increase in vehicle maintenance, vehicle replacement and fuel costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 8,448,168	\$ 9,133,131	\$ 9,022,057	\$ 8,605,059	\$ 9,465,729	3.6%
Operating Costs	1,073,195	1,087,648	1,151,513	1,105,535	1,152,054	5.9%
Capital Outlay	4,238	-	-	-	-	N/A
Total	\$ 9,525,601	\$ 10,220,779	\$ 10,173,570	\$ 9,710,594	\$ 10,617,783	3.9%

POLICE - Special Events
BUDGET SUMMARY

The Special Events division was established in 2007-08 to track the cost of additional police presence at special events including impromptu University of North Carolina student celebrations, Halloween and Festifall. Efforts to contain the downtown Halloween celebration in recent years has been successful. The adopted budget for FY15 includes an increase in operating costs of 22.4%. Because Halloween falls on a weekend night this year, the event is anticipated to be longer and more costly.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	106,377	122,000	108,600	122,000	149,300	22.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 106,377	\$ 122,000	\$ 108,600	\$ 122,000	\$ 149,300	22.4%

FIRE DEPARTMENT

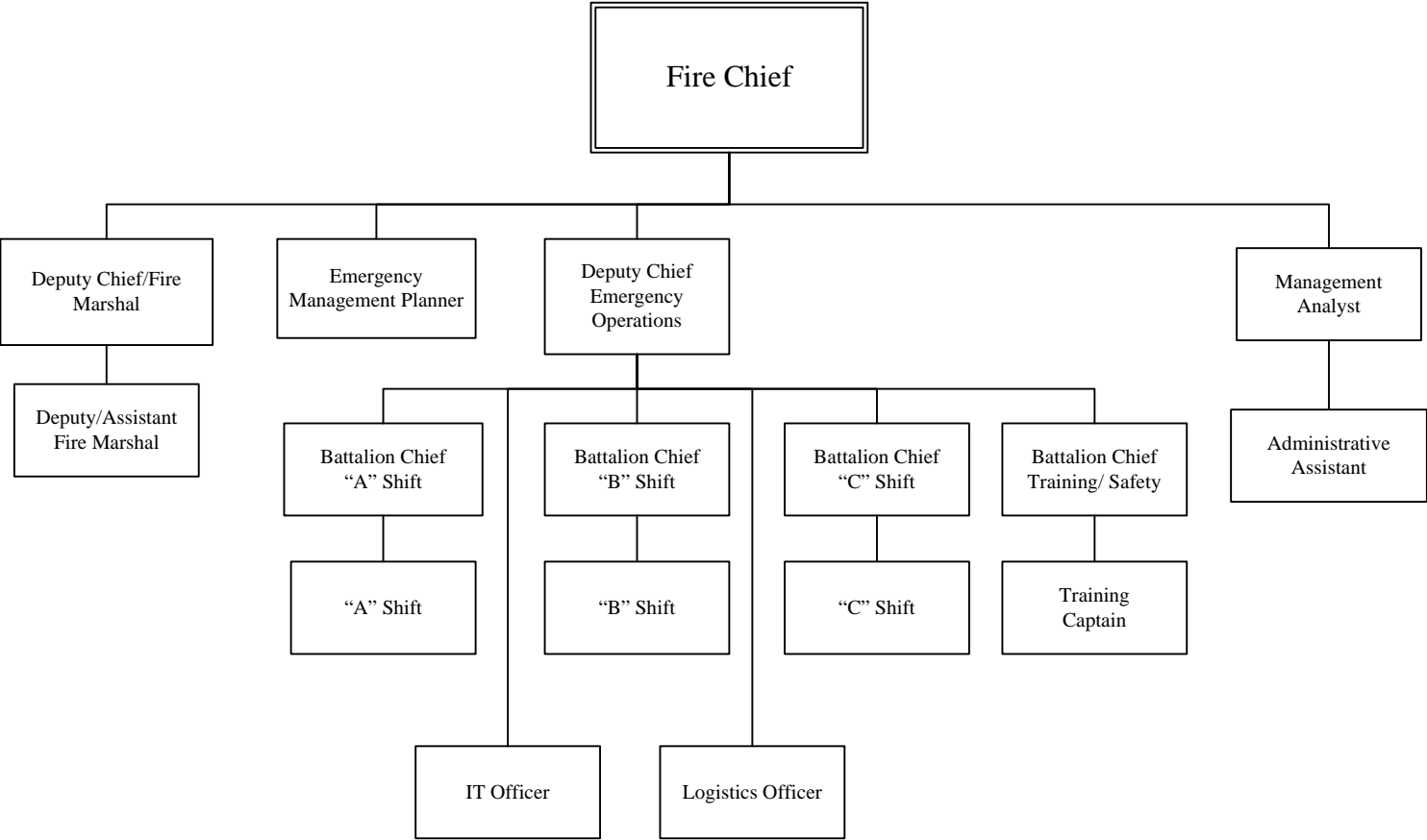
MISSION STATEMENT:

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 FY15.

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

FIRE



FIRE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Administration			
Fire Chief	1.00	1.00	1.00
Deputy Fire Chief	1.00	0.00	0.00
Administrative Assistant	1.00	1.00	1.00
Management Analyst	1.00	1.00	1.00
Emergency Management Coordinator	0.00	1.00	1.00
Division Totals	4.00	4.00	4.00
Emergency Operations			
Deputy Fire Chief	1.00	1.00	1.00
Battalion Fire Chief	4.00	4.00	4.00
Fire Captain/Lieutenant	20.00	20.00	19.00
Fire Equipment Operator/Firefighter	55.00	57.00	58.00
Division Totals	80.00	82.00	82.00
Life Safety			
Deputy Fire Chief (Fire Marshal)	1.00	1.00	1.00
Deputy Fire Marshal	1.00	2.00	2.00
Fire Captain (Assistant Fire Marshal)	4.00	3.00	3.00
Division Totals	6.00	6.00	6.00
Fire Department Totals	90.00	92.00	92.00

FIRE

BUDGET SUMMARY

While the Fire Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Revenues are expected to remain largely unchanged overall in 2014-15. Changes related to expenditures are noted on division summaries.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 6,586,456	\$ 6,980,375	\$ 6,979,375	\$ 6,973,200	\$ 7,392,118	5.9%
Operating Costs	1,019,947	1,137,542	1,186,812	1,198,254	1,040,320	-8.5%
Capital Outlay	15,002	30,000	39,260	30,000	-	-100.0%
Total	\$ 7,621,405	\$ 8,147,917	\$ 8,205,447	\$ 8,201,454	\$ 8,432,438	3.5%

REVENUES

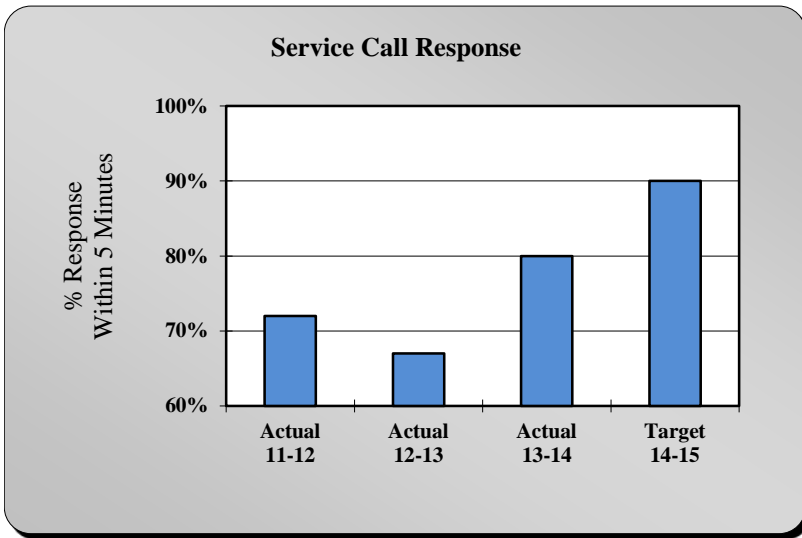
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 6,496,101	\$ 6,754,237	\$ 6,811,767	\$ 6,799,214	\$ 7,029,798	4.1%
State-Shared Revenues	1,097,590	1,088,630	1,088,630	1,097,590	1,097,590	0.8%
Charges for Services	1,714	281,750	281,750	281,750	281,750	0.0%
Licenses/Permits/Fines	26,000	23,300	23,300	22,900	23,300	0.0%
Total	\$ 7,621,405	\$ 8,147,917	\$ 8,205,447	\$ 8,201,454	\$ 8,432,438	3.5%

FIRE TRENDS

COUNCIL SERVICE GOAL: Provide protection and public safety.

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

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

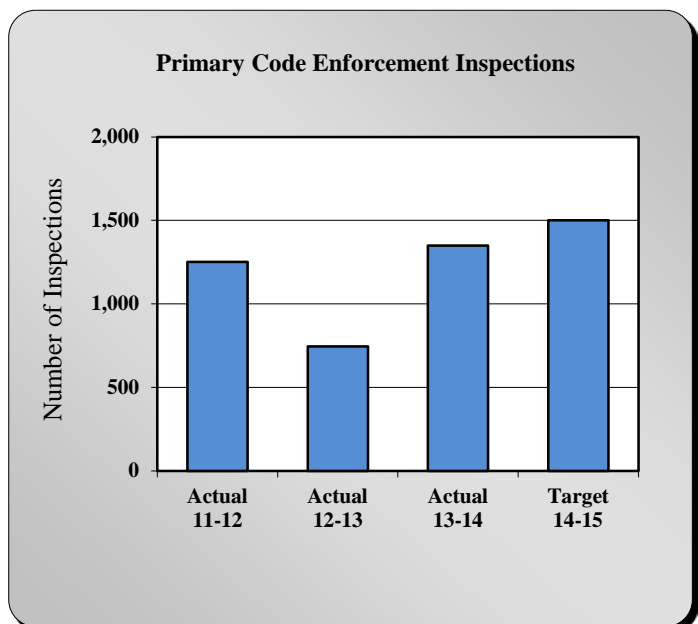


In fiscal year 2013-14, the response to emergency services calls within five minutes increased from 67% to 80%. We continue to work with the Orange County Communication system to improve dispatched and response times. Updated software and technology are allowing us the opportunity to capitalize on providing more efficient service to the community.

GOAL: Reduce preventable fire hazards.

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

In fiscal year 2013-14, fire marshals conducted 1,350 primary code enforcement inspections and will continue efforts to increase enforcement efforts to 1,500 primary inspections in fiscal year 2014-15. Although we have improved our service by having inspections conducted by fire marshals, who have specialized certifications to conduct extremely comprehensive inspections, we are continuing to analyze our current operations to improve efficiency. We also recognize with additional large development projects on the horizon, we will be challenged in this area with our current staff level. We will continue to improve our attempts to reduce preventable fire hazards.



FIRE - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 0.3% from last year's budget. The increase in personnel is the net result of the 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, and turnover. The operating decreases (\$9,500) can be attributed to vehicle replacement and fuel costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 403,545	\$ 419,535	\$ 418,535	\$ 424,211	\$ 430,718	2.7%
Operating Costs	103,085	106,391	145,073	144,973	96,886	-8.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 506,630	\$ 525,926	\$ 563,608	\$ 569,184	\$ 527,604	0.3%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects an 6.4% increase in personnel costs. This is the result of a 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, and the addition of a Training Captain, partially offset by turnover. The 8.6% decrease in operating costs is the result of decreases in vehicle replacement costs as well as repair of equipment costs. The \$30,000 decrease in Capital Outlay is due to one-time purchases that occurred in the previous year.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 5,707,948	\$ 5,940,394	\$ 5,940,394	\$ 5,980,471	\$ 6,317,671	6.4%
Operating Costs	910,167	1,015,076	1,025,664	1,037,600	927,359	-8.6%
Capital Outlay	15,002	30,000	39,260	30,000	-	-100.0%
Total	\$ 6,633,117	\$ 6,985,470	\$ 7,005,318	\$ 7,048,071	\$ 7,245,030	3.7%

FIRE - Life Safety Division

BUDGET SUMMARY

The adopted budget for the Life Safety division reflects an overall expenditure increase of 3.7% from last year's budget. This increase in personnel is the result of the 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, along with turnover and promotions. The operating budget reflects no net change from the prior year, due to increases in supplies being offset by decreasing in printing costs.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 474,963	\$ 620,446	\$ 620,446	\$ 568,518	\$ 643,729	3.8%
Operating Costs	6,695	16,075	16,075	15,681	16,075	0.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 481,658	\$ 636,521	\$ 636,521	\$ 584,199	\$ 659,804	3.7%

LEISURE BUDGET SUMMARY

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

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Parks and Recreation	\$ 5,835,592	\$ 6,114,147	\$ 6,381,715	\$ 6,262,171	\$ 6,401,924	4.7%
Library	2,165,566	2,662,855	2,663,014	2,471,690	2,729,416	2.5%
Total	\$ 8,001,158	\$ 8,777,002	\$ 9,044,729	\$ 8,733,861	\$ 9,131,340	4.0%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 6,309,392	\$ 7,096,924	\$ 7,327,352	\$ 6,888,566	\$ 7,255,867	2.2%
Grants	531,466	582,186	588,186	595,494	680,207	16.8%
Charges for Services	1,001,735	970,892	970,892	1,023,850	1,030,766	6.2%
Licenses/Permits/Fines	3,436	2,000	2,000	5,000	5,000	150.0%
Other Revenues	110,129	80,000	111,299	175,951	114,500	43.1%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 8,001,158	\$ 8,777,002	\$ 9,044,729	\$ 8,733,861	\$ 9,131,340	4.0%

PARKS AND RECREATION DEPARTMENT

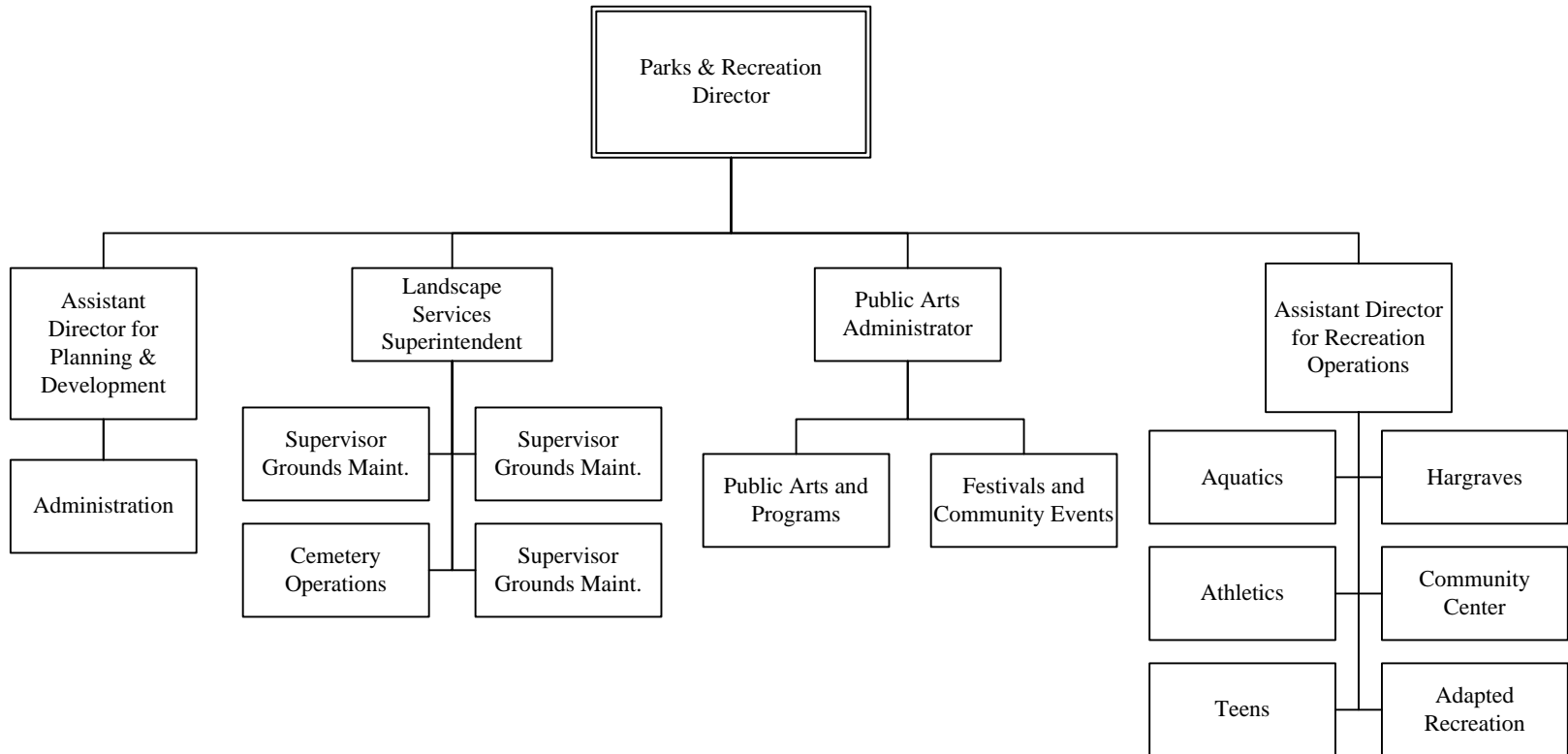
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Parks and Recreation Department identified the following primary programs that are included in the adopted budget for FY15.

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

Parks & Recreation



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

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Administration			
Director-Parks & Recreation	1.00	1.00	1.00
Assistant Director-Parks and Recreation	2.00	2.00	2.00
Administrative Coordinator	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Office Assistant	0.60	0.60	1.00
Division Totals	<u>5.60</u>	<u>5.60</u>	<u>6.00</u>
Landscape Services and Park Maintenance			
Superintendent-Grounds Maintenance Operations	1.00	1.00	1.00
Landscape Supervisor	3.00	3.00	3.00
Arborist	1.00	1.00	1.00
Arborist-Assistant	1.00	1.00	1.00
Landscape Specialist.Landscape Crew Leader	18.00	17.00	17.00
Administrative Assistant	1.00	1.00	1.00
Maintenance Assistant	1.00	1.00	1.00
Division Totals	<u>26.00</u>	<u>25.00</u>	<u>25.00</u>
Athletics			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	3.53	3.53	3.53
Division Totals	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>
Community Center			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	0.00	0.50	0.50
Recreation Assistant	2.00	2.00	2.00
Division Totals	<u>3.00</u>	<u>3.50</u>	<u>3.50</u>

continued

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

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Aquatics Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Aquatics	1.00	1.00	1.00
Lifeguard	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	1.00
Public Arts Coordinator	1.00	1.00	1.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Hargraves Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	0.80	1.80	1.80
Recreation Assistant	1.58	1.58	1.58
Division Totals	<u>4.38</u>	<u>5.38</u>	<u>5.38</u>
Community Cultural Arts			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Recreation Supervisor	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>53.51</u>	<u>54.01</u>	<u>54.41</u>

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

PARKS AND RECREATION

BUDGET SUMMARY

The adopted budget for Parks and Recreation reflects an overall expenditure increase of 4.7% from last year's budget. The 3.4% increase in personnel is the net result of the 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs, a slight increase in the state retirement contribution, and turnover. The 6.0% operating increase can be attributed to vehicle replacement charges primarily. The increase in Capital Outlay is for the purchase of mowers and turf equipment.

The budget for service charges and grants remains largely unchanged from the prior year, while other revenues increase.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 4,049,501	\$ 4,252,766	\$ 4,229,216	\$ 4,208,535	\$ 4,398,086	3.4%
Operating Costs	1,764,286	1,861,381	2,119,521	2,022,708	1,973,778	6.0%
Capital Outlay	21,805	-	32,978	30,928	30,060	N/A
Total	\$ 5,835,592	\$ 6,114,147	\$ 6,381,715	\$ 6,262,171	\$ 6,401,924	4.7%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues	\$ 4,769,120	\$ 5,136,515	\$ 5,366,784	\$ 5,140,520	\$ 5,324,554	3.7%
Grants	93,760	83,760	89,760	83,760	83,760	0.0%
Charges for Services	870,947	833,872	833,872	871,650	888,610	6.6%
Other Revenues	101,765	60,000	91,299	166,241	105,000	75.0%
Total	\$ 5,835,592	\$ 6,114,147	\$ 6,381,715	\$ 6,262,171	\$ 6,401,924	4.7%

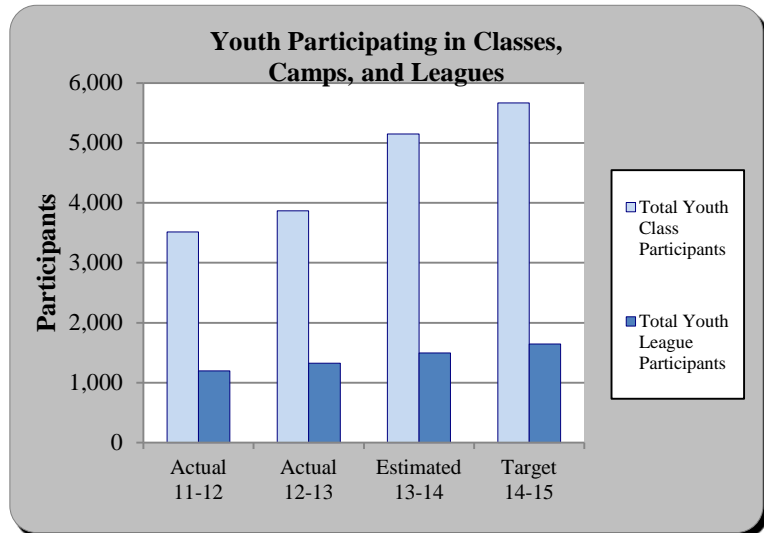
PARKS AND RECREATION TRENDS

COUNCIL SERVICE GOAL: Provide leisure and cultural opportunities.

DEPARTMENT GOAL: Increase participation in youth programming.

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

In Fiscal Year 2013-14, the Parks and Recreation Department saw an increase in participation in youth classes and leagues by 28% from 5,189 participants to 6,644 participants. This trend is expected to continue in 2014-15.



CHAPEL HILL PUBLIC LIBRARY

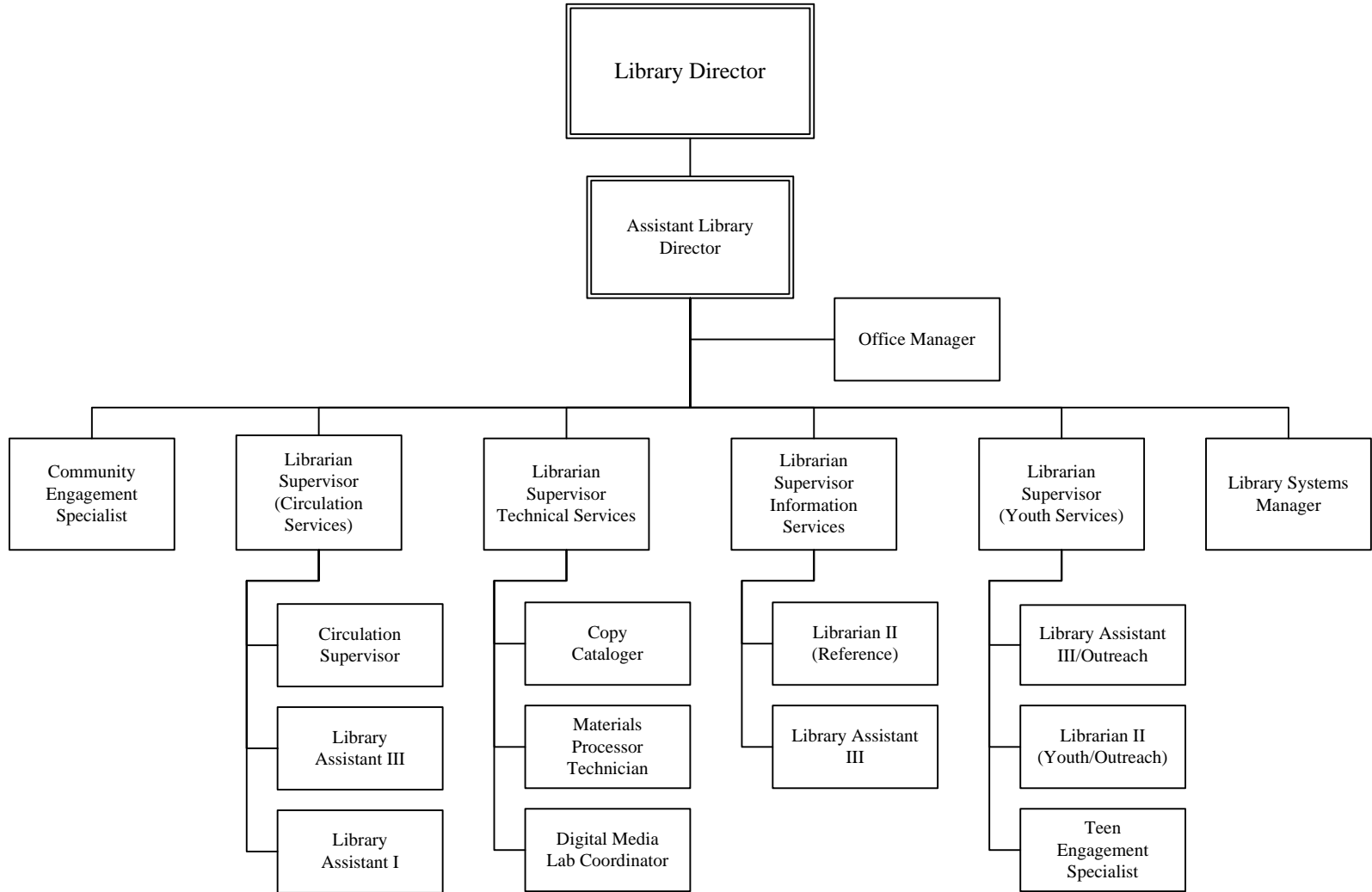
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Chapel Hill Public Library Department identified the following primary programs that are included in the adopted budget for FY15.

