



Town of Chapel Hill
North Carolina

2016-2017 ADOPTED BUDGET



Chapel Hill Town Council, 2016-2017

Your Town Council is **Mayor Pam Hemminger** and **Mayor Pro tem Donna Bell** and Council members **Jessica Anderson, George Cianciolo, Ed Harrison, Nancy Oates, Maria Palmer, Michael Parker** and **Sally Greene**.

Town Manager
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Letter of Transmittal

To the Honorable Mayor and
Members of Town Council
Town of Chapel Hill, North Carolina

Ladies and Gentlemen:

I am pleased to present the Town of Chapel Hill, North Carolina Annual Budget for Fiscal Year 2016-17. The budget includes the same 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 2016-17 recognizes Council's most important goals and makes investments in strategies to achieve those goals. We are pleased to work with Council in making the final decisions on continuing the Town's high level of services and how they would be funded in the 2016-17 budget year. In addition to continuing basic services, the adopted budget:

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

This Adopted Budget document includes the fund summaries that utilize the governmental budget practices recommended by the Government Finance Officers Association of the United States and Canada. The Budget Message is organized around key themes and goals of the Council.

Respectfully submitted,

Roger Stancil
Town Manager

June 13, 2016

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June 13, 2016

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

In accordance with the Local Government Budget and Fiscal Control Act, I hereby submit the adopted annual budget for the Town of Chapel Hill for Fiscal Year 2016-17.

Budget in Brief

The FY2016-17 Adopted Budget is balanced without an increase in taxes. The aggregate increase for all funds is 1.08% and the increase in the General Fund is 2.17%. We are projecting a moderate increase in overall revenues that includes increases in some economy driven revenues such as sales tax and decreases in others such as planning permits.

Technically the economy has been in a recovery for the past few years, but unfortunately the benefits of that recovery are not being felt in all sectors of the economy. In fact, there is growing sentiment among some economists that we will be moving from a weak recovery into another recession. Regardless of where the economy moves in future, the lessons of the economic crisis of 2008 still resonate. Financial resiliency, the ability to withstand financially stressful events, is the new standard for local governments. This includes building basic financial safeguards such as a strong reserves (fund balance), diversification of revenues, manageable debt levels and conservative budgeting practices. In addition, financial resiliency requires, among other things, transparency, flexibility and collaboration. These are strategies that we try to employ as we build the financial plans for FY17 and beyond.

The adopted budget makes major investments in strategies to achieve Council Goals including the following:

- **Affordable Housing** – The FY17 Budget continues to reflect the Town's commitment to affordable housing. Operational funding for housing initiatives, roughly equivalent to a penny on the tax rate, was first budgeted in FY15 and is being continued for FY17. An additional \$28,147 is being added to the performance agreement with the Housing and Land Trust based on the funding formula adopted by Council. Also included in this year's public housing program

budget is \$50,000 for development of a Public Housing Master Plan. We envision the Plan to include an assessment of the condition of all of the Town's thirteen public housing communities as well as strategies to create new housing and preserve our existing inventory; identify new ways to manage our public housing program; and recommend a funding plan to implement the strategies.

- **Human Service Agency Funding** – The Town's allocation for performance agreements with Human Service agencies has been the same for the past four years. The FY17 budget includes an increase of \$74,400 in funding to the Human Services Advisory Board and \$25,000 to the Visitor's Bureau.
- **Adverse Weather Response** – One of the most challenging situations for any local government to manage is adverse weather. Storms are unpredictable at any time of year and coordinating a response that emphasizes public safety while also addressing continuity of services and recovery can strain even the most comprehensive and well thought-out plan. For this reason, we treat every storm event as an opportunity to receive feedback, reassess our performance and adjust our plans. Winter Storm Jonas was our most recent opportunity to respond to an adverse weather event and while the overall performance of our team was consistent with our high standards, the nature and duration of the storm revealed gaps in our response plan. Changes we are making based on this experience include improving communications with the public, adjusting staffing deployment in preparation for a storm event and strategic use of contracted services. The FY17 Adopted Budget includes an additional \$30,000 for contracted services related to storm events.
- **Capital Investment Plan** – The successful bond referendum of 2015 has paved the way for funding many high priority capital projects. With the stated goal of managing capital expenditures within the existing capacity of the Debt Management Fund, the Town will begin issuing significant amounts of new debt in FY17. Careful coordinated project and financial planning allows the Town to invest these borrowed funds in infrastructure improvements and repay the bonds without increasing taxes. Over the next four years, issuance of about \$50 million of debt is planned, beginning with approximately \$22 million in FY17. Debt planned for FY17 includes funding for greenways, public safety facilities and streets and sidewalks.
- **Transit Sustainability** – In cooperation with its funding Partners, UNC and Carrboro, the Town has shifted its funding model for fleet replacement to reflect the loss of Federal funding. Using a combination of fund balance, grants and debt financing, Chapel Hill Transit has begun the process of "catching-up" with bus replacements. The FY17 Transit budget includes \$967,000 for financing bus replacements. By borrowing funds and spreading the cost of new buses over their useful life, we can begin the process of bringing the average fleet age within industry standards, thereby reducing breakdowns and maintenance costs. The recent Council approval of a Bus Purchase Agreement and a Bus Financing Agreement has paved the way for a major purchase of new buses to be delivered in

FY17. The 1.9% reduction in the FY17 Transit Operating budget is due to the unexpected receipt of \$934,000 in State grants and the adjustment of cost estimates based on current year actual numbers. As we plan for financial sustainability for public transit service in the future, however, we anticipate increases in required local funding.

- **Stormwater** – The Bond referendum approved in November 2015 included authority to issue \$5.9 million for stormwater improvement projects. After the completion of sub-watershed studies, that will assist in prioritization of stormwater improvements, the bonds will be issued over the next 7 years to fund the highest priority projects. As discussed in last year’s budget, a series of graduated rate increases over several years will be needed to address Stormwater Master Plan projects, including projects that will be funded through the authorized stormwater referendum bonds. The stormwater fee is unchanged for FY17.
- **Public Safety** - Planning for a multi-agency complex that could include Police, Fire, Parks & Recreation Administration and other Town Offices is currently in progress. The proceeds of the sale of 523 East Franklin are being used for the design costs of the new facility. The balance of the project costs will be funded through a combination of GO bonds and an installment financing. This project will also include costs related to the ultimate disposition of the current Police Headquarters Building. The site is a former coal ash dump and analysis to determine the required remediation and clean-up is currently ongoing.
- **Bicycle and Pedestrian Safety** –One recurring theme in the 2020 conversations and in Council Goals is the need to make the City “walkable” and friendly to cyclists. In addition to the near-term initiatives spearheaded by the Bicycle/Pedestrian Safety Team, creating a safer multi-modal transportation infrastructure is a key component of our strategy to make the Town a safer place to travel for everyone. The successful 2015 Bond Referendum includes \$7.8 million for bike and pedestrian safety projects, \$2.0 million for sidewalks and \$5.0 million for trails & greenways. This funding is the first installment of a long-term investment in better infrastructure that supports alternatives to motor vehicle travel and attracts future economic development.
- **Employee Compensation** – Maintaining competitive and stable compensation is a critical factor in recruiting and retaining excellent employees who provide the high quality services recognized routinely by the community in the community survey. For FY2016-17 we are splitting the employee salary adjustment, with a 2% increase in July and another 1.5% increase in January. We initiated this split in the current fiscal year to reduce the annual cost and also set the stage for implementation of pay for performance, as recommended by the Employee Compensation Task Force. While we continue to work on the pay for performance plan, we will keep this split in anticipation of its implementation.

- **Employee Wellness** – Since its inception in 2011, the Employee Wellness Program has helped reduce the rate of increase in the cost of employee medical insurance. For FY17 a spike in health insurance costs of 15.5% is contrary to the recent trend of stable rates. While this sharp break in a favorable trend is jarring, it is not indicative of the impact of the wellness program. Since the Town’s costs are based on experience, we can be negatively affected by a small number of high dollar value claims. Overall there is no indication that, as a group, employees are becoming less healthy; rather we have had several unfortunate high value claims in the same coverage period. We believe this is more of a statistical anomaly than a trend; however, we are carefully monitoring healthcare usage and the health insurance market so that we can be prepared if other cost control strategies become necessary.
- **Retiree Healthcare** – The Town’s liability for paying future retiree healthcare benefits, earned by employees hired before 2010, continues to play a role in the Town’s financial well-being. Beginning in 2017-18 the Town will be required to report this liability, which was last calculated as \$64 million by the Town’s actuarial consultant, on the face of our balance sheet. The Town has taken several positive steps in managing its liability, including setting aside a relatively small amount to pre-fund the liability. This has been accomplished most recently by setting aside a portion of available fund balance. We feel it is time to normalize our pre-funding contributions and for 2016-17 the Adopted Budget includes pre-funding contributions from the General, Transit, Parking and Stormwater Funds.

Budget by the Numbers

The following table compares the FY2015-16 Adopted Budget with the FY2016-17 Adopted Budget for all Town funds.

BUDGET SUMMARY – ALL FUNDS

Fund	FY16 Adopted	FY17 Adopted	Incr./Decr.	Incr./Decr. %
General Fund	\$ 61,701,000	\$ 63,039,000	\$ 1,338,000	2.17%
Transit Funds	21,773,354	21,449,037	(324,317)	-1.49%
Stormwater	2,363,388	2,366,284	2,896	0.12%
Parking Funds	2,701,200	2,694,007	(7,193)	-0.27%
Housing	2,091,821	2,442,116	350,295	16.75%
Debt Service	7,602,782	7,528,782	(74,000)	-0.97%
Capital Projects	853,856	898,434	44,578	5.22%
Other Funds	5,026,445	4,820,461	(205,984)	-4.10%
Total	\$ 104,113,846	\$ 105,238,121	\$ 1,124,275	1.08%
<i>Note: Includes intrafund transfers</i>				

- **General Fund** – A 15.5% increase in the cost of healthcare insurance and a 2% + 1.5% split salary adjustment account for the bulk of the 2.17% increase. The budgeting of a conservative amount of lapsed salaries, recognizing the fact that the Town will have vacant positions throughout the next budget year, helps to reduce the increase. Increases in sales taxes and utility sales taxes provide sufficient revenue to balance the General Fund Budget without the need for a tax increase.
- **Transit Fund** – The reduction in the Transit Fund Budget is due to reductions in cost estimates based on FY16 actual numbers. In addition the unexpected receipt of \$934,000 in State grant funds in FY16 helped reduce costs in FY17. The Transit budget also includes \$967,000 for debt payments on the purchase of new buses that will begin in FY17. With nearly half of the bus fleet at or past replacement age, funding replacement buses is a top priority and key recommendation of the Transit Sustainability Study.
- **Stormwater Fund** – Overall the Stormwater budget remains at approximately the same level as FY16. Increases in personnel costs are offset by reductions in operating and capital outlay costs. The FY17 adopted Stormwater budget is balanced with about \$158,000 of appropriated fund balance. No increase in the stormwater fee is included in the adopted budget for FY17, however additional rate increases totaling about \$5 per ERU will be needed to pay for planned capital projects in the next 5-7 years.
- **Parking Funds** – On-street Parking operations are expected to generate \$23,534 in revenues above the amount required to support operations. The additional revenue will be transferred to Off-street parking. The combined Off-street and On-street budgets are balanced with the use of \$27,431 of fund balance.
- **Housing** – The 16.8% increase in the FY17 adopted Housing Fund Budget is due to an increase in capital expenditures for roof replacements and funding for a Housing Master Plan. An appropriation of available fund balance will be used to fund these projects.
- **Debt Service** – The overstatement of expected FY16 property tax revenues makes the debt fund appear to decrease slightly in FY17. When compared to FY16 estimates the property tax revenue will actually be going up slightly reflecting a little less than 1% growth in the tax base. The excess of revenues over expenses in FY17 results in an addition to fund balance of about \$473,000. This addition to fund balance creates capacity for future debt.
- **Capital Projects** - This budget represents the “pay-go” portion of the Town’s Capital Funding Plan. While the adopted amount falls short of the \$1 million annual pay-go target, planned debt issuance will fund several high priority projects that might otherwise be funded through pay-go.
- **Other Funds** – The aggregate reduction in these funds, that include internal service and grant funds, is due in part to reductions in one-time expenditures.

The estimated General Fund revenues for FY17 reflect an increase in revenue sources that are driven by economic activity such as sales taxes and utility sales taxes. The following table shows the expected changes to major revenue categories in the General Fund:

GENERAL FUND REVENUES

Fund	FY16 Adopted	FY17 Adopted	Incr./Decr.	Incr./Decr. %
Property Taxes	\$ 29,970,000	\$ 29,535,000	\$ (435,000)	-1.45%
Sales Taxes	12,059,494	12,790,797	731,303	6.06%
Other Taxes	1,114,000	1,224,000	110,000	9.87%
State Shared Revenues	6,649,590	8,079,590	1,430,000	21.51%
Charges for Services	4,666,537	4,602,428	(64,109)	-1.37%
Licenses & Permits	3,213,451	2,917,986	(295,465)	-9.19%
Grants	782,114	780,614	(1,500)	-0.19%
Other Revenues	540,450	402,035	(138,415)	-25.61%
Appropriated Fund Balance	2,705,364	2,706,550	1,186	0.04%
Total	\$ 104,113,846	\$ 63,039,000	\$ 1,338,000	-39.45%

- **Property Taxes** – The decrease in property taxes budgeted for FY17 (comparing FY16 Budget with FY17 Budget) reflects an error in calculating the FY16 tax levy which overstated the FY16 property tax budget estimate. The FY17 Adopted Budget represents an increase over the expected FY16 revenues of a little less than 1%. This is consistent with the rate of property tax revenue growth for the past two years.
- **Sales Taxes** – Sales taxes continue to show strong growth. Based on year-to-date results, we are anticipating the growth rate will continue at about 6% into FY17.
- **Other Taxes** – The hotel occupancy tax is the main component of this category. They have shown steady growth in the past few years. Receipts for FY16 have exceeded budget by a significant margin. Due to concerns about the impact of HB2 on the North Carolina tourism industry we are not budgeting any growth over the FY16 expected receipts.
- **State Shared Revenues** – The increase in this category recognizes the growth in Utility Sales Taxes which have exceeded the current year’s budget estimate by more than 40%. The reason for this increase is the change in the distribution formula passed as part of tax reform legislation that went into effect FY15. The legislation applied the general sales tax rate to the sale of electricity, replacing the franchise tax.
- **Charges for Services** – The decrease in this category is due, in part, to a decrease in projected Planning fee revenues (Ephesus Fordham form code permits). Police, Public Works, Parks & Recreation and Library all expect a slight increase in revenues from charges for services in FY17.
- **Licenses and Permits** – The decrease in this category is due to a significant decline in Fire and Building permit revenue. This is offset somewhat by an expected increase in Planning special use and development compliance permits.
- **Grants & Other Revenues** – Revenues in these categories are expected to remain about the same as current year revenue for this category.
- **Appropriated Fund Balance** – The amount of fund balance used to balance the budget reflects, in large part, the available unspent funding from the previous fiscal year. The amount budgeted for FY17 represents about 4.3% of the FY17 Adopted

Budget revenues and is slightly higher than the amount of fund balance appropriated in the adopted budget for FY16.

The Adopted FY2016-17 budget maintains the existing tax rates. Since the last revaluation in FY10 the Town’s tax rate has increased 3 cents or 6.1%. That is less than 1% per year and less than the rate of inflation. The last increase in property tax rates was the addition of 1 penny for the Debt Management Fund in FY15 to kick-start the Town’s capital improvement program. In FY14 the Transit and General Fund rates were each increased by 1 penny to pay for increases in operating costs. The property tax rates since the last revaluation are shown in the following table:

Property Tax Rates

	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
General Fund	36.0	36.0	37.8	37.8	38.8	38.8	38.8	38.8
Debt Service	9.3	9.3	7.5	7.5	7.5	8.5	8.5	8.5
Transit	4.1	4.1	4.1	4.1	5.1	5.1	5.1	5.1
Total	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4

Note: Tax rate is expressed as cents per \$100 of assessed valuation

Revaluation 2017 – In 2017 the County will conduct a revaluation of all real property in Orange County. The revaluation will update all property to its current market value. The new values will be reflected in the Town’s FY18 Budget. The Town is required by statute to declare a revenue neutral rate which is a tax rate that generates the same revenue as the prior year after adjusting for growth. The Council may decide to adopt a tax rate that is higher or lower than the tax neutral rate.

Council Goals






The starting point for building the Town’s annual operating budget is the development of Council Goals. At the 2016 Council Planning Retreat, we continued our discussion of Council Goals and specific budget challenges that we face for FY2016-17 and beyond. Based on our discussion, we refined and added to the goals that were developed during the 2014 Council Planning Retreat. Council Goals for FY16-18 and the initiatives that are planned to further those goals are attached.

Council Goals, along with status updates can be found on the Town’s website. These goals are intended to bridge the long-term vision of 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.

We continue to live in a time of economic uncertainty and ongoing debate about the vision for the future and the refinement of that vision. Our unlimited ideas, new projects

and initiatives are balanced by limited resources. The process of policy choice is difficult. As we struggle to meet high expectations with limited resources we are constantly challenged to prioritize new strategic initiatives while maintaining core services at the high level expected in Chapel Hill. In FY17 we will be working on creating stronger connections between Council Goals and the measures we use to gauge our progress.

Council Goals:

☒		Create a Place for Everyone	☒		Develop Good Places, New Spaces
☒		Support Community Prosperity	☒		Nurture Our Community
☒		Facilitate Getting Around	☒		Grow Town and Gown Collaboration

Budget Challenges

Asset Management

The sale of Town owned properties is an important potential source of funding for major capital projects. The asset management initiative was designed to assess the value of some underutilized Town assets and leverage them in addressing critical core needs or Council Goals in facilities. This program has also led to opportunities for public-private cooperation and other creative reuse options.

- **523 East Franklin** - The recent sale of 523 East Franklin has generated about \$1.7 million that will be used for the planning and design of the new multi-function complex that will house the new Police Headquarters.
- **Hamilton Road Fire Station Site** - The Council approved a Memorandum of Understanding for a public-private redevelopment project for the Hamilton Road Fire Station, including a new fire station and private development, subject to subsequent approval by the Council of the development in its regulatory role. The arrangement will provide the Town with a new fire station and other economic benefits through the redevelopment of an underutilized site.
- **DHIC Project** – Repurposing underused Town properties can also serve to further Council Goals, such as affordable housing. The use of 10 acres of Town owned land as the site of a Low Income Tax Credit project has made it possible to add about 140 units of much needed affordable housing.



Capital Program Management

The Town has a significant backlog of capital projects that were deferred during the fiscal crisis. The delay provided an opportunity to refine priorities through the master planning

process. Now that the Town has capacity building in the Debt Management Fund we can start to implement the Town's Capital Improvement Program.

In addition to the \$40.3 million of General Obligation (GO) Bonds authorized in the November 2015 Referendum, the Town's CIP includes almost \$60 million of installment financing, pay-go and two-thirds bonds projects that we will be trying to fund in the next 7-10 years. In addition to Town financed projects, the Capital Program also includes the Rogers Road project that will be financed by the County with the Town paying a portion of the debt service. The following table is an estimate of the sources and uses of funds for the CIP in the next 7-10 years.

FUTURE CAPITAL PROJECTS Use of Funds & Source of Funds

Use of Funds:	Referendum Bonds	Installment Financing	Two-thirds Bonds	Pay-go
Referendum Projects	\$ 40,300,000	\$ -	\$ -	\$ -
Ephesus Fordham Phase 2-4		5,200,000		
Public Safety Projects		29,500,000		
FY17 Various Projects			1,700,000	
FY17 Pay-go				898,434
Bus Replacement		21,000,000		
Total	\$ 40,300,000	\$ 55,700,000	\$ 1,700,000	\$ 898,434

Source of Funds:				
Debt Management Fund	\$ 34,400,000	\$ 24,500,000	\$ 1,700,000	
Stormwater Fund	5,900,000			
Asset Management		5,000,000		
Synthetic TIF		5,200,000		
GF Operating Transfer				898,434
Transit Fund		21,000,000		
Total	\$ 40,300,000	\$ 55,700,000	\$ 1,700,000	\$ 898,434

- **Pay-as-you-go (pay-go) funding** – Annual General Fund transfer used for small and/or recurring projects that can be accomplished within the fiscal year. Projects may include on-going costs for major maintenance of facilities and projects that can be divided into small annual segments.
- **Two-thirds Bonds** - Used for eligible high priority projects that have relatively short timelines and are too large for pay-go. Projects may include major equipment purchases, facility and infrastructure improvements.
- **Installment Financing** - Used for priority projects that are essential and for which adequate collateral is available. In cases where collateral for an installment financing is sufficient to cover multiple projects, combining financing is a useful tool to fund projects that would otherwise be problematic to fund. Projects may include construction, renovation or major repair of essential facilities and major equipment and vehicles purchases.