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

LIBRARY



LIBRARY DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Director-Library	1.00	1.00	1.00
Assistant Director-Library/Head of Public Services	1.00	1.00	1.00
Supervisor-Librarian	4.00	4.00	4.00
Librarian	3.75	2.00	2.00
Supervisor-Circulation	1.00	1.00	1.00
Information Services Technician	0.50	0.00	0.00
Administrative Assistant	1.00	1.00	1.00
Materials Processor	3.53	3.73	3.73
Library Assistant I-III	14.61	12.90	12.86
Teen Engagement Specialist	0.00	0.00	1.00
Library Systems Administrator	0.00	0.00	1.00
Community Engagement Specialist	0.00	0.00	1.00
Media Lab Coordinator	0.00	0.00	0.50
	<hr/>		
Library Department Totals	30.39	26.63	30.09
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LIBRARY

BUDGET SUMMARY

The adopted budget for the Library reflects an overall expenditure increase of 2.5% from last year's budget. The 17.8% increase in personnel is the result of the 3% of market rate employee pay allowance effective October 2014, an increase of 7% in medical insurance costs, slight increase in the state retirement contribution, and the movement of funds from operating (\$248,746) for additional personnel. Also included in the Library's budget is a Teen Engagement Specialist to expand the Town's youth initiative in the community. The operating budget decrease of 28.3% is the net of the transfer to personnel, lowered utility costs, and increases to library collections.

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 2014-15.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,641,168	\$ 1,779,397	\$ 1,902,415	\$ 1,839,492	\$ 2,096,053	17.8%
Operating Costs	524,398	883,458	760,599	632,198	633,363	-28.3%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,165,566	\$ 2,662,855	\$ 2,663,014	\$ 2,471,690	\$ 2,729,416	2.5%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Fund	\$ 1,540,272	\$ 1,960,409	\$ 1,960,568	\$ 1,748,046	\$ 1,931,313	-1.5%
Grants	437,706	498,426	498,426	511,734	596,447	19.7%
Charges for Services	130,788	137,020	137,020	152,200	142,156	3.7%
Licenses/Permits/Fines	3,436	2,000	2,000	5,000	5,000	150.0%
Other Revenues	8,364	20,000	20,000	9,710	9,500	-52.5%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 2,165,566	\$ 2,662,855	\$ 2,663,014	\$ 2,471,690	\$ 2,729,416	2.5%

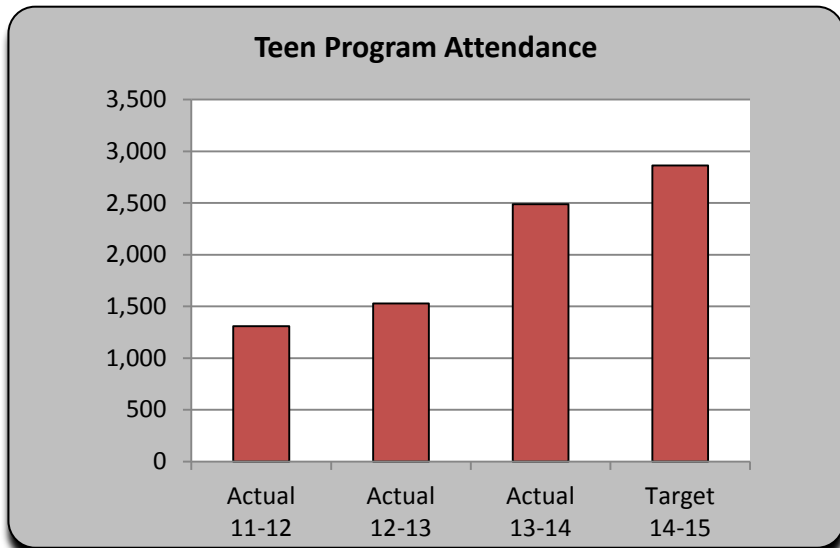
LIBRARY TRENDS

COUNCIL SERVICE GOALS: Maintain and Improve Community Facilities and Service.

DEPARTMENT GOAL 1: Position the library as an educational and cultural destination and a place for everyone.

OBJECTIVE 1: Increase Teen program attendance by 15%

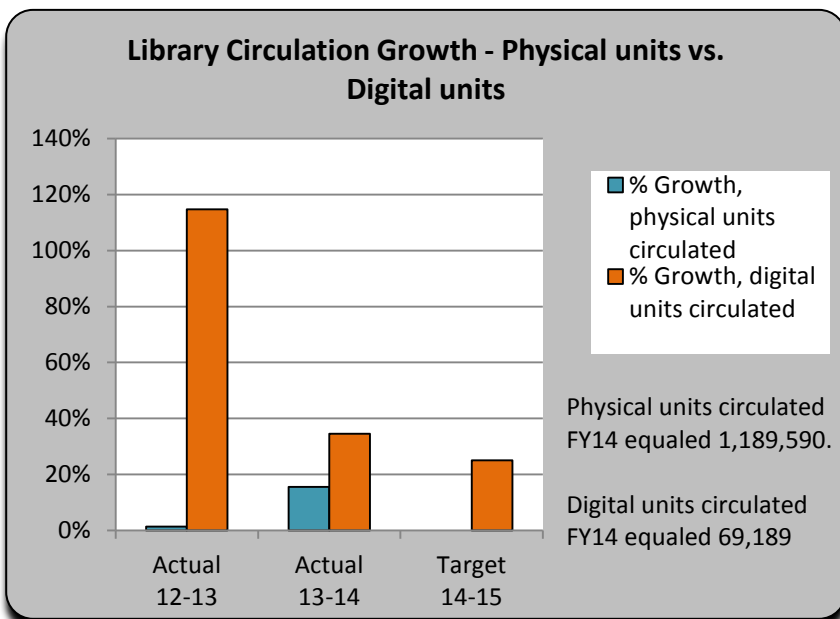
In FY 2013-14, CHPL increased its program offerings, in large part due to creative collaborations with TOCH departments and community partners. With this new focus on programming and partnerships, a new Teen Librarian coming on board, and a town-wide focus on increasing programs and services for youth, CHPL aims to engage teens more widely and increase program attendance.



DEPARTMENT GOAL 2: Offer access to a wide variety of materials that reflect the community's curiosity.

OBJECTIVE 2: Increase digital units circulated by 25% and maintain physical circulation level.

Across the board, libraries are faced with confronting the shift to digital formats while still maintaining print collections for the foreseeable future. Demand for ebooks and digital content, with their greater associated costs, will only increase and CHPL will strive to keep up with this growing demand.

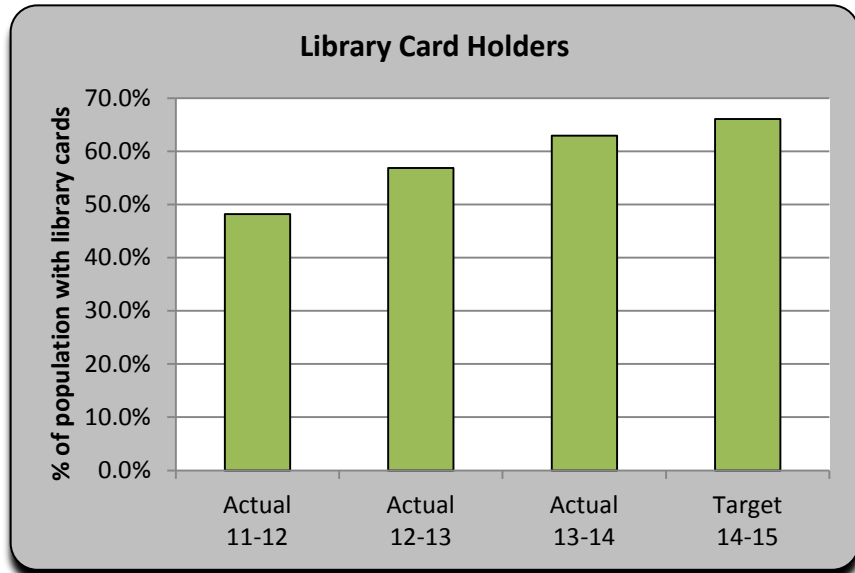


LIBRARY TRENDS

DEPARTMENT GOAL 3: Foster increased usage by community.

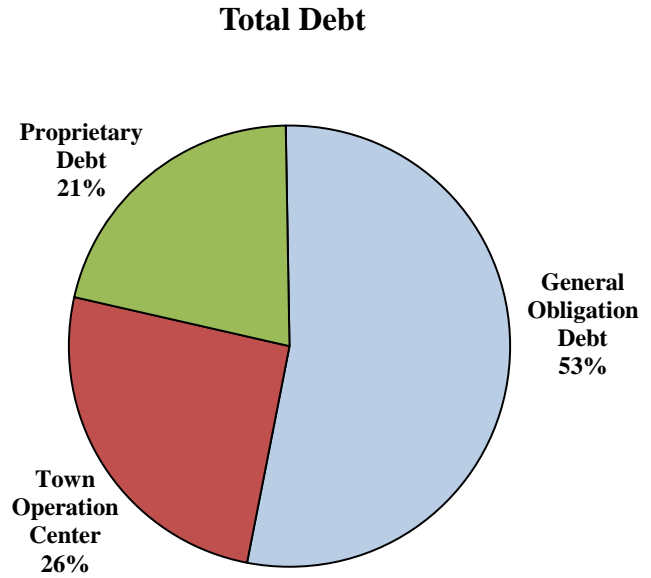
OBJECTIVE 3: Increase number of library cardholders by 5%.

A library card is the primary means to access CHPL's wealth of print and digital resources. More cardholders means more community members have access to these resources and recognize this valued and valuable Town resource.



DEBT SERVICE FUND

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



DEBT & BOND RATINGS

As of June 30, 2014 the Town will have about \$60 million in debt outstanding. The Town's most recent debt issuance was the February 28, 2013 sale of \$3.05 million of General Obligation refunding bonds. The refunding bonds sold at a very competitive interest rate of 2.02% and resulted 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 will be funded by the Parking Fund budget and the savings from the refunding will be split between the Parking Fund and the Debt Management Fund.

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

On October 12, 2010, the Town issued \$20.41 million in general obligation bonds for the Library Expansion Project, Streets and Sidewalks, and Parks and Recreation facilities. About half of the bonds were issued as taxable Build America Bonds (BABs) that receive an interest rebate from the Federal Government. At the time the bonds were issued the rebate was 35% however one of the effects of sequestration has been a reduction in the interest reimbursement amount. BABs interest reimbursement payments due in FY14 will be reduced by 7.2% as a result of sequestration. The balance of the general obligation 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 \$9.5 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 fee revenue. FY15 expenses include additional installment debt for vehicles in the amount of \$872,000. No additional bonded debt was added in FY14. The long term debt also includes installment financing for equipment, land and reserves for compensated

Long-Term Debt June 30, 2014	
Governmental Debt	
General obligation debt	\$ 28,141,000
Limited Obligation Bonds	15,400,000
Separation allowance	241,947
Compensated absences	<u>2,433,419</u>
Total	\$ <u>46,216,366</u>
Proprietary Fund Debt	
Enterprise Funds	
Limited Obligation Bonds	\$ 9,065,000
Compensated absences	641,415
Internal Service Funds	
Motor vehicle equipment	<u>3,890,776</u>
Total	\$ <u>13,597,191</u>

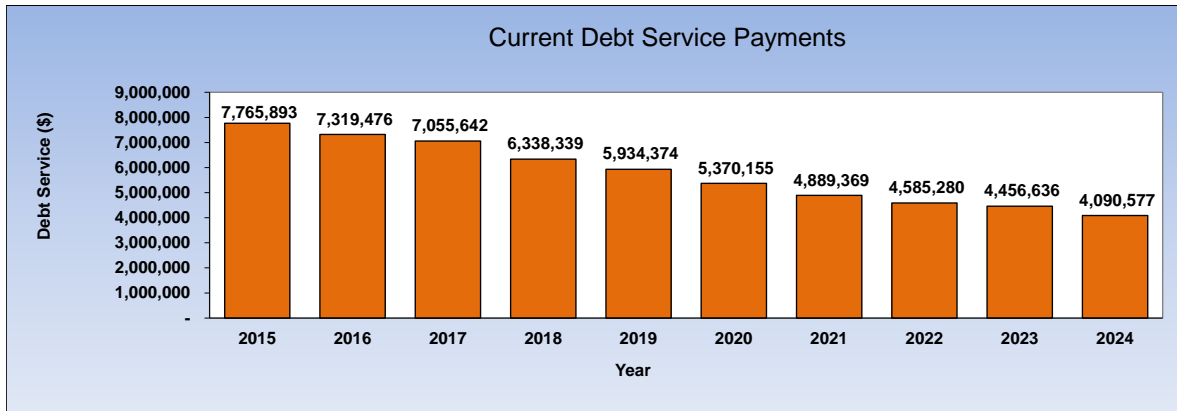
DEBT & BOND RATINGS

absences, that is, the amount that the Town owes for future payments for employee vacation.

Current Debt Obligations

In FY08 and FY09 the Town delayed the issuance of the remaining authorized 2003 General Obligation bonds in order to build additional capacity in the Debt Management Fund. By delaying the issuance the Town was also able to take advantage of the Build America Bond program under the Federal Stimulus Act. The 2010 General Obligation bonds were issued with a level principal structure and the annual debt service was about \$1.6 million in FY2011-12, declining each year to \$1.06 million in FY2030-31.

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

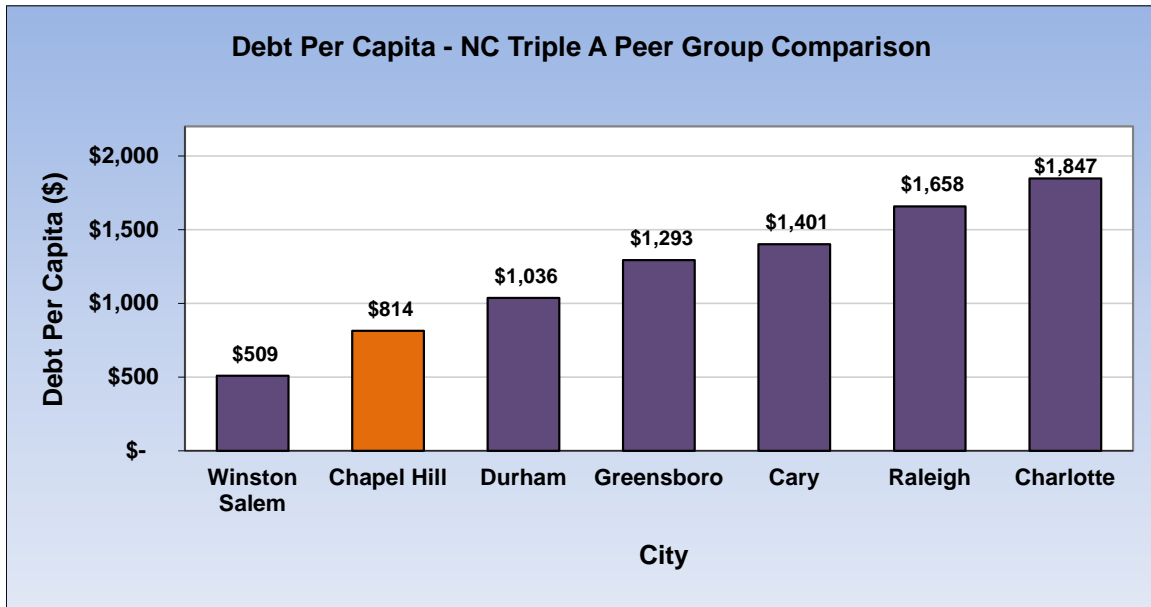


Future Additional Debt

Town Council placed a bond referendum before the citizens of Chapel Hill in November of 2003. The October 2010 General Obligation debt issuance represented the balance of that authority. In order to issue additional General Obligation Bonds the Town would need to receive approval from voters through the public referendum process. The next bond referendum will probably take place during or after FY2015-16 as the Debt Management Fund builds capacity for new debt service.

The Town is planning on issuing two-thirds bonds in the amount of \$1.7 million and LOBs in the amount of about \$10 million for a combined financing of the Town Hall Renovation and Ephesus Fordham Renewal projects. The Town Hall project repairs damage from flooding that occurred in 2013 and renovates interior spaces to improve space utilization, customer service, and work flow. The Ephesus Fordham Renewal project involves roadway and stormwater improvements, that will, along with rezoning, facilitate development in an area of Town that has stagnated. If this debt is issued in FY15, a budget amendment will be adopted to account for any related expenses.

DEBT & BOND RATINGS



(Ratios of total outstanding G.O.B. debt, authorized & unissued G.O.B. debt, and IP debt, excluding enterprise, for N.C. populations greater than 50,000. Source: Analysis of Debt of N.C. Municipalities 6/30/2013, Department of State Treasurer, Division of State and Local Government Finance.)

Debt Limits

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

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

TOWN OF CHAPEL HILL, NORTH CAROLINA	
COMPUTATION OF LEGAL DEBT MARGIN	
June 30, 2014	
Total assessed valuation at June 30, 2014	\$ <u>7,735,106,771</u>
Debt limit - 8% of total assessed value	\$ <u>618,808,542</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>28,141,000</u>
Legal debt margin	\$ <u>590,667,542</u>

The Town's projected outstanding debt that applies to this limit at June 30, 2014 will total \$28,141,000 in outstanding general obligation bonds. The total is less than 1% of the Town's June 30, 2014 tax base (\$7.735 billion).

DEBT & BOND RATINGS

The Town's annual General Fund general obligation and certificate of participation debt service cost for 2014-15 is estimated to be about \$6.86 million, or about 12.0% of the General Fund adopted budget. Annual debt service is considered to be low to moderate if it is less than 10% of its annual General Fund budget. We are aware that we have exceeded our own debt guidelines in recent years by increasing debt service to over 10% of the estimated budget. Our projections show that we will have debt service levels between 10% and 13% of budget for several years. We will continue to monitor this indicator because it is one of numerous factors used to determine the Town's credit rating.

RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS					
Fiscal Year Ended June 30	Population Estimate	Taxable Assessed Value	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita
2005	51,519	\$ 4,458,136,168	\$ 46,725,000	1.05	\$ 907
2006	52,397	5,300,417,389	44,045,000	0.83	841
2007	53,416	5,472,958,888	46,130,000	0.84	864
2008	54,904	5,839,993,985	42,650,000	0.73	777
2009	55,616	5,835,597,388	39,185,000	0.67	705
2010	56,778	7,045,574,326	38,520,000	0.55	678
2011	57,233	7,411,059,390	55,445,000	0.75	969
2012	58,076	7,593,430,730	53,445,000	0.70	920
2013	59,338	7,658,521,555	56,235,000	0.73	948
2014	60,250	7,735,106,771	52,606,000	0.68	873

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

Bond Ratings

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

Moody's	AAA
Standard & Poor's	AAA

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 new 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. For FY15, the tax rate is increased by 1 cent for a total of 8.5 cents and is expected to yield \$6.43 million in revenues.

The Debt Service adopted budget for FY15 is balanced without the use of fund balance.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Principal Payments	\$ 4,995,000	\$ 4,904,000	\$ 4,904,000	\$ 4,904,000	\$ 4,594,000	-6.3%
Interest Expense	2,294,854	2,500,742	2,500,742	2,500,742	2,265,059	-9.4%
Issuance Expense	241,116	-	-	-	-	N/A
Service Charges	-	-	-	1,750	1,750	N/A
Reserve for Debt	-	-	-	-	663,778	N/A
Advanced Refunding	3,044,866	-	-	-	-	N/A
Total	\$ 10,575,836	\$ 7,404,742	\$ 7,404,742	\$ 7,406,492	\$ 7,524,587	1.6%

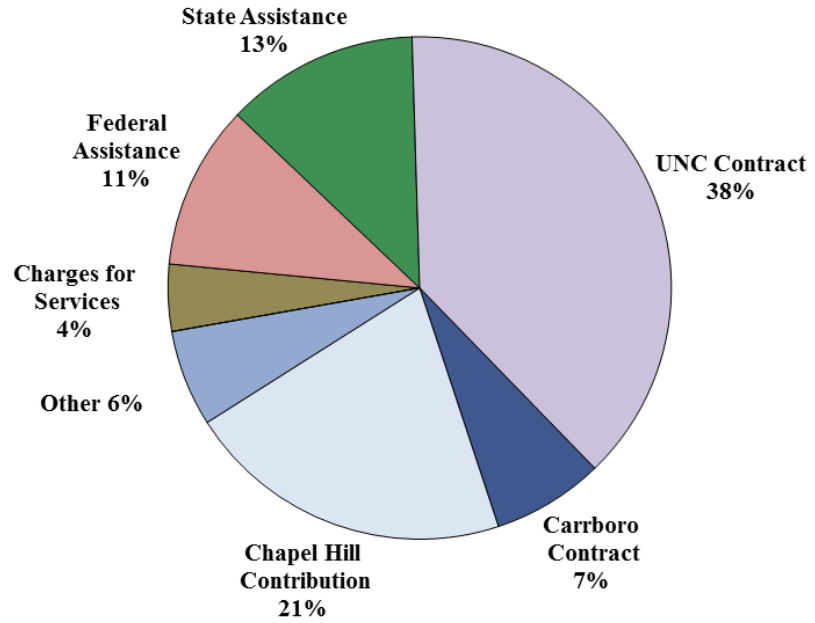
REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Property Taxes	\$ 5,468,713	\$ 5,486,000	\$ 5,486,000	\$ 5,606,000	\$ 6,430,000	17.2%
Transfer from Off-Street						
Parking	875,663	908,331	908,331	908,331	909,081	0.1%
Premium on Bond Sale	-	-	-	-	-	N/A
Debt Proceeds	3,050,000	-	-	-	-	N/A
BABS Interest Subsidy	182,506	168,360	168,360	169,366	182,506	8.4%
Interest Income	58,109	1,000	1,000	3,500	3,000	200.0%
Appropriated Fund						
Balance	940,845	841,051	841,051	719,295	-	-100.0%
Total	\$ 10,575,836	\$ 7,404,742	\$ 7,404,742	\$ 7,406,492	\$ 7,524,587	1.6%

TRANSIT FUND

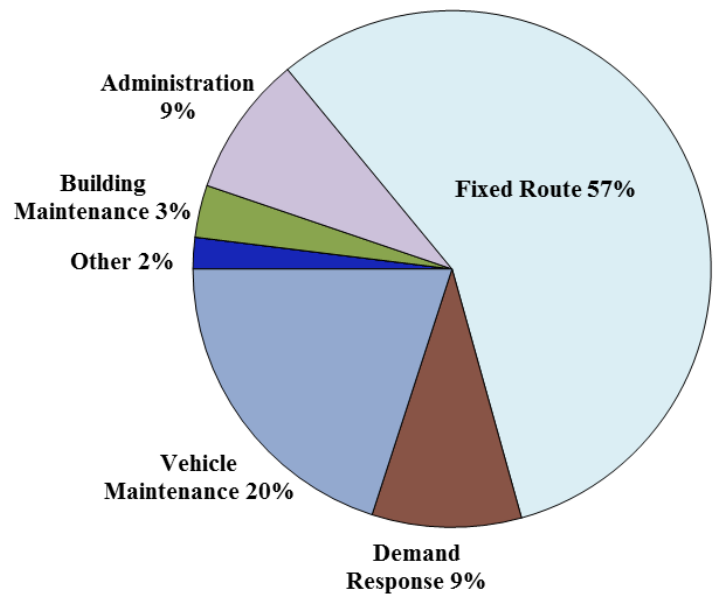
The Transit Fund is used to account for the operations of the Town's public transit system.