- Public Safety Projects are generally considered “essential” for financing purposes and thereby can be funded by an installment financing using the new facility as collateral.
- **GO Bond Referendum** – Voters approved the November 2015 referendum, passing all five bond orders by wide margins. The Town now has the authority to issue these bonds within the next 7-10 years. The \$40.3 million of authorized referendum bonds include \$34.4 million of General Fund Projects and \$5.9 million of Stormwater projects.
 - **Bond Orders** - The approved bond orders (categories of projects that will be presented on the ballot) include projects that have been prioritized through the Town's internal review process. The bond order categories and project dollar amounts are as follows:
 - **Streets & Sidewalks**

▪ Bicycle & Pedestrian Safety	\$ 7,800,000
▪ Sidewalk Construction	2,000,000
▪ Street Infrastructure & Bridge	3,400,000
▪ Downtown Streetscape	<u>3,000,000</u>
Total	\$ 16,200,000
 - **Trails & Greenways**

▪ Morgan Creek Trail	\$ 3,000,000
▪ Bolin Creek Trail/Tanyard Branch	<u>2,000,000</u>
Total	\$ 5,000,000
 - **Recreation Facilities**

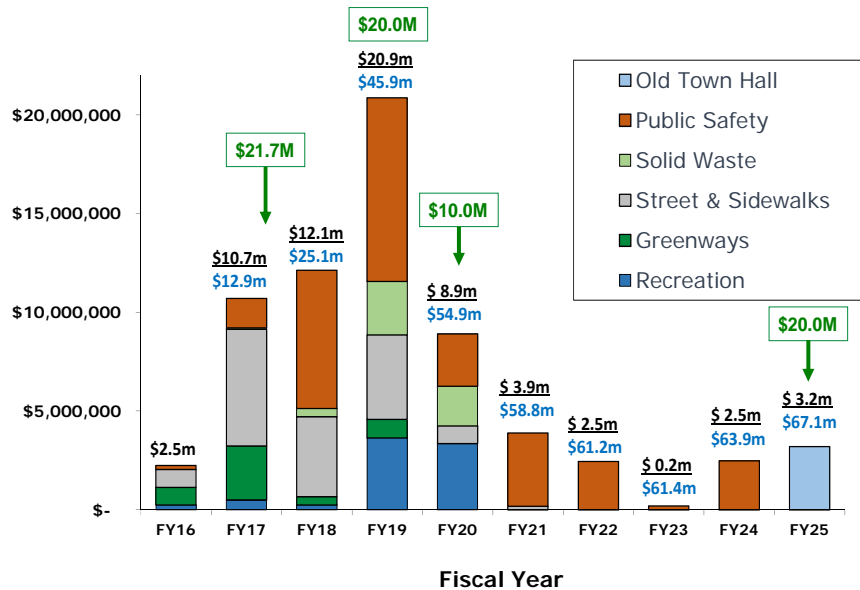
▪ Administration Building	\$ 3,600,000
▪ Cultural Arts Building	3,400,000
▪ Park Renovations	<u>1,000,000</u>
Total	\$ 8,000,000
 - **Solid Waste Facilities** **\$ 5,200,000**
 - **Stormwater Improvements** **\$ 5,900,000**

Note: the projects noted above are for planning purposes only. Council has the discretion to change projects within the dollar amount and stated use for each bond order.

Unfunded Projects

The following graph represents the planned cash flow for debt funded projects for the 10 year period beginning FY16. The bars represent the planned expenditures by use of funds and the dollar amounts at the top of the bars are the annual and cumulative expenditures. The green numbers in the box are the planned debt issues. This plan is designed to pay for maximum amount of the capital program without exceeding the current capacity of the Debt Fund. In other words, this scenario does not necessitate a tax increase.

Planned Projects Cash Flows



This scenario only includes projects that are currently in the capital plan. It does not include the following projects which are being considered:

- Fire Station 4 and Training Center Replacement
- American Legion Property
- 415 West Franklin Project
- Glen Lennox Public Improvements
- Police Station Coal Ash Mitigation

The estimated total dollar amount of these projects is well over \$30 million and there is currently no additional capacity to absorb these projects unless significant changes are made to the priority of existing projects or the Debt Fund tax is increased.

Employee Compensation

The Town is a service based organization that relies on a skilled and flexible workforce to deliver a broad scope of governmental services. Personnel related costs account for 71.1% of the FY17 General Fund Adopted Budget. The costs of maintaining a high performing workforce are increasing as the competition for labor increases. In recent years we have seen increased turnover including a significant increase in retirements. The Town's Turnover rate (about 8%) is typical for local governments in our region. The Town can stay competitive in the labor market by maintaining its comprehensive benefits package and through annual salary adjustments.



The FY17 Budget includes a salary adjustment that is split into two parts, with a 2% increase in July and another 1.5% increase in January. By splitting the increase we

reduce the annual cost and also set the stage for implementation of a pay for performance system by separating future pay adjustments and pay for performance increases. Moving toward a performance based pay system and maintaining salaries that are competitive with the market are consistent with the recommendations of the Compensation Task Force.

	Pay Adjustment	One-time Payment	Health Ins. Increase
FY2008-09	3%	0	10.0%
FY2009-10	0	0	17.1%
FY2010-11	0	\$800	13.9%
FY2011-12	0	\$800	10.1%
FY2012-13	3%	0	(3.0%)
FY2013-14	2%	0	4%
FY2014-15*	3%	0	7.0%
FY2015-16*	2% - 2%	0	(8.5%)
FY2016-17*	2% - 1.5%	0	15.5%

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

Living Wage

The FY17 Adopted Budget includes additional funding to pay for changes to the Town’s Living Wage Policy that Council amended to comply with the Orange County Living Wage (OCLW) standard. The policy changes mostly affect seasonal, part-time and temporary workers in the Parks and Recreation Department. New employees in the effected positions will have a minimum starting wage of \$10.00 per hour. After 90 days on the job these employees will be subject to a \$12.75 per hour minimum pay rate. The budget impact of these changes add about \$140,000 to the Parks and Recreation Budget for FY17. A portion of this cost will be offset by increases in fees.

Employee Health

As shown in the following graph, after several years of moderate increases including an 8.5% reduction in FY16, our rates will jump significantly for FY17. While this reverses the favorable trend over the past 4 years, it does not negate the progress made in the Town’s Wellness @ Work Program. The spike in rates is due mostly to a small number of high cost cases rather than an increase in usage for the plan membership as a whole. This is encouraging for long-term prospects of controlling healthcare coverage costs, but in the short-term a 15.5% increase is significant budgetary setback.

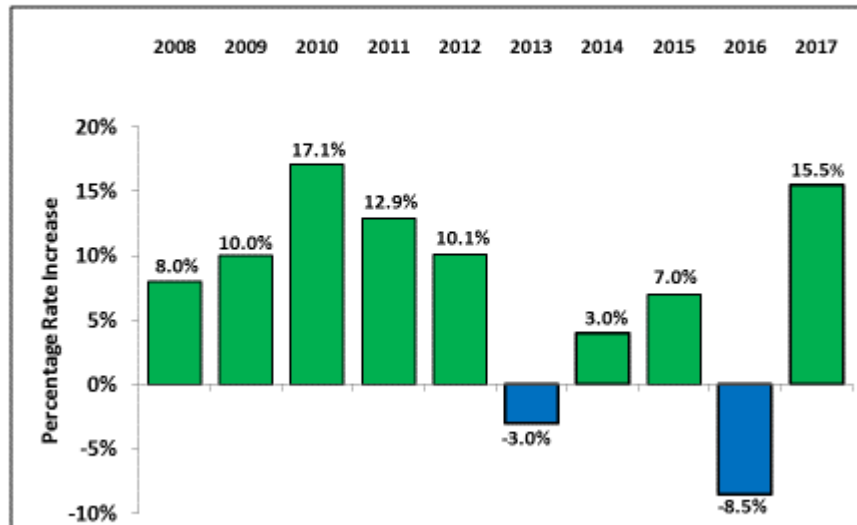
After several consecutive years of double digit increases the Town needed to find a way to control healthcare costs. The easiest and quickest path to controlling costs would have been to ration healthcare for our employees. This is a path that many other businesses and local governments have taken, basically solving the problem by transferring the cost to their employees. While this may have been an effective solution financially, the long-term impact on the Town’s workforce would have been detrimental. Rationing healthcare simply does not create a more healthy and productive workforce. In fact it does the opposite. Rather than taking the easy short-sited approach, the Town embarked on a wellness initiative designed to identify and treat chronic illnesses, reach-out to

employees who may be medically underserved, and help make our employees make good healthcare and lifestyle decisions.

The Chapel Hill Wellness @ Work Program is a comprehensive wellness program for the employees of the Town of Chapel Hill. The program is a partnership between the UNC Health Care Department of Family Medicine and the Town of Chapel Hill. The success of this program is a direct result of this partnership and the work of the Wellness @ Work Committee.

The recent reversal of a positive trend in medical insurance premiums is disappointing, but improving employee health is the most important outcome of the program. The FY17 adopted budget continues these efforts by encouraging participation in the HRA program by giving a discounted employee medical insurance rate for program participants.

Medical Insurance Cost Increase from Prior Year



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. For FY17 we have allocated an increase of \$74,400 in the funds that are allocated based on the recommendations from the Human Services Advisory Board.

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 adopted amounts are shown below.

Performance Agreements with Outside Agencies	2015-16 Adopted Budget	2016-17 Adopted Budget
Human Services	\$ 337,100	\$ 411,500
Environmental	1,000	1,000
Arts	20,500	23,000
Affordable Housing	361,238	379,557
Economic Development	260,000	280,000
Total Performance Agreements	\$ 979,838	\$ 1,095,057

The affordable housing agency funding includes a \$328,561 allocation to the Housing and Land Trust. This represents an increase of \$28,147 from the FY16 performance agreement. This increase is based on the interlocal agreement, authorized by Council April 13, 2015, with the Towns of Carrboro and Hillsborough and Orange County formalizing the long-standing relationship with the Community Home Trust. The purpose of the Agreement is to: 1) clarify the responsibilities of the Towns, the County and the Community Home Trust; and 2) provide a formula to provide financial support of the Home Trust’s administrative operations based on the number of Home Trust units in each jurisdiction.

We have discussed the Agreement with our partners and with the Community Home Trust. We believe that the Agreement provides sufficient guidance for our partnership with the Community Home Trust and do not recommend changes at this time. We will continue to review the agreement on an annual basis and recommend modifications for consideration as appropriate. In addition to the performance agreement amount, the Community Home Trust has also been allocated \$50,000 of the Town’s FY17 CDBG funds.

The economic development agency funding includes \$200,000 for the Convention and Visitor’s Bureau, an increase of \$25,000 from FY16. 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 for services in the Downtown Municipal Service District (MSD). The Downtown Service District Budget also includes \$120,000 for services in the (MSD).

Technology Initiatives

The use of a Technology Pool funding mechanism for technology projects and creation of

a Business Analyst position in IT to evaluate and facilitate technology projects has allowed a more thoughtful and deliberate investment in new technologies. The most recent allocation from the Technology Pool included funding for projects ranging from an upgrade to Library management software to equipment that counts the number of users on Town trails. Both of these projects interface with the public and help maximize the use and utility of Town assets.

One of the Town's on-going technology challenges is to effectively support a diverse and growing base of over 650 users. This has become more challenging as we deal with competing demands for higher levels of security to protect confidential information and the need to embrace open data concepts to provide higher levels of transparency by making Town data available to everyone. To assist in the coordination of security and user-support efforts, two technology positions in the Police Department will be moved to Technology Solutions. This change is reflected as an increase in the personnel costs in Technology Solutions and a decrease in Police.

Closing the digital divide – getting all Chapel Hill residents online – has been an ongoing priority that requires a multipronged approach. The key to effectively leveraging our fiber assets to create a more level digital playing field is to build relationships with organizations that share our interests, such as UNC, the School District and Carrboro. Through these partnerships Chapel Hill is working on a variety of fronts to ensure residents have access to internet, access to computer equipment, and access to digital literacy educational opportunities.

Library Operations / Youth Services

User Experience – In FY17, the Library will implement a year-long, \$100,000 federal grant project focused on improving the User Experience (UX) at the Library and giving staff skills to continue to do so after grant cycle complete. Focusing on UX helps achieve the goals of the Library: increase access, decrease barriers, raise awareness, develop customers, and become a place for everyone.

Open Data – Public libraries are trusted community institutions who make information freely available to all. As such, CHPL is shepherding the creation of an Open Data Portal for the Town. We anticipate an internal launch in May and public launch in June.

Library Outside the Library – In addition to longstanding outreach services to schools and community partners, we are focusing on ways to get out into the community even more. Exploring external funding options for a “Pop Up” Library/21st century bookmobile.



Youth Services – In our FY16 Business Plan, we identified teens one of our key constituencies to focus on. Here's what's happening:

- **Teen UX** – As part of the UX project, CHPL has been collecting data, observing behavior, and directly engaging teens. In FY2016, we have refined our understanding of their wants, needs, and interests, and in FY2017 we will begin making improvement to the collections, services, and spaces we offer them based on that understanding.
- **Teens of Chapel Hill** – A working group of TOCH staff who work with teen populations, facilitated by Stephen Ashley, Teen Engagement Coordinator. Comprised of key staff from Library, Parks & Rec, Housing & Community, and Police, the group meets monthly. Goals are increased communication and collaboration. They are currently working with CAPA on a website to provide information to teens about Town-sponsored events and opportunities.

Transit Sustainability

Chapel Hill Transit (CHT), like most transit systems, relies heavily on State and Federal funding in order to maintain operations. The lack of reliable Federal funding for bus replacement has created a critical maintenance issue for CHT. Currently 42 of the 99 fixed route-buses 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, an alternative to Federal funding of bus replacements is being implemented. By borrowing funds and spreading the cost of new buses over their useful life, we can begin the process of bringing the average fleet age within industry standards, thereby reducing breakdowns and maintenance costs.

Beginning with the FY15 budget, funds have been set-aside in the Transit Capital Reserve funding to pay debt service for the financing of new bus purchases. The FY17 Transit budget includes \$967,000 for financing bus replacements. The successful negotiation of long-term commitments for debt repayment with CHT's funding partners makes the financing of buses a feasible strategy to renew the fleet. The recent Council approval of a Bus Purchase Agreement and the Bus Financing Agreement have paved the way for a major purchase of new buses which will be delivered in FY17.

The FY17 CHT Budget shows a 1.9% reduction in expenditures compared to the FY16 budget. This is due to the unexpected receipt of \$934,000 in State grants and the adjustment of cost estimates based on current year actual numbers.

During FY17, we will also begin serious discussion with UNC and Carrboro about the sustainable financial future of public transit in our community. Our partnership has reached the point when we must review all of our financial and governance arrangements in light of today's financial stresses. The results of these discussions could have tremendous effect on future budgets.

Stormwater Fund

In order to keep pace with needed stormwater improvements it became necessary in FY14 to begin increasing the stormwater fee to meet current and future needs. Prior to FY14 the rate had not changed since the inception of the fund in 2004, despite a 40% increase in the operating budget. Also, the size of the Equivalent Rate Unit (ERU) was reduced in FY14 from 2,000 to 1,000 square feet.

For FY16 an additional \$1.40 per ERU was added to the Stormwater Fee to help address capital needs, including the need to pay debt service on General Obligation Bonds that were approved in November 2015. For FY17 there is no increase in the Stormwater fee because of the need to complete subwatershed studies before major capital projects are undertaken.

Fund Balance

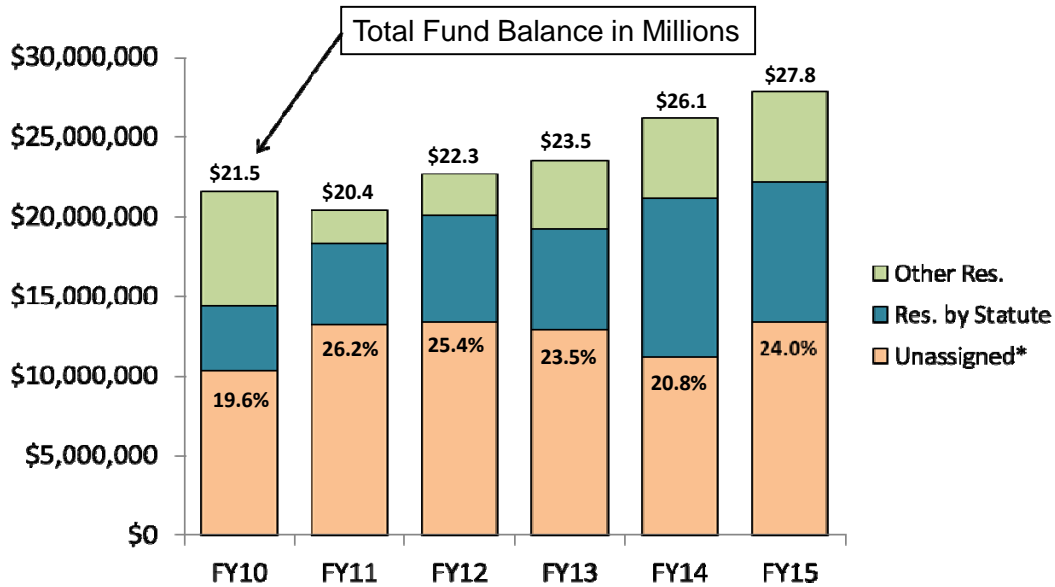
The Town has maintained a strong and consistent General Fund fund balance (see graph below) over the last 7 years. In order to help address the Town's capital needs and to create a funding mechanism for the Town's long-term liability for retiree healthcare, we recommended in FY15 that unassigned fund 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 (OPEB).

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 demonstrated that 10% is insufficient.

Total GF Fund Balance

FY10 thru FY15



* Unassigned fund balance is calculated as a percent of expenditures and other uses per audited financial statements

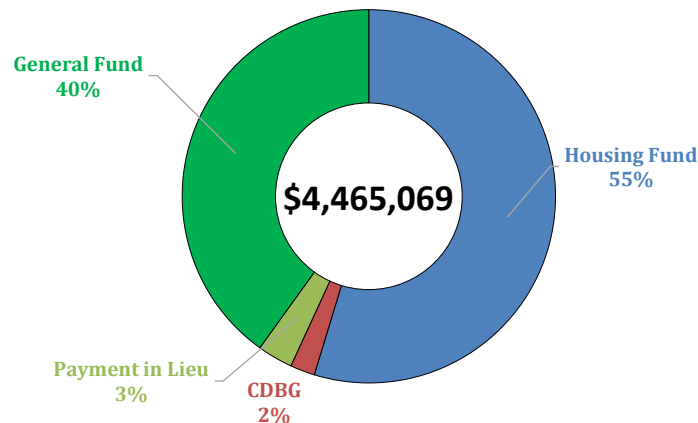
Maintaining an adequate level of fund balance is critical to meet the cash flow requirements of this municipal corporation and to provide an emergency fund to safeguard the Town against the costs of recovering from unforeseen economic, emergency and natural disasters. The Town’s high fund balance levels are a positive factor in assigning credit ratings to the Town’s debt. The Town has continually received the highest possible rating for its general obligation bonds.

The FY17 Adopted Budget seeks to keep the use of fund balance to a manageable level and uses \$2.7 million of fund balance, about 4.3% of total revenues, to help balance the budget. We believe that this is an appropriate and sustainable level of fund balance use.

Affordable Housing

The Town’s total investment in affordable housing for FY17 is \$4,465,069 as shown in the following graph. This includes all planned expenditures for Public Housing Fund, the Housing and Community Department, grant funds and performance agreements with outside agencies.

FY17 AFFORDABLE HOUSING INVESTMENT



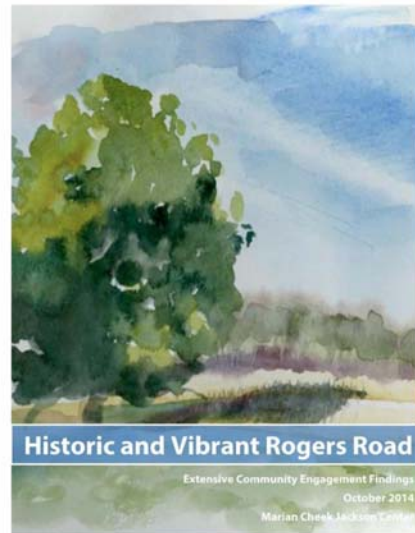
Recently initiated affordable housing projects include:

- **Northside Community** - Leaders from the Town of Chapel Hill and the University of North Carolina at Chapel Hill (the University) announced in March of 2015 a major investment in the future of the Northside neighborhood. The investment - a \$3 million no-interest, 10-year -loan from the University and annual funding from the Town of Chapel Hill for administration of that investment – will allow Northside and community partners to achieve a shared vision for the historic neighborhood: a family-friendly, socially-connected community where long-term residents, new owners, renters and students can live together.
- **Penny for Housing** - The Town of Chapel Hill's adopted FY17 Budget includes \$688,395 to support affordable housing development and preservation, an amount equal to nearly one penny of the property tax rate. These funds will be allocated through the Affordable Housing Development Reserve (AHDR) consistent with the Town's Affordable Housing Strategy.

We plan to embark on an effort to work with Council to establish performance measures for critical high priority Council Goals as a way to set a clear path, evaluate results and focus resources. Because of the critical importance of the affordable housing goals for our community, we intend to begin there and apply what we learn in the process to other Goals.– We also hope to start with affordable housing because of the opportunities generated by the Rosen study underway for critical areas in our Town and the renewed commitment by our housing professionals in the nonprofit and governmental sectors to work together to learn from our past experiences and apply that learning to new initiatives. These opportunities for initiatives and thinking differently are provided by community first planning in the development of the Rogers Road area, including the Greene Tract, as well as the assessment of the Town's inventory of public housing neighborhoods.

Rogers Road

The Town has contributed about \$610,000 toward the construction of the Rogers Road Community Center and preliminary engineering (phase 1) and sewer engineering design (phase 2) for extension of sewer service to the Rogers Road community. The engineering and easement acquisition work will be completed in FY17 and the award of the construction contract should also take place in FY17. The financing plan calls for the County to borrow the cost of construction and connections, approximately \$6.6 million, with a 20 year payback term. A basis for distribution of the costs of construction and connections is currently being worked out. It is estimated that the project will take a minimum of two years to complete.



Parking Fund



The FY17 Parking Fund Budget is balanced with the use of \$26,349 in fund balance. This is the second year in a row that the fund has been at or close to break-even after several years of significant deficits following the issuance of debt for the 140 West parking structure. A period of fund balance spend-down was expected in the transition of Lot 5 to 140 West, however the addition of unexpected capital repair costs and a slower ramp-up of revenues from new facilities prolonged the period during which the fund ran budgetary deficits.

In FY16 the practice of transferring excess on-street parking revenue to the General Fund was stopped and these funds are being used to support off-street parking operations. While the Parking Fund has achieved a balanced operating budget there are still major capital improvement challenges to be addressed, including repairs to the Wallace Deck roof to fix ongoing water infiltration problems.

In order to meet changing parking demands in the Downtown, the Parking Enterprise needs to look at different strategies and service delivery models to better match parking supply with demand. The experience of parking should not be a barrier to people visiting downtown. With the assistance of the Downtown Partnership and other parking stakeholders, the Parking Enterprise, under the supervision of the Police Department, will continue to engage the community and industry experts to fulfill their goal of building a sustainable parking system that supports the commerce and vitality of Downtown.

Conclusion

A major focus of the FY17 Adopted Budget is the implementation of a comprehensive capital program that addresses public facility and infrastructure needs that have been underfunded in the years subsequent to the financial crisis of 2008. In many ways the Town is playing catch-up in key capital areas such as replacing public service facilities, providing bicycle and pedestrian amenities in the public right-of-way and replacing buses. While we move forward to address these needs, new needs and opportunities arise challenging our ability to prioritize from among numerous worthwhile projects and stretching our capacity to fund high-priority projects.

The development of an annual budget requires equal parts thoughtful reflection and hard work. The reflection part takes the form of planning, strategizing and assessing past results. The work part entails building the thousands of individual assumptions, estimates, and calculations into a cohesive whole that represents a positive step in the direction articulated by Council. These two activities coexist in an inclusive process that culminates in this document, the Adopted Budget. It is sometimes easy to lose the thread that ties Council goals to the minutia of an operating budget as it attempts to bind strategy to initiatives to service delivery to outcomes using only words and numbers. In FY17 we will be working to strengthen that connection between Council goals and the results of our efforts by identifying and tracking key indicators that help us measure our progress toward the future expressed in those goals. To assist us in that effort we will be asking Council to help us think about what success looks like and what how movement toward our goals will change specific characteristics of Chapel Hill.

The budget is the tool we use to move toward a future based on our shared vision. But, moreover, the budget is about choices. Choices dictated by factors both within and outside of our control. Our ability to understand, manage and anticipate these factors is greatly enhanced by our ability to build trust and respect through open communication and the participation of the public in our planning, goal setting and decision making processes. The choices reflected in the Adopted Budget represent our best efforts to move forward toward achieving Council Goals. The 2016-17 Adopted Budget keeps the Town on its path toward sustainably achieving the long term goals of the community.

Respectfully Submitted,

A handwritten signature in black ink, appearing to be 'R. S. D.', written in a cursive style.

CITIZENS' GUIDE TO REVIEWING THE BUDGET

General Comments

This budget document describes Town services and revenue sources adopted for the Town's budget for the fiscal year from July 1, 2016 through June 30, 2017.

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 2016-17.

The information in this budget document is intended to be understandable to citizens with a general knowledge of business practices and of most Town services. We have attempted to minimize the use of technical words and phrases, or to define them when used. A glossary of terms is provided in the Budget Appendices. However, if something in this material is not clear, we invite you to call us at (919) 968-2712 or send an email to the Town Manager at: manager@townofchapelhill.org.

State Laws Regarding Local Governmental Budgets

The Town's fiscal year begins on July 1 in accord with requirements in the North Carolina Local Governmental Budget and Fiscal Control Act.

This legislation requires that the Manager submit a recommended budget to the Mayor and Council, that the Council hold a public hearing, and that the Council adopt an annual budget or interim budget for 2016-17 by July 1. State laws also determine the types of services and regulatory authority which the Town can

CITIZENS' GUIDE TO REVIEWING THE BUDGET

provide, the revenue sources available to the Town and in many cases the maximum level of such revenue. For example, the Town is not authorized to levy income taxes, and Orange County has enacted a local option sales tax at the authorized limit of 2 and 1/2%. The Town is authorized to provide various types of services needed in urban areas, including police and fire protection, refuse collection and street maintenance services.

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

Financial Management Principles

The adopted budget is based on financial management principles including:

- * The Town makes conservative estimates of revenues and costs to minimize the chance that actual revenues received during a budget year may be less than expected, or that actual costs may exceed estimates.
- * The Town seeks to use stable, annually recurring revenues to pay for costs (such as wages, supplies, etc.) which tend to continue from year to year. The Town avoids using one-time revenues for annually recurring costs.
- * The Town seeks to keep a reserve of money saved in past years (undesignated net assets or fund balance) so that the Town will not have to borrow funds early in the fiscal year when revenues are less than the cost of providing services, and so that the Town will have a reserve for any major unexpected

costs or revenue fluctuations between budget years. The Town's objective is to have a General Fund balance of at least 12% of the General Fund budget for cash flow purposes in accord with State guidelines, and additional amounts for unforeseen circumstances and emergencies.

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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

Budget Process

The Mayor and Council's process and schedule for developing the 2016-17 budget included forums and hearings for citizens to express their views, raise questions and concerns and make comments on services, policies and funding items related to the budget.

The description of the budget process and the budget calendar are included in this Introduction and Background section.

Citizens were invited to make comments at any time by letter to the Mayor and Council or to the Town Manager at 405 Martin Luther King, Jr. Blvd., Chapel Hill, NC 27514, by fax to Town Hall at (919) 969-2063, or by electronic mail at manager@townofchapelhill.org.

Citizens with disabilities in hearing or speaking were invited to call the Town at (919) 968-2743 (TDD: (919) 968-2700) for assistance in participating in public hearing or commenting by other means.

Elements of the Budget Document

- Introduction and background information with regard to the development of the budget including the budget process, the budget goals and assumptions made.
- Department and division mission and duties as well as their budget and a summary of budget changes.
- Explanations of debt and the capital program.
- Summary information with regard to

net assets (fund balance), revenues and expenditures for all funds, tax rates and tax collections and staffing and organizational structure.

Each department has a separate overview. The following is an explanation of the information included for departments and divisions.

Department Sections

Each department section contains a department overview intended to provide information about the department; organizational charts for the department; staffing charts for each department; and a budget summary for the department. Also included is the same information for individual divisions within some of the larger departments. Goals and performance measures are also included for appropriate departments.

◆ Department Overview

Each department section starts with an overview page which includes the Mission Statement and summarizes key duties of the department.

◆ Organizational Chart

Following the department overview is an organizational chart for the department that displays the personnel in the department broken out by divisions, where applicable.

◆ Staffing Chart

The staffing chart for each department lists all positions within the department in full-time equivalents in order to provide a snapshot of staffing for the various department functions.

CITIZENS' GUIDE TO REVIEWING THE BUDGET

◆ **Budget Summary**

The budget summary for each department provides a summary of significant budget changes in a brief narrative format. It also lists expenditures summarized in the categories of Personnel, Operating Costs and Capital Outlay. Revenues are also listed in a summary format based on revenue sources. These expenditure and revenue summaries provide historic and adopted information as follows:

- 2014-15 Actual
- 2015-16 Original Budget
- 2015-16 Revised Budget
- 2015-16 Estimated
- 2016-17 Adopted Budget
- % Change from 2015-16 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 2016-17 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	2014-15	2015-16	2015-16	2015-16	2016-17	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2015-16
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	2014-15	2015-16	2015-16	2015-16	2016-17	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2015-16
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%

Includes salaries, wages, and employee benefits (for example FICA, insurances).

Includes all operating costs except those related to personnel or capital.

Includes costs for land, buildings, equipment and other purchases with an expected usefulness of 3 years or more and a cost of more than \$5,000.

Revenues for the general benefit of the Town and not related to specific functions. These revenues include property taxes, State-shared revenues, sales taxes, interest and appropriated net assets (fund balance).

These revenues are directly related to departmental functions.

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.

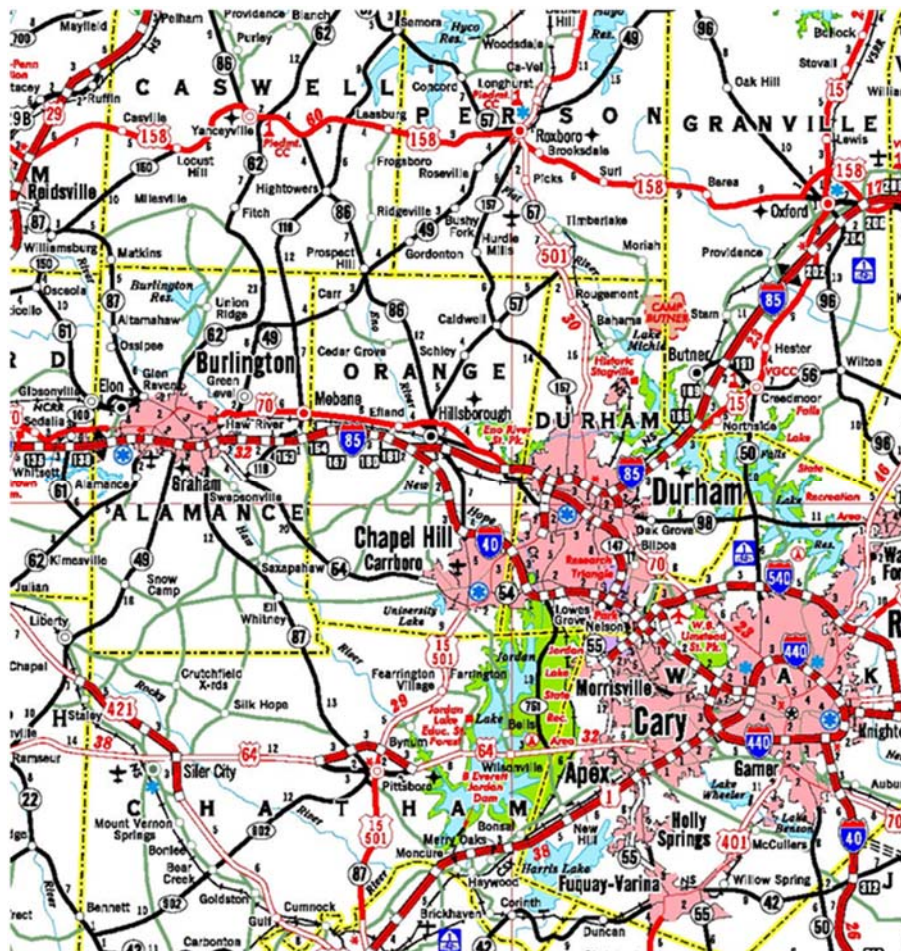
By 2013, all service areas completed the performance measurement pilot program. In the summer of 2014, departments began to annually report performance measure data to the Town Manager in their Business Plans, linking performance data to core service areas and strategic initiatives. The budget document shows the performance measures that departments identified as their key performance measures in their Business Plans.

Departments are expected to use performance measures to justify budget adds and direct future priorities. A new position was added to the Business Management department during the 2014-15 fiscal year to ensure continuous improvement of existing measures, focus attention on results and accomplishments, and enhance accountability. The Government Finance Officers Association (GFOA) awarded the Town of Chapel Hill a Special Performance Measure Recognition for the 2015-16 Budget document. Towards the end of the 2015-16 budget year, Business Management has been working in conjunction with the Town Manager's Office and the Town Council on aligning performance measures to Council Goals.

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 59,753 according to the latest estimate issued by the State of North Carolina for July 2014. 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 29,084 in 2015-16. 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

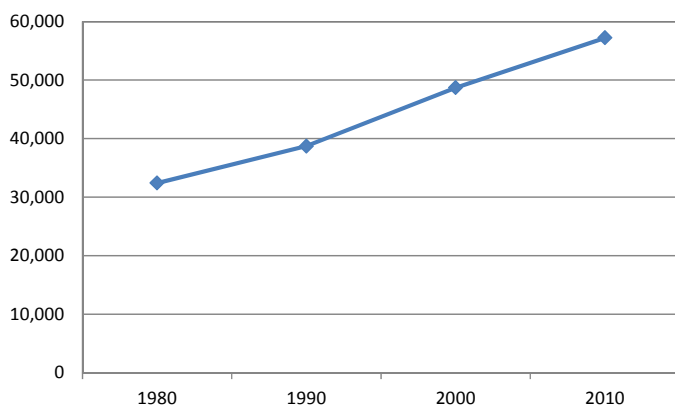
POPULATION GROWTH AND CHARACTERISTICS

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 2004 to 2014 amounts to 16.1 percent, about 0.5 percent faster than the County’s growth and 0.4 percent slower than the 16.5 percent statewide population growth.

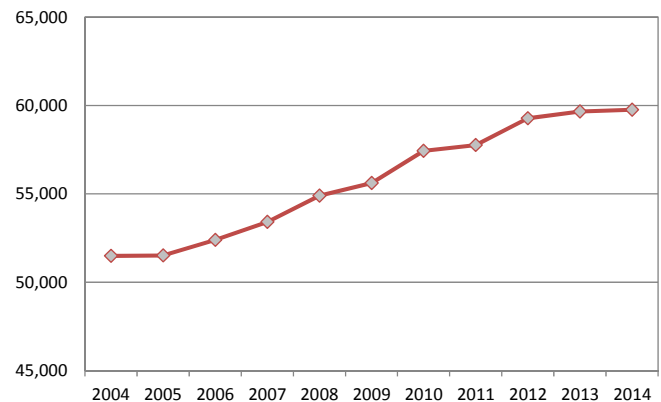
Figure 2 shows the Town’s growth since the 2000 Census.

Figure 1. Chapel Hill Population: 1980-2010



Source: US Census Bureau, 2010

Figure 2. Chapel Hill Population: 2004-2014



Source: North Carolina Office of Budget & Management

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

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Table 1. Chapel Hill Population by County

County	Chapel Hill Population
Durham County	3,051
Orange County	56,702
TOTAL	59,753

Source: NC Office of State Budget and Management, 2014

Racial Makeup, Hispanic Population Growth

A demographic shift in the 2010 Census revealed an increase in the number of people who described themselves as being Hispanic or of Latino origin, a trend evident at the national, state and local levels. Table 2 depicts the breakdown of population by race. Although Asian and Pacific Islanders and persons of Hispanic origin comprise substantially smaller population segments than other races/origins, these two groups have been increasing at the highest rate.

The percentage of White persons as a share of the Town’s total population declined from 2000 to 2010, although the total number for the group is higher. People who identified themselves as being of more than one race totaled over 1500 in Chapel Hill, or 2.7 percent of the Town’s total population.

Table 2: Chapel Hill Population by Race & Origin

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

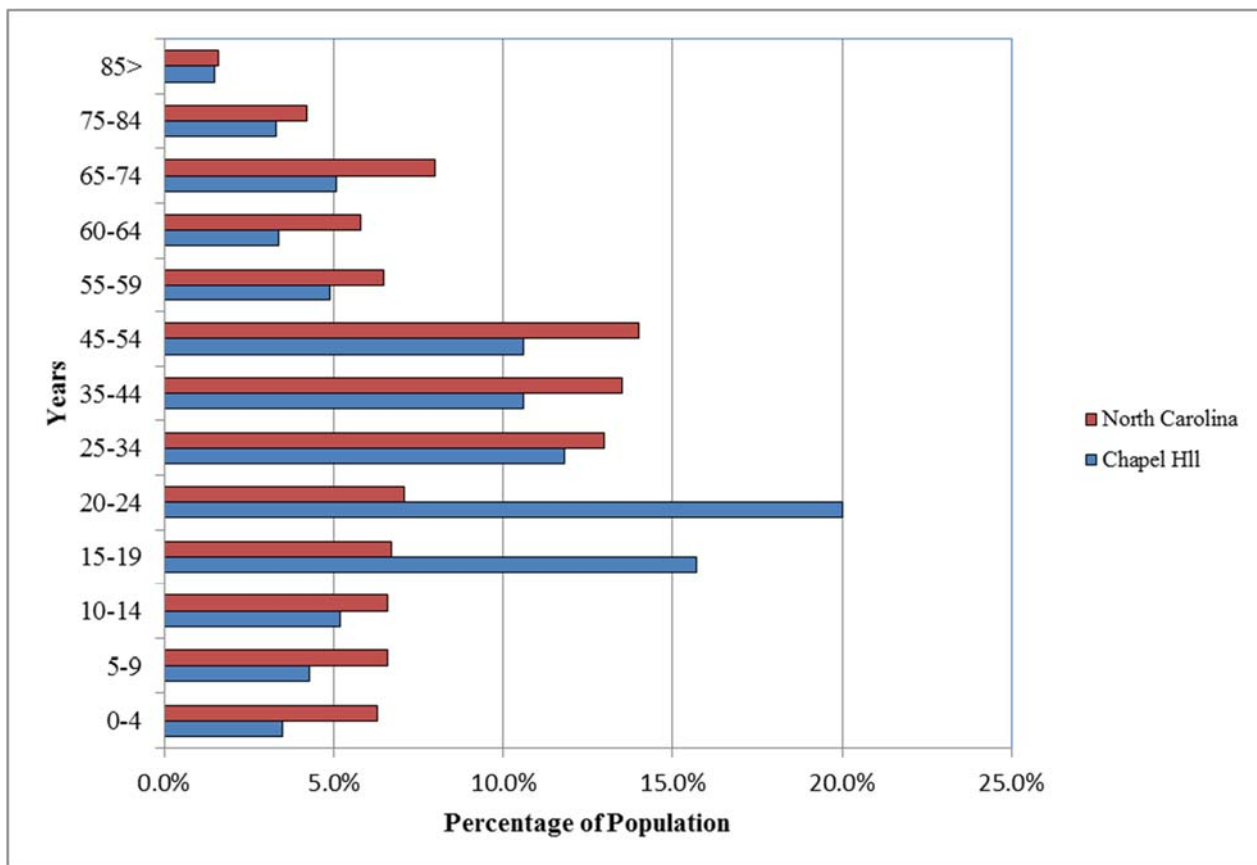
Source: US Census Bureau, 2010

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Age

Figure 3. Age Distribution

Figure 2 shows the population distribution for Chapel Hill and the State of North Carolina according to age groups. For example, the bar chart illustrates that the concentration of residents who are in the 15 to 19 age group comprises 15.7 percent of the Town’s population, while the 20 to 24 age group comprises 20.0 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 25.8 years old, while North Carolina’s median age is 37.8.