Transit Revenues



Total \$20,510,813

Transit Expenditures



TRANSIT

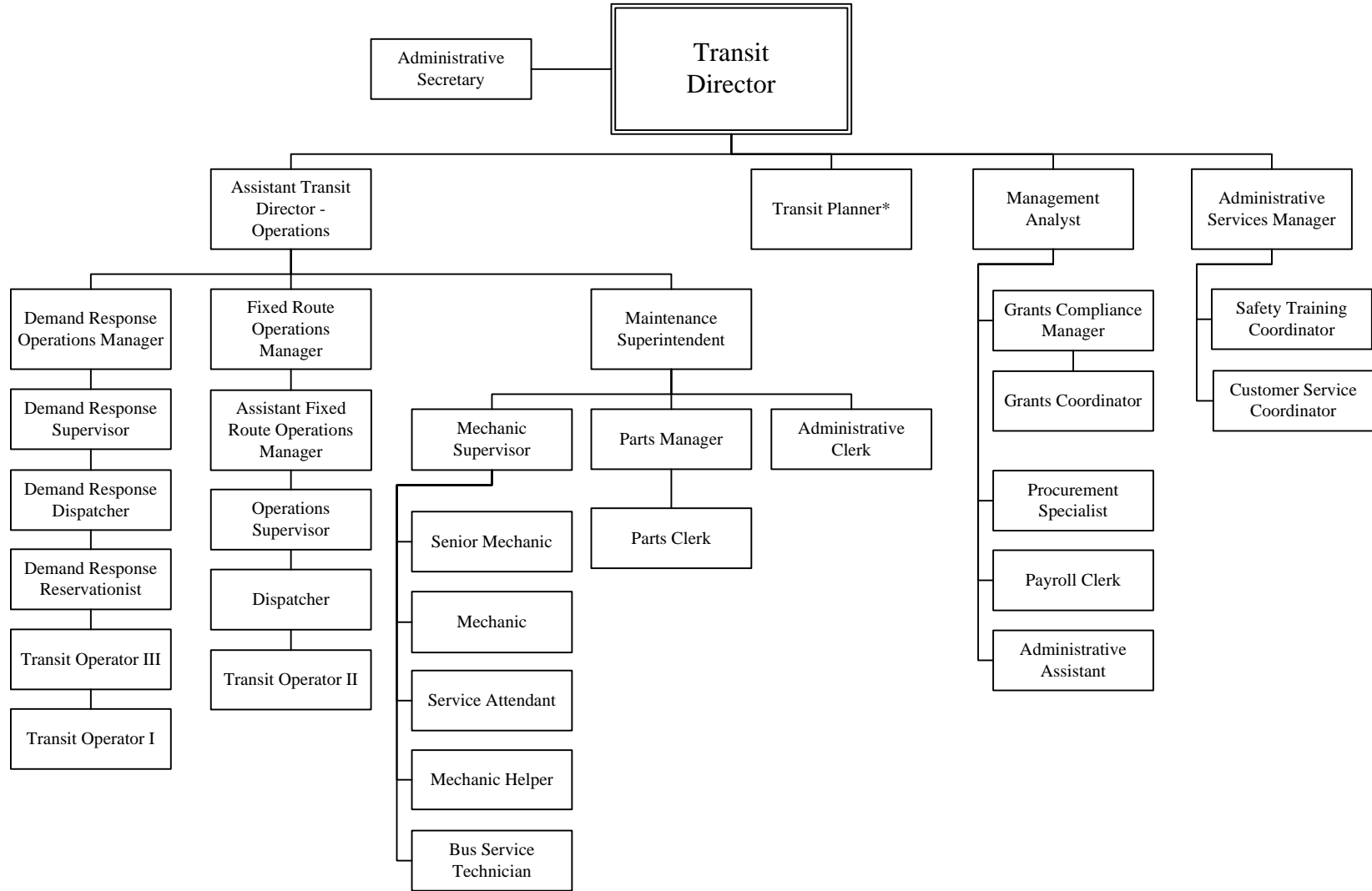
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Transit Department identified the following primary programs that are included in the adopted budget for FY15.

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



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* Grant-funded positions.

TRANSIT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Administration			
Director-Transit	1.00	1.00	1.00
Assistant Director-Transit	1.00	1.00	1.00
Compliance Manager	1.00	1.00	1.00
Administrative Analyst	1.00	1.00	1.00
Advertising Sales Manager	1.00	1.00	1.00
Coordinator-Grants	1.00	1.00	1.00
Customer Service Coordinator	0.00	1.00	1.00
GIS Technician	1.00	1.00	1.00
Procurement Specialist	0.00	1.00	1.00
Transit Services Planner	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	3.00
Administrative Secretary	1.00	1.00	0.00
Administrative Clerk	1.00	1.00	0.00
Administrative Services Manager	0.00	0.00	1.00
Division Totals	<u>11.00</u>	<u>13.00</u>	<u>14.00</u>
Operations			
Transit Operations Manager	1.00	1.00	0.00
Coordinator-Safety and Training	1.00	1.00	1.00
Coordinator-Scheduling/Run Cut	1.00	1.00	1.00
Assistant Transit Operations Manager	2.00	2.00	1.00
Demand Response Manager	0.00	0.00	1.00
Supervisor-Transit	4.00	6.00	10.00
Transit Dispatcher	4.00	4.00	0.00
Transit Operator - Demand Response	13.25	13.25	12.63
Transit Operator - Fixed Route	102.98	105.66	108.66
Transit Operator - Shared Rider Driver	1.00	1.00	0.00
Office Assistant	0.00	0.00	1.00
Administrative Assistant	0.00	0.00	2.00
Transit Reservationist	1.00	1.00	0.00
Division Totals	<u>131.23</u>	<u>135.91</u>	<u>138.29</u>
Equipment Maintenance			
Maintenance Manager	1.00	1.00	1.00
Assistant Maintenance Manager	0.00	0.00	1.00
Supervisor-Mechanic	2.00	2.00	2.00
Parts Manager	1.00	1.00	1.00
Electronics Technician	0.00	0.00	1.00
Mechanic	14.00	14.00	14.00
Bus Service Technician	2.00	2.00	2.00
Mechanic Helper	2.00	2.00	2.00
Administrative Clerk	1.00	1.00	1.00
Parts Clerk	1.00	1.00	1.00
Service Attendant	5.50	5.50	5.50
Division Totals	<u>29.50</u>	<u>29.50</u>	<u>31.50</u>
Transit Department Totals	<u><u>171.73</u></u>	<u><u>178.41</u></u>	<u><u>183.79</u></u>

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

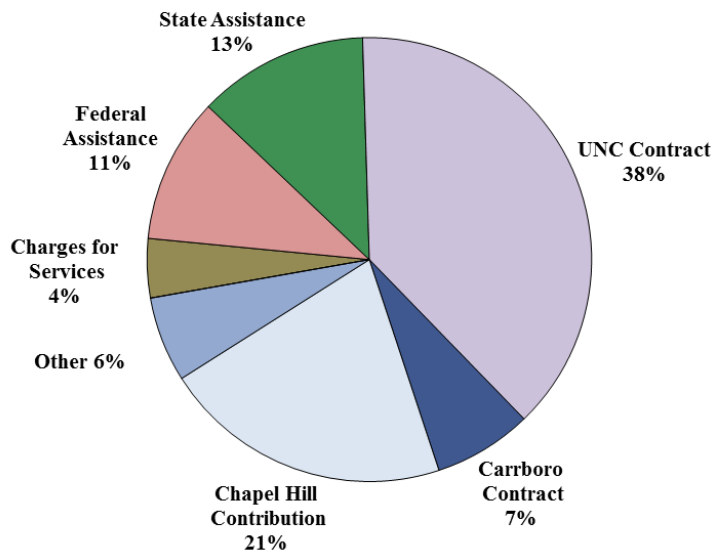
The Town provides public transit services for the Town of Chapel Hill and the neighboring Town of Carrboro and the University of North Carolina. The two towns and the university share annual operating costs of the transit system on a contractual basis. In 2001, the transit system initiated fare free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

The adopted budget for the Transit Fund for fiscal year 2014-15 totals about \$20.51 million, an increase of 3.8% over FY14. 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 2014-15.

Federal Operating Assistance

The Transit system receives an operating assistance allocation each year from the federal government based on a variety of factors and funding formulas. We estimate the continuation of federal funding for operations at \$1.94 million in 2014-15. The adopted budget for FY15 includes no non-recurring federal grants at this time. Additional operating grants will be sought for FY15 as opportunities arise, and will be added to the budget through amendment if awarded.

Transit Revenues



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 FY14 is expected to be \$2.92 million, about \$538,000 more than budgeted, with an adopted FY15 budget amount of \$2.55 million. Although assistance has increased, it is still well below historic levels.

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

University Contract

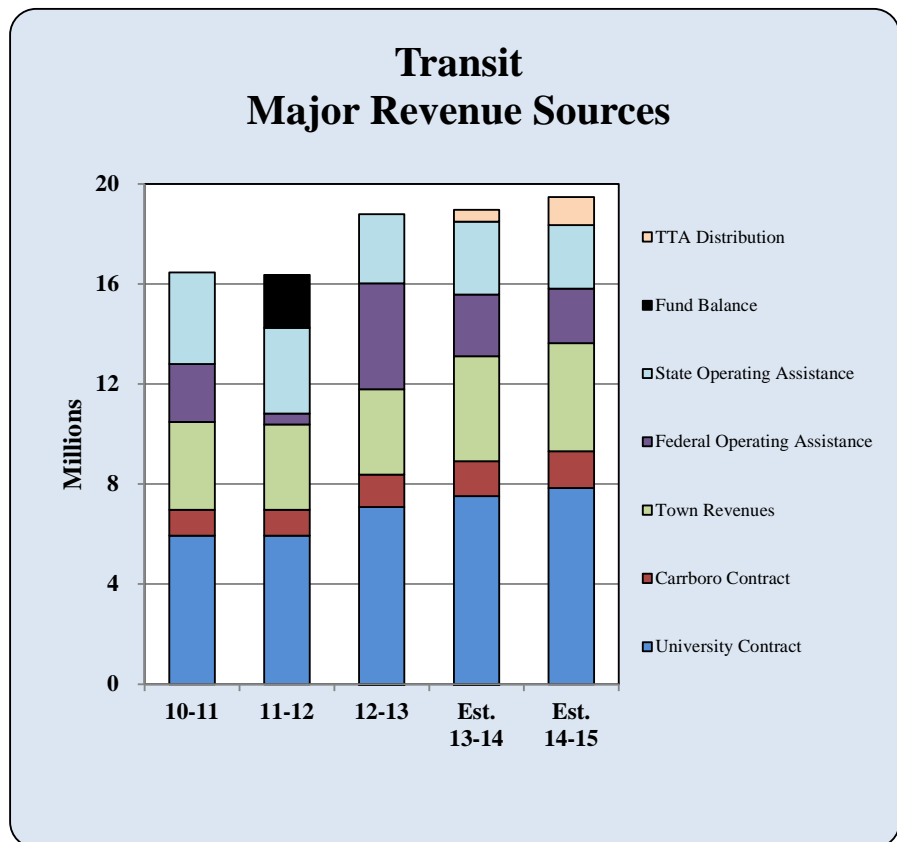
The University of North Carolina contracts with the Town for bus service for routes on and surrounding the campus of the University and UNC Health Care System. The University contract also covers routes determined to serve mainly students and employees of the University. The cost of these services is 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 \$7.06 million in FY13 and \$7.36 million in FY14. UNC's allocation for FY14-15 reflects an increase of about \$400,000 to \$7.77 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 2013-14 was about \$1.4 million and the budget for FY15 reflects an increase of about \$76,000 to \$1.47 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 2014-15 is about \$4.3 million. Also included in Town revenues are interest income and \$425,000 for vehicle license fees.



TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

Park and Ride Fees

The adopted budget for 2014-15 includes fees for use of park and ride lots. The University now charges a fee for the lots they operate, which would result in overflow to our lots if they remained free of charge. The FY15 budget includes fee revenues of \$81,000 and a subsidy estimated at \$75,000 from UNC to pay for use of Town operated lots by UNC permit holders.

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

Fund Balance

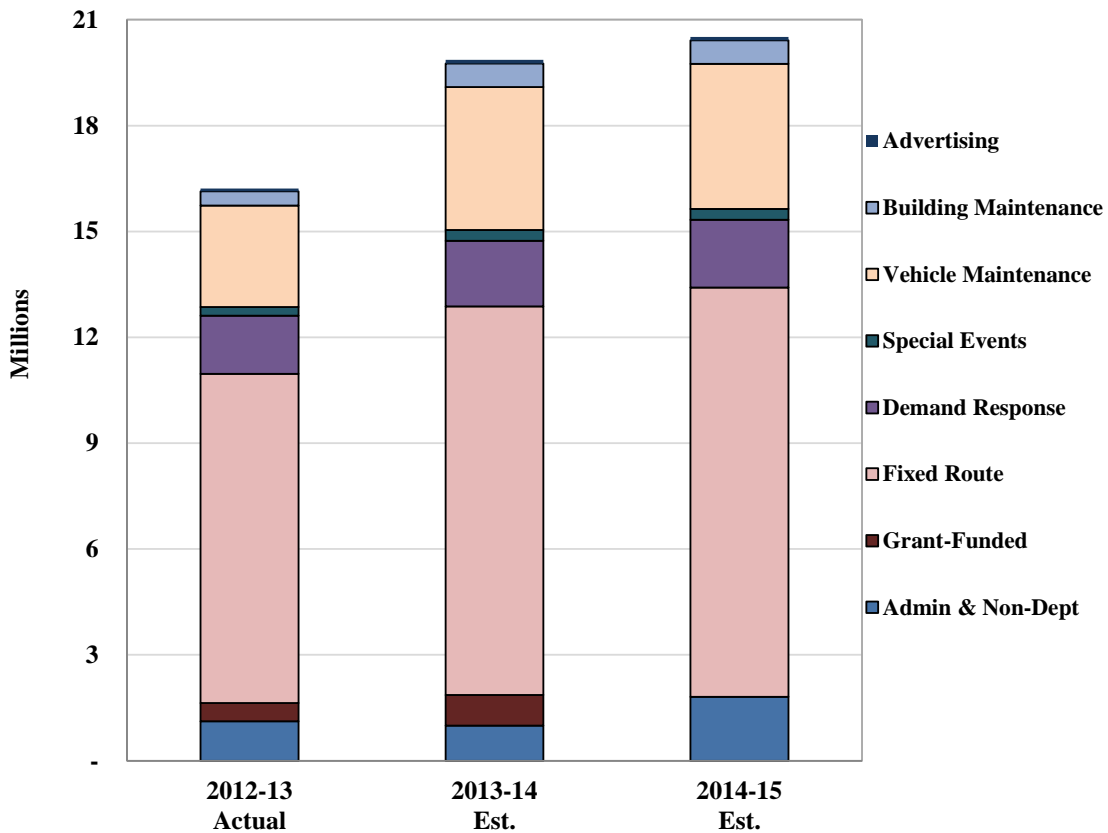
The Transit system expects revenues in excess of expenditures in FY14 of about \$137,215 to be added to the fund balance. No amount of fund balance is used to balance the budget in FY15.

TRANSIT FUND

Major Expenditures - Descriptions and Estimates

The adopted budget for Transit for 2014-15 continues fare free services for fixed routes in the system and totals \$20.51 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.

Transit Expenses



The chart above illustrates the portions of the budget allocated to the major categories of Fixed Route, Demand Response, Vehicle Maintenance, Administration and Building Maintenance. Operational costs total about \$15.73 million and Maintenance costs total about \$4.78 million.

TRANSIT FUND

Major Expenditures - Descriptions and Estimates

Expenditures for FY15 include the full year cost of the FY14 raise, a portion of the FY15 raise, and health insurance cost increases, along with increases in the more volatile areas of fuel, maintenance, and repair. Funding from the Orange County Bus and Rail Investment Plan offsets costs related to increasing service in FY15, which is distributed to cover the costs of personnel, fuel, maintenance, and capital to meet new service demands. The budget also includes \$400,000 for vehicle replacement.

The FY15 adopted budget does not include a transfer to the Capital Reserve Fund for future grant matches.

TRANSIT BUDGET SUMMARY

The adopted budget for the Transit Department continues fare-free service. The budget reflects an increase in State formula funding, but funding is below historic level. Contributions from UNC and Carrboro reflect increases to relieve reliance on fund balance and to bridge the gap from the reduction in State funding. The FY15 budget also includes revenues from TTA from the Orange County sales tax for Transit. Cost increases include a 3% of market rate salary adjustment and an 8.8% rate increase in medical insurance. The budget for FY15 also reflects fees for use of park and ride lots of about \$75,000. Operating costs include \$400,000 for vehicle replacement, but do not reflect any grant-funded expenditures due to the uncertainty of future grant awards. Operations in FY14 are expected to add to fund balance in the amount of \$137,215. The FY15 budget is balanced without the use of fund balance.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Admin & Non-Dept	\$ 1,116,230	\$ 996,561	\$ 1,110,321	\$ 996,849	\$ 1,807,198	81.3%
Grant-Funded	518,491	1,070,500	1,041,474	865,948	-	-100.0%
Advertising	81,279	117,207	117,207	105,049	91,261	N/A
Fixed Route	9,327,837	11,029,432	11,071,315	11,009,401	11,613,961	5.3%
Demand Response	1,648,537	1,861,387	1,988,023	1,865,836	1,912,354	2.7%
Special Events	245,303	305,351	308,801	305,650	312,302	2.3%
Vehicle Maintenance	2,877,705	3,766,187	4,149,444	4,049,571	4,102,377	8.9%
Building Maintenance	401,861	616,279	819,036	661,603	671,360	N/A
Total	\$ 16,217,243	\$ 19,762,904	\$ 20,605,621	\$ 19,859,907	\$ 20,510,813	3.8%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Charges for Services	\$ 912,164	\$ 871,526	\$ 871,526	\$ 884,541	\$ 883,657	1.4%
Federal Assistance	3,918,387	1,900,000	2,038,775	2,038,775	1,944,719	2.4%
Federal Ops Grants	316,174	725,150	505,285	423,306	225,000	-69.0%
State Assistance	2,768,076	2,378,671	2,916,419	2,916,419	2,545,371	7.0%
TTA Fees	-	472,000	472,000	472,000	1,125,000	138.3%
UNC Park & Ride	-	150,000	150,000	150,000	75,000	N/A
UNC Contract	7,084,096	7,364,487	7,364,487	7,364,487	7,765,808	5.4%
Carrboro Contract	1,286,714	1,396,422	1,396,422	1,396,422	1,472,520	5.4%
Advertising Revenue	102,865	250,000	250,000	150,000	150,000	-40.0%
Chapel Hill Revenues	3,411,485	4,167,238	4,167,238	4,201,172	4,323,738	3.8%
Transfer from						
General Fund	-	-	-	-	-	N/A
Transfer from						
Transit Capital Grant	360,000	-	11,568	-	-	N/A
Appropriated Fund						
Balance	(3,942,718)	87,410	461,901	(137,215)	-	-100.0%
Total	\$ 16,217,243	\$ 19,762,904	\$ 20,605,621	\$ 19,859,907	\$ 20,510,813	3.8%

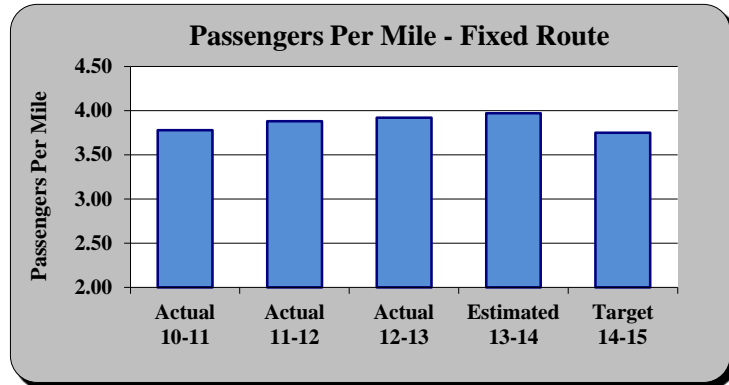
TRANSIT TRENDS

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

GOAL: Increase the efficiency and effectiveness of transit services.

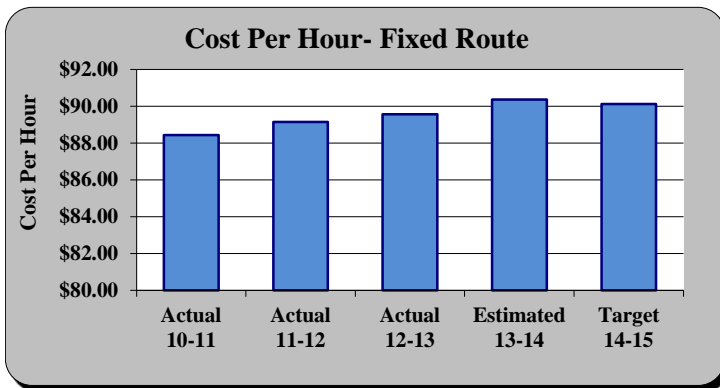
OBJECTIVE: Increase the number of passengers per mile in fixed route transit service.

In fiscal year 2013-14, the number of passengers per mile increased by approximately 1.28% above 2012-13, as the Town continued to provide fare-free service.



GOAL: Increase the efficiency and effectiveness of transit services.

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



In fiscal year 2013-14, the fixed route cost per hour increased about 0.89% over 2012-13 at approximately \$90.12. With the target number of passengers set to increase next year, efforts are focused on controlling the fixed route cost per hour.

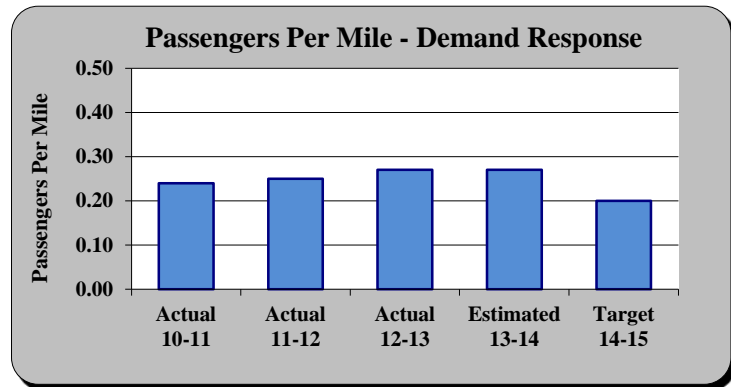
TRANSIT

TRENDS Cont.

GOAL: Increase the efficiency and effectiveness of transit services.

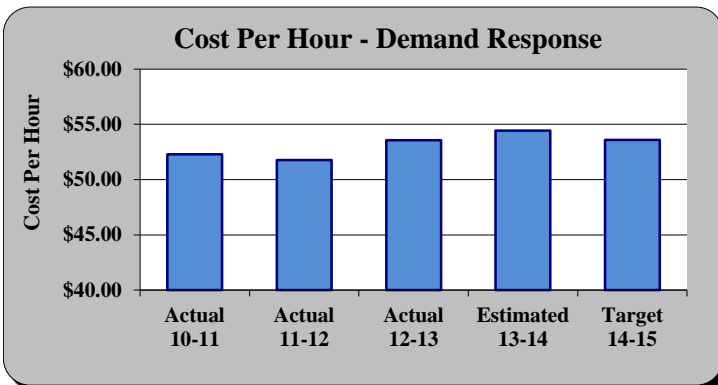
OBJECTIVE: Increase the number of passengers per mile in demand response paratransit service.

In fiscal year 2013-14, the number of passengers per mile remained fairly consistent with 2012-13, as the Town continued to provide fare-free paratransit service.



GOAL: Increase the efficiency and effectiveness of transit services.

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

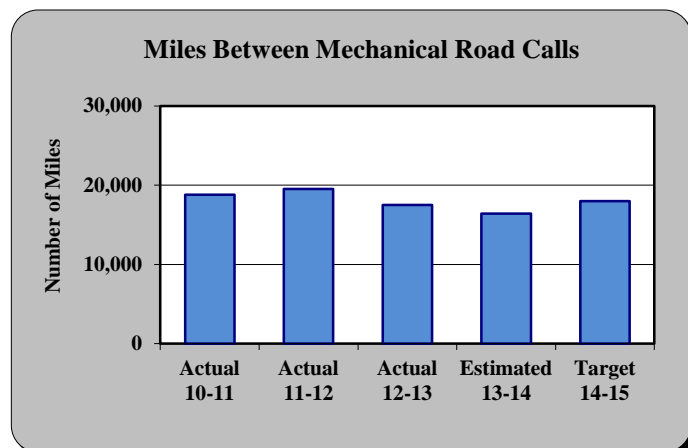


In fiscal year 2013-14, the demand response cost per hour increased about 1.66% from 2012-13, due to reallocation of costs more appropriately captured in the fixed route budget. With anticipated increases in operational costs, the 2014-15 target is to hold increases to 3% or less.