Source 2010-2014 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 2010-2014 American Community Survey 5-Year Estimates. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.

Table 3: Family Income (# of families)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	355	1,101	135,840
\$10,000 to \$14,999	278	849	92,268
\$15,000 to \$24,999	363	1,908	230,931
\$25,000 to \$34,999	423	1,909	262,672
\$35,000 to \$49,999	686	2,237	359,535
\$50,000 to \$74,999	1,265	4,826	488,514
\$75,000 to \$99,999	1,002	3,605	342,968
\$100,000 to \$149,999	2,049	5,324	338,454
\$150,000 to \$199,999	1,243	3,015	119,976
\$200,000 or more	2,679	5,238	113,815
Total Households/Families	10,570	31,197	2,484,973
Median Income	\$112,977	\$85,866	\$57,328
Mean Income	\$153,074	\$121,724	\$75,892
Per Capita Income	\$36,928	\$35,406	\$25,608

Table 3a: Family Income (% of total)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	3.36%	3.53%	5.47%
\$10,000 to \$14,999	2.63%	2.72%	3.71%
\$15,000 to \$24,999	3.43%	6.12%	9.29%
\$25,000 to \$34,999	4.00%	6.12%	10.57%
\$35,000 to \$49,999	6.49%	7.17%	14.47%
\$50,000 to \$74,999	11.97%	15.47%	19.66%
\$75,000 to \$99,999	9.48%	11.56%	13.80%
\$100,000 to \$149,999	19.39%	17.07%	13.62%
\$150,000 to \$199,999	11.76%	9.66%	4.83%
\$200,000 or more	25.35%	16.79%	4.58%
\$50,000 or more	77.94%	70.55%	56.49%

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 4: Educational Attainment

<u>Educational Attainment</u>	<u>Chapel Hill (% of total)</u>	<u>Orange County (% of total)</u>	<u>North Carolina (% of total)</u>
Less than 9th	2.2%	3.7%	5.5%
9th to 12th, No Diploma	2.2%	4.4%	9.1%
High School Graduate	6.9%	15.7%	26.9%
Some College, No Degree	9.5%	14.3%	21.9%
Associate's Degree	5.0%	5.8%	8.8%
Bachelor's Degree	29.4%	26.0%	18.2%
Graduate or Professional Degree	44.7%	30.2%	9.5%

Table 5: School Enrollment

<u>School Enrollment</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Elementary (grades K-5)	5,475	5,532	5,570	5,529	5,508
Intermediate (grades 6-8)	2,741	2,789	2,858	2,865	2,870
Secondary (grades 9-12)	3,706	3,803	3,778	3,698	3,644
Total	11,922	12,124	12,206	12,092	12,022

Source: Chapel Hill-Carrboro City Schools Enrollment Report

Table 6: Unemployment Rates

<u>Regional Average Unemployment Rates 2004-2015</u>			
<u>Year</u>	<u>Chapel Hill</u>	<u>Orange Co.</u>	<u>NC</u>
2004	3.7	3.8	5.5
2005	3.1	3.7	5.2
2006	2.9	3.3	4.8
2007	2.9	3.2	4.7
2008	3.5	4.0	6.1
2009	5.4	6.5	10.6
2010	6.1	6.6	10.9
2011	6.6	6.5	10.2
2012	6.3	6.1	9.2
2013	5.7	5.3	7.9
2014	4.9	4.4	6.1
2015	5.2	4.6	5.7
2016*	5.3	4.6	5.5

*2015 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

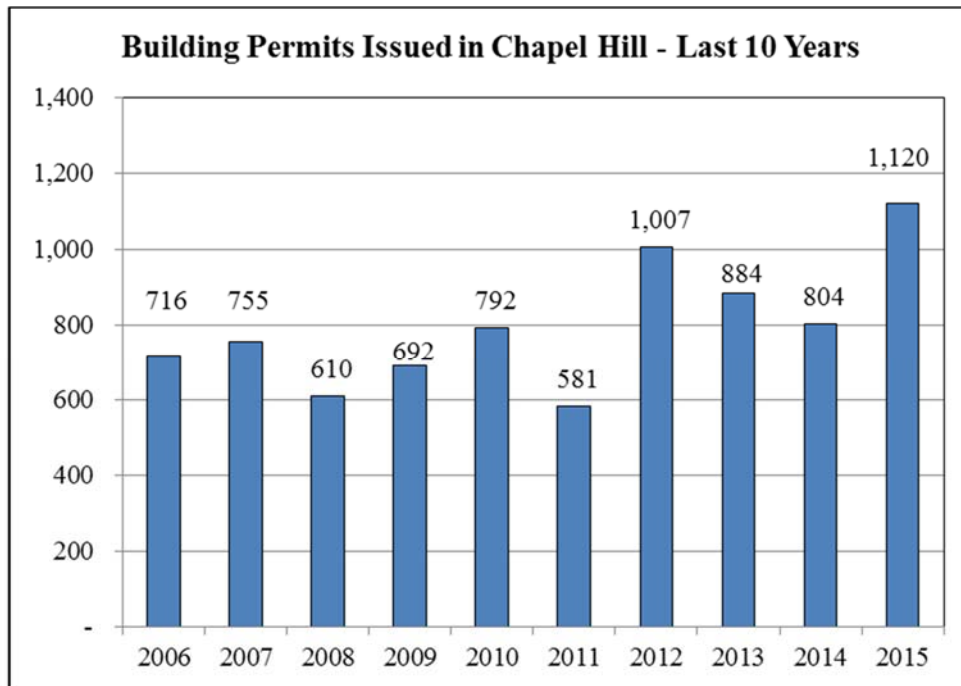
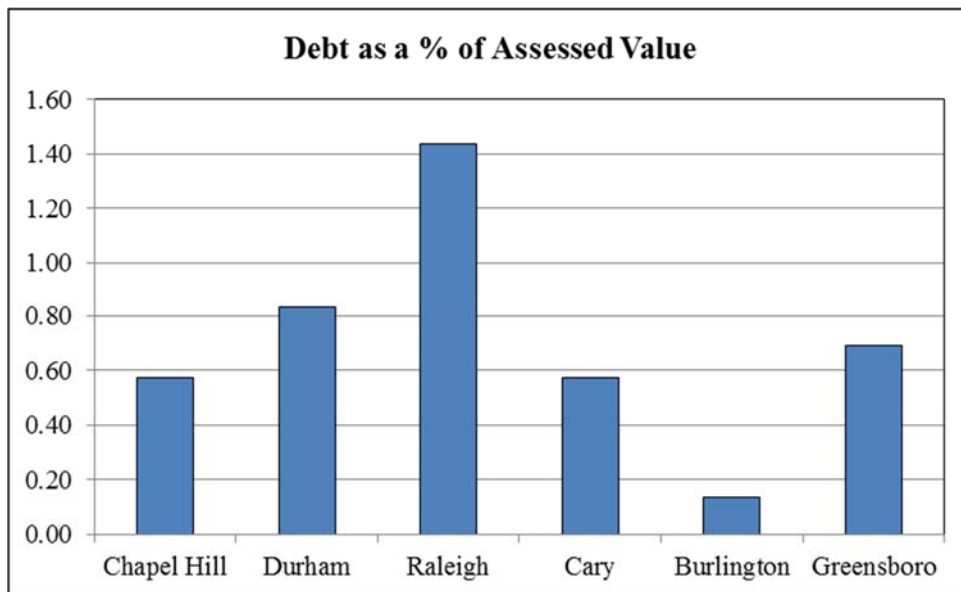


Table 7b: Economic Indicators – Debt Percentage



Outstanding debt due to Governmental Activities

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7c: Economic Indicators – Median Home Price

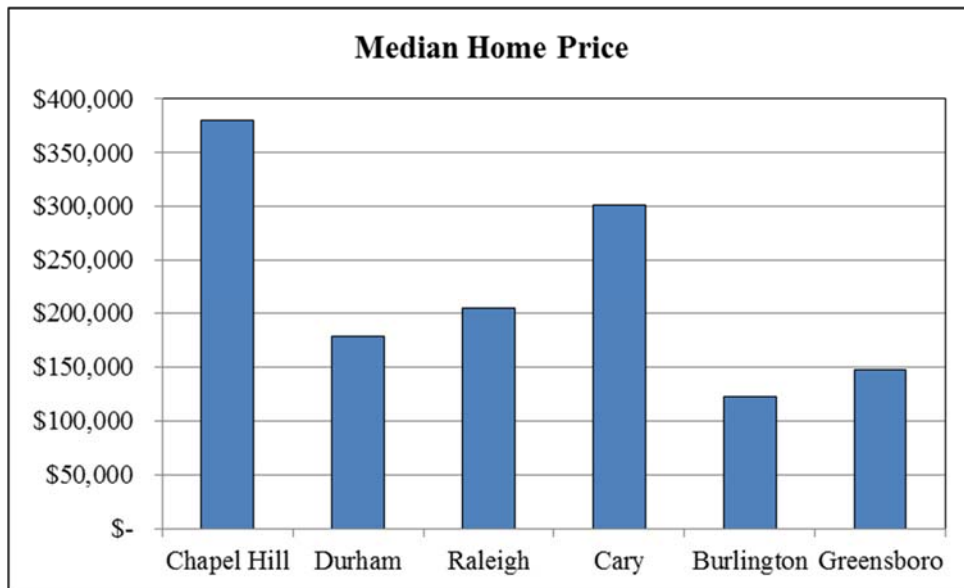


Table 8: Top Employers

Chapel Hill Top Employers By Size	
Employer	Number of Employees
University of North Carolina at Chapel Hill	20,000+
UNC Health Care	11,000+
Chapel Hill-Carrboro City Schools	1,000+
Town of Chapel Hill, Inc.	750+
BCBS of NC	500+
Aramark Food and Support Services	500+
The Chapel Hill Residential	275
United Parcel Services, Inc.	250+
Carolina Inn	250+
Performance	250+

Source: Orange County Economic Development

CHAPEL HILL – MAJOR ECONOMIC DEVELOPMENT

Ephesus Fordham

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

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

The vision 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 an \$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, and 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 conserve energy and water resources through a pilot program that is currently being organized to promote efficient building and site design.
- Create new shopping opportunities.
- Expand the commercial tax base in Chapel Hill.

Obey Creek

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

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

The vision is to create a pleasant walking experience, and a mix of commercial uses, upper story residences and offices, bike paths and permanent open space. The project was approved after an open negotiation that included a community compass committee.

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.

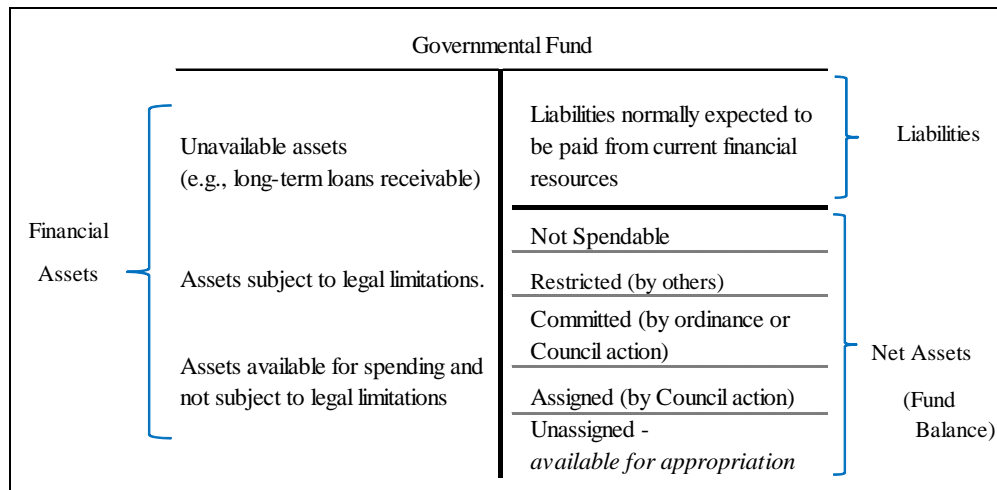
Fund balance is presented in the categories required by GASB Statement No. 54 as shown at right.

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

- 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 tries to maintain a 22% undesignated Fund Balance.
- 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.

Fund balance designation	
Nonspendable	Not available
Restricted	
Committed	Constraint imposed by Council action
Assigned	
Unassigned	Available for appropriation

Restricted

 Available



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 practice limits annual general government debt service up to 10% of total governmental 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 Carolina, General Obligation bonds can be used only for capital expenditures and never for operating costs.

DEBT

INTRODUCTION & BACKGROUND

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 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.

DEBT

INTRODUCTION & BACKGROUND

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. REZD 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 189 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 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 253) for additional information on the Town's Capital Improvements Fund.

FUND STRUCTURE & BASIS OF BUDGETING

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

BASIS OF BUDGETING

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

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

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

GOVERNMENTAL FUNDS

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

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

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

The following are the Town's Governmental Fund Types:

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

PROPRIETARY FUND TYPES

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

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

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

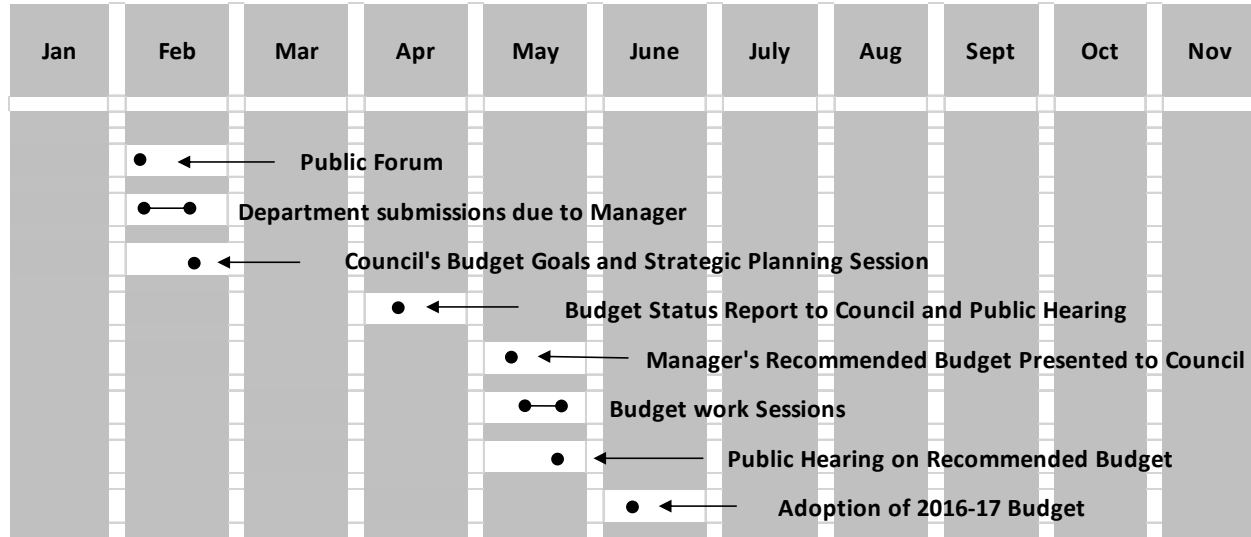
BUDGETARY CONTROL

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

DEPARTMENTS/DIVISIONS

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

OVERVIEW OF BUDGET PROCESS



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

Financial Capacity Phase

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

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

Policy/Strategy Phase

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

OVERVIEW OF BUDGET PROCESS

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

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

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

Needs Assessment Phase

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

Review/Development Phase

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

Implementation/Adoption Phase

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

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

OVERVIEW OF BUDGET PROCESS

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

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

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

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

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

Budget Amendments

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

OVERVIEW OF BUDGET PROCESS

Budget Roles and Responsibilities

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

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

Budgeting for the Capital Program

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

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

BUDGET GUIDELINES & PRACTICES

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

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

BUDGET GUIDELINES & PRACTICES

<p>General Obligation Bonds will be issued to finance capital improvements and equipment at moderate levels that will not exceed the Town’s resources and capacity for repaying the debt.</p>	<p>General Obligation bonds are normally issued to finance capital improvements as desired by the Town Council and Town citizens at levels that maintain financial stability and require moderate and stable tax rate increases. Consistent with this guideline, the Town strives to maintain annual debt service payments totaling less than 10% of Governmental expenditures in a given year. This conservative guideline assists the Town in maintaining its Triple A (AAA) bond rating.</p>
<p>CAPITAL EXPENDITURES</p>	
<p>Guideline</p>	<p>Comment</p>
<p>Consistent with the policy of the Town Council, a fifteen-year capital improvements program is developed and updated during the annual budget process, including anticipated funding sources.</p>	<p>Annually the Town prepares a fifteen-year Capital Improvements Program Budget that summarizes current capital improvements projects and future capital improvement needs. This program includes ongoing pay-as-you-go financing, installment contract financing, current and proposed long-term bond-financed projects, and projects funded by grants and miscellaneous funding sources.</p>
<p>Capital projects financed through the issuance of bonds are financed for a period not to exceed the expected useful life of the project.</p>	<p>Consistent with general State law and guidelines in North Carolina, general obligation bonds are normally issued for a period of 20 years for capital improvements that extend over the same 20-year period.</p>
<p>The Town coordinates development of the capital improvements budget with development of the operating budget. Future operating costs associated with the new capital improvements should be projected and included in the operating budget forecasts.</p>	<p>Operating costs of projects included in the Capital Improvements Program and budget are incorporated into the Town’s operating budget annually, and are reflected in the Town’s annual five-year forecast for its major operating funds.</p>

BUDGET GUIDELINES & PRACTICES

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, 2015 and Distinguished Budget Award in 2014-15 and in past years. The Town plans to continue participation in these programs annually.</p>
<p>Consistent with State law, an annual audit will be performed by an independent public accounting firm with subsequent issuance of a Comprehensive Annual Financial Report (CAFR). Full disclosure will be provided in the general financial statements and all bond representations.</p>	<p>The Town prepares a Comprehensive Annual Financial Report that receives an unqualified opinion by an independent accounting firm each year. As required by State law, the annual report is submitted to the N. C. Local Government Commission staff for a detailed review of compliance with Commission recommendations and guidelines and compliance with applicable accounting and financial reporting standards.</p>

BUDGET ASSUMPTIONS

Major issues affecting Town revenues for the 2016-17 budget include a decline in anticipated revenues associated with charges for services and permits/licenses 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 2016-17 budget incorporates the following assumptions:

- The property tax base is estimated to be \$7.6 billion in 2016-17.
- We estimate that the Town's revenue from the local sales taxes will increase slightly.
- State operating assistance for the Transit Fund will increase by almost 23% for 2016-17.

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 2016-17 for the Town's General Fund, Transit Fund and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs.

The Projections section of the budget is an important tool in developing long-range financial strategies for the Town's major operations and in maintaining sound financial condition. We believe our projections include all the 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

In November 2015 the Town held a general obligation bond referendum consisting of five bond orders totaling \$40.3 million. All five bond orders were approved by the voters. The bond orders and amounts are described below:

Streets & sidewalks	\$16,200,000
Trails and greenways	5,000,000
Recreation facilities	8,000,000
Solid waste facilities	5,200,000
Stormwater improvements	<u>5,900,000</u>
Total	\$40,300,000

It is anticipated that the Town will issue these bonds over the next five to ten years, beginning in FY17. In addition to the referendum bonds the Town is also planning on financing about \$33 million for public safety facilities over the same timeframe.

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

	<u>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. The FY17 annual debt service payment on the combined issuance totals \$1.64 million, but the BABs have a federal subsidy that will refund 32% of interest costs through the American Recovery and Reinvestment Act. The net debt service on this bond issuance is \$1.46 million for FY17.

In addition to the final issuance of authorized bonds, the Council approved the issuance of \$1.7 million

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 and Council in the same manner as other debt financing. The Two-Thirds bonds were used for Parks and Recreation and Streets projects, and annual debt service on the bonds is \$120,000.

In June of 2012 the Town issued \$28,800,000 of limited obligation bonds. The bonds were used to pay for underground parking at the 140 West Project (\$6,700,000) as part of a mixed use development and to refund outstanding Certificates of Participation for the Wallace Deck and Town Operations Center (\$22,100,000). Construction of the 140 West Project was completed during FY13 for a total cost of \$5.96 million. The total debt service payment for FY17 is \$3.14 million, consisting of \$908,831 paid through the Parking Fund and \$2,228,250 paid from the General Fund. The projections assume that the Parking Fund will provide for the cost of this debt service (\$908,832) as a transfer to the Debt Fund.