GOAL: Increase the efficiency and effectiveness of transit services.

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

In fiscal year 2013-14, the miles between road calls decreased by about 6.13%, but remained well below the industry standard of 24,000 miles or more. A shorter distance between road calls is a sign of an aging fleet requiring more regular repairs. For 2014-15, the target is to have fewer maintenance calls and an average of 21,000 miles or more between road calls that may interrupt service.



TRANSIT - ADMINISTRATION DIVISION

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

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

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

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

TRANSIT - Administration and Non-Departmental BUDGET SUMMARY

The adopted budget for 2015 includes a 3% of market rate raise for employees effective October 2014, a 7% increase in medical insurance rates, a small increase in retirement costs, and moving positions from other divisions into administration.

The 156.7% increase in operating costs is largely due to \$400,000 budgeted for vehicle financing.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 866,611	\$ 711,420	\$ 757,775	\$ 706,564	\$ 1,083,691	52.3%
Operating Costs	248,440	281,902	349,307	287,046	723,507	156.7%
Transfer to Grant Match	1,179	3,239	3,239	3,239	-	-100.0%
Total	\$ 1,116,230	\$ 996,561	\$ 1,110,321	\$ 996,849	\$ 1,807,198	81.3%

TRANSIT - Grants
BUDGET SUMMARY

At the time of budget adoption, there were no planned grants for the Transit Fund for FY15.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 153,956	\$ 50,000	\$ 121,696	\$ 43,247	\$ -	-100.0%
Operating Costs	364,535	1,020,500	776,210	690,701	-	-100.0%
Capital Outlay	-	-	143,568	132,000	-	N/A
Total	\$ 518,491	\$ 1,070,500	\$ 1,041,474	\$ 865,948	\$ -	-100.0%

TRANSIT - Advertising ***BUDGET SUMMARY***

The Transit Advertising Program was adopted in FY12. The reduction in the adopted budget for personnel in FY15 reflects a change in the pay structure for the division eliminating commissions based on sales. Operating reductions are mainly attributed to decreased need for contracted and professional services.

Revenues are projected at \$150,000 in FY14 and budgeted at \$150,000 for FY15.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 65,775	\$ 92,278	\$ 92,278	\$ 87,297	\$ 74,927	-18.8%
Operating Costs	15,504	24,929	24,929	17,752	16,334	-34.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 81,279	\$ 117,207	\$ 117,207	\$ 105,049	\$ 91,261	-22.1%

TRANSIT- OPERATIONS DIVISION

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

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

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

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

**TRANSIT - Fixed Route
BUDGET SUMMARY**

The adopted budget for 2014-15 reflects a 3% of market rate pay adjustment effective October 2014, medical insurance rate increase of 7%, and a small increase in the required contribution to the retirement system.

Operating costs remain stable in most areas for FY15. Increases include Diesel Fuel (\$24,000), land improvements (\$8,000), and funding for the long-term strategic and financial sustainability study (\$225,000). These are somewhat offset by reduced expenses for Tires (\$50,000).

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 6,468,284	\$ 7,427,904	\$ 7,483,305	\$ 7,353,533	\$ 7,771,786	4.6%
Operating Costs	2,859,553	3,601,528	3,580,010	3,647,868	3,834,175	6.5%
Capital Outlay	-	-	8,000	8,000	8,000	N/A
Total	\$ 9,327,837	\$ 11,029,432	\$ 11,071,315	\$ 11,009,401	\$ 11,613,961	5.3%

TRANSIT - Demand Response

BUDGET SUMMARY

The adopted budget for Demand Response in FY15 increased by 2.7%, with small increases in both personnel and operating costs. The adopted budget for 2014-15 reflects a 3% of market rate pay adjustment effective October 2014, medical insurance rate increase of 7% and a small increase in the required contribution to the retirement system. The 2.2% increase in operating costs reflects an increase in gasoline costs along with a number of minor decreases in other items.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,186,605	\$ 1,282,260	\$ 1,372,010	\$ 1,279,743	\$ 1,320,282	3.0%
Operating Costs	461,932	579,127	616,013	586,093	592,072	2.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,648,537	\$ 1,861,387	\$ 1,988,023	\$ 1,865,836	\$ 1,912,354	2.7%

TRANSIT - Tarheel Express / Special Events

BUDGET SUMMARY

The adopted budget for Tarheel Express & Special Events in FY15 reflects minimal increase in operating costs. The adopted budget for 2014-15 reflects a 3% of market rate pay adjustment effective October 2014, medical insurance rate increase of 7% and a small increase in the required contribution to the retirement system.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 191,199	\$ 223,525	\$ 221,075	\$ 221,095	\$ 229,991	2.9%
Operating Costs	54,104	81,826	87,726	84,555	82,311	0.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 245,303	\$ 305,351	\$ 308,801	\$ 305,650	\$ 312,302	2.3%

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 10.2% increase in personnel costs are due to the addition of an Electronics Technician, a 3% of market rate pay adjustment effective October 2014, 7% increase in medical insurance rates and a small increase in the retirement rate. The 7.5% increase in operating costs is mostly due to increases in software licenses & services, small equipment, and charges by the general fund.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,592,743	\$ 1,935,495	\$ 1,887,465	\$ 1,927,277	\$ 2,133,669	10.2%
Operating Costs	1,284,962	1,830,692	2,261,979	2,122,294	1,968,708	7.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,877,705	\$ 3,766,187	\$ 4,149,444	\$ 4,049,571	\$ 4,102,377	8.9%

TRANSIT - Building Maintenance

BUDGET SUMMARY

The adopted budget for Transit's Building Maintenance division reflects a 8.9% increase overall. Personnel costs are limited to retiree health care for a prior employee. The operating budget is increased by 8.8% due to increases in Transit Enhancements, grounds maintenance, and miscellaneous contracted services.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 6,940	\$ 6,039	\$ 8,639	\$ 9,230	\$ 7,620	26.2%
Operating Costs	394,921	610,240	803,947	645,975	663,740	8.8%
Capital Outlay	-	-	6,450	6,398	-	N/A
Total	\$ 401,861	\$ 616,279	\$ 819,036	\$ 661,603	\$ 671,360	8.9%

TRANSIT CAPITAL RESERVE FUND

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

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



TRANSIT CAPITAL RESERVE BUDGET SUMMARY

The Transit Capital Reserve Fund is intended to accumulate funding to make capital purchases and to meet matching requirements for capital grants for replacement buses and other equipment. Matching funds for FY15 are estimates for grants historically received each year, but not yet awarded.

There is no contribution to the fund budgeted for FY15.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Contribution to Capital Grant	\$ 446,944	\$ 286,761	\$ 286,761	\$ 121,865	\$ 218,000	-24.0%
Transfer to Transit Reserve	-	-	11,568	-	-	N/A
	-	-	-	-	-	N/A
Total	\$ 446,944	\$ 286,761	\$ 298,329	\$ 121,865	\$ 218,000	-24.0%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Interest Income	\$ 1,462	\$ -	\$ -	\$ 727	\$ -	N/A
Transfer from Transit Grant	360,000	-	-	-	-	N/A
Appropriated Fund Balance	85,482	286,761	298,329	121,138	218,000	-24.0%
Total	\$ 446,944	\$ 286,761	\$ 298,329	\$ 121,865	\$ 218,000	-24.0%

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. Nine current project ordinances in the Transit Department are shown below:

2006-07 Capital Grant

The project ordinance for the fiscal year 2006-07 Section 5307 capital grant was adopted on September 10, 2007. Funds were being used to conduct a feasibility study for the existing Eubanks Road Park and Ride lot. The study determined that the cost to expand the lot exceeded the awarded amount and in January 2014 \$644,126 was returned to the Federal Transit Administration. The remaining amount will be used to supplement the purchase of one replacement bus.

	Project Budget	Estimated Expenditures Through June 30, 2014
2006-07 Transit Capital Grant	\$356,920	\$275,391

2007-08 Transit Capital and Planning Grant

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

	Project Budget	Estimated Expenditures Through June 30, 2014
2007-08 Transit Capital and Planning Grant	\$633,143	\$427,647

2008-09 Capital Grant

The project ordinance for the fiscal year 2008-09 Section 5307 capital grant was adopted on February 13, 2012. The project award was initially was intended to conduct an environmental assessment, preliminary engineering and construction for the expansion of the existing Eubanks Road Park and Ride lot. However, a feasibility study determined that the cost to expand the lot exceeded the award. The remaining amount will be used to supplement the purchase of one replacement bus.

	Project Budget	Estimated Expenditures Through June 30, 2014
2008-09 Transit Capital Grant	\$423,225	\$-0-

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2010-11 Capital Grant

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

	Project Budget	Estimated Expenditures Through June 30, 2014
2010-11 Transit Capital Grant	\$82,243	\$11,932

2010-11 Capital Grant

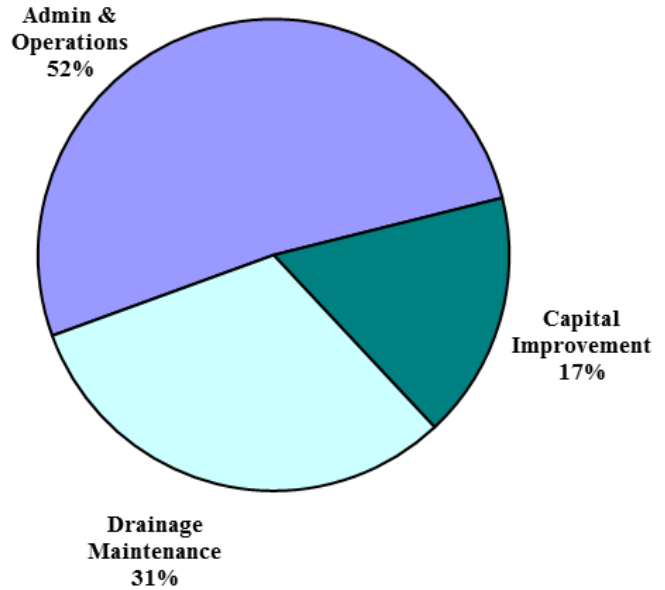
The project ordinance for the fiscal year 2010-11 Section 5307 capital grant was adopted on February 28, 2011. Funds were used to upgrade the Transit Department's radio system. The financial sustainability study was awarded to Nelson/Nygaard and the balance of funds will be used to offset transit salaries.

	Project Budget	Estimated Expenditures Through June 30, 2014
2010-11 Transit Capital Grant	\$1,505,000	\$851,513

STORMWATER MANAGEMENT FUND

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

Stormwater Expenses



Total \$2,540,516

PUBLIC WORKS-STORMWATER MANAGEMENT

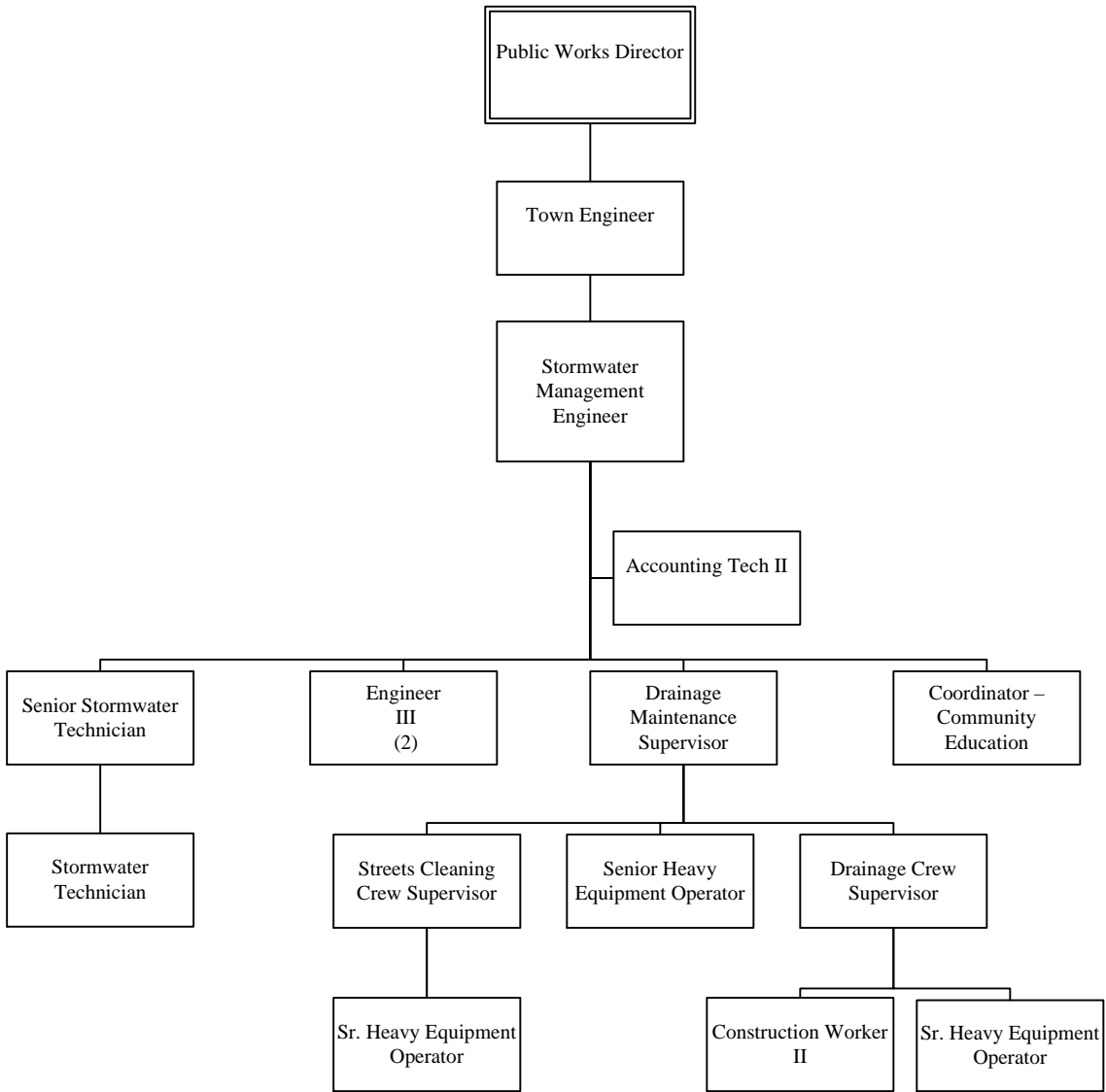
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Public Works-Stormwater Management Department identified the following primary programs that are included in the adopted budget for FY15.

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

STORMWATER MANAGEMENT FUND



STORMWATER MANAGEMENT FUND
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Stormwater			
Engineer (Stormwater)	3.00	3.00	3.00
Stormwater Specialist	1.00	1.00	1.00
Senior Stormwater Technician	1.00	1.00	1.00
Coordinator - Community Education	1.00	1.00	1.00
Accounting Tech II	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
Drainage			
Supervisor-Drainage Maintenance	1.00	1.00	1.00
Supervisor-Drainage Crew	1.00	1.00	1.00
Supervisor-Streets Cleaning Crew	1.00	1.00	1.00
Senior Heavy Equipment Operator	3.00	3.00	3.00
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>14.00</u>	 <u>14.00</u>	 <u>14.00</u>

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

STORMWATER MANAGEMENT FUND

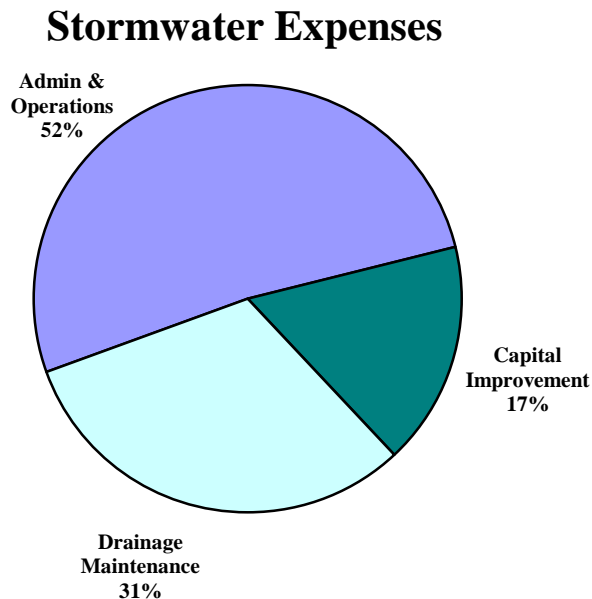
Major Revenue Sources – Descriptions and Estimates

In order to continue to enhance stormwater management services currently provided by the Town, and to implement stormwater management activities necessary to comply with State and federal regulations, the Town established a Stormwater Management Fund in 2004-05. Stormwater management activities are funded by a fee charged to property owners based on the amount of impervious surface area on a property. The adopted budget includes a fee increase of \$0.75, from \$24 to \$24.75 for each 1,000 square feet of impervious surface. At this new rate, fees are estimated at about \$2.14 million in 2014-15, an increase of about \$66,000 over the FY14 estimate. The budget is balanced with the use of fund balance, \$557,815 in FY14 and \$396,441 in FY15.

Major Expenditures and Estimates

The budget for 2014-15 totals \$2,540,516. This budget level maintains current levels of service and includes operating and maintenance costs of the vacuum truck and operator for storm drain cleaning and repair. The budget includes funding for the large capital project of the Booker Creek Road culvert replacement (\$300,000), funding for modeling for two subwatersheds (\$300,000) and \$75,000 for smaller drainage projects.

As indicated in the chart below, 31% of the 2014-15 budget provides for the Drainage division to conduct stormwater-related drainage and maintenance projects.



STORMWATER MANAGEMENT FUND BUDGET SUMMARY

The adopted budget for 2014-15 includes the continuation of existing services with the addition of a large capital project. The increase in personnel expenditures includes a 3% of market rate salary adjustment and an 8.8% rate increase in medical insurance. The increase in operating expenditures reflects costs of consulting services for subwatershed modeling. The budget includes planned capital drainage projects totaling \$75,000 as well as the Booker Creek Rd culvert replacement totaling \$300,000.

The FY15 adopted budget includes a stormwater fee increase of \$0.75 per Equivalent Rate Unit (ERU), bringing the fee to \$24.75. This fee increase will yield about \$66,075 in revenue for the Stormwater Fund. The budget is balanced with the use of about \$399,000 in fund balance.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 1,093,750	\$ 1,132,189	\$ 1,132,189	\$ 1,042,080	\$ 1,172,188	3.5%
Operating Costs	613,399	745,328	839,972	781,738	938,328	25.9%
Capital Outlay	-	825,000	823,000	805,000	430,000	-47.9%
Total	\$ 1,707,149	\$ 2,702,517	\$ 2,795,161	\$ 2,628,818	\$ 2,540,516	-6.0%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Stormwater Fees	\$ 1,938,222	\$ 2,115,216	\$ 2,115,216	\$ 2,070,000	\$ 2,136,075	1.0%
Fee Exemption	(5,231)	(5,800)	(5,800)	(6,400)	(6,500)	N/A
Transfer from General Fund	5,231	5,800	5,800	6,400	6,500	12.1%
Interest Income	1,340	900	900	800	800	-11.1%
Other Income	-	-	7,200	203	7,200	N/A
Appropriated Fund Balance	(232,413)	586,401	671,845	557,815	396,441	-32.4%
Total	\$ 1,707,149	\$ 2,702,517	\$ 2,795,161	\$ 2,628,818	\$ 2,540,516	-6.0%

STORMWATER MANAGEMENT TRENDS

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

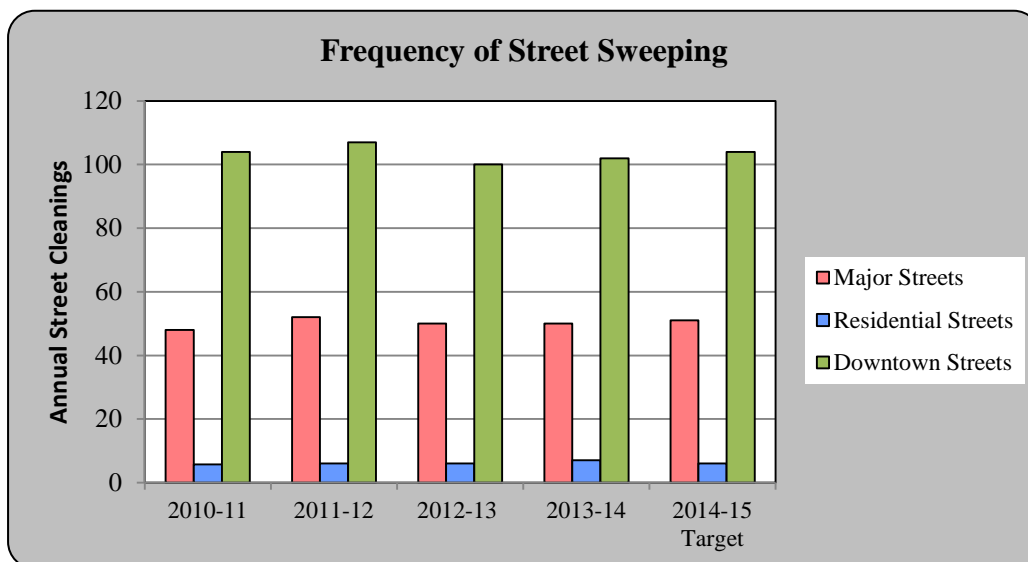
GOAL: To sweep streets downtown twice weekly, major streets weekly, and check and clean residential streets as needed once every six to eight weeks.

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

On a weekly basis, we met or exceeded our target for downtown streets 50 of the 52 weeks or 96% of the time and major streets 50 of 52 weeks or 96% of the time. Residential streets were swept on a 9-week cycle during the fall and winter months (3 months) and the remaining 9 months were swept on a 8-week average cycle. This was due in part to having only one sweeper running for 3 months. (maintenance issues)

In total, downtown streets were swept 102 times for an average of 2 times per week, major streets were swept 50 times for an average of approximately once per week, and residential streets were swept on an average of once every 7 weeks.

Overall the service level is relatively consistent with recent history.



PARKING SERVICES

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

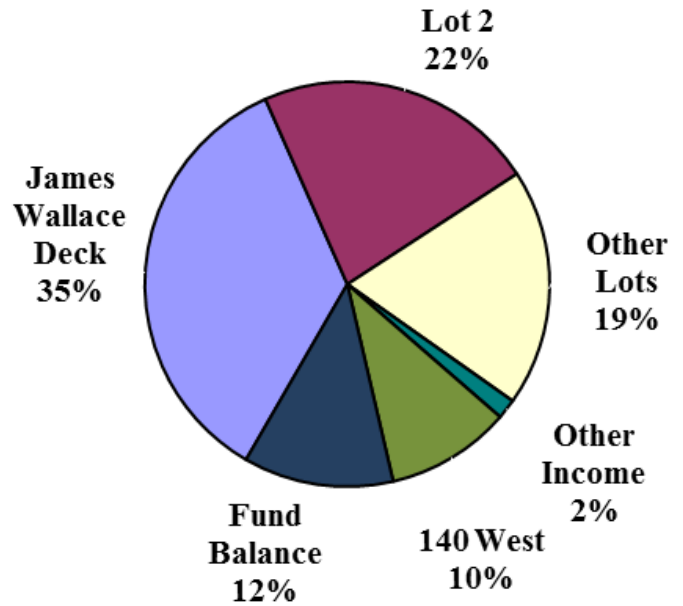
Off-Street Parking

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

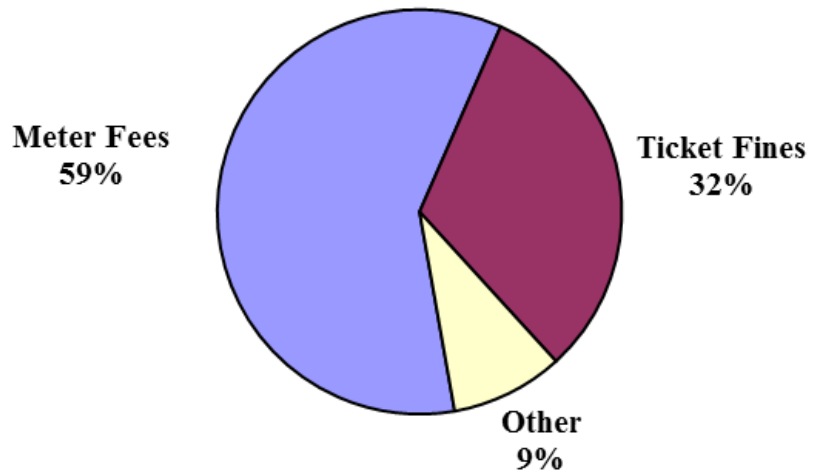
On-Street Parking

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

Off-Street Parking Revenues



On-Street Parking Revenues



PARKING SERVICES

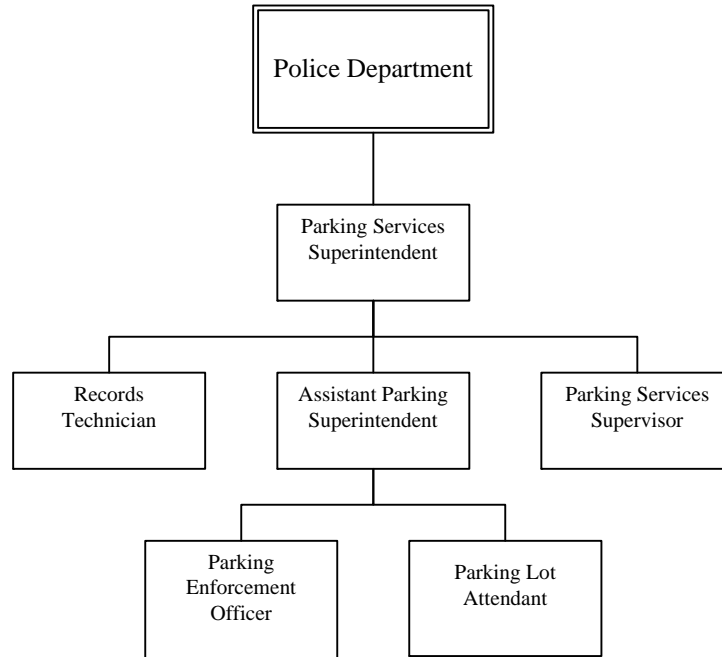
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Parking Services Department identified the following primary programs that are included in the adopted budget for FY15.