Lower interest rates during the last few years have allowed the Town to refund some existing debt by issuing lower interest refunding bonds. Recent refunding issues include \$26.755 million in 2012 and \$3.05 million in 2013. Total savings for these transactions is \$1,455,410 over the remaining life of the bonds.

In June of 2015 the Town entered into an installment financing agreement to finance public safety equipment and improvements to public buildings. The Town borrowed \$2,395,000 for a 15 year term at a rate of 2.24%. The debt service payment for FY17 is \$211,833.

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

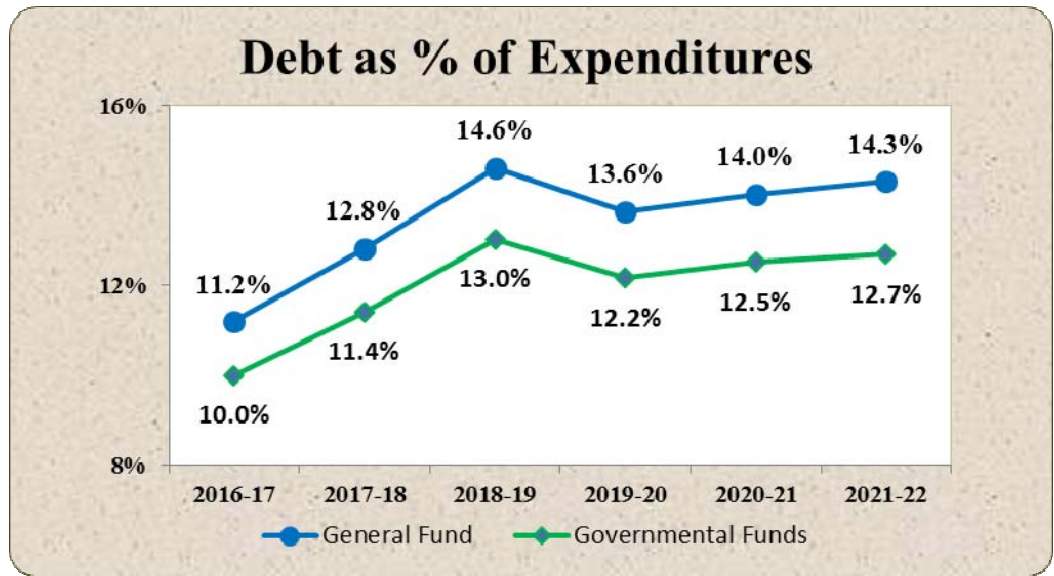
Ephesus Fordham Road Improvements	\$4,779,000
Town Hall Renovations	1,865,000
Public Safety Facilities & Equipment	1,185,000
Community Center Pool Improvements	<u>50,000</u>
Total	\$7,879,000

The financing agreement has a 15 year term and a rate of 2.32%. The debt service payment for FY17 for this installment financing is \$694,598. The Ephesus Fordham Road portion of the borrowing is structured as a synthetic tax increment financing. Growth in tax receipts in the Ephesus Fordham District will be used to offset the cost of debt service for the project. In addition, NCDOT will reimburse the Town approximately \$1.79 million at the completion of roadway construction.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have increased the Town's debt load. The Town's measures of debt capacity, including debt per capita and debt as a percent of assessed value, are below our peer group (Triple A rated Municipalities in North Carolina). The Town has traditionally kept debt service below 10% of budgeted general fund expenditures, but with the recent investment in public facilities this ratio has risen to 11.2% in 2016-17 and to 10.0% as a percent of governmental revenues (general fund plus debt fund). Debt as a percentage of governmental revenues approximates the basis used before the debt fund was created in 2010. Debt service as a percentage of expenditures is expected to rise in the next few years as the Town continues to invest in public facilities and infrastructure.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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



The adopted budget for 2016-17 includes retaining the Debt Fund's tax rate at \$8.5 cents per \$100 valuation. The debt fund has capacity to pay existing and planned debt service through the 2021-22 fiscal year.

Some of the other key factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations which affect funding for the Transit system and the Housing Department, primarily. We project no significant withholding of State-shared revenues. The county has the option each year to change the sales tax distribution formula from the current per capita basis to an ad-valorem basis. Changing from a per capita basis to an ad-valorem distribution would reduce the Town's Sales Tax revenues by approximately \$2.5 million. The County has indicated that they will not make a change to the distribution for 2016-17, 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.

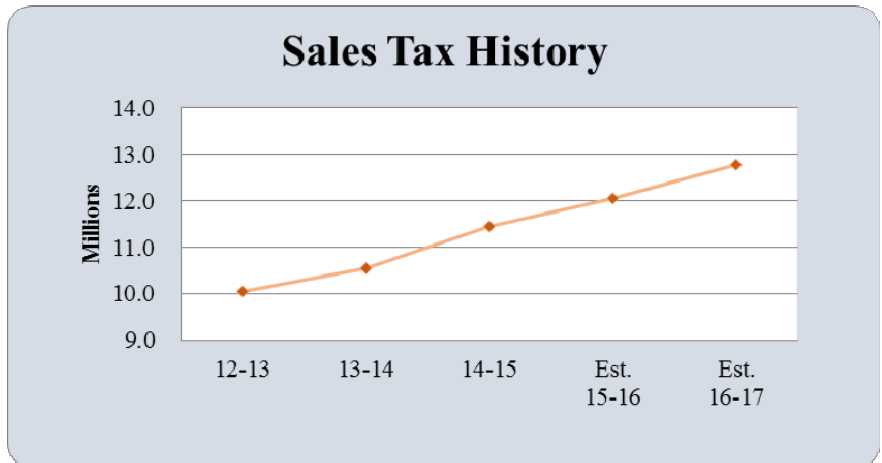
FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 67% 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 2016-17 is about \$7.60 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 2016-17. 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 1.0% in 2017 and 1.8% in 2018. Our projections assume the adoption of a revenue neutral tax rate.



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 changed once the State assumed the responsibility of collecting motor vehicle taxes. These projections assume continuation of the same collection rate.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

Estimated additions to the tax base through growth of 1.5%, slightly lower than historical average, at a tax rate for 2016-17 of \$38.8 cents for the General Fund, would yield increases in property tax revenues of about \$530,000 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. Based on FY16 receipts to date, we estimate FY16 receipts at about \$12.01 million, a slight increase from what was originally budgeted. Based on local trends and state forecasts, we anticipate growth of about 6% for FY16-17.

Based on legislation adopted in 2002-03 by the North Carolina General Assembly (providing greater but not absolute protection for certain State-shared revenues withheld in past years), we believe it is reasonable to include full State-shared revenues in our five year projections for the General Fund. These State-shared revenues include revenue from utility franchise taxes (estimated at about \$4.2 million in 2014-15 and \$4.4 million in 2015-16) and Video Programming Tax, estimated to remain relatively flat in FY14 and FY15. Despite a large increase in utility franchise revenue from last year, 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 \$1.5 million in 2014-15) 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 FY16 and thereafter.

State Fire Protection Funds slightly increased in FY15 to \$1,098,094. 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 2016-17. 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 FY 2016-17, the amount of capital funding is increased by about \$45,000 and allows for critical projects. We anticipate that funding levels in FY 2017-18 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 FY 2016-17 include a 2% of market rate pay adjustment effective July 2016 and a 1.5% of market rate pay adjustment effective January 2017 and an increase in medical insurance costs of 15.5% based on the contracted agreement with Blue Cross Blue Shield. Projections include annual pay

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

increases of 3%, 5% increases in medical insurance costs each year, and an increase of 0.25% each year from the FY17 rate of 7.25% to the 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 FY2017-18 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.

TRANSIT FUND

The budget for 2016-17 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro. Due to an unexpected receipt of state grant funds in 2015-16, State operating assistance is expected to come in over the 2015-16 Adopted Budget by \$934,000, which is used to help reduce costs in 2016-17. Due to the occasional unknown nature of the State operating assistance, we are conservatively budgeting \$2.54 million for this revenue source. Federal assistance is estimated to continue at \$1.94 million each year.

The 2016-17 Adopted Budget represents a 1.9% decrease from the previous year due to reductions in cost estimates based on 2015-16 actual numbers. The Transit budget also includes \$967,000 for debt payments on the purchase of new buses that will begin in 2016-17. The adopted budget for 2016-17 includes decreases for the funding partners. The projections assume continuation of the 5.1 cent rate in the next five years. The 2016-17 budget will appropriate \$154,000 of fund balance in order to budget for postemployment benefits (OPEB) costs. Subsequent years show the need for a tax increase from 0.1 to 0.2 cents through 2020-21.

Adopted Tax Rate	Cents per \$100 valuation		
	FY15-16	FY16-17	\$ Change
General Fund	38.8	38.8	-
Debt Fund	8.5	8.5	-
Transit Fund	5.1	5.1	-
Total Tax Rate	52.4	52.4	-

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

DEBT SERVICE FUND

The projections for the Debt Service Fund include maintaining the adopted tax rate of 8.5 cents. This tax rate will generate about \$6.44 million in revenues in 2016-17 which, along with the transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the \$7.9 million installment financing agreement that closed in March of 2016. Our projections include the planned issuance of about \$50 million of new debt in the next 5 years, including the GO bonds authorized in the 2015 referendum and the financing of public safety facilities. In addition, our projections indicate no increase needed in the tax rate for debt service for the next five years, although significant amounts of accumulated Debt Fund fund balance will be used.

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)

	2016-17 Adopted Increase	2017-18 Estimated Increase	2018-19 Estimated Increase	2019-20 Estimated Increase	2020-21 Estimated Increase	2021-22 Estimated Increase
General Fund	0.0	3.0	0.7	0.8	0.7	0.8
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Transit Fund	0.0	0.1	0.1	0.2	0.2	0.2
Total	0.0	3.1	0.2	1.0	0.9	1.0

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
2016/2017- 2021/2022**

Category	2016-17 Adopted ¹	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,601,203,443	\$ 7,738,030,000	\$ 7,877,310,000	\$ 8,019,100,000	\$ 8,163,440,000	\$ 8,310,380,000
Tax Levy - General Fund Only*	29,493,000	30,024,000	30,564,000	31,114,000	31,674,000	32,244,000
Estimated Collections at 99%	29,370,000	29,900,000	30,440,000	30,990,000	31,540,000	32,110,000
Estimated Prior Year Collections	115,000	115,000	115,000	115,000	115,000	115,000
TOTALS	\$ 29,485,000	\$ 30,015,000	\$ 30,555,000	\$ 31,105,000	\$ 31,655,000	\$ 32,225,000
Tax rate	38.8¢	38.8¢	38.8¢	38.8¢	38.8¢	38.8¢

1¢ on the tax rate = \$ 753,000

¹ 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 General Fund tax rate of \$38.8 cents/\$100, with estimated growth as follows:

2017	1.00%
2018	1.80%
2019	1.80%
2020	1.80%
2021	1.80%
2022	1.80%

GENERAL FUND

PROJECTED STATE-SHARED REVENUES

2016/2017- 2021/2022

Category	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Utility Sales Tax ¹	\$ 4,400,000	\$ 4,422,000	\$ 4,444,000	\$ 4,466,000	\$ 4,488,000	\$ 4,510,000
Video Programming Tax	700,000	700,000	700,000	700,000	700,000	700,000
Supplemental PEG support	84,000	90,000	90,000	90,000	90,000	90,000
Beer, Wine Tax ²	275,000	278,000	281,000	284,000	287,000	290,000
1% Local Option Sales Tax (Article 39) ³	4,431,801	4,565,000	4,702,000	4,843,000	4,988,000	5,138,000
1/2% Local Option Sales Tax (Article 40) ³	3,050,284	3,142,000	3,236,000	3,333,000	3,433,000	3,536,000
1/2% Local Option Sales Tax (Article 42) ³	2,222,712	2,289,000	2,358,000	2,429,000	2,502,000	2,577,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) ³	1,060	1,000	1,000	1,000	1,000	1,000
City Hold Harmless ³	3,084,940	3,116,000	3,147,000	3,178,000	3,210,000	3,242,000
Total Local Option Sales Taxes	12,790,797	13,113,000	13,444,000	13,784,000	14,134,000	14,494,000
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	1,097,590	1,097,590	1,097,590	1,097,590	1,097,590	1,097,590
Solid Waste Disposal Tax	33,000	33,000	33,000	33,000	33,000	33,000
TOTAL	\$ 20,870,387	\$ 21,223,590	\$ 21,579,590	\$ 21,944,590	\$ 22,319,590	\$ 22,704,590

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

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

³ Estimating a normal growth of 3% in FY18 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
2016/2017 - 2021/2022

Category	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Property Taxes*	\$ 29,535,000	\$ 30,015,000	\$ 30,555,000	\$ 31,105,000	\$ 31,655,000	\$ 32,225,000
Sales Taxes	\$ 12,791,000	\$ 13,113,000	\$ 13,444,000	\$ 13,784,000	\$ 14,134,000	\$ 14,494,000
Other Taxes & Licenses	1,224,000	1,224,000	1,224,000	1,224,000	1,224,000	1,224,000
Licenses/Permits/Fines/ Forfeitures	2,918,000	2,918,000	2,918,000	2,918,000	2,918,000	2,918,000
State-Shared Revenues	8,080,000	8,111,000	8,136,000	8,161,000	8,186,000	8,211,000
Grants	781,000	790,000	799,000	808,000	817,000	826,000
Service Charges	4,602,000	4,612,000	4,622,000	4,632,000	4,642,000	4,652,000
Interest on Investments	25,000	25,000	25,000	25,000	25,000	25,000
Other Revenues	332,000	332,000	332,000	332,000	332,000	332,000
Interfund Transfers	45,000	45,000	45,000	45,000	45,000	45,000
TOTAL	\$ 60,333,000	\$ 61,185,000	\$ 62,100,000	\$ 63,034,000	\$ 63,978,000	\$ 64,952,000

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

2017	1.00%
2018	1.80%
2019	1.80%
2020	1.80%
2021	1.80%
2022	1.80%

**GENERAL FUND
PROJECTED COSTS
2016/2017 - 2021/2022**

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Personnel Services ¹	\$ 45,096,000	\$ 47,421,000	\$ 49,092,000	\$ 50,718,000	\$ 52,403,000	\$ 54,149,000
Operations						
Operating & Maintenance ²	15,964,000	14,855,000	14,617,000	14,520,000	14,343,000	14,202,000
Capital						
Equipment ³	106,000	100,000	100,000	100,000	100,000	100,000
Transfer to Capital Improvements Program ⁴	778,000	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	1,095,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	\$ 63,039,000	\$ 64,436,000	\$ 65,869,000	\$ 67,398,000	\$ 68,906,000	\$ 70,511,000

Assumptions for years after 2017, reflected on base cost estimates for 2016-17:

¹ Assumptions include:

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

² Increase in most operating costs of 2.5% each year.

³ Estimated cost of routine replacement of miscellaneous non-vehicular capital equipment.

⁴ General Fund contribution for Capital Improvements Program.

GENERAL FUND

ANALYSIS OF REVENUE AND COST PROJECTIONS

2016/2017 - 2021/2022

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Estimated Total Costs	\$ 63,021,000	\$ 64,471,000	\$ 65,906,000	\$ 67,437,000	\$ 68,946,000	\$ 70,554,000
Estimated Total Revenues	60,333,000	61,185,000	62,100,000	63,034,000	63,978,000	64,952,000
Revenues Needed	2,688,000	3,286,000	3,806,000	4,403,000	4,968,000	5,602,000
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	1,688,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 2,286,000	\$ 2,806,000	\$ 3,403,000	\$ 3,968,000	\$ 4,602,000
Change in Tax Rate in cents in Specific Years*	-	3.0	0.7	0.8	0.8	0.8

*Value of a cent = \$753,000

TRANSIT FUND
REVENUE PROJECTIONS
2016/2017 - 2021/2022

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Taxes ¹	\$ 3,854,300	\$ 3,864,300	\$ 3,934,300	\$ 4,004,300	\$ 4,074,300	\$ 4,154,300
Vehicle Taxes ²	454,350	456,000	458,000	460,000	462,000	464,000
TTA-Shared Revenues	1,678,000	1,695,000	1,712,000	1,729,000	1,746,000	1,763,000
Federal Operating Assistance ³	4,264,498	4,264,000	4,264,000	4,264,000	4,264,000	4,264,000
State Operating Assistance ³	273,551	274,000	274,000	274,000	274,000	274,000
UNC Contract (Net) ⁴	7,156,583	7,264,000	7,373,000	7,484,000	7,596,000	7,710,000
Carrboro Contract (Net) ⁴	1,455,008	1,477,000	1,499,000	1,521,000	1,544,000	1,567,000
Service Charges ⁵	914,288	933,000	952,000	971,000	990,000	1,010,000
Advertising	150,000	150,000	150,000	150,000	150,000	150,000
Grants	18,152	18,000	18,000	18,000	18,000	18,000
Other	2,500	3,000	3,000	3,000	3,000	3,000
Appropriated Fund Balance	154,000	154,000	154,000	154,000	154,000	154,000
TOTAL	\$ 20,375,230	\$ 20,552,300	\$ 20,791,300	\$ 21,032,300	\$ 21,275,300	\$ 21,531,300

Revenue Notes:

¹ Based on a Manager's Recommended tax rate of 5.1 cents through 2021-22

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
2016/2017 - 2021/2022

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Personnel Services ¹	\$ 12,848,955	\$ 13,064,000	\$ 13,442,000	\$ 13,925,000	\$ 14,397,000	\$ 14,864,000
Operations ²	6,559,275	6,634,000	6,846,000	7,066,000	7,294,000	7,530,000
Capital Reserve Fund ³	967,000	967,000	967,000	967,000	967,000	967,000
TOTAL	\$ 20,375,230	\$ 20,665,000	\$ 21,255,000	\$ 21,958,000	\$ 22,658,000	\$ 23,361,000

Assumptions for years after 2016-17

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Continuation of 6.67% 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
2016/2017 - 2021/22***

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Estimated Costs	\$ 20,375,230	\$ 20,665,000	\$21,255,000	\$ 21,958,000	\$ 22,658,000	\$ 23,361,000
Estimated Revenues	20,375,230	20,552,300	20,791,300	21,032,300	21,275,300	21,531,300
Revenue Needed/(Excess)	-	112,700	463,700	925,700	1,382,700	1,829,700
Additional Revenue Needed	\$ -	\$ 112,700	\$ 463,700	\$ 925,700	\$ 1,382,700	\$ 1,829,700
Change in Tax Rate in Specific Years	-	0.1	0.1	0.2	0.2	0.2

1 cent on the tax rate = \$753,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2016-17 (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 FY17.
 - Includes estimated adjustments of 5% in fuel and tire costs after FY17.
-

DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2016/2017- 2021/2022

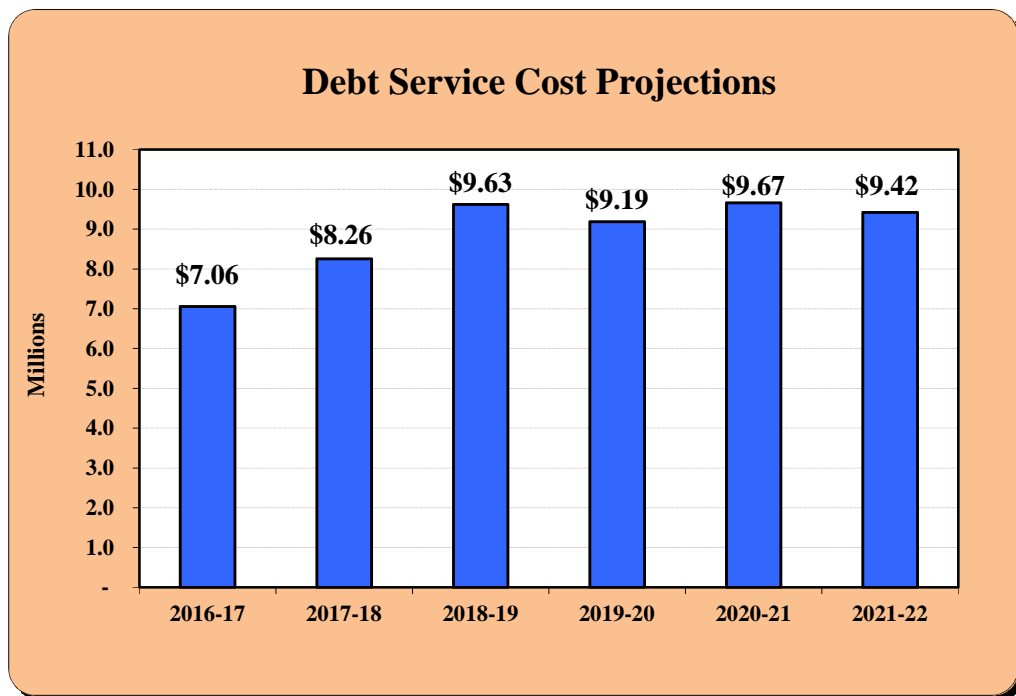
Category	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,601,203,000	\$ 7,738,030,000	\$ 7,877,310,000	\$ 8,019,100,000	\$ 8,163,440,000	\$ 8,310,380,000
Tax Levy - Debt Service Fund Only*	6,461,000	6,577,000	6,696,000	6,816,000	6,939,000	7,064,000
Estimated Collections at 99%	6,410,000	6,511,000	6,629,000	6,748,000	6,870,000	6,993,000
TOTAL TAXES	\$ 6,410,000	\$ 6,511,000	\$ 6,629,000	\$ 6,748,000	\$ 6,870,000	\$ 6,993,000
BABS Interest Subsidy	169,000	169,000	169,000	169,000	169,000	169,000
Interest Income	5,000	5,000	5,000	5,000	5,000	5,000
Transfer from Parking	909,000	909,000	907,000	915,000	915,000	915,000
TOTAL REVENUES	\$ 7,493,000	\$ 7,594,000	\$ 7,710,000	\$ 7,837,000	\$ 7,959,000	\$ 8,082,000

* Based on a continued tax rate of \$8.5 cents for the Debt Fund through 2020-21, with estimated growth as follows:

2017	1.00%
2018	1.50%
2019	1.80%
2020	1.80%
2021	1.80%
2022	1.80%

**DEBT SERVICE FUND
PROJECTED COSTS
2016/2017 - 2021/2022**

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Existing Debt	\$ 7,055,240	\$ 6,586,499	\$ 6,422,722	\$ 5,984,826	\$ 5,694,156	\$ 5,447,623
Two-Thirds Bonds	-	137,250	137,250	137,250	137,250	137,250
Future Issuance	-	1,532,625	3,065,250	3,065,250	3,835,375	3,835,375
TOTALS	\$ 7,055,240	\$ 8,256,374	\$ 9,625,222	\$ 9,187,326	\$ 9,666,781	\$ 9,420,248



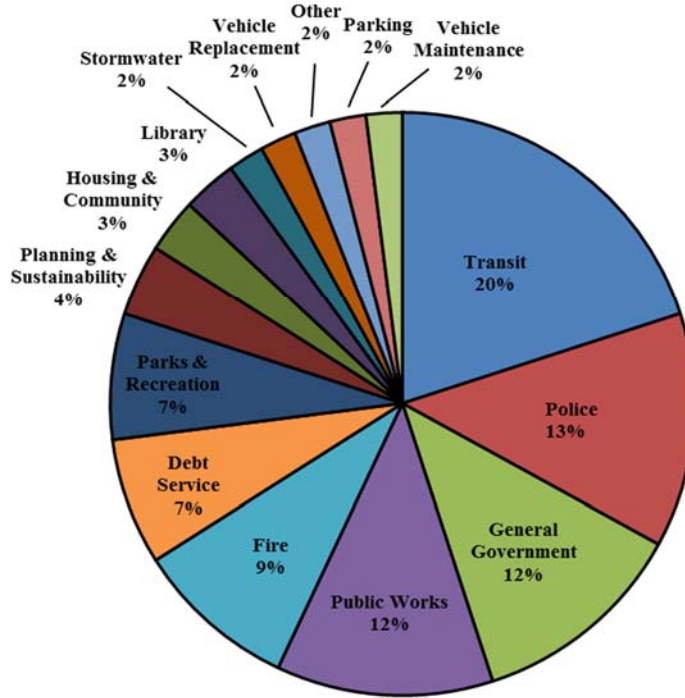
DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2016/2017 - 2021/2022

	2016-17 Adopted	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated
Estimated Total Costs	\$ 7,055,240	\$ 8,256,374	\$ 9,625,222	\$ 9,187,326	\$ 9,666,781	\$ 9,420,248
Estimated Total Revenues	7,528,782	7,909,514	8,015,409	8,105,675	8,296,030	8,388,420
Revenue (Needed)/Available	473,542	(346,860)	(1,609,813)	(1,081,651)	(1,370,751)	(1,031,828)
Fund Balance Available	6,488,946	6,962,488	6,615,628	5,005,815	3,924,164	2,553,413
Reserved for future debt	6,962,488	6,615,628	5,005,815	3,924,164	2,553,413	1,521,585
Additional Revenue (Needed)/Available	-	-	-	-	-	-
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

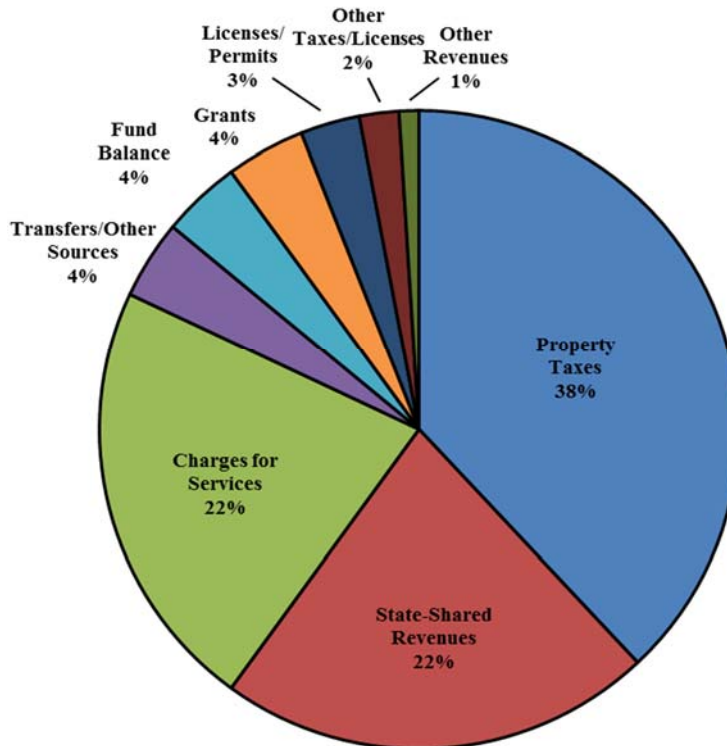
Value of a cent = \$753,000

ALL FUNDS SUMMARY

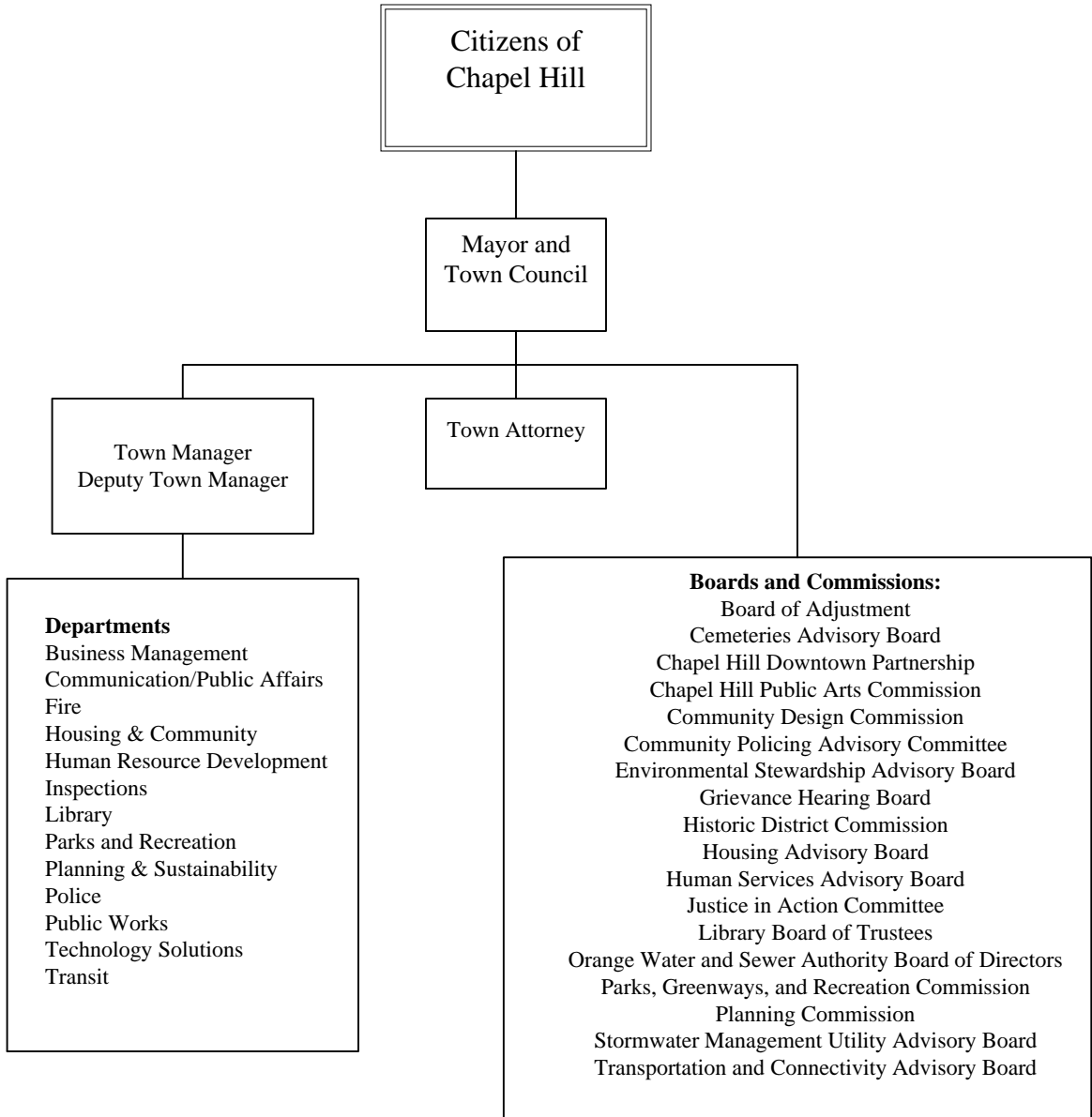
Total Budget Expenditures \$102,326,252 (Net of Transfers)



Total Budget Revenues



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2016-17***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 63,039,000	\$ 860,132	\$ 62,178,868
Transit Funds			
Transit	20,375,230	967,000	19,408,230
Transit Capital Reserve Fund	1,073,807	106,807	967,000
Stormwater Management Fund	2,366,284	-	2,366,284
Parking Funds			
Off-Street Parking Fund	1,995,057	908,832	1,086,225
On-Street Parking Fund	698,950	24,098	674,852
Housing Funds			
Public Housing Fund	2,442,116	-	2,442,116
Debt Service Fund	7,528,782	-	7,528,782
Capital Projects			
Capital Improvements Fund	898,434	-	898,434
Other Funds			
Grants Fund	358,145	-	358,145
Downtown Service District Fund	352,573	-	352,573
Library Gift Fund	240,106	45,000	195,106
Vehicle Replacement Fund	2,288,633	-	2,288,633
Vehicle Maintenance Fund	1,447,879	-	1,447,879
Computer Replacement Fund	133,125	-	133,125
TOTAL	\$ 105,238,121	\$ 2,911,869	\$ 102,326,252

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 60% of the Town's operating budget. The Staffing Summary represents a snapshot of the FTE's on which the FY17 Adopted Budget is based.

2016-17 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Mayor	1.00	1.00	1.00
Manager	11.75	9.00	9.00
Communications & Public Affairs	7.53	8.53	7.53
Human Resource Development	7.00	10.00	10.00
Business Management	16.00	18.00	18.00
Technology Solutions	9.00	10.00	13.00
Attorney	2.00	2.00	2.00
Planning & Sustainability	15.75	35.65	36.65
Inspections	12.00	-	-
Public Works	94.25	93.25	93.25
Police	136.00	136.00	134.00
Fire	92.00	95.00	97.00
Parks & Recreation	54.41	57.83	57.83
Library	30.09	30.41	29.90
Transit	183.79	198.29	201.29
Stormwater	14.00	14.00	14.00
Parking	11.80	10.80	10.80
Housing & Community	16.00	22.20	23.20
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	7.75	7.75	7.75
Total FTE's	723.12	760.71	767.20

FTE changes from FY16 Adopted Budget - FY17 Adopted Budget

Positions Added	Department	Positions Deleted	Department
Planning & Sustainability Director	Planning & Sustainability	Mechanic Helper	Transit
GIS Analyst II	Planning & Sustainability	Records Manager	CAPA
Technology Solutions Executive Director	Technology Solutions		
Assistant Fire Chief of Operations	Fire		
Principal Planner	Housing & Community		
Transit Operator - Fixed Route	Transit		
Service Attendant	Transit		
Mechanic (2)	Transit		

TAX RATES AND TAX COLLECTIONS

Adopted 2016-17

	2014-15 Actual	2015-16 Budget	2015-16 Estimated	2016-17 Adopted
Assessed Value of Real and Personal Property	\$ 7,447,017,329	\$ 7,725,370,000	\$ 7,525,944,003	\$ 7,601,203,443
Tax Rate Per \$100 Valuation				
General Fund	38.8	38.8	38.8	38.8
Transit Fund	5.1	5.1	5.1	5.1
Debt Service Fund	7.5	8.5	8.5	8.5
Total Tax Rate (cents)	51.4	52.4	52.4	52.4
Tax Levy	38,277,669	40,481,000	39,436,000	39,830,000
Estimated Collections at 99%	\$ 38,032,700	\$ 40,221,900	\$ 39,274,300	\$ 39,666,700
Distribution				
General Fund	28,745,271	29,780,000	29,080,000	29,370,000
Transit Fund	3,777,362	3,910,000	3,820,000	3,860,000
Debt Service Fund	5,555,615	6,520,000	6,370,000	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	\$ 388,063,000	\$ 387,452,000	\$ 392,454,000	\$ 394,991,000
Tax Levy	276,000	275,000	279,000	280,000
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 737,000	\$ 765,000	\$ 745,000	\$ 753,000

ESTIMATED UNDESIGNATED RESERVES

ANNUALLY BUDGETED FUNDS

	Approximate Unassigned Fund Balance July 1, 2016	2016-17 Budgeted Revenues	2016-17 Budgeted Expenditures	Approximate Unassigned Fund Balance June 30, 2017
GENERAL FUND	\$ 12,279,000	\$ 60,332,000	\$ 63,039,000	\$ 9,572,000
SPECIAL REVENUE FUNDS				
Downtown Service District	135,000	322,000	353,000	104,000
Library Gift	125,000	240,000	240,000	125,000
Grants Fund	14,000	358,000	358,000	14,000
DEBT SERVICE FUND	6,489,000	7,529,000	7,055,000	6,963,000
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	2,978,000	873,000	898,000	2,953,000
Capital Reserve	215,000	-	-	215,000
ENTERPRISE FUNDS				
Transit	7,680,000	20,221,000	20,375,000	7,526,000
Transit Capital Reserve	1,262,000	967,000	1,074,000	1,155,000
Public Housing	2,257,000	2,039,000	2,442,000	1,854,000
On-Street Parking	-	699,000	699,000	-
Off-Street Parking	368,000	1,969,000	1,995,000	342,000
Stormwater Management	661,000	2,210,000	2,366,000	505,000
INTERNAL SERVICE FUNDS				
Vehicle Replacement	2,350,000	1,211,000	2,289,000	1,272,000
Vehicle Maintenance	121,000	1,427,000	1,448,000	100,000
Computer Replacement	487,000	133,000	133,000	487,000
TOTAL	\$ 37,421,000	\$ 100,530,000	\$ 104,764,000	\$ 33,187,000

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 2016-17 is anticipated to be about 14.7% of budgeted expenditures.

GOVERNMENTAL FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2016-17

	General Fund			Special Revenue Funds		
	14-15 Actual	15-16 Estimated	16-17 Adopted	14-15 Actual	15-16 Estimated	16-17 Adopted
Net Unreserved Assets, Beginning of Year	12,348,486	14,033,087	12,278,938	396,219	434,645	273,720
Financial Source						
Property Taxes	29,012,124	29,268,500	29,535,000	277,264	280,750	281,000
Other Tax and Licenses	1,165,861	1,221,500	1,224,000	-	-	-
State-Shared Revenues	19,383,933	20,132,979	20,870,387	-	-	-
Interest on Investment	29,780	26,000	25,000	357	102	-
Other Revenues	669,112	436,854	332,035	190,654	371,390	183,109
Interest on Receivable	-	-	-	1,166	1,123	833
Grants	773,683	775,549	780,614	302,605	621,693	379,510
Charges for Services	4,139,505	3,926,352	4,602,428	-	-	-
Licenses/Permits/Fines	2,175,317	2,602,803	2,917,986	-	-	-
Transfers/Other Sources	45,000	45,000	45,000	83,862	111,981	75,632
2016 Installment Financing	-	-	-	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	2,706,550	-	-	30,740
Total Estimated Financial Sources	57,394,315	58,435,537	63,039,000	855,908	1,387,039	950,824
Expenditures						
Personnel	36,701,660	38,905,266	44,853,276	329,437	375,601	346,435
Operations	18,819,821	21,000,115	17,571,605	418,045	1,102,363	534,389
Capital	188,233	284,305	614,119	70,000	70,000	70,000
Total Budget	55,709,714	60,189,686	63,039,000	817,482	1,547,964	950,824
Financial Sources less Budget	1,684,601	(1,754,149)	-	38,426	(160,925)	-
Net Unreserved Assets, End of Year	14,033,087	12,278,938	9,572,388	434,645	273,720	242,980

Note: Please see note about fund balance estimates on page 64.

Debt Service Fund			Capital Funds		
14-15 Actual	15-16 Estimated	16-17 Adopted	14-15 Actual	15-16 Estimated	16-17 Adopted
4,803,926	5,452,410	6,488,959	3,342,938	4,053,973	2,977,890
6,327,892	6,390,500	6,443,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,030	15,250	7,750	2,937	2,740	2,740
-	-	-	98,731	-	-
-	-	-	-	-	-
169,184	169,184	169,200	9,397	75,000	-
-	-	-	85,341	93,009	92,260
-	-	-	-	-	-
909,081	909,581	908,832	2,237,507	1,978,000	778,000
-	-	-	-	3,151,200	-
-	-	-	-	-	25,434
7,411,187	7,484,515	7,528,782	2,433,913	5,299,949	898,434
-	-	-	-	-	-
6,762,703	6,447,966	7,055,240	-	-	-
-	-	-	1,722,878	6,376,032	898,434
6,762,703	6,447,966	7,055,240	1,722,878	6,376,032	898,434
648,484	1,036,549	473,542	711,035	(1,076,083)	-
5,452,410	6,488,959	6,962,501	4,053,973	2,977,890	2,952,456

ENTERPRISE FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2016-17**

	Parking Funds			Transit Funds		
	14-15 Actual	15-16 Estimated	16-17 Adopted	14-15 Actual	15-16 Estimated	16-17 Adopted
Net Unreserved Assets, Beginning of Year	564,771	474,488	368,348	5,713,172	7,569,127	8,941,935
Financial Source						
Property Taxes	-	-	-	3,798,723	3,814,300	3,854,300
Other Tax and Licenses	-	-	-	455,748	454,738	454,350
State-Shared Revenues	-	-	-	2,319,779	2,996,737	2,319,779
Interest on Investment	1,800	1,700	1,750	11,918	5,000	4,000
Other Revenues	69,940	61,400	65,650	63,790	90,671	90,671
Interest on Receivable	-	-	-	-	-	-
Grants	-	-	-	1,898,736	2,258,218	2,236,422
Charges for Services	2,438,512	2,487,870	2,576,160	10,290,116	10,356,595	9,583,708
Licenses/Permits/Fines	-	-	-	-	-	-
Transfers/Other Sources	70,609	52,867	24,098	856,534	2,725,836	2,645,000
Appropriated Net Assets (Fund Balance)	-	-	26,349	-	-	260,807
Total Estimated Financial Sources	2,580,862	2,603,837	2,694,007	19,695,342	22,702,095	21,449,037
Expenditures						
Personnel	844,263	788,763	905,986	11,043,103	12,028,678	12,848,955
Operations	765,397	856,947	855,091	6,580,848	7,514,937	6,539,275
Capital	1,061,485	1,064,267	932,930	215,436	1,785,672	2,060,807
Total Budget	2,671,145	2,709,977	2,694,007	17,839,387	21,329,287	21,449,037
Financial Sources less Budget	(90,283)	(106,140)	-	1,855,955	1,372,808	-
Net Unreserved Assets, End of Year	474,488	368,348	341,999	7,569,127	8,941,935	8,681,128

Note: Please see note about fund balance estimates on page 64.