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

PARKING SERVICES



Note: Parking Services is supervised by the Police Department.

PARKING SERVICES
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Superintendent-Parking Services	1.00	1.00	1.00
Assistant Superintendent-Parking Services	1.00	1.00	1.00
Supervisor-Parking Services	1.00	1.00	1.00
Parking Enforcement Officer	3.00	3.00	3.00
Records Technician	1.80	1.80	1.80
Parking Lot Attendant I	3.00	3.00	3.00
Parking Lot Attendant II	1.00	1.00	1.00
Parking Fund Totals	<u>11.80</u>	<u>11.80</u>	<u>11.80</u>

Note: Parking Services is supervised by Police

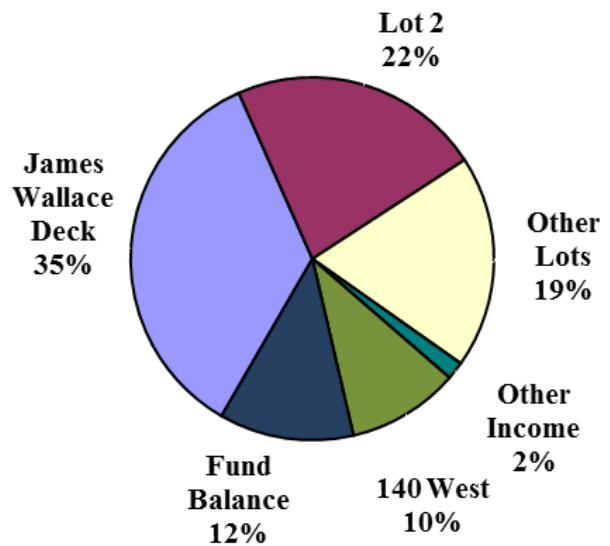
PARKING FUNDS

Major Revenue Sources – Descriptions and Estimates

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

The Off-Street Parking Fund, with an adopted budget of \$1,914,696 for 2014-15, 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 \$672,000, or 35% of total off-street parking revenues, is budgeted from the James Wallace Deck and about \$432,000, or 22%, is budgeted from Lot 2 at the corner of Rosemary and Columbia Streets. Lot 5, which generated about \$285,000 in parking fees in FY10, closed in January 2011. Construction of a mixed use development (140 West) on the Lot 5 site was completed in FY13 and is expected to generate about \$151,000 in revenues for FY14 and about \$191,000 in FY15.

Off-Street Parking Revenues



The FY15 Adopted Budget includes a fee increase of \$20 for monthly parking at the Wallace Deck and 140 West bringing the new fee to \$115. The purpose of this fee increase is to help offset the rising operating costs and maintenance on parking facilities.

The On-Street Parking Fund, with an adopted budget for 2014-15 of \$707,750, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$420,000 and parking ticket fines about \$224,000 in 2014-15.

PARKING FUNDS

Major Expenditures and Estimates

The primary expenditure of the Off-Street Parking Fund is the cost of personnel to manage the lots (approximately \$422,000). The budget for FY15 will require a use of fund balance of \$224,991 to maintain current service levels as well as the \$909,081 annual transfer to the Debt Fund to pay for debt service on the refunded Wallace Deck and new underground parking at 140 West.

The On-Street Parking Fund includes expenditures primarily for the personnel (about \$410,000) to administer and collect meter revenues and parking tickets. The budget of \$707,750 includes a 3% market rate salary adjustment and a 7% medical insurance rate increase.

The FY15 Adopted Budget also includes \$74,910 to be transferred to the General Fund.

PARKING SERVICES BUDGET SUMMARY

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

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
On-Street Parking	\$ 698,181	\$ 721,000	\$ 733,896	\$ 700,850	\$ 707,750	-1.8%
Off-Street Parking	2,190,639	1,979,285	2,180,169	2,100,820	1,914,696	-3.3%
Total	\$ 2,888,820	\$ 2,700,285	\$ 2,914,065	\$ 2,801,670	\$ 2,622,446	-2.9%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
On-Street Parking	\$ 698,181	\$ 721,000	\$ 733,896	\$ 700,850	\$ 707,750	-1.8%
Off-Street Parking	2,190,639	1,979,285	2,180,169	2,100,820	1,914,696	-3.3%
Total	\$ 2,888,820	\$ 2,700,285	\$ 2,914,065	\$ 2,801,670	\$ 2,622,446	-2.9%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking reflects a slight decrease in revenues. This is due to lower expected ticket fines and late fees, but is partly offset by an increase in meter fee revenues.

The budget also includes a 3% of market rate salary adjustment effective October 2014 and a 7% rate increase in medical insurance, though these costs are offset by attrition. The budget includes \$74,910 to be transferred to the General Fund.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Enforcement:						
Personnel	\$ 326,319	\$ 368,977	\$ 359,355	\$ 340,319	\$ 354,425	-3.9%
Operations	121,999	155,971	170,254	147,468	151,887	-2.6%
Capital	-	-	-	-	-	N/A
Meters:						
Personnel	49,096	50,906	54,440	49,814	54,858	7.8%
Operations	70,631	67,921	72,622	69,090	71,670	5.5%
Transfer to General Fund	130,136	77,225	77,225	94,159	74,910	-3.0%
Total	\$ 698,181	\$ 721,000	\$ 733,896	\$ 700,850	\$ 707,750	-1.8%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Parking Meter Fees	\$ 406,155	\$ 415,500	\$ 415,500	\$ 421,100	\$ 420,000	1.1%
Parking Ticket Fines/Fees	238,349	239,250	239,250	220,000	224,000	-6.4%
Interest Income	5,500	6,250	6,250	3,750	4,250	-32.0%
Other Income	51,600	60,000	60,000	56,000	59,500	-0.8%
Appropriated Fund Balance	(3,423)	-	12,896	-	-	N/A
Total	\$ 698,181	\$ 721,000	\$ 733,896	\$ 700,850	\$ 707,750	-1.8%

OFF-STREET PARKING BUDGET SUMMARY

Off-Street Parking revenues for the adopted 2014-15 budget reflect a decrease of about \$185,000. This is due to a better understanding of how prior year fee increases have affected revenues and lower than expected revenues at 140 West. The budget is balanced with a fund balance appropriation of \$224,991.

The overall decrease in expenditures for FY15 is the net effect of the 3% of market rate salary adjustment and an 7% rate increase in medical insurance, offset by the reduction of one-time capital expenses from FY14. Administrative expenses include the \$909,081 annual transfer to the Debt Fund to pay for debt service on the refunded Wallace Deck and the new underground parking at 140 West.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
James Wallace Deck	\$ 336,539	\$ 508,755	\$ 616,690	\$ 530,330	\$ 405,546	-20.3%
Parking Lots	437,858	481,773	527,353	551,140	477,455	-0.9%
140 West	11,428	27,500	61,139	52,915	69,768	153.7%
Administration	1,404,814	961,257	974,987	966,435	961,927	0.1%
Total	\$ 2,190,639	\$ 1,979,285	\$ 2,180,169	\$ 2,100,820	\$ 1,914,696	-3.3%

REVENUES

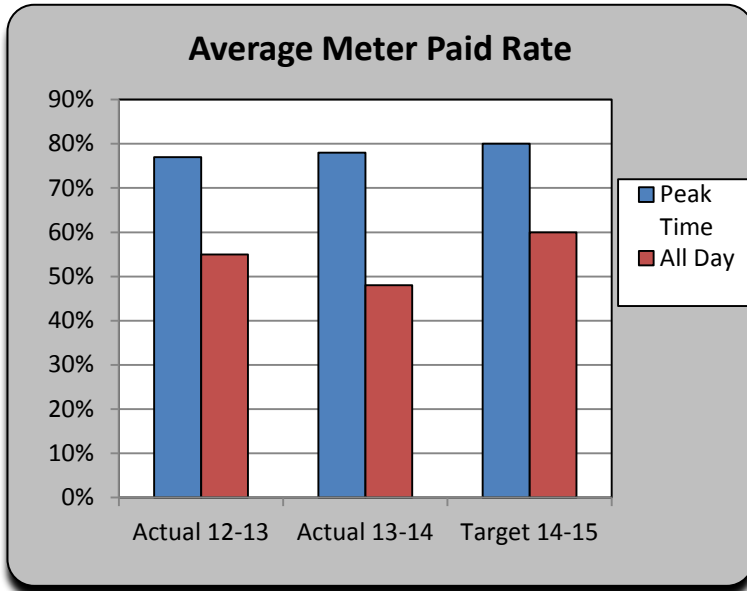
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
James Wallace Deck	\$ 645,604	\$ 746,600	\$ 746,600	\$ 616,500	\$ 672,100	-10.0%
Lot 2	399,955	500,750	500,750	431,208	431,500	-13.8%
Lot 3	108,819	136,480	136,480	107,500	111,000	-18.7%
Lot 4	22,231	31,870	31,870	15,500	16,500	-48.2%
Lot 5	90	-	-	-	-	N/A
Lot 6	11,850	13,680	13,680	13,680	13,680	0.0%
Graham Street	765	1,000	1,000	1,400	1,500	50.0%
Craig Lots	117,043	100,000	100,000	124,164	113,600	13.6%
Riddle Lot Revenues	39,013	2,340	2,340	45,700	45,700	1853.0%
Jones Park	-	-	-	600	1,500	N/A
Mallette Street	57,866	13,800	13,800	58,900	59,925	334.2%
Courtyard	-	-	-	8,000	15,000	N/A
140 West	11,803	283,800	283,800	151,150	191,200	-32.6%
Interest Income	2,184	7,000	7,000	1,000	1,000	-85.7%
Miscellaneous Income	15,487	37,500	37,500	11,760	15,500	-58.7%
Appropriated Fund Balance	757,929	104,465	305,349	513,758	224,991	115.4%
Total	\$ 2,190,639	\$ 1,979,285	\$ 2,180,169	\$ 2,100,820	\$ 1,914,696	-3.3%

PARKING TRENDS

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

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

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

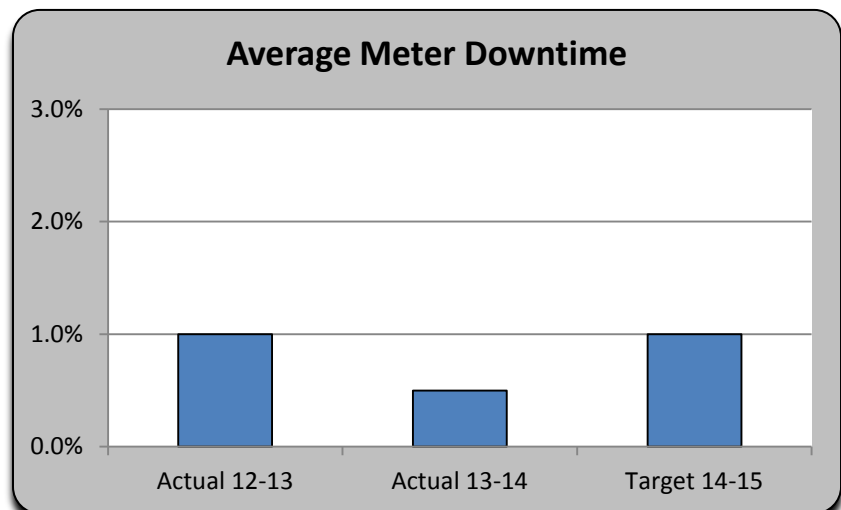


In FY13-14, during the peak hours of 11:00am to 4:00pm, the average meter paid rate increased slightly to 78%. We anticipate a continued increase for FY14-15 as patrons become familiar with our of pay-by-phone technology which offers patrons an additional payment means with even greater ease and convenience.

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

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

In FY 13-14, we managed to meet our goal of a 1% or less meter down time rate consistently. Our goal for FY14-15 is to continue to maintain this standard, through utilization of the enhanced features available within our new meter system.

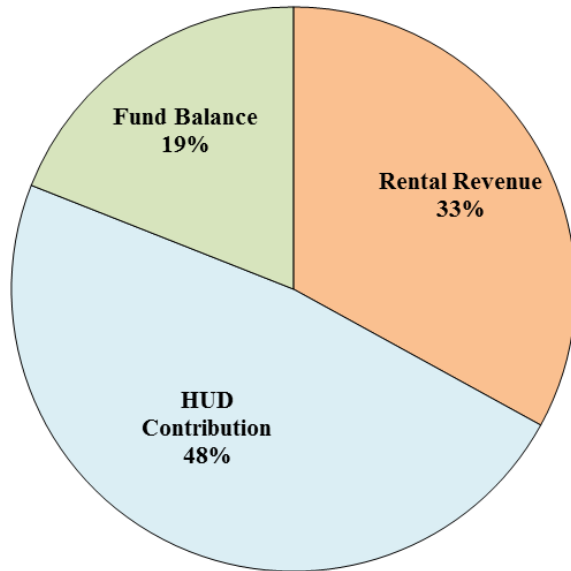


PUBLIC HOUSING FUND

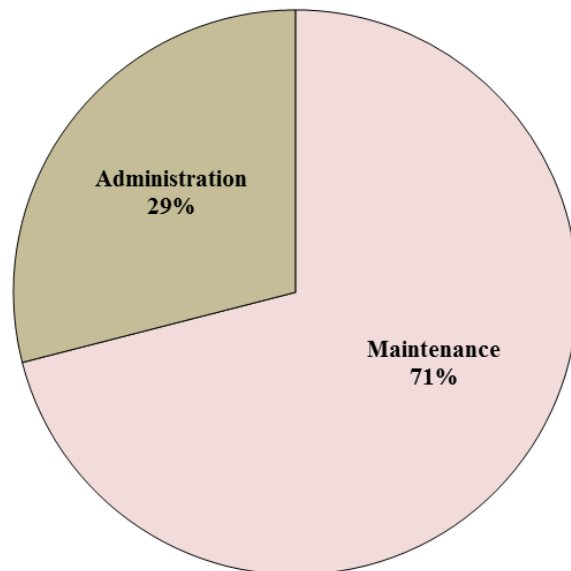
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

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

Housing Revenues



Housing Expenses



HOUSING DEPARTMENT

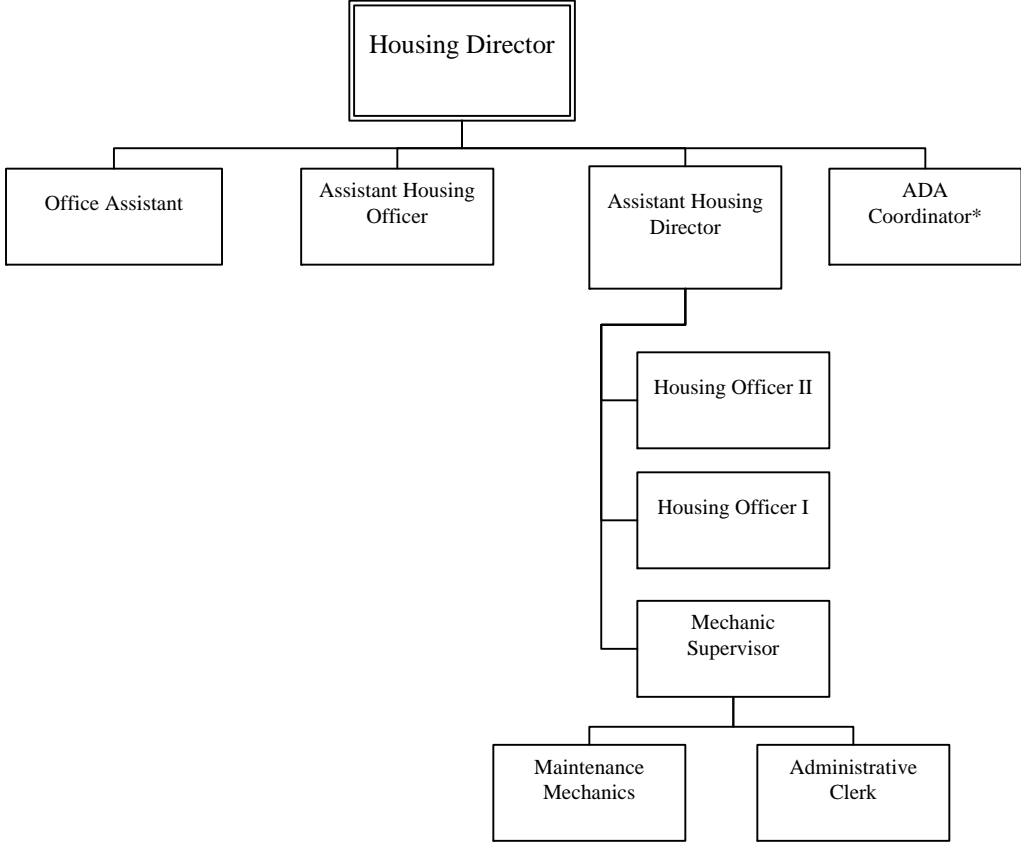
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Housing Department identified the following primary programs that are included in the adopted budget for FY15.

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

HOUSING



*ADA Coordinator position is grant-funded.

PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Operations and Special Projects Coordinator	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00
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	1.00
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 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.

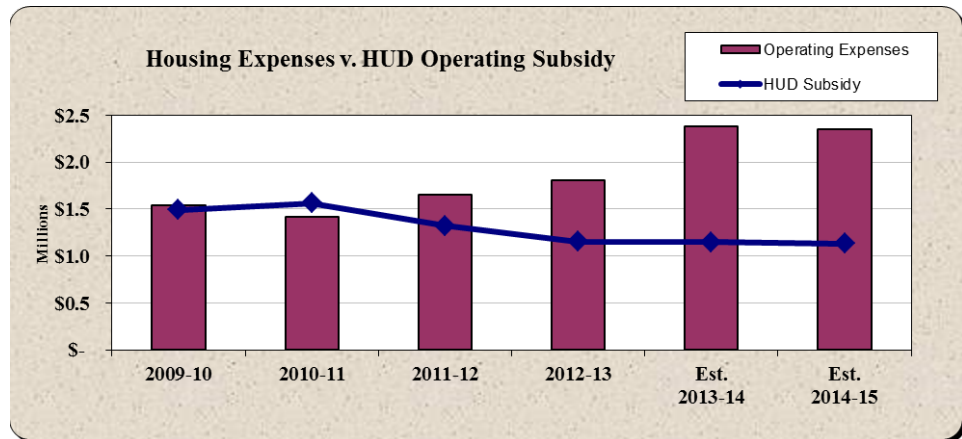
In 1987, the Chapel Hill Public Housing Authority was abolished by the Chapel Hill Town Council. Since then, the Town's public housing program has been operated as a Town Department administered by Town staff and a Public Housing Director.

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 FY15 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 2014 but we have no information about calendar 2015. Based on interim allocations, our estimate of HUD's subsidy

for 2013-14 is \$1,145,927, less than a 1% decrease from the FY13 subsidy of \$1,150,068. Due to this slight decrease, we are estimating a \$1,132,420 in subsidy for FY15.



The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$780,000, an increase over current year estimates with the completion of renovation projects.

Major Expenditures and Estimates

Major expenditure categories include about \$1,102,000 for salaries and benefits, \$168,200 for utilities, \$76,500 for liability and flood insurance and about \$792,000 for maintenance of the units.

The personnel costs include a 3% of market rate increase in employee pay effective October 2014, 7% increase in medical insurance costs, and increased overtime expense.

There are significant increases in Capital and Maintenance costs for FY15. This is due to the replacement of two maintenance vehicles (\$61,500) and roof replacements on housing units (about \$303,000).

	2013-14 Original Budget	2014-15 Adopted Budget	% Change from 2013-14
Salary and Benefits - Administration	\$ 419,418	\$ 446,149	6.37%
Salary and Benefits - Maintenance	642,426	655,764	2.08%
Maintenance Costs	493,382	792,235	60.57%
Utilities	163,900	168,200	2.62%
Liability and Flood Insurance	76,500	76,500	0.00%
Capital Expense	-	61,500	N/A
Other Expenses	113,963	147,072	29.05%
Total Budget	\$ 1,909,589	\$ 2,347,420	22.93%

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 2014-15 retains a simpler model that includes an Administrative Division and a Maintenance Division.

The budget for FY15 reflects an estimate of the HUD subsidy anticipated for calendar year 2014. As yet, there has been no indication of HUD's funding for calendar year 2015. Rental revenue reflects an increase with the reopening of apartments that were closed for renovation and an increase in the flat rent schedule.

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Revenue Summary						
HUD Contributions	\$ 1,150,068	\$ 1,110,290	\$ 1,110,290	\$ 1,145,927	\$ 1,132,420	2.0%
Rental Revenue	790,422	709,706	709,706	806,073	780,444	10.0%
Other Revenues	9,743	200	200	5,989	225	12.5%
Interest Income	2,038	2,100	2,100	1,939	1,950	-7.1%
Insurance Claims	-	-	208,967	208,967	-	N/A
Appropriated Fund Balance	-	87,293	858,959	215,155	432,381	395.3%
Total Revenues	\$ 1,952,271	\$ 1,909,589	\$ 2,890,222	\$ 2,384,050	\$ 2,347,420	22.9%

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 996,956	\$ 1,061,844	\$ 1,058,770	\$ 993,742	\$ 1,101,913	3.8%
Operating	806,647	847,745	1,264,216	1,155,768	1,184,007	39.7%
Capital	-	-	567,236	234,540	61,500	N/A
Contribution to Reserve	148,668	-	-	-	-	N/A
Total	\$ 1,952,271	\$ 1,909,589	\$ 2,890,222	\$ 2,384,050	\$ 2,347,420	22.9%

PUBLIC HOUSING DIVISION BUDGETS

The Town's 336 public housing units are funded primarily through federal grants from the U.S. Department of Housing and Urban Development and rents paid by residents. HUD's funding formula changed to implement Asset Based Budgeting in 2007-08, but each year, HUD has waived many Asset-based requirements for housing authorities of our size. It appears likely the waiver will be made permanent, so the budget presentation for 2014-15 remains with the simpler model of an Administrative Division and a Maintenance Division.

Revenues anticipated for the 2014-15 fiscal year reflect a slight increase of HUD's calendar year 2014 grants to agencies. Rental revenues are up significantly (10% total, or about \$70,000). The Adopted Budget for FY15 requires the use of about \$432,000 in fund balance.

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
AMP 1						
HUD Contributions	\$ 562,365	\$ 540,614	\$ 540,614	\$ 556,540	\$ 554,337	2.5%
Rental Revenue	411,963	364,561	364,561	381,218	377,724	3.6%
Other Revenues	6,795	125	125	125	125	0.0%
Total AMP 1	\$ 981,123	\$ 905,300	\$ 905,300	\$ 937,883	\$ 932,186	3.0%
AMP 2						
HUD Contributions	\$ 587,703	\$ 569,676	\$ 569,676	\$ 589,387	\$ 578,083	1.5%
Rental Revenue	378,459	345,145	345,145	424,855	402,720	16.7%
Other Revenues	100	75	75	100	100	33.3%
Total AMP 2	\$ 966,262	\$ 914,896	\$ 914,896	\$ 1,014,342	\$ 980,903	7.2%
Central Office Cost Center						
Interest Income	\$ 2,038	\$ 2,100	\$ 2,100	\$ 1,939	\$ 1,950	-7.1%
Other Revenues	2,848	-	-	5,764	-	N/A
Approp. Fund Balance	-	87,293	858,959	215,155	432,381	395.3%
Total Central Office	\$ 4,886	\$ 89,393	\$ 861,059	\$ 222,858	\$ 434,331	385.9%
2013 Flood Recovery						
Insurance Claims	\$ -	\$ -	\$ 208,967	\$ 208,967	\$ -	N/A
Total Revenues	\$ 1,952,271	\$ 1,909,589	\$ 2,890,222	\$ 2,384,050	\$ 2,347,420	22.9%

PUBLIC HOUSING DIVISION BUDGETS

The budget for FY15 includes a 3% of market rate employee pay allowance effective in October 2014, an increase of 7% in medical insurance costs, and a slight increase in the state retirement contribution. Additional maintenance costs and roof replacements (\$303,000) make up the large increase in operating costs while vehicle replacements (\$61,500) account for capital increases in the Maintenance division. Operating increases in the Administration division are due to software upgrades and training (about \$25,000).

Expenditures are expected to exceed revenues by \$215,155 in the current year FY14, with the difference shown as appropriated fund balance on the previous page in order to present a balanced budget.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Central Maintenance						
Personnel	\$ 483,378	\$ 642,426	\$ 631,859	\$ 572,355	\$ 655,764	2.1%
Operating	692,363	707,682	744,988	666,697	1,010,335	42.8%
Capital	-	-	404,401	81,081	61,500	N/A
Total	\$ 1,175,741	\$ 1,350,108	\$ 1,781,248	\$ 1,320,133	\$ 1,727,599	28.0%
Central Office Cost Center						
Personnel	\$ 513,578	\$ 419,418	\$ 426,911	\$ 421,387	\$ 446,149	6.4%
Operating	114,284	140,063	161,625	147,440	173,672	24.0%
Contribution to Reserve	148,668	-	-	-	-	N/A
Total	\$ 776,530	\$ 559,481	\$ 588,536	\$ 568,827	\$ 619,821	10.8%
2013 Flood Recovery						
Operating	\$ -	\$ -	\$ 357,603	\$ 341,631	\$ -	N/A
Capital	-	-	162,835	153,459	-	N/A
Total	\$ -	\$ -	\$ 520,438	\$ 495,090	\$ -	N/A
Total Expenses	\$ 1,952,271	\$ 1,909,589	\$ 2,890,222	\$ 2,384,050	\$ 2,347,420	22.9%

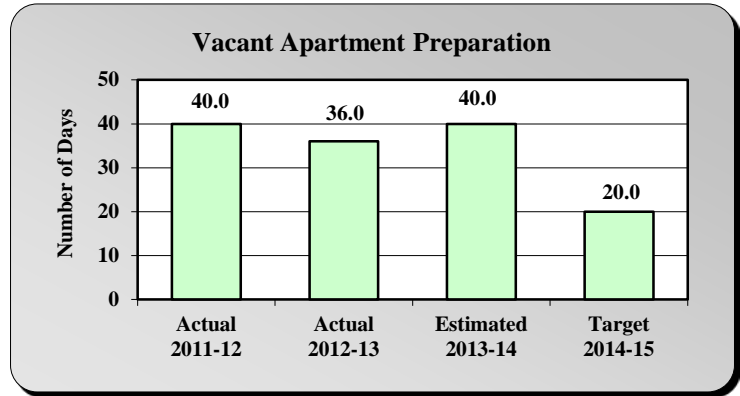
HOUSING TRENDS

COUNCIL SERVICE GOALS: Offer secure, reliable and affordable services. Maintain safe and attractive public facilities.

GOAL : Maximize livable housing stock.

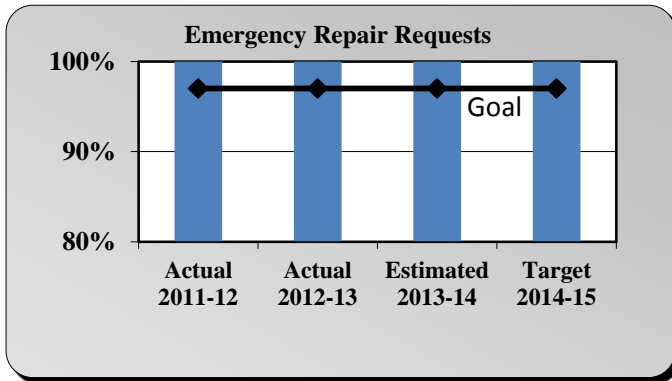
OBJECTIVE : Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2013-14, the Housing Department did not achieve this goal. Seventy-six units were vacant. It took an average of 40 days to prepare units for occupancy.



GOAL : Maximize livable housing stock.

OBJECTIVE : Complete or abate 97% of emergency repairs within 24 hours.



In fiscal year 2013-2014, the Housing Department completed or abated 100% of its 132 emergency repairs within 24 hours, following standards set forth by the U.S. Department of Housing and Urban Development.

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 2008 project ordinance budgets a \$574,804 grant for rehabilitation of public housing, homeownership assistance, neighborhood revitalization activities, rehabilitation of rental units for individuals with disabilities and at risk of homelessness, and community services.

The 2009 project ordinance budgets a \$584,379 grant and \$7,338 of program income for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, infrastructure development, homeownership assistance and community services.

The project ordinance for the 2009 American Reinvestment Recovery Act grant of \$156,110 budgets funds for public housing renovations and infrastructure development at Habitat for Humanity's Phoenix Place subdivision.

The 2010 project ordinance budgets a \$633,405 grant and \$7,338 of program income for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, rehabilitation of affordable rental properties, rehabilitation of a public facility, homeownership assistance and community services.

The 2011 project ordinance budgets a \$529,660 grant, and \$18,410 of program income and residual funds for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, homeownership assistance, neighborhood revitalization and community services.

The 2012 project ordinance budgets a \$410,687 grant, and \$42,780 of program income for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, homeownership assistance, code enforcement, after school programs and community services.

The 2013 project ordinance budgets a \$440,248 grant for rehabilitation of public housing, homeownership assistance, neighborhood revitalization, code enforcement, after school programs, community and homelessness outreach and youth skills development programs.

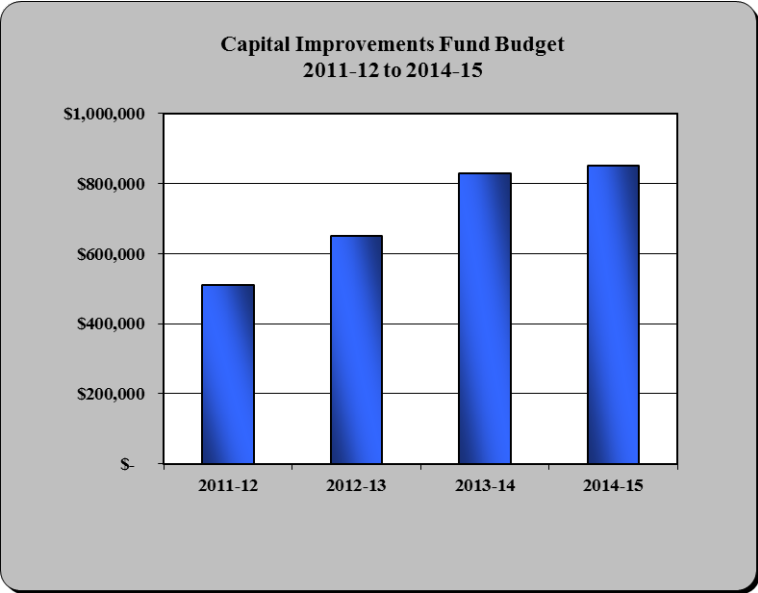
CAPITAL PROGRAM

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 2014-15 are part of the 2014-15 annual budget. All other years are projected expenditures. Proposed funding levels will change in future years as capital programs are refined and the official Town budget is adopted for a given fiscal year.



CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Capital Improvements Program

The Capital Improvements Program is a 15-year plan to fund capital projects that are selected based on a set of priorities and anticipated availability of funding. The program emphasizes projects at Town facilities, with the goal of addressing capital-related problems as they arise in order to avoid more costly repairs in the future.

2003 Bonds

In November 2003, voters approved \$29.36 million in bonds. The bond projects are assigned to five individual categories as follows:

- *Sidewalk and Streets* (\$5.6 million):
 - \$2.6 million for construction of sidewalks on the Town's Sidewalk Priority List and for meeting the local match requirement for programmed State improvements
 - \$350,000 for improvements at pedestrian crossings
 - \$650,000 for neighborhood traffic calming and pedestrian and bicycle safety improvements such as speed humps and raised crosswalks and improved pedestrian and bicycle signage
 - \$2 million for downtown streetscape improvements consistent with the Downtown Streetscape Master Plan adopted by the Town Council in 1993
- *Library Facilities* (\$16.26 million): For expansion of the Town Library on Library Drive
- *Parks and Recreational Facilities* (\$5 million): For greenway construction projects
- *Open Space and Areas* (\$2 million): For open space purchases
- *Energy Efficiency Projects* (\$500,000): For energy efficiency improvements at public buildings and other Town facilities

Two-Thirds Bonds

By NC General Statutes, the Town is able to issue two-thirds bonds without a referendum in an amount equivalent to two-thirds of the principal amount of debt retired in the prior fiscal year. The Town issued \$1.7 million in two-thirds bonds in June 2012.

Stormwater Management Funds

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

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Parking Funds

Fees collected from Town-operated on-street and off-street parking areas provide funding for the Parking Services Department, including capital projects.

Other Sources

- *Community Development Block Grant (CDBG)*: The Town receives annual federal grants from the U. S. Department of Housing and Urban Development (HUD). The Council approves a general 5-year spending plan to benefit lower-income neighborhoods, and adopts an annual budget for these funds by a capital projects ordinance.
- *Housing Capital Grant*: In fiscal year 1993-94, the Town began receiving an annual entitlement for public housing renovations from the U. S. Department of Housing and Urban Development (HUD).
- *N.C. Department of Transportation (NCDOT)*: For most public transit projects, the Federal Transit Administration provides 80% funding and the NCDOT provides an additional 10% match. For the State's thoroughfare, bikeways and pedestrian programs, the NCDOT funds projects selected from an annual Transportation Improvements Program in which local governments request that the State fund these types of projects in their community. Local requests are considered in a State-wide priority list. Projects are implemented by the NCDOT.
- *Surface Transportation Program (STP)*: The Surface Transportation Program provides flexible funding for projects on Federal-aid highways, including shared use paths and related facilities that may have recreational use, bridge projects on public roads, transit capital projects, and intracity and intercity bus terminals and facilities.
- *American Recovery and Reinvestment Act (ARRA) of 2009*: The American Recovery and Reinvestment Act of 2009 is an economic stimulus package that allocates special Capital grants. The Town received funding for fiscal year 2009-10 for repairing and modernizing public housing, increasing energy efficiency, and for building streets, sidewalks, and greenways.
- *Gifts*: Occasionally, citizens of Chapel Hill will provide the Town with contributions to be used toward a project for which the citizen holds a special interest.
- Additional financing options include Certificates of Participation (COPS) and Asset-Backed Installment Debt

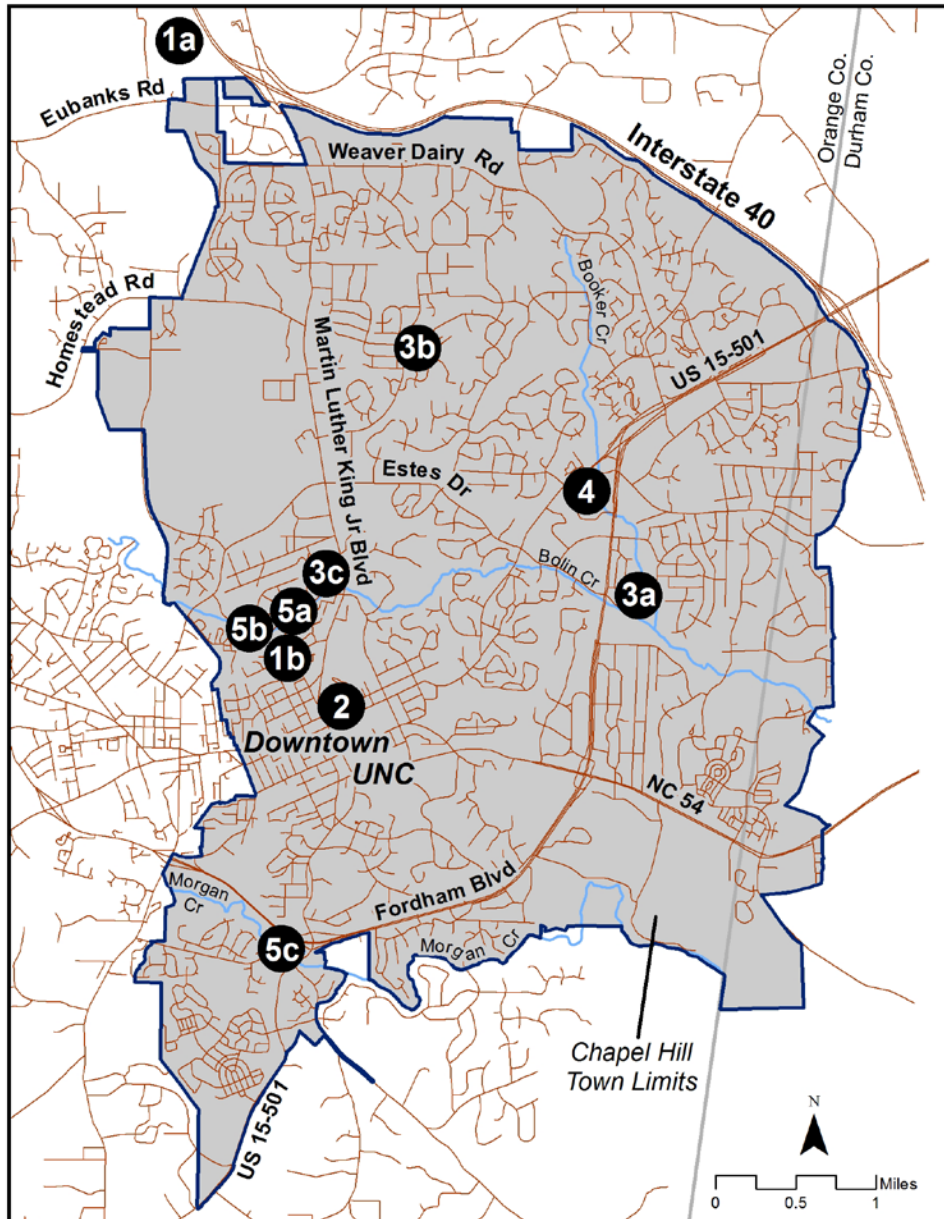
CAPITAL PROGRAM – KEY PROJECTS

This section highlights key projects included in the 2014-29 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 completion of a municipal fiber optic cable network, Morgan Creek Trail expansion, Bolin Creek Trail expansion, replacement of playground equipment at Umstead Park, and culvert replacement at Booker Creek. 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

1a. Town Operations Center (Fiber optic hub); 1b. Town Hall (Fiber optic hub); 2. Wallace Deck; 3a. South Estes Dr Public Housing; 3b. Eastwood Public Housing; 3c. Airport Gardens Public Housing; 4. Booker Creek Watershed Improvements; 5a. Bolin Creek Trail; 5b. Umstead Park; 5c. Morgan Creek Trail

CAPITAL PROGRAM – KEY PROJECTS

1. Municipal Fiber Project

The Town of Chapel Hill Municipal Fiber Project will install fiber optic communications cable linking Town administrative, service and recreation facilities. The project will provide high speed data communications to facilitate voice, data and video services for Town facilities. The work is being undertaken in conjunction with a North Carolina Department of Transportation project to upgrade traffic signals throughout Chapel Hill and Carrboro.

The Town municipal fiber will provide reliable site-to-site communication services for both emergency and day-to-day activities. The project is expected to be completed in 2014.

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 FY15 CIP includes funding for needed repairs to public housing apartments, facilities and sites. These improvements to the public housing apartments will provide safe and sanitary living conditions to the lower-income citizens of Chapel Hill. The old deteriorating roofs at our South Estes Drive, Eastwood and Airport Gardens Housing complex will be replaced, as they have experienced several leaks causing damage to the ceilings and plywood sheathing of the buildings. Repairs include replacement of roofs, ridge vents, gutters and downspouts, gutter guards and replacement of damaged sheathing and deck.

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. Parks & Recreation Projects

Morgan Creek Trail (Phase 2): The Morgan Creek Trail (Phase 2) project will connect the existing Morgan Creek and Fan Branch Trails. The new segment will be approximately 1/3 mile long and will include two bridges and a tunnel under Culbreth Road. The project will provide direct trail connections to Merritt's Pasture, Southern Village, Culbreth Road, and Southern Community Park. Construction started in calendar year 2012. The project is expected to be completed in the summer of 2014.

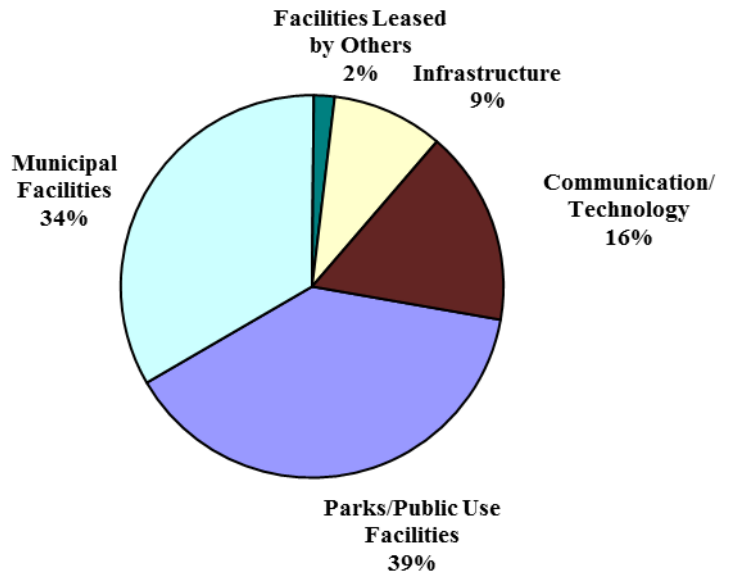
Bolin Creek Trail (Phase 3): The Bolin Creek Trail (Phase 3) project includes an extension of the existing Bolin Creek Trail about .5 miles west along Bolin Creek to Umstead Park. The project will involve underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction is expected to start in late 2014 or early 2015.

In FY10, the Town began process of replacing playground equipment in at least four Town parks there were in need of replacement due to aging and in order to comply with Americans with Disabilities Act and Consumer Product Safety Commission guidelines. The Town is now in year 5 of this process and will focus on Umstead Park for FY15. The goal of playground replacement is to provide safe, accessible facilities for the citizens of Chapel Hill.

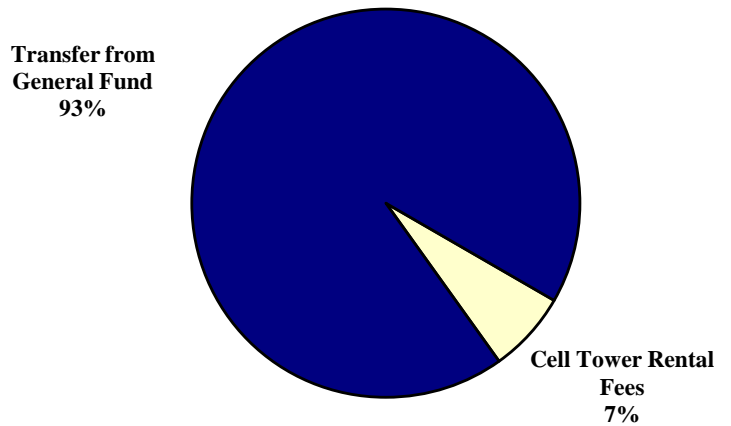
CAPITAL IMPROVEMENTS FUND

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

Capital Improvements Fund Expenditures



Capital Improvements Fund Revenues



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2014-15 totals \$849,856, and includes projects to be completed in FY15.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget
Municipal Facilities	\$ 81,523	\$ 120,000	\$ 1,825,030	\$ 1,825,030	\$ 285,000
Public Safety	5,811	-	844,189	844,189	-
Facilities Leased by Others	6,685	14,000	57,314	57,314	14,856
Infrastructure	120,512	230,000	257,263	257,263	80,000
Communication/Technology	329,756	89,500	891,426	891,426	140,000
Parks/Public Use Facilities	249,680	375,000	552,392	552,392	330,000
Total	\$ 793,967	\$ 828,500	\$ 4,427,614	\$ 4,427,614	\$ 849,856

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget
Housing Rent Proceeds	\$ -	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,856
Cell Tower Rental Fees	57,987	55,000	55,000	55,000	55,000
Interest on Investments	1,619	1,000	1,000	1,000	1,000
Revenue in Lieu	1,500	-	-	-	-
Insurance Claims	-	-	267,092	267,092	-
Transfer from General Fund	1,635,000	758,500	2,409,693	2,409,693	779,000
Appropriated Fund Balance	(902,139)	-	1,680,829	1,680,829	-
Total	\$ 793,967	\$ 828,500	\$ 4,427,614	\$ 4,427,614	\$ 849,856

***CAPITAL IMPROVEMENTS FUND
DETAIL EXPENDITURES***

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget
MUNICIPAL OPERATIONS FACILITIES					
Extraordinary Maintenance, Emergency Repairs	\$ 81,523	\$ 100,000	\$ 165,454	\$ 165,454	\$ 100,000
Town Hall Flood	-	-	1,639,576	1,639,576	-
Facility Condition Assessment	-	-	-	-	85,000
Small Capital Improvements	-	20,000	20,000	20,000	100,000
Subtotal	\$ 81,523	\$ 120,000	\$ 1,825,030	\$ 1,825,030	\$ 285,000
PUBLIC SAFETY					
Fire Truck	\$ 5,811	\$ -	\$ 844,189	\$ 844,189	\$ -
Subtotal	\$ 5,811	\$ -	\$ 844,189	\$ 844,189	\$ -
TOWN FACILITIES LEASED BY OTHERS					
Housing Maintenance	\$ 6,685	\$ 14,000	\$ 57,314	\$ 57,314	\$ 14,856
Subtotal	\$ 6,685	\$ 14,000	\$ 57,314	\$ 57,314	\$ 14,856
INFRASTRUCTURE					
Street Maintenance	\$ 73,000	\$ -	\$ -	\$ -	\$ -
Ephesus Ch./Fordham Engineering	-	150,000	150,000	150,000	-
Path, Trail and Lot Maintenance	6,500	50,000	72,931	72,931	50,000
Curbs / ADA	41,012	30,000	34,332	34,332	30,000
Subtotal	\$ 120,512	\$ 230,000	\$ 257,263	\$ 257,263	\$ 80,000

CAPITAL IMPROVEMENTS FUND

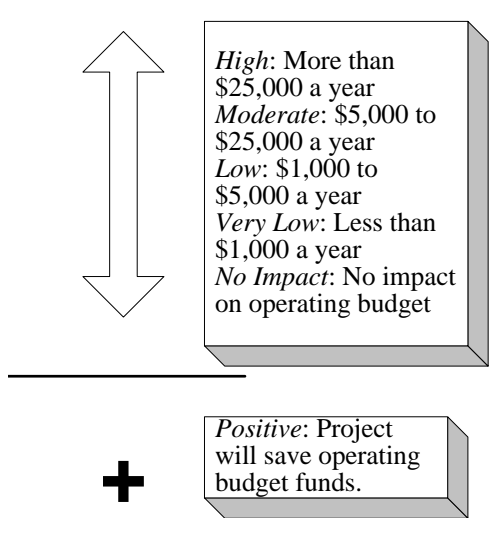
DETAIL EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget
COMMUNICATIONS AND TECHNOLOGY					
Document Management	\$ -	\$ -	\$ 218,634	\$ 218,634	\$ -
Fiber Optic Network	239,935	-	532,503	532,503	91,000
Fire House Mobile & GIS System for Response Units	-	-	47,946	47,946	-
In-Car Police Cameras	-	89,500	89,500	89,500	-
Police Technology Upgrades	89,821	-	2,843	2,843	-
Fire Radios	-	-	-	-	49,000
Subtotal	\$ 329,756	\$ 89,500	\$ 891,426	\$ 891,426	\$ 140,000
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	\$ 6,600	\$ 80,000	\$ 121,266	\$ 121,266	\$ 80,000
Battle Branch Trail	6,292	-	708	708	-
Transfer to Multi-Year Capital Project Fund (Percent for Art)	2,800	-	-	-	-
Transfer to Multi-Year Capital Project Fund (Synthetic Turf)	70,684	-	-	-	-
Playground Replacement	13,466	100,000	203,984	203,984	100,000
Accessible Playground	-	-	-	-	50,000
Cemetery Beautification	44,945	20,000	85,221	85,221	-
Small Park Improvements	104,893	100,000	66,253	66,253	100,000
Mobile Stage	-	75,000	74,960	74,960	-
Subtotal	\$ 249,680	\$ 375,000	\$ 552,392	\$ 552,392	\$ 330,000
TOTALS	\$ 793,967	\$ 828,500	\$ 4,427,614	\$ 4,427,614	\$ 849,856

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

This section provides descriptions of capital projects funded in the 2014-15 budget shown in Table 1. The projects listed are those funded or proposed to receive funding through the Capital Improvements Fund, Stormwater Management Funds, Grant Funds and/or Special Purpose Funds.