Stormwater Management Fund			Housing Fund		
14-15 Actual	15-16 Estimated	16-17 Adopted	14-15 Actual	15-16 Estimated	16-17 Adopted
1,542,405	2,058,732	660,778	2,349,371	2,513,700	2,256,620
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,294	2,400	2,000	2,055	1,509	1,950
7,200	7,500	8,000	50,243	250	250
-	-	-	-	-	-
-	-	-	1,183,160	1,126,646	1,130,127
2,139,161	2,194,000	2,194,000	910,430	924,811	907,043
-	-	-	-	-	-
5,741	6,000	6,500	-	-	-
-	-	155,784	-	-	402,746
2,154,396	2,209,900	2,366,284	2,145,888	2,053,216	2,442,116
1,018,010	1,035,608	1,244,454	1,019,198	985,847	1,165,617
533,706	1,342,423	1,046,830	791,954	855,559	1,241,665
86,353	1,229,823	75,000	170,407	468,890	34,834
1,638,069	3,607,854	2,366,284	1,981,559	2,310,296	2,442,116
516,327	(1,397,954)	-	164,329	(257,080)	-
2,058,732	660,778	504,994	2,513,700	2,256,620	1,853,874

INTERNAL SERVICE FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2016-17

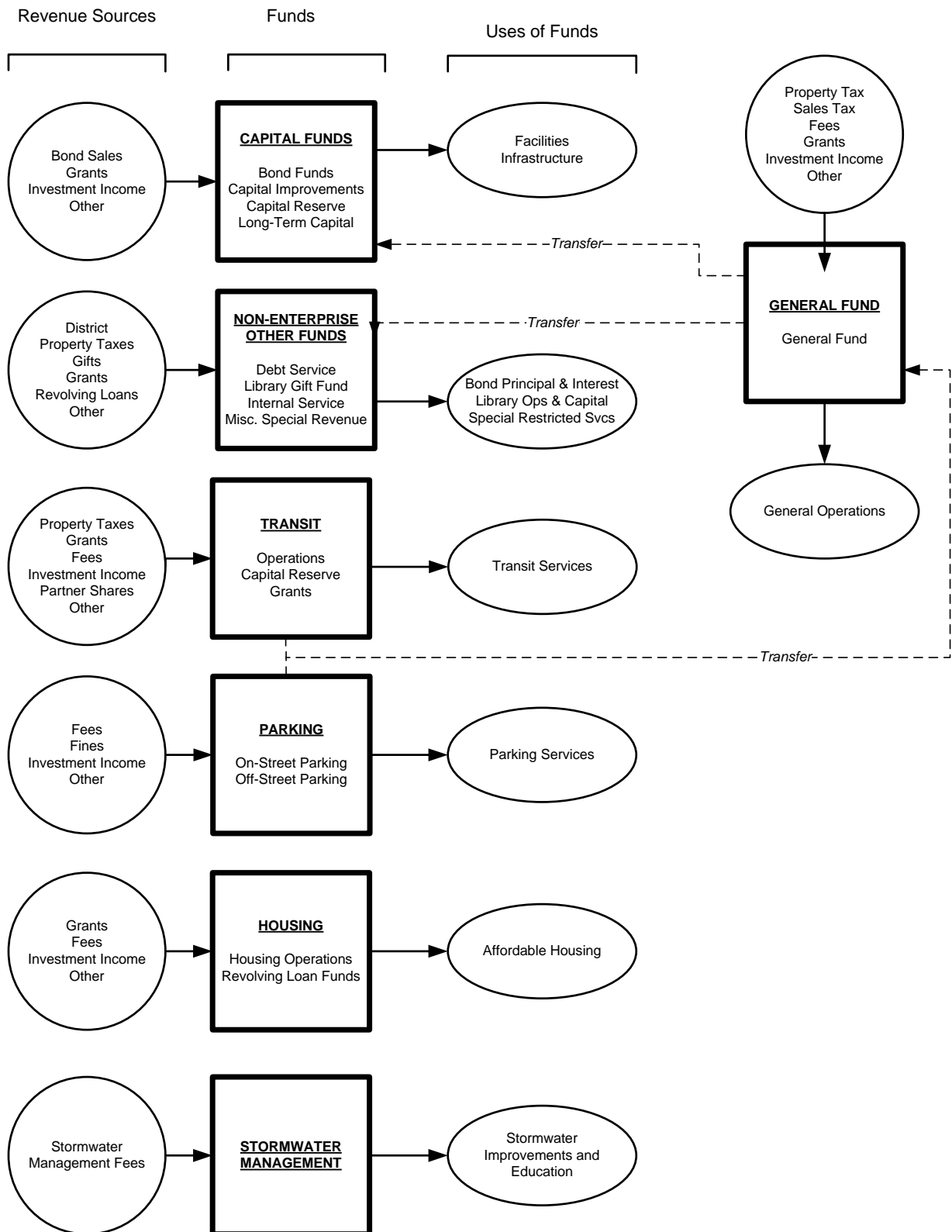
	Internal Service		
	14-15 Actual	15-16 Estimated	16-17 Adopted
Net Unreserved Assets, Beginning of Year	4,352,176	3,814,505	2,957,764
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investment	6,302	2,100	2,000
Other Revenues	54,492	70,111	70,000
Interest on Receivable	-	-	-
Grants	-	-	-
Charges for Services	2,927,172	3,037,600	2,699,091
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	1,098,546
Total Estimated Financial Sources	2,987,966	3,109,811	3,869,637
Expenditures			
Personnel	512,864	537,474	585,444
Operations	1,837,427	1,916,983	1,912,393
Capital	1,175,346	1,512,095	1,371,800
Total Budget	3,525,637	3,966,552	3,869,637
Financial Sources less Budget	(537,671)	(856,741)	-
Net Unreserved Assets, End of Year	3,814,505	2,957,764	1,859,218

Note: Please see note about fund balance estimates on page 64.

Annual Funds - Combined Total:

14-15 Actual	15-16 Estimated	16-17 Adopted
35,413,464	40,404,667	37,204,952
39,416,003	39,754,050	40,113,300
1,621,609	1,676,238	1,678,350
21,703,712	23,129,716	23,190,166
62,473	56,801	47,190
1,204,162	1,038,176	749,715
1,166	1,123	833
4,336,765	5,026,290	4,695,873
22,930,237	23,020,237	22,654,690
2,175,317	2,602,803	2,917,986
4,208,334	5,829,265	4,483,062
	3,151,200	
-	-	4,706,956
97,659,777	105,285,899	105,238,121
51,468,535	54,657,237	61,950,167
36,509,901	41,037,293	36,756,488
4,690,138	12,791,084	6,057,924
92,668,574	108,485,614	104,764,579
4,991,203	(3,199,715)	473,542
40,404,667	37,204,952	32,497,996

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

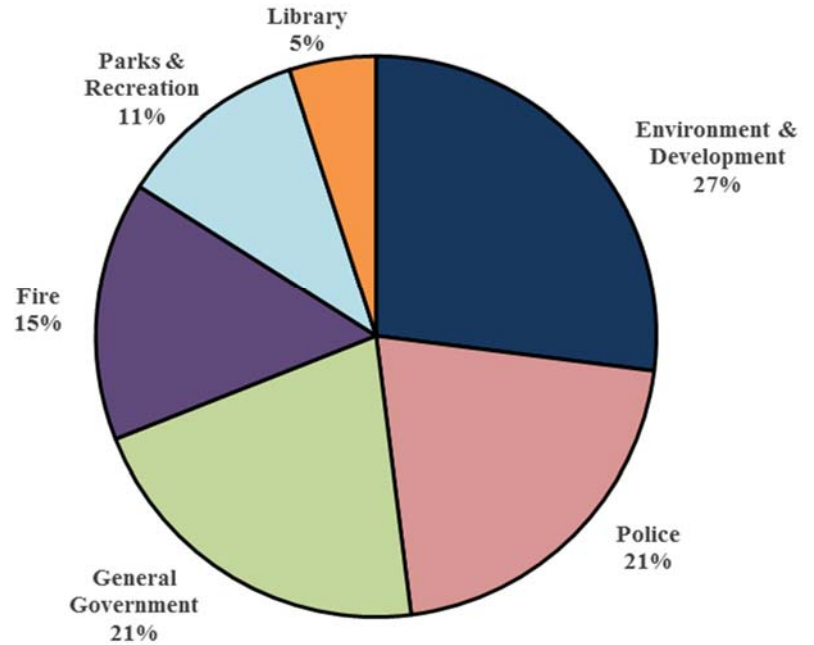
Adopted 2016-17

Transfers to:	Transfers From:						Net Transfers
	General Fund	Transit	Off-Street Parking	On-Street Parking	Transit Capital Reserve	Library Gift Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 45,000
Transit Fund	-	-	-	-	-	-	0
Parking Fund	-	-	-	24,098	-	-	24,098
Transit Capital Grants	-	967,000	-	-	106,807	-	1,073,807
Stormwater Management	6,500	-	-	-	-	-	6,500
Debt Service Fund	-	-	908,832	-	-	-	908,832
CIP Fund	778,000	-	-	-	-	-	778,000
Grants Fund	75,632	-	-	-	-	-	75,632
Net Transfers	\$ 860,132	\$ 967,000	\$ 908,832	\$ 24,098	\$ 106,807	\$ 45,000	\$ 2,911,869

GENERAL FUND

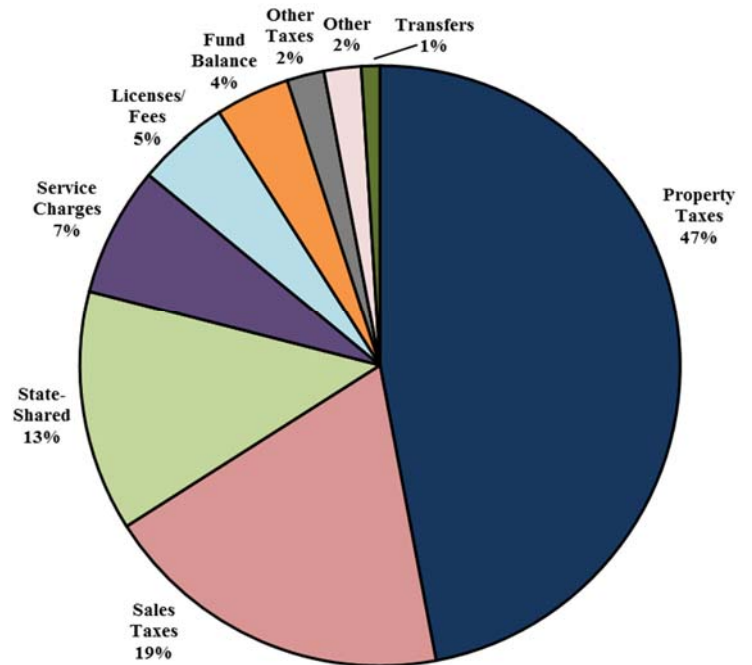
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$63,039,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Government	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%
Environment & Development	14,132,513	16,584,791	17,403,242	15,987,131	16,848,036	1.6%
Public Safety	20,318,411	22,163,345	22,370,496	20,655,216	22,662,273	2.3%
Leisure	8,671,419	9,454,638	9,766,609	9,426,407	10,174,215	7.6%
Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues:						
Property Taxes	\$ 29,012,124	\$ 29,970,000	\$ 29,970,000	\$ 29,268,500	\$ 29,535,000	-1.5%
Sales Taxes	11,444,088	12,059,494	12,059,494	12,066,789	12,790,797	6.1%
Other Tax and Licenses	1,165,861	1,114,000	1,114,000	1,221,500	1,224,000	9.9%
State-Shared Revenues	7,939,845	6,649,590	6,649,590	8,066,190	8,079,590	21.5%
Interest on Investments	29,780	22,500	22,500	26,000	25,000	11.1%
Other Revenues	669,112	472,950	472,950	436,854	332,035	-29.8%
Grants	773,683	782,114	800,549	775,549	780,614	-0.2%
Charges for Services	4,139,505	4,666,537	4,678,537	3,926,352	4,602,428	-1.4%
Licenses/Permits/Fines	2,175,317	3,213,451	3,249,523	2,602,803	2,917,986	-9.2%
Transfers/Other Sources	45,000	45,000	2,245,000	45,000	45,000	0.0%
Appropriated Fund Balance	(1,684,601)	2,705,364	7,416,276	1,754,149	2,706,550	0.0%
Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

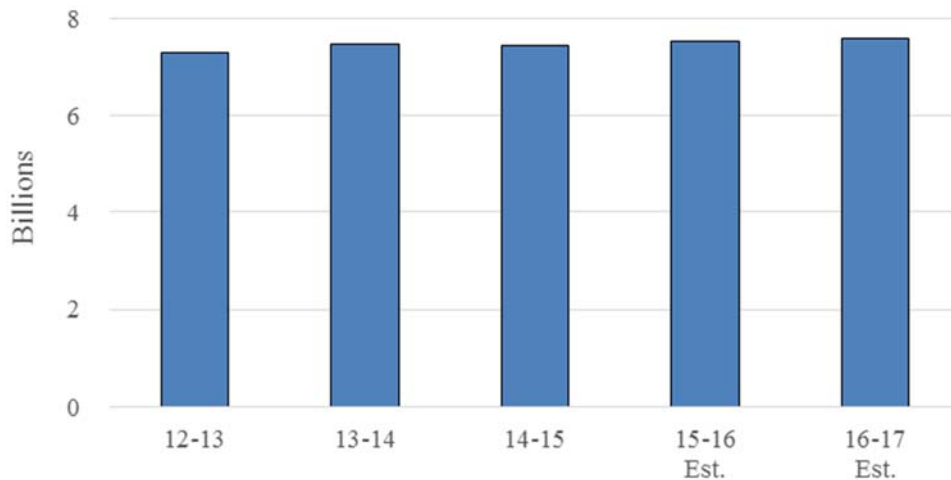
GENERAL FUND

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 2016-17 is estimated to be \$7,601,203,443 with 1 cent on the tax rate equivalent to about \$753,000.

Property Tax Base



The combined property tax revenue we anticipate for 2016-17 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 \$1,159,500 in the current year and about \$1,160,000 in 2016-17. Revenue trends are affected by University events and general economic conditions.

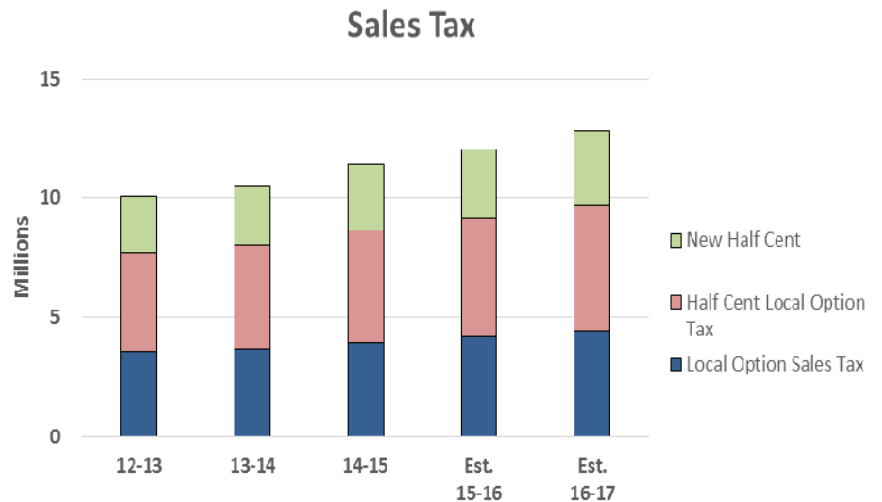
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in slightly over budget in 2015-16. Growth was budgeted at 6% for FY16 and sales tax receipts have been in line with our projections. Based on this information, we are estimating an overall growth rate of 6% in sales taxes for FY17. We estimate combined sales taxes of about \$12,066,789 for 2015-16. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in a significant reduction in sales tax receipts for the Town.



Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total \$1,488,600 in 2015-16, about the same as the prior year. For 2016-17, 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 2016-17.

Utility Sales Tax

Utility sales taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction, and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. In 2007, the State changed the distribution method for cable franchise fees and included them in the utility sales tax distribution. We estimate that we will receive approximately \$5,172,000 in the current year in utility sales taxes, which is an increase of \$1,382,000 from what was budgeted in 2015-16. We anticipate that revenues will hold the line in 2016-17.

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 \$33,000 for the current year and \$33,000 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 \$275,000 for the current year and \$275,000 next year.

In summary, we estimate State-collected revenues would total about \$20,870,387 for next year.

Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$780,614 for 2016-17. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

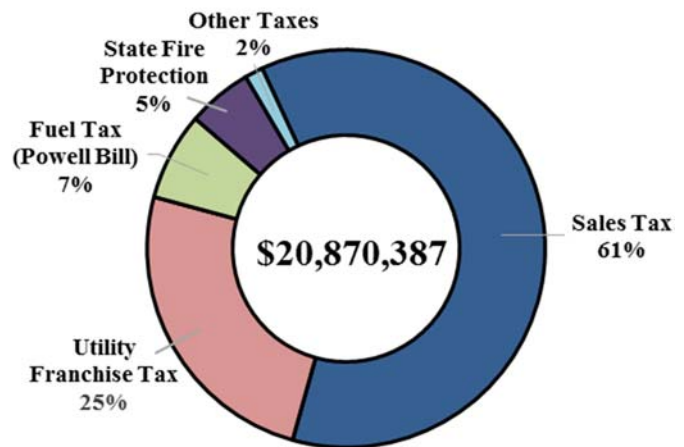
Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The recommended budget for 2016-17 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The recommended 2016-17 budget includes \$568,139 in Orange County funding to support the Chapel Hill Library, which is equal to the current year's allocation. The State appropriation for Library services is budgeted at \$28,715.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to come in under budget in the current year by about \$740,000. This can mainly be attributed to revenue related to the Ephesus Fordham project not coming in as expected. Charges for services are expected to decrease from \$4,666,537 to \$4,602,428 for 2016-17.

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

State Collected Revenues



GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

and services. For 2016-17, these include estimates of \$89,669 from Parking Enterprise Funds, \$117,977 from the Stormwater Management Fund, and \$1,248,734 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to miss the current year's budget by about \$610,000 due to lower than expected revenues in fire inspection fees and special use permits. Compared to 2015-16, total licenses and permits are expected to decrease from about \$3.2 million in 2015-16 to \$2.9 million in 2016-17 upon further re-evaluation of the fire inspections program and revenues associated with it.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income is expected to exceed the current year's budget estimate of \$22,500 and generate about \$25,000 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 \$437,000 for 2015-16 and \$332,000 for 2016-17 due to a sharp decrease in availability of cemetery lots.

Transfers

Transfers include a transfer of \$45,000 for 2016-17 from the Library Gift Fund for Library purposes.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use about \$7.4 million of fund balance in 2015-16, but through cost-cutting measures, will use only about \$1.8 million. The annual budget includes the use of about \$2,706,550 in 2016-17 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$63 million in General Fund revenues, including the use of about \$2,688,550 of fund balance.

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

	15-16 Revised Budget	15-16 Estimated	16-17 Adopted Budget
Property Taxes	\$ 29,970,000	\$ 29,268,500	\$ 29,535,000
Sales Taxes	12,059,494	12,066,789	12,790,797
Other State-Collected	6,649,590	8,066,190	8,079,590
Other Revenues	2,409,999	2,459,903	2,361,649
Licenses/Permits	3,249,523	2,602,803	2,917,986
Service Charges	4,678,537	3,926,352	4,602,428
Interfund Transfers	2,245,000	45,000	45,000
Fund Balance	7,416,276	1,754,149	2,706,550
Total	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000

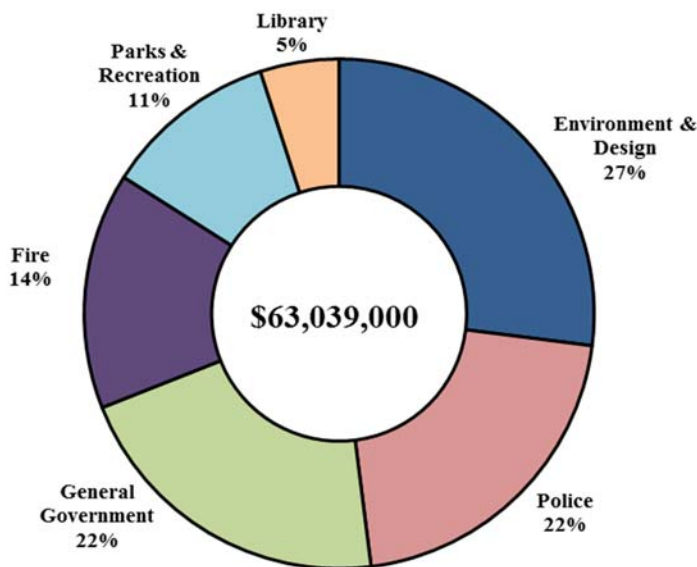
GENERAL FUND

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 \$63,039,000 for the 2016-17 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$13.4 million and Fire Department expenditures of about \$9.3 million.