The descriptions include information on the total funding proposed for each project, the funding source, the project location, the estimated impact on the operating budget, and where the project is listed in the 15-Year Project Tables which follow this section.

<p><i>Explanation: Operating Budget Impact</i></p> <p>Each project description includes an assessment of the operating budget impact from implementing the project. For example, the development of a new park would increase the maintenance and programming costs for the Parks and Recreation Department. Not all projects would increase the operating budget costs. For example, renovations of a Town facility would have a net positive effect on the operating budget by reducing maintenance items funded out of departments' operating budgets. The impact levels are shown in the adjacent chart.</p>	 <p><i>High:</i> More than \$25,000 a year <i>Moderate:</i> \$5,000 to \$25,000 a year <i>Low:</i> \$1,000 to \$5,000 a year <i>Very Low:</i> Less than \$1,000 a year <i>No Impact:</i> No impact on operating budget</p> <p>+</p> <p><i>Positive:</i> Project will save operating budget funds.</p>
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PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Illustration: Tips for Reading Project Descriptions

	MUNICIPAL OPERATIONS FACILITIES	Project Category
Project Name		
	<u>Extraordinary Maintenance, Emergency Repairs</u>	
	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.	
		Description
Effect on Town's operating budget when project is implemented.	<i>Table and Ref #:</i>	Where to find project in Tables 1, 2 or 3, which appear after this section
	<i>Location:</i>	Table 1, Ref #2
	<i>Operating Budget Impact:</i>	Various sites
		Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$70,000	\$100,000	\$100,000	\$100,000	\$100,000	\$475,000	\$1,470,000	Capital Improvements Fund

Summary of 2014-15 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 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</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 #31
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually): Renovations will reduce need to make repairs using operating budget funds.

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$449,057	\$449,057	\$449,057	\$449,057	\$449,057	\$2,245,285	\$6,735,855	Community Development Block Grant Program

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

INFRASTRUCTURE

Capital Repairs - Bike Paths, Paved Trails and Public Parking Areas

Funds will pay for repair and maintenance of existing paved pedestrian paths, trails and parking lots. Repair needs have been identified at fire stations, public housing developments, Parks and Recreation facilities and other locations.

Table and Ref #: Table 1, Ref #7
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 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</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 #9
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000	\$450,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Stormwater Project Construction/Design

Funding will provide stream channel and infrastructure improvements, stream restoration, and infrastructure repair/retrofit throughout the Town. This project will mitigate flooding/drainage problems as well as improve water quality conditions.

Table and Ref #: Table 2, Ref #44
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000	\$1,125,000	Stormwater Management Fund

Booker Creek Road Culvert Replacement

Funding will be used to replace deteriorated corrugated metal pipe under Booker Creek Rd identified as a high priority need by NCDOT in the biennial inspection report performed for the Town of Chapel Hill.

Table and Ref #: Table 2, Ref #47
Location: Booker Creek Road
Operating Budget Impact: Positive (More than \$1,000 annually):
 Repairs will reduce need to use operating budget funds to address needs.

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$300,000	-	-	-	-	\$300,000	\$300,000	Stormwater Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Subwatershed Modeling

Perform data collection and hydrologic and hydraulic modeling for two subwatersheds as prioritized in the Stormwater Master Plan and approved by the Town Council.

Table and Ref #: Table 2, Ref #48
Location: Northeastern Chapel Hill
Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$300,000	-	-	-	-	\$300,000	\$300,000	Stormwater Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

COMMUNICATIONS AND TECHNOLOGY

Radio/Headset Replacement

Technological safety upgrades including GPS technology to locate downed firefighters or lost radios. Multi-year request would replace 25% of our inventory each year.

Table and Ref #: Table 1, Ref #14

Location: Fire Fleet

Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$49,000	\$89,750	\$142,911	\$147,200	\$151,615	\$580,476	\$580,476	Capital Improvements Fund

Fiber Cable Install

Install Fiber cable from Caswell Street to Martin Luther King Jr. Blvd. to complete a fiber loop for resiliency, since the main server room is now located at the Library.

Table and Ref #: Table 1, Ref #15

Location: Caswell St. to Martin Luther King Jr. Blvd.

Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$91,000	-	-	-	-	\$91,000	\$91,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

PARKS AND OTHER PUBLIC USE FACILITIES

Small Park Improvements

These projects involve improvements, repairs and replacement of equipment in Town parks. Examples of potential projects include bleacher replacements, replacement of playground equipment and turf repairs at athletic fields.

Table and Ref #: Table 1, Ref #21
Location: Various Sites
Operating Budget Impact: Positive (More than \$1,000 annually):
 Projects will reduce need to use operating budget funds for repairs at parks.

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$700,000	\$2,200,000	Capital Improvements Fund

Greenways

The funds associated with this project will be used to replace bridges, signs, re-grade trails, correct erosion problems, and perform maintenance throughout trail system. In addition, long range plans include new trail construction. In addition, funds are expected to be used to match grants and pay for materials for volunteer projects.

Table and Ref #: Table 1, Ref #23
Location: Various Sites
Operating Budget Impact: Positive (Hundreds to thousands annually):
 Projects will reduce need to use operating budget funds for greenway repairs.

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$400,000	\$1,200,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Playgrounds

Playground equipment in various locations throughout the Town is in need of replacement in order to comply with current safety and ADA guidelines. Playground equipment will be replaced at one playground per year in the following priority order: Burlington Park, Umstead Park, Oakwood Park, North Forest Hills Park, and Westwood Park. Umstead Park equipment would be fully accessible for mobility challenged youth.

Table and Ref #: Table 1, Ref #29
Location: Various locations
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</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 west along Bolin Creek to Umstead Park. The project will involve underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek.

Table and Ref #: Table 3, Ref #69
Location: Bolin Creek
Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year (\$2,245,889) budgeted in multi-year fund in FY 2010-11</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
-	-	-	-	-	-	-	2010 Bond Issue

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Morgan Creek Trail

The Morgan Creek Trail (Phase 2) project will connect the existing Morgan Creek and Fan Branch Trails. The new segment will be approximately 1/3 mile long and will include two bridges and a tunnel under Culbreth Road. The project will provide direct trail connections to Merritt’s Pasture, Southern Village, Culbreth Road, and Southern Community Park.

Table and Ref #: Table 3, Ref #71
Location: Morgan Creek
Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year (\$1,212,455) budgeted in multi-year fund in FY 2010-11</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
-	-	-	-	-	-	-	2010 Bond Issue

Parks Facilities

Funding will provide for the replacement of the Cedar Falls toilet building, tennis court reconstruction, and playground equipment at Umstead Park. All of these projects address capital needs that have been deferred in prior years’ CIP.

Table and Ref #: Table 3, Ref #74
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year (\$700,000) budgeted in multi-year fund in FY 2012-13</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
-	-	-	-	-	-	-	Two-thirds Bonds (2012)

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Accessible Playground

Construction of a totally accessible playground for children with disabilities. Our current play areas have limited access for children with disabilities.

<i>Table and Ref #:</i>	Table 1, Ref #27
<i>Location:</i>	To be determined
<i>Operating Budget Impact:</i>	Increased maintenance due to additional facilities

Adopted 2014-15 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2014-15	2015-16	2016-17	2017-18	2018-19	<i>Through 2018-19</i>	<i>Through 2028-29</i>	
\$50,000	-	\$300,000	-	-	\$350,000	\$350,000	Capital Improvements Fund

CAPITAL PROGRAM TABLES – INTRODUCTION

The Capital Improvements Program contains tables that outline the adopted budget for CIP projects in fiscal year 2014-15 and projected expenditures in future fiscal years for all funds, from 2014-15 through 2028-29. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include adopted projects for 2014-15 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	2013-14 Budget Revised	2014-15 Adopted Budget	2015-16
Municipal Operations Facilities				
1	Extraordinary Maintenance	\$ 165,454	\$ 100,000	\$ 100,000
2	Town Hall Flood	1,639,576	-	-
3	Small Capital Improvements	20,000	100,000	100,000
4	Facility Condition Assessment	-	85,000	-
Public Safety				
5	Fire Truck	844,189	-	-
Town Facilities Leased by Others				
6	Housing Maintenance	57,314	14,856	-
Infrastructure				
7	Parking Lots/Paths/Trails	72,931	50,000	50,000
8	Neighborhood Traffic Calming, Pedestrian & Bicycle Improvements	-	-	50,000
9	Curb Cut Improvements (ADA)	34,332	30,000	30,000
10	Cedar Falls Parking Lot	-	-	80,000
11	Ephesus Church/Fordham Engineering	150,000	-	-
12	2200 Homestead Road	-	-	30,000
13	Street Infrastructure Improvements	-	-	-
Communications				
14	Fire Radios	-	49,000	89,750
15	Fiber Optic Network	532,503	91,000	-
16	Fire House Mobile & GIS System for Response Units	47,946	-	-
17	Police Technology Upgrades	2,843	-	50,550
18	In-Car Police Cameras	89,500	-	44,400
19	Document Management	218,634	-	-
Parks and Other Public Use Facilities				
20	Cemetery Beautification	85,221	-	20,000
21	Small Parks Improvements	66,253	100,000	150,000
22	Northside Gym Roof Replacement	-	-	205,000
23	Greenways	121,266	80,000	80,000
24	Design fees for Meadowmont Dam	-	-	125,000
25	Battle Branch Trail	708	-	-
26	Property Line Marking	-	-	50,000
27	Accessible Playground	-	50,000	-
28	Mobile Stage	74,960	-	-
29	Playgrounds	203,984	100,000	100,000
	Total	\$ 4,427,614	\$ 849,856	\$ 1,354,700

*Future years after FY2014-15 are for planning purposes only.

2016-17	2017-18	2018-19	2019-29	Reference #
\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000	1
-	-	-	-	2
100,000	100,000	100,000	1,000,000	3
-	-	-	-	4
-	-	-	-	5
-	-	-	-	6
50,000	50,000	50,000	500,000	7
50,000	50,000	50,000	500,000	8
30,000	30,000	30,000	300,000	9
-	80,000	-	80,000	10
-	-	-	-	11
-	-	-	-	12
-	1,400,000	1,300,000	-	13
142,911	147,200	151,615	-	14
-	-	-	-	15
-	-	-	-	16
-	-	-	-	17
-	-	-	-	18
-	-	-	-	19
20,000	20,000	20,000	-	20
150,000	150,000	150,000	1,500,000	21
-	-	-	-	22
80,000	80,000	80,000	1,250,000	23
-	-	-	-	24
-	-	-	-	25
50,000	50,000	50,000	50,000	26
300,000	-	-	-	27
-	-	-	-	28
100,000	100,000	100,000	1,500,000	29
\$ 1,172,911	\$ 2,357,200	\$ 2,181,615	\$ 7,680,000	

TABLE 2: Other Sources - Current Year Budget and Future Year Budget Requests

Reference #	Project	Revised Budget 2013-14	Adopted 2014-15	2015-16
Municipal Operations Facilities				
30	Parking - Automatic Vehicle Identification System	\$ 35,322	\$ -	\$ -
31	Comprehensive Public Housing Renovations	-	449,057	449,057
32	Comprehensive Public Housing Renovations	444,974	-	-
33	Comprehensive Public Housing Renovations	425,673	-	-
34	Fire Station 2 Replacement	-	-	2,575,000
35	Fire Station 3 Replacement	-	-	-
36	100 West Rosemary Renovation	-	-	-
37	Public Safety Headquarters	-	-	535,600
38	Parks & Recreation Administration Building	-	-	-
39	Cultural Arts Building	-	-	403,000
40	Fire Training Center Replacement	-	-	-
41	Solid Waste Transfer Station	-	-	-
42	Wallace Parking Facility	500,000	-	-
43	SEEA Energy Grant	973,723	-	-
Infrastructure				
44	Stormwater Projects	93,000	75,000	75,000
45	Jordan Nutrient Rules Compliance	-	-	150,000
46	South Elliot Road Culvert Replacement	750,000	-	-
47	Booker Creek Road Culvert Replacement	-	300,000	-
48	Subwatershed Modeling	-	300,000	-
49	Street Sweeper Equipment	-	55,000	-
50	Downtown Development Initiative	1,116,000	-	-
51	Replace gate and ticket equipment - Wallace Deck	75,300	-	-
52	Pay-in-Lane System	42,000	-	-
53	Parking Management Software	34,194	-	-
54	Traffic Signal Improvement	450,000	-	-
Communications and Technology				
55	Development Software Project	300,000	-	-
Parks and Other Public Use Facilities				
56	Fordham Landscape Buffer	50,000	-	-
57	Percent for Art - Art Purchase	15,300	-	-
58	Pritchard Park	164,000	-	-
59	Tanyard Branch Trail	150,000	-	-
60	Bolin Creek Trail*	160,000	-	-
TOTAL		\$ 5,779,486	\$ 1,179,057	\$ 4,187,657

Note: Future years after FY2014-15 are for planning purposes only.

*In addition to the funding shown on this table, these projects are also funded by Parks Bonds

2016-17	2017-18	2018-19	2019-29	Fund Source	Reference #
\$ -	\$ -	\$ -	\$ -	Parking Revenues	30
449,057	449,057	449,057	4,490,570	HUD Grant	31
-	-	-	-	HUD Grant	32
-	-	-	-	HUD Grant	33
-	-	-	-	Future Bond Issuance	34
3,715,000	-	-	-	Future Bond Issuance	35
-	-	-	2,650,000	Future Bond Issuance	36
854,900	15,892,900	-	-	Future Bond Issuance	37
-	430,000	-	3,584,000	Future Bond Issuance	38
-	3,360,000	-	-	Future Bond Issuance	39
-	2,652,250	-	-	Future Bond Issuance	40
422,500	4,720,000	-	-	Future Bond Issuance	41
-	-	-	-	Limited Obligation Bonds	42
-	-	-	-	DOE Grant	43
75,000	75,000	75,000	750,000	Stormwater Management Funds	44
450,000	500,000	500,000	500,000	Stormwater Management Funds	45
-	-	-	-	Stormwater Management Funds	46
-	-	-	-	Stormwater Management Funds	47
-	-	-	-	Stormwater Management Funds	48
-	-	-	-	Stormwater Management Funds	49
-	-	-	-	Multi-year Capital Project Ord.	50
-	-	-	-	Parking Revenue	51
-	-	-	-	Parking Revenue	52
-	-	-	-	Parking Revenue	53
-	-	-	-	NCDOT Direct Allocation Grant	54
-	-	-	-	Multi-year Capital Project Ord.	55
-	-	-	-	Multi-year Capital Project Ord.	56
-	-	-	-	Multi-year Capital Project Ord.	57
-	-	-	-	Multi-year Capital Project Ord.	58
-	-	-	-	Chapel Hill/Carrboro Schools	59
-	-	-	-	Multi-year Capital Project Ord.	60
\$ 5,966,457	\$ 28,079,207	\$ 1,024,057	\$ 11,974,570		

Table 3: 2003 Bonds: Approved Bond Projects

Reference #	Council Priority	Project Name	Category	2004 Bond Sale (\$4,000,000)	
				2004-05	2005-06
Municipal Operations Facilities					
61	2	Energy Efficiency Projects	Public Buildings	\$ 392,600	\$ -
62	2	Sustainable Community Project - Local Match	Public Buildings	17,400	-
63	7	Energy Management System: Town Hall HVAC	Public Buildings	-	90,000
Infrastructure					
64	2	Downtown Improvements - Streetscape	Sidewalks & Streets	500,000	-
65	2	Neighborhood Traffic Calming, Pedestrian, and Bicycle Improvements	Sidewalks & Streets	50,000	250,000
66	2	Pedestrian Amenities at Town Owned Traffic Signals	Sidewalks & Streets	20,000	80,000
67	2	Streets and Bridges	Sidewalks & Streets	-	-
68	2	Sidewalks and Bicycle Facilities	Sidewalks & Streets	600,000	-
Parks and Other Public Use Facilities					
69	2	Bolin Creek Trail	Parks/Recreational Facilities	100,000	-
70	2	Dry Creek Trail	Parks/Recreational Facilities	125,000	-
71	2	Morgan Creek Trail	2003 Bond	75,000	-
72	2	Open Space Acquisition	Open Space and Areas	1,200,000	-
73	2	Upper Booker Creek Trail	2003 Bond	-	-
74	2	Parks Facilities	Parks/Recreational	-	-
75	2	Library Expansion	Library Facilities	500,000	-
TOTAL				\$ 3,580,000	\$ 420,000

COLUMN DESCRIPTION KEY

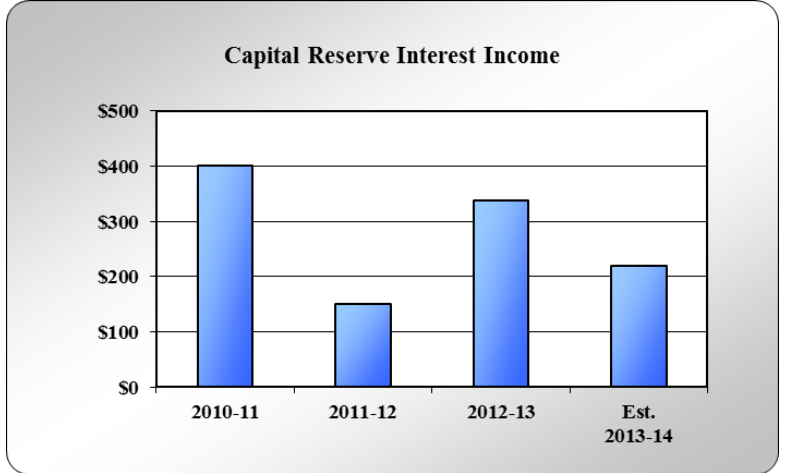
Council Priority

- 1 - Council Authorized Contracts
- 2 - Projects that have a Council mandate
- 3 - Projects that we have a legal requirement to perform or complete
- 4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
- 5 - Projects involving public safety
- 6 - Projects which are part of an adopted master plan
- 7 - Other projects

2006 Bond Sale (\$4,950,000)				2010 Bond Sale (\$20,760,237)			Two-Thirds Bonds (\$1,700,000)		
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	TOTAL	Reference #	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,600	61	
-	-	-	-	-	-	-	\$ 17,400	62	
-	-	-	-	-	-	-	\$ 90,000	63	
1,000,000	-	-	-	64,000	-	-	\$ 1,564,000	64	
-	-	-	-	225,000	-	-	\$ 525,000	65	
50,000	-	-	-	100,000	-	-	\$ 250,000	66	
-	-	-	-	661,000	-	1,000,000	\$ 1,661,000	67	
600,000	-	-	-	1,442,042	-	-	\$ 2,642,042	68	
-	-	-	-	2,245,889	-	-	\$ 2,345,889	69	
16,000	-	-	-	150,540	-	-	\$ 291,540	70	
968,000	-	-	-	1,212,455	-	-	\$ 2,255,455	71	
800,000	-	-	-	-	-	-	\$ 2,000,000	72	
16,000	-	-	-	154,608	-	-	\$ 170,608	73	
-	-	-	-	-	-	700,000	\$ 700,000	74	
1,500,000	-	-	-	14,504,703	-	-	\$ 16,504,703	75	
\$ 4,950,000	\$ -	\$ -	\$ -	\$ 20,760,237	\$ -	\$ 1,700,000	\$ 29,710,237		

CAPITAL RESERVE FUND

The Capital Reserve Fund accounts for funds reserved for specific capital improvement projects including water and sewer improvements.



CAPITAL RESERVE FUND BUDGET SUMMARY

No appropriations are planned for the Capital Reserve Fund for 2014-15, which had a fund balance of \$214,520 at June 30, 2013.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Reserved for CIP	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Transfer to Capital Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Interest on Investments Appropriated	\$ 339	\$ -	\$ -	\$ 220	\$ -	N/A
Fund Balance	(339)	-	-	(220)	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

MAJOR CAPITAL BOND PROJECTS

Several major capital improvement projects were approved by bond referenda in November of 1996 and November of 2003.

As authorized by General Statute 159.13.2, capital project ordinances were established for each of the projects for the life of the projects.

Expenditures for these projects through June 30, 2014 are shown in the table at the right.

Major Capital Bond Projects	Budget	Estimated Expenditures as of June 30, 2014
1996 Bond Projects		
Parks and Recreation Facilities	\$ 5,000,000	\$ 5,000,000
Open Space/Greenways	3,000,000	3,000,000
Public Safety Improvements	2,000,000	2,000,000
Streets and Sidewalks	3,000,000	2,978,000
Public Works Facilities	500,000	493,585
Subtotal	<u>\$ 13,500,000</u>	<u>\$ 13,471,585</u>
2003 Bond Projects		
Public Buildings	\$ 500,000	\$ 277,000
Streets and Sidewalks	5,600,000	4,037,000
Library Expansion	16,260,000	16,260,000
Open Space	2,000,000	2,000,000
Parks and Recreation	5,000,000	4,147,000
Subtotal	<u>\$ 29,360,000</u>	<u>\$ 26,721,000</u>
2012 LOBS Projects		
Lot 5 Project	\$ 6,000,000	\$ 5,770,000
Parking Projects	500,000	-
TOC Projects	200,000	-
Subtotal	<u>\$ 6,700,000</u>	<u>\$ 5,770,000</u>
2012 Two-Thirds Projects		
Street Resurfacing	\$ 983,000	\$ 945,000
Bolinwood Drive Bridge	17,000	17,000
Cedar Falls Park Building	231,000	65,000
Umstead Playground	7,000	7,000
Tennis Court Reconstruction	229,000	229,000
Southern Comm Park Lighting	58,000	106,000
Cedar Falls Artificial Turf	175,000	246,000
Subtotal	<u>\$ 1,700,000</u>	<u>\$ 1,615,000</u>
TOTAL	<u>\$ 51,260,000</u>	<u>\$ 47,577,585</u>

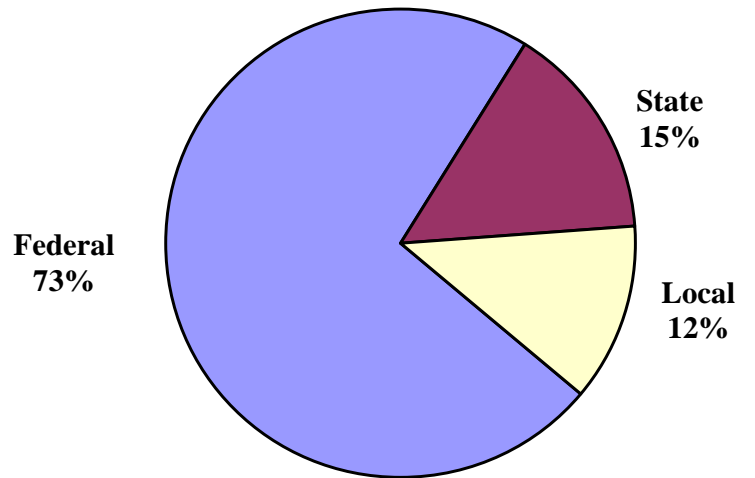
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GRANTS FUND

The Grants Fund was established to account for miscellaneous small grants that would otherwise be accounted for in the General Fund.

Grant Sources - Historical Trend



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. The grants already included for 2014-15 consist of a Library grant and three Planning grants that provide personnel and operating funding for transportation planning.

EXPENDITURES

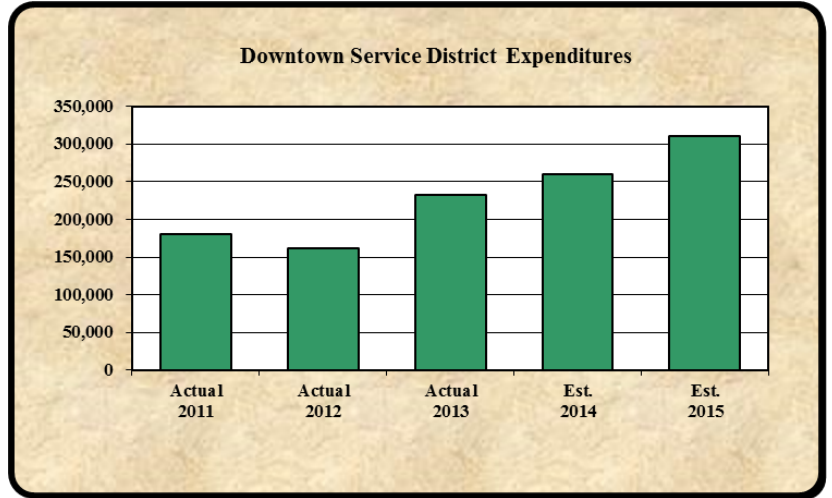
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Police Grants	\$ 30,579	\$ -	\$ 109,631	\$ 109,631	\$ -	N/A
Fire Grants	-	-	-	-	-	N/A
Planning Grants	436,155	332,145	451,978	451,978	434,231	30.7%
Transit	9,328	-	-	-	-	N/A
Other Grants	-	-	-	-	30,500	N/A
Total	\$ 476,062	\$ 332,145	\$ 561,609	\$ 561,609	\$ 464,731	39.9%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Grants	\$ 357,757	\$ 251,080	\$ 440,666	\$ 440,666	\$ 376,943	50.1%
Transfer from General Fund	141,155	77,826	90,286	90,286	87,788	12.8%
Transfer from Transit	1,179	3,239	3,239	3,239	-	-100.0%
Transfer from Capital Imp. Fund	-	-	-	-	-	N/A
Appropriated Fund Balance	(24,029)	-	27,418	27,418	-	N/A
Total	\$ 476,062	\$ 332,145	\$ 561,609	\$ 561,609	\$ 464,731	39.9%

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 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 \$343,455,000. The tax rate of 7.1 cents is unchanged from FY 2013-14, and is expected to yield a total of about \$242,000 in FY 2014-15. This represents an increase of \$13,000 from the current year, due to the increase in value from new development in the downtown area.

An additional revenue in the Downtown Service District Fund for FY15 is funding from Orange County in the amount of \$40,000 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 budget provides for continued funding for the Chapel Hill Downtown Partnership of about \$120,000. The Chapel Hill Downtown Partnership brings the resources of the Town, University and downtown community together to maintain, enhance and promote downtown as the social, cultural and spiritual center of Chapel Hill through economic development.

The budget for FY15 continues funding for a groundskeeper (\$49,361) dedicated to the downtown area. The FY15 budget also includes the addition of about \$62,000 for the maintenance contract at 140 West, maintenance and utilities for the public art at the 140 West Public Plaza (\$9,000) and \$70,000 towards the “Launch” initiative, partly funded by Orange County.

DOWNTOWN SERVICE DISTRICT FUND BUDGET SUMMARY

The adopted Downtown Service District Fund tax rate of 7.1 cents for 2014-15 provides for continued funding of the groundskeeper position dedicated to the downtown area, including a 3% of market rate salary adjustment and an 8.8% rate increase in medical insurance. The recommended budget continues an allocation of about \$120,000 to the Chapel Hill Downtown Partnership, and includes the addition of expenses related to the "Launch" initiative (\$70,000) along with the maintenance contract at 140 West (\$62,480) and maintenance and utilities for the public art (\$9,000).

EXPENDITURES

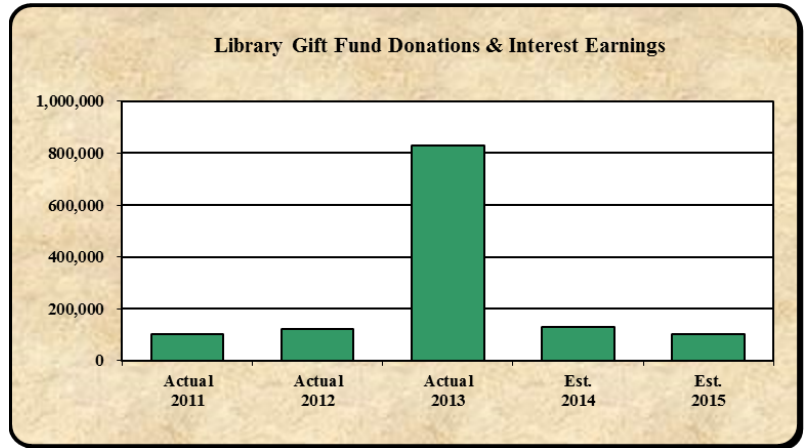
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 45,869	\$ 47,454	\$ 47,454	\$ 47,346	\$ 49,361	4.0%
Contracted Services	116,933	143,395	143,395	143,395	191,480	33.5%
Grants/Deferred Loans	70,000	70,000	70,000	70,000	70,000	0.0%
Total	\$ 232,802	\$ 260,849	\$ 260,849	\$ 260,741	\$ 310,841	19.2%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Property Taxes	\$ 228,064	\$ 229,000	\$ 229,000	\$ 240,000	\$ 242,000	5.7%
Interest Income	808	-	-	450	-	0.0%
Gifts and Donations	40,000	40,000	40,000	40,000	40,000	0.0%
Appropriated Fund Balance	(36,070)	(8,151)	(8,151)	(19,709)	28,841	N/A
Total	\$ 232,802	\$ 260,849	\$ 260,849	\$ 260,741	\$ 310,841	19.2%

LIBRARY GIFT FUND

The Library Gift Fund accounts for private contributions to the Town's library.



LIBRARY GIFT FUND

BUDGET SUMMARY

The adopted budget for the Library Gift Fund for 2014-15 reflects a return to normal levels of donations after the Library's reopening. Gifts for FY15 include donations (\$45,000) from the Friends of the Library and miscellaneous donations (\$50,600). FY15 expenses include additions to the collection and a contribution to the reserve that could address needs that might arise throughout the year. The Library Gift Fund continues to budget a transfer to the General Fund to support Library operations, at an amount of \$45,000 for FY15.

EXPENDITURES

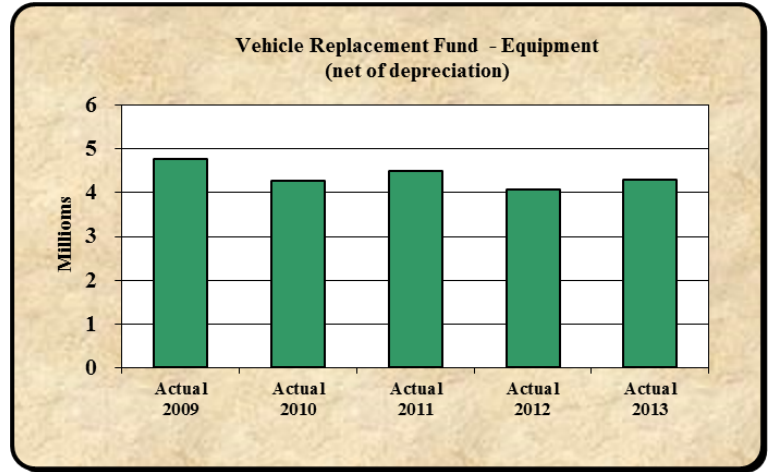
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Computers/Database	\$ 54,070	\$ 10,000	\$ 64,725	\$ 19,500	\$ 8,600	-14.0%
Furniture/Reopening	499,905	-	44,243	44,243	-	N/A
Collection Purchases	156,976	8,000	35,666	35,666	17,000	112.5%
Other	7,673	-	45,668	41,543	20,500	N/A
Contribution to Reserve	-	20,000	2,059	-	9,500	-52.5%
Transfer to General Fund	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 763,624	\$ 83,000	\$ 237,361	\$ 185,952	\$ 100,600	21.2%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Interest Income	\$ 606	\$ -	\$ -	\$ 200	\$ -	N/A
Fdn Opening Day Grant	150,000	-	-	-	-	N/A
Fdn ReOpening Grant	350,000	-	-	-	-	N/A
Fdn Media Grant	75,000	-	20,000	20,000	-	N/A
Foundation Donations	-	5,000	28,525	25,000	5,000	
Friends' Donations	193,000	23,000	33,000	33,192	45,000	95.7%
Misc Donations	60,210	51,000	51,000	50,601	50,600	-0.8%
Appropriated Fund Balance	(65,192)	4,000	104,836	56,959	-	-100.0%
Total	\$ 763,624	\$ 83,000	\$ 237,361	\$ 185,952	\$ 100,600	21.2%

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 2014-15 for the Vehicle Replacement Fund includes a pared-down list of the most critical capital equipment needs pending a comprehensive review of the Town's fixed assets. Included in the FY15 budget is the replacement of one garbage truck and twelve police cars. The Vehicle Replacement Fund is moving to a pay-as-you-go system. Beginning in FY15, vehicle purchases will be bought outright rather than financed.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Lease Purchase Payments	\$ 1,358,257	\$ 955,948	\$ 1,144,838	\$ 1,144,837	\$ 906,833	-5.1%
Other Expense	10,218	10,000	12,330	10,120	10,000	0.0%
Capital Equipment	1,663,745	872,000	1,144,595	1,144,595	1,348,164	54.6%
Contribution to Reserve	-	630,252	439,032	243,633	-	-100.0%
Total	\$ 3,032,220	\$ 2,468,200	\$ 2,740,795	\$ 2,543,185	\$ 2,264,997	-8.2%

REVENUES

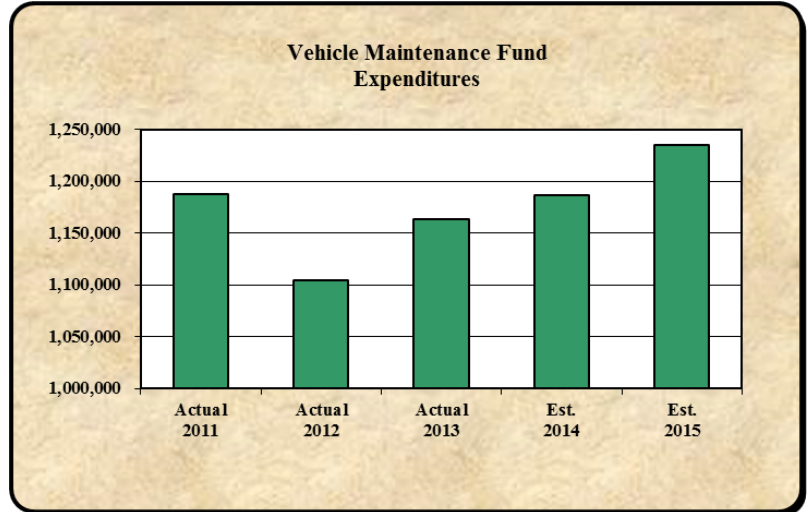
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Vehicle Use Fees	\$ 1,565,157	\$ 1,565,000	\$ 1,565,000	\$ 1,565,000	\$ 1,456,500	-6.9%
Interest Income	3,362	1,200	1,200	4,000	2,000	66.7%
Sale of Fixed Assets	71,150	30,000	30,000	102,185	50,000	66.7%
Financing Proceeds	876,200	872,000	872,000	872,000	-	-100.0%
Appropriated Fund Balance	516,351	-	272,595	-	756,497	N/A
Total	\$ 3,032,220	\$ 2,468,200	\$ 2,740,795	\$ 2,543,185	\$ 2,264,997	-8.2%

VEHICLE MAINTENANCE FUND

The Vehicle Maintenance Fund accounts for the repair and maintenance of all the Town's cars, trucks, and heavy equipment, excluding those used in public transit operations.

Vehicle maintenance is an internal service fund; its cost is charged out to other Town departments based on actual repairs.

The division is supervised by Public Works.



VEHICLE MAINTENANCE

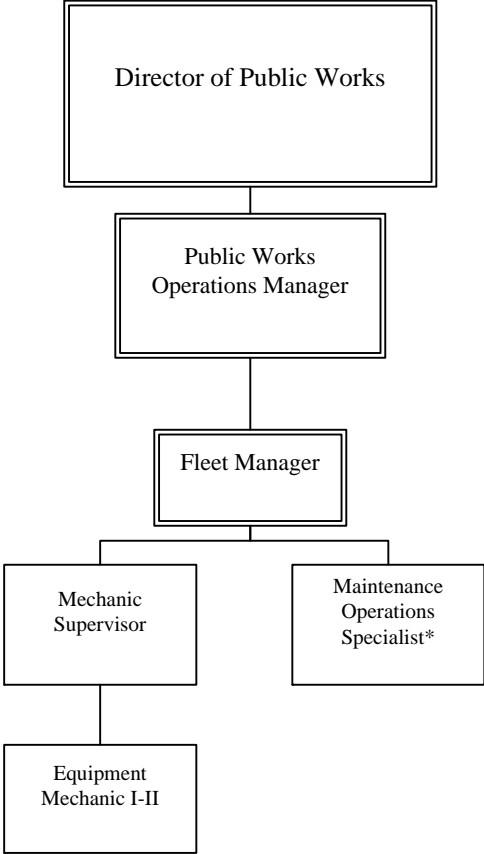
MISSION STATEMENT:

The overall mission of the Fleet Maintenance Fund is to ensure safe, reliable fleet and equipment essential for provision of public services, with an emphasis on sustainability, efficiency and effectiveness.

Summary of services provided in support of department's mission:

- Full-service automotive garage, including refueling station.
- Use of state-of-art fuel efficiency techniques.
- Comprehensive preventive maintenance program for vehicles and equipment.
- Major repair program, including both in-house and outside vendors.
- Around-the-clock emergency road services.
- Overall management of the Town's vehicle replacement program with emphasis on greening our fleet.

VEHICLE MAINTENANCE



*Position is split with Building Maintenance.

VEHICLE MAINTENANCE FUND
STAFFING COMPARISONS - IN FULL-TIME

	2012-13 ADOPTED	2013-14 ADOPTED	2014-15 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
Maintenance Operations Specialist ¹	0.75	0.75	0.75
Unit Totals	7.75	7.75	7.75

¹ Maintenance Operations Specialist 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 FY15 adopted budget for the Vehicle Maintenance Fund reflects an overall increase in expenditures of 1.0% from last year's budget. The increase in personnel is the result of a 3% of market rate salary adjustment and an 7% rate increase in medical insurance. The slight decrease in operating costs is attributed to lowered vehicle replacement costs. There are no planned capital expenses.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Personnel	\$ 589,662	\$ 548,975	\$ 548,975	\$ 532,117	\$ 568,316	3.5%
Operating Costs	574,028	672,993	672,993	654,558	666,165	-1.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,163,690	\$ 1,221,968	\$ 1,221,968	\$ 1,186,675	\$ 1,234,481	1.0%

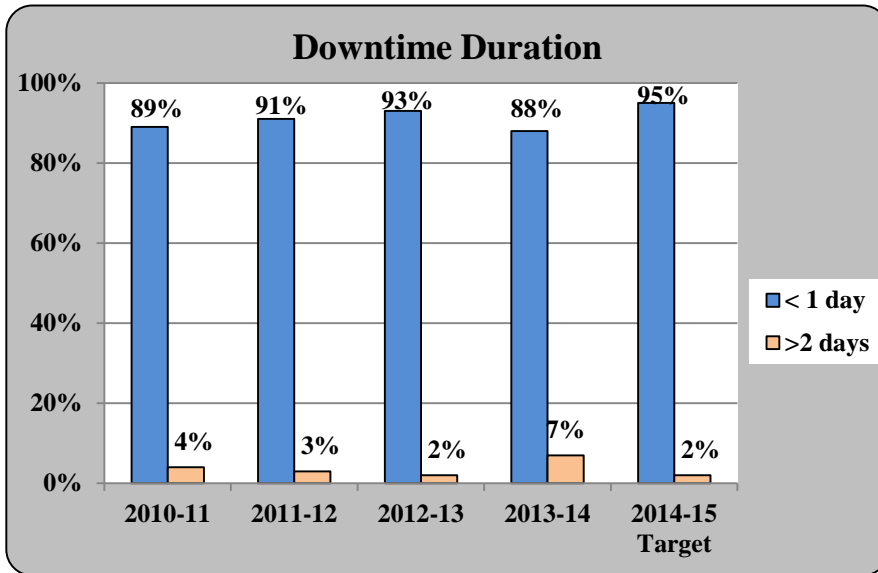
REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Vehicle Maintenance Fees	\$ 1,201,238	\$ 1,238,500	\$ 1,238,500	\$ 1,180,300	\$ 1,243,300	0.4%
Interest Income	308	-	-	-	-	N/A
Insurance Claims	23,174	20,000	20,000	20,000	20,000	0.0%
Appropriated Fund Balance	(61,030)	(36,532)	(36,532)	(13,625)	(28,819)	N/A
Total	\$ 1,163,690	\$ 1,221,968	\$ 1,221,968	\$ 1,186,675	\$ 1,234,481	1.0%

VEHICLE MAINTENANCE TRENDS

COUNCIL SERVICE GOALS : Maintain basic Town services.

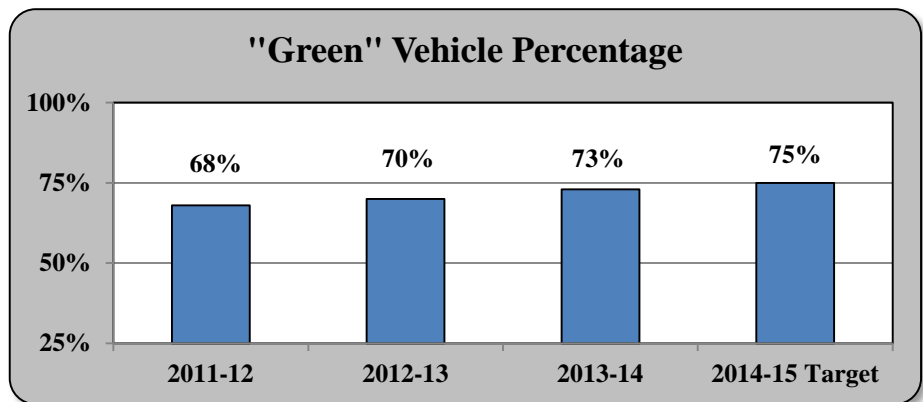
GOAL : To complete 85% of repair orders within 1 day, with no more than 10% requiring in excess of 2 days.



In FY 2013-14, 88% of work orders were completed in less than one day, with only 7% in excess of two days, as compared to 93% and 2% respectively in 2012-13. While the division exceeded our goal, the decrease in percentage of work orders completed in less than one day decreased as compared to last year due to the division not being fully staffed.

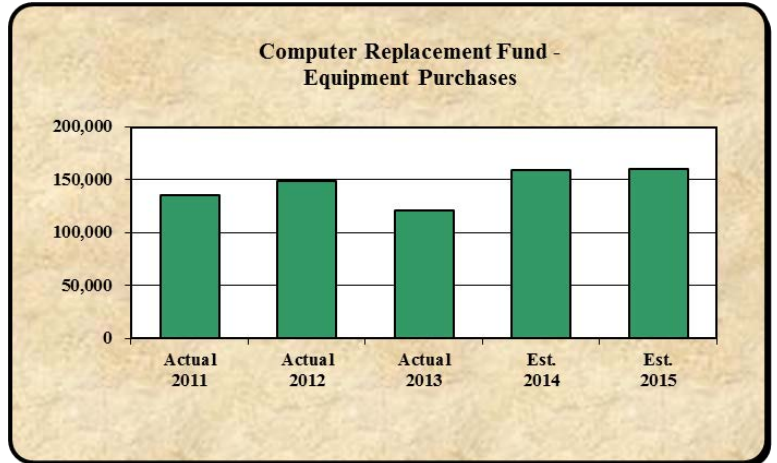
GOAL : Achieve 100% replacement of unleaded vehicles with “green” vehicles—hybrids, alternative fuels, etc.—by 2016

In 2013-14, the percentage of “green” vehicles in the Town’s fleet increased by 3% from the previous year, and by 5% from 2011-12.



COMPUTER REPLACEMENT FUND

The Computer Replacement Fund accounts for the purchase and financing of computer equipment and software to the Town departments.



COMPUTER REPLACEMENT FUND BUDGET SUMMARY

The adopted budget for 2014-15 provides for replacement of computer equipment on a pay-as-you-go basis.

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Small Equipment	\$ 120,364	\$ 159,595	\$ 159,595	\$ 159,595	\$ 159,470	-0.1%
Other Expense	523	500	500	137	500	0.0%
Total	\$ 120,887	\$ 160,095	\$ 160,095	\$ 159,732	\$ 159,970	-0.1%

REVENUES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
Computer Use Fees	\$ 162,100	\$ 160,095	\$ 160,095	\$ 160,095	\$ 159,970	-0.1%
Interest Income	419	-	-	425	-	N/A
Sale of Equipment	6,980	-	-	1,820	-	N/A
Appropriated Fund Balance	(48,612)	-	-	(2,608)	-	N/A
Total	\$ 120,887	\$ 160,095	\$ 160,095	\$ 159,732	\$ 159,970	-0.1%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2013 (2014-06-9/O-0.1)

BE IT ORDAINED by the Council of the Town of Chapel Hill, the following appropriations are hereby made:

ARTICLE I

GENERAL FUND

<u>Department</u>	<u>Department Total</u>
Mayor/Council	\$ 417,068
Town Manager/CaPA	2,504,747
Human Resources Development	1,468,795
Finance	1,822,728
Technology Solutions	1,428,111
Attorney	308,660
Planning	1,524,108
Public Works	12,085,686
Inspections	1,071,537
Police	13,201,831
Fire	8,432,438
Parks and Recreation	6,401,924
Library	2,729,416
Non-Departmental	4,876,951
GENERAL FUND TOTAL	\$ 58,274,000

OTHER FUNDS

Transit Fund	\$ 20,510,813
Transit Capital Reserve Fund	218,000
Debt Service Fund	7,524,587
Vehicle Replacement Fund	2,264,997
Vehicle Maintenance Fund	1,234,481
Computer Replacement Fund	159,970
Public Housing Fund	2,347,420
On-Street Parking Fund	707,750
Off-Street Parking Facilities Fund	1,914,696
Library Gift Fund	100,600
Capital Improvements Fund	849,856
Downtown Service District Fund	310,841
Stormwater Management Fund	2,540,516
Grants Fund	464,731
TOTAL ALL FUNDS	\$ 99,423,258

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2013 and ending June 30, 2014 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	\$ 29,495,000
Other Taxes & Licenses	1,044,000
State-Shared Revenues	17,315,190
Grants	791,407
Charges for Services	4,353,948
Licenses/Permits/Fines	2,062,092
Interest on Investments	21,000
Other Revenues	417,360
Transfers/Other Sources	119,910
Fund Balance Appropriated	2,654,093
General Fund Total	\$ 58,274,000

OTHER FUNDS

Transit Fund	\$ 20,510,813
Transit Capital Reserve Fund	218,000
Debt Service Fund	7,524,587
Vehicle Replacement Fund	2,264,997
Vehicle Maintenance Fund	1,234,481
Computer Replacement Fund	159,970
Public Housing Fund	2,347,420
On-Street Parking Fund	707,750
Off-Street Parking Facilities Fund	1,914,696
Library Gift Fund	100,600
Capital Improvements Fund	849,856
Downtown Service District Fund	310,841
Stormwater Management Fund	2,540,516
Grants Fund	446,731
TOTAL ALL FUNDS	\$ 99,423,258

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, 2014 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)	\$0.388/\$100
Debt Service Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.085/\$100
Transit Fund (for the payment of expenses related to transportation approved by referendum)	\$0.051/\$100
TOTAL	\$0.524/\$100

ARTICLE IV

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property located in the Downtown Revitalization Municipal Service District established by the Town Council's resolution of June 12, 1989:

Downtown Service District Fund	\$0.071/\$100
--------------------------------	---------------

This the 9th day of June, 2014.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Chapel Hill

North Carolina

For the Fiscal Year Beginning

July 1, 2013

A handwritten signature in black ink, which appears to read "Jeffrey R. Emswiler".

Executive Director

Performance Agreements with Other Agencies

	2013-14 Adopted Budget	2014-15 Adopted Budget
Performance Agreements with Other Agencies		
Human Services		
Human Services Advisory Board Recommendations	\$ 337,100	\$ 337,100
Total Human Services	337,100	337,100
Environment		
Piedmont Wildlife	1,000	1,000
Total Arts	1,000	1,000
Arts		
Cultural Arts Dinner	500	500
ArtsCenter	10,000	10,000
Total Arts	10,500	10,500
Affordable Housing		
Orange Community Housing and Land Trust	200,000	200,000
Homeless Initiative	42,215	43,574
Empowerment	13,500	13,500
Total Affordable Housing	255,715	257,074
Economic Development		
Chapel Hill/Orange County Visitors Bureau	175,000	175,000
North Carolina High School Athletic Association	15,000	15,000
Chapel Hill Downtown Partnership	70,000	70,000
Total Economic Development	260,000	260,000
Total Contributions to Agencies	\$ 864,315	\$ 865,674

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.