Environment and Development is the second largest category in the General Fund at about \$17 million, including Planning & Sustainability, Housing & Community and Public Works which provide services of affordable housing, planning for growth, engineering, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 55% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.1 million, Library services of \$3.1 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Technology Solutions, Attorney, and Non-Departmental) totaling about \$13.4 million.

Non-departmental expenditures total \$4.5 million. Non-departmental expenditures include a transfer for capital improvements of \$778,000. \$1,095,057 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The non-departmental budget also includes funding for “penny for housing” (\$688,395), legal/investigations/demolition funds (\$100,000) and the Technology Fund (\$270,407). The budget for liability and property insurance totals \$400,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2016-17 budget includes changes to medical insurance rates. The adopted budget includes a 15.5% increase in rates for active employees and under-65 retirees, or about a \$638,000 increase. The budget also includes an increase to the employer contribution to the state retirement system from 6.67% to 7.25%, or about \$155,000, for General Fund employees.

Additional expenses in the budget include a 2% of market rate salary adjustment, once on the first payroll of July 2016, and a 1.5% market rate salary adjustment on the first payroll of January 2016 (\$1,007,000). Further additional expenses include a new Assistant Fire Chief of Operations (\$183,113) in the Fire department and a Principal Planner for Housing & Community. There is a contract for an Open Data Analyst (\$55,000) to improve Town communication with Chapel Hill citizens, and a \$30,000 contract for snow removal. Licensing and service costs are anticipated to increase for 2016-17 which is reflected in \$136,740 dedicated to those areas.

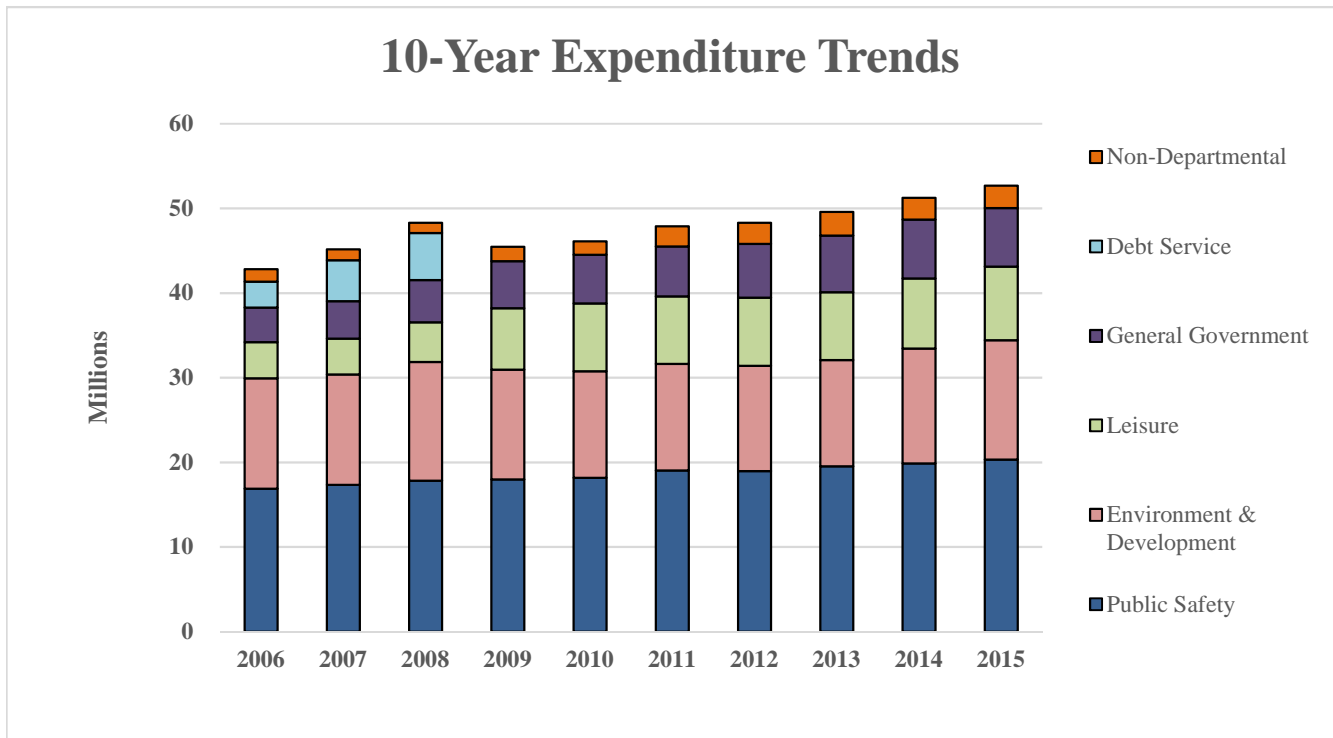
The 2016-17 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$925,000), and contributes \$525,000 towards the post-employment benefit (OPEB) liability. The budget increases funding for the Orange Community Housing & Loan Trust by \$28,000 and the Human Services Advisory Board by \$74,400.

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

EXPENDITURES						
	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 36,701,660	\$ 42,440,519	\$ 41,840,026	\$ 38,905,266	\$ 44,853,276	5.7%
Operating Costs	18,819,821	19,199,953	24,293,668	21,000,115	17,571,605	-8.5%
Capital Outlay	188,233	60,528	2,544,725	284,305	614,119	914.6%
Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Government						
Mayor/Council	\$ 405,588	\$ 471,270	\$ 471,270	\$ 440,511	\$ 440,634	-6.5%
Town Manager	1,258,613	1,500,529	1,510,629	1,354,012	1,577,458	5.1%
Communications & Public Affairs	748,229	864,178	948,188	837,082	808,501	-6.4%
Human Resource Dev't	1,220,801	1,708,151	1,969,496	1,783,033	1,684,747	-1.4%
Business Management	1,696,900	1,996,679	2,012,915	1,989,856	2,102,382	5.3%
Technology Solutions	1,278,666	1,491,763	1,523,876	1,301,197	1,898,579	27.3%
Town Attorney	302,847	320,132	320,132	307,602	339,184	6.0%
Non-Departmental	5,675,727	5,145,524	10,381,566	6,107,639	4,502,991	-12.5%
Subtotal	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%
Environment & Development						
Planning & Sustainability	\$ 2,448,016	\$ 3,743,215	\$ 4,169,638	\$ 3,596,345	\$ 3,868,967	3.4%
Housing & Community	343,087	599,491	661,329	581,194	720,525	20.2%
Public Works	11,341,410	12,242,085	12,572,275	11,809,592	12,258,544	0.1%
Subtotal	\$ 14,132,513	\$ 16,584,791	\$ 17,403,242	\$ 15,987,131	\$ 16,848,036	1.6%
Public Safety						
Police	\$ 12,350,683	\$ 13,304,491	\$ 13,393,721	\$ 12,313,669	\$ 13,377,095	0.5%
Fire	7,967,728	8,858,854	8,976,775	8,341,547	9,285,178	4.8%
Subtotal	\$ 20,318,411	\$ 22,163,345	\$ 22,370,496	\$ 20,655,216	\$ 22,662,273	2.3%
Leisure						
Parks and Recreation	\$ 6,192,412	\$ 6,622,483	\$ 6,753,117	\$ 6,479,941	\$ 7,122,261	7.5%
Library	2,479,007	2,832,155	3,013,492	2,946,466	3,051,954	7.8%
Subtotal	\$ 8,671,419	\$ 9,454,638	\$ 9,766,609	\$ 9,426,407	\$ 10,174,215	7.6%
General Fund Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

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

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Mayor/Council	\$ 405,588	\$ 471,270	\$ 471,270	\$ 440,511	\$ 440,634	-6.5%
Town Manager	1,258,613	1,500,529	1,510,629	1,354,012	1,577,458	5.1%
Communications & Public Affair	748,229	864,178	948,188	837,082	808,501	-6.4%
Human Resources	1,220,801	1,708,151	1,969,496	1,783,033	1,684,747	-1.4%
Business Management	1,696,900	1,996,679	2,012,915	1,989,856	2,102,382	5.3%
Technology Solutions	1,278,666	1,491,763	1,523,876	1,301,197	1,898,579	27.3%
Town Attorney	302,847	320,132	320,132	307,602	339,184	6.0%
Non-Departmental	5,675,727	5,145,524	10,381,566	6,107,639	4,502,991	-12.5%
Total	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%
Total	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%

MAYOR/COUNCIL

MISSION STATEMENT:

The primary mission of the Town Council, as the governing body of the Town, is to adopt and provide for the execution of ordinances, rules and regulations as may be necessary or appropriate to protect health, life or property, or to promote the comfort, convenience, security, good order, better government, or the general welfare of the Town and its citizens.

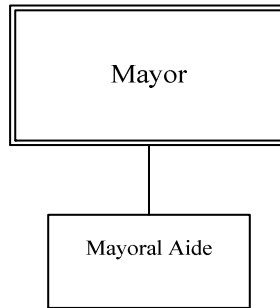
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town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

The Mayor and Town Council make policy decisions regarding Town services and other governmental responsibilities of the Town. Most policy decisions occur through adoption of the Comprehensive Plan, the annual budget, the capital improvements program and other ordinances and resolutions. Town Council duties also include:

- Amendment of previously adopted policies from time to time through changes in the Town Code of Ordinances and the Development Ordinance, and by revision of policies and documents such as the Comprehensive Plan and transportation plans.
- Appointment of advisory boards, commissions, task forces and committees, including appointment of five of the nine members of the Orange Water and Sewer Authority Board of Directors, a separate entity from the Town, created pursuant to State law.
- Appointment of the Town Manager and Town Attorney.
- Establishment of agreements with other governments, such as the Joint Planning Agreement with Orange County and the Town of Carrboro.

MAYOR
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 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 12.1% decrease from the prior year. The 14% decrease in personnel costs is mainly due to changes in elected coverage for medical insurance. The 4.3% decrease in operating costs can be attributed to a Town-wide reduction in computer use charges as well as cost savings in web services contracts.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 94,646	\$ 94,812	\$ 95,612	\$ 89,761	\$ 81,570	-14.0%
Operating Costs	22,629	23,109	24,579	21,902	22,125	-4.3%
Total	\$ 117,275	\$ 117,921	\$ 120,191	\$ 111,663	\$ 103,695	-12.1%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 117,275	\$ 117,921	\$ 120,191	\$ 111,663	\$ 103,695	-12.1%
Total	\$ 117,275	\$ 117,921	\$ 120,191	\$ 111,663	\$ 103,695	-12.1%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects a decrease of 4.6% from the 2015-16 budget, primarily due to \$30,000 of non-recurring election-related costs in 2015-16. The 6.2% increase in personnel is the net result of a 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 167,339	\$ 179,462	\$ 179,462	\$ 154,820	\$ 190,676	6.2%
Operating Costs	120,974	173,887	171,617	174,028	146,263	-15.9%
Total	\$ 288,313	\$ 353,349	\$ 351,079	\$ 328,848	\$ 336,939	-4.6%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 288,313	\$ 353,349	\$ 351,079	\$ 328,848	\$ 336,939	-4.6%
Total	\$ 288,313	\$ 353,349	\$ 351,079	\$ 328,848	\$ 336,939	-4.6%

TOWN MANAGER

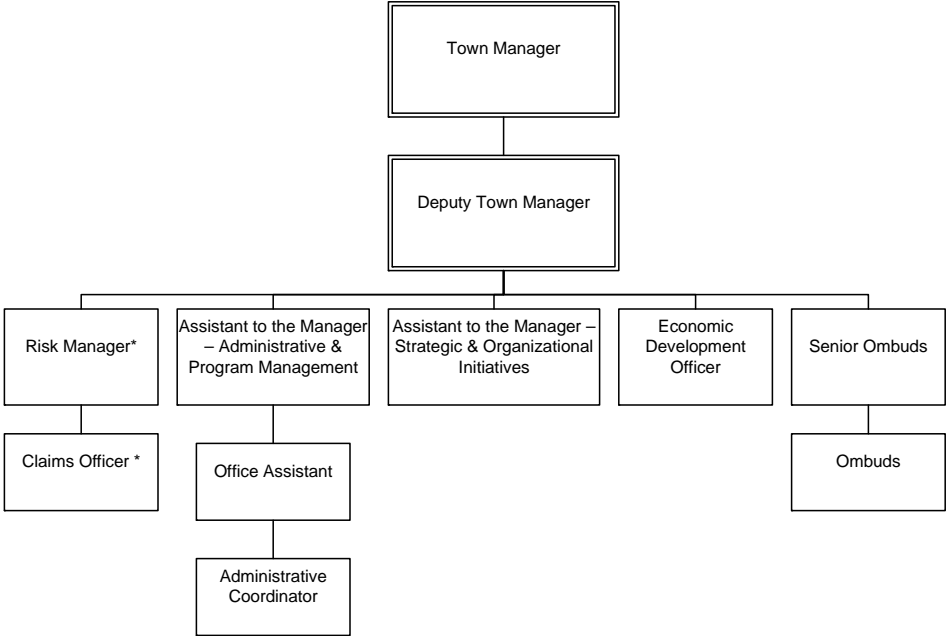
MISSION STATEMENT:

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 2016-17.

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



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

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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Town Manager	1.00	1.00	1.00
Deputy Town Manager	1.00	1.00	1.00
Economic Development Coordinator	1.00	1.00	1.00
Sustainability Officer	1.00	0.00	0.00
Energy Management Specialist	1.00	0.00	0.00
Policy & Strategic Initiatives Director	1.00	0.00	0.00
Organizational Effectiveness Coordinator	1.00	0.00	0.00
Senior Ombuds	1.00	1.00	1.00
Administrative Coordinator	0.00	1.00	1.00
Ombuds	1.00	1.00	1.00
Assistant to the Manager	1.00	2.00	2.00
Administrative Assistant	0.75	0.00	0.00
Office Assistant	1.00	1.00	1.00
	<hr/>		
Town Manager's Office Totals	11.75	9.00	9.00

TOWN MANAGER

BUDGET SUMMARY

The Town Manager's adopted budget for 2016-17 reflects a 5.1% increase over 2015-16. The 4.8% increase in personnel spending is mostly due to the 2% July and 1.5% January pay adjustment as well as a 15.5% increase in health insurance costs. The operating increase of 6.9% is mainly due to a vehicle that is scheduled to be replaced in 2016-17 (\$20,373).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,087,868	\$ 1,267,349	\$ 1,237,349	\$ 1,091,206	\$ 1,328,255	4.8%
Operating Costs	170,745	233,180	273,280	262,806	249,203	6.9%
Total	\$ 1,258,613	\$ 1,500,529	\$ 1,510,629	\$ 1,354,012	\$ 1,577,458	5.1%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 1,258,613	\$ 1,500,529	\$ 1,510,629	\$ 1,354,012	\$ 1,577,458	5.1%
Total	\$ 1,258,613	\$ 1,500,529	\$ 1,510,629	\$ 1,354,012	\$ 1,577,458	5.1%

COMMUNICATIONS & PUBLIC AFFAIRS

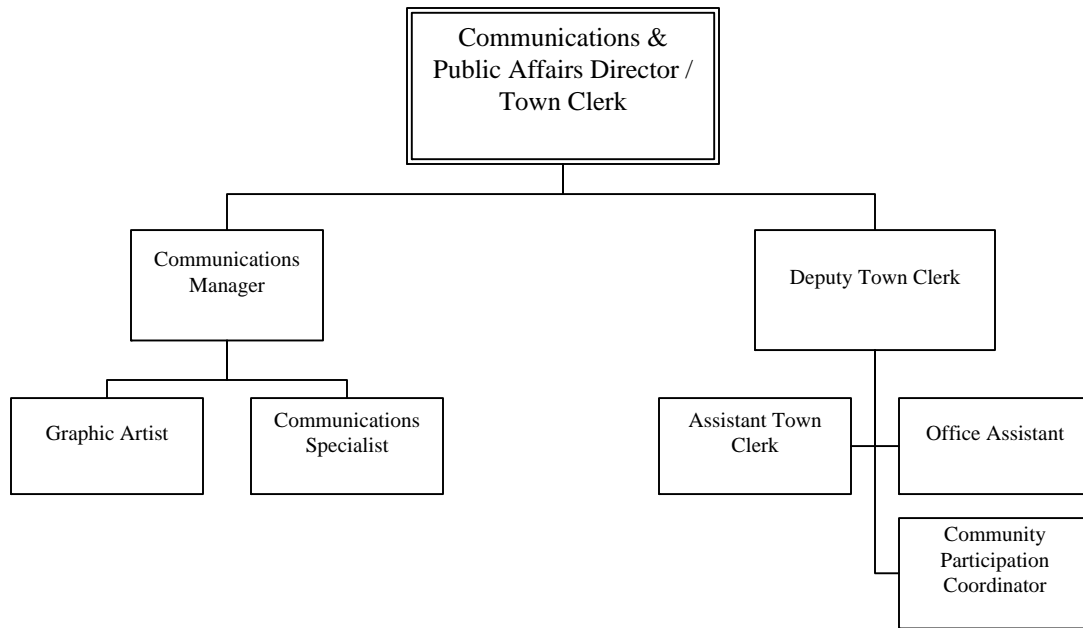
MISSION STATEMENT:

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

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 2016-17.

Program	Description
Communications & Public Information	Provide information to the public in a variety of forms. Coordinate and administer crisis communications, news media relations, website, community engagement, graphic design, Chapel Hill TV -18, social media, advertising, streaming video and signage.
Governance Support	Provide support for Council Meetings and the Agenda process. Organize and facilitate all Council meetings/workshops, Council orientation, transcribe Council meeting minutes.
Public Records	Maintain and dispose of public records. Maintain, update and transmit amendments to Municipal Code of Ordinances. Answer public record requests. Maintain Council email archive.
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. Facilitate Internal Communications. Maintain the Domestic Partnership Registry.

COMMUNICATIONS & PUBLIC AFFAIRS



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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Communications & Public Affairs Director / Town Clerk	1.00	1.00	1.00
Town Clerk-Deputy	1.00	1.00	1.00
Assistant Town Clerk	1.00	1.00	1.00
Office Assistant	0.53	0.53	0.53
Community Participation Coordinator	1.00	1.00	1.00
Communications Manager	1.00	1.00	1.00
Records Manager	0.00	1.00	0.00
Graphic Artist	1.00	1.00	1.00
Communications Specialist	1.00	1.00	1.00
	<hr/>	<hr/>	<hr/>
CAPA Office Totals	7.53	8.53	7.53

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK BUDGET SUMMARY

The adopted budget for 2016-17 reflects a 6.4% decrease from the prior year. The personnel decrease of 6% reflects the removal of a vacant Records Manager position, which is partially offset by a 2% July and 1.5% January pay adjustment and a 15.5% health insurance increase. The 7.9% decrease to the operating budget is primarily due to the non-recurring cost of the 2015-16 Community Survey (\$20,000). There is an addition of \$7,400 in operating for funding for a Citizen's Academy.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 542,731	\$ 660,180	\$ 641,980	\$ 579,989	\$ 620,691	-6.0%
Operating Costs	205,498	203,998	284,197	235,082	187,810	-7.9%
Capital Outlay	-	-	22,011	22,011	-	N/A
Total	\$ 748,229	\$ 864,178	\$ 948,188	\$ 837,082	\$ 808,501	-6.4%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 748,229	\$ 864,178	\$ 948,188	\$ 837,082	\$ 808,501	-6.4%
Total	\$ 748,229	\$ 864,178	\$ 948,188	\$ 837,082	\$ 808,501	-6.4%

COMMUNICATIONS & PUBLIC AFFAIRS

KEY PERFORMANCE MEASURES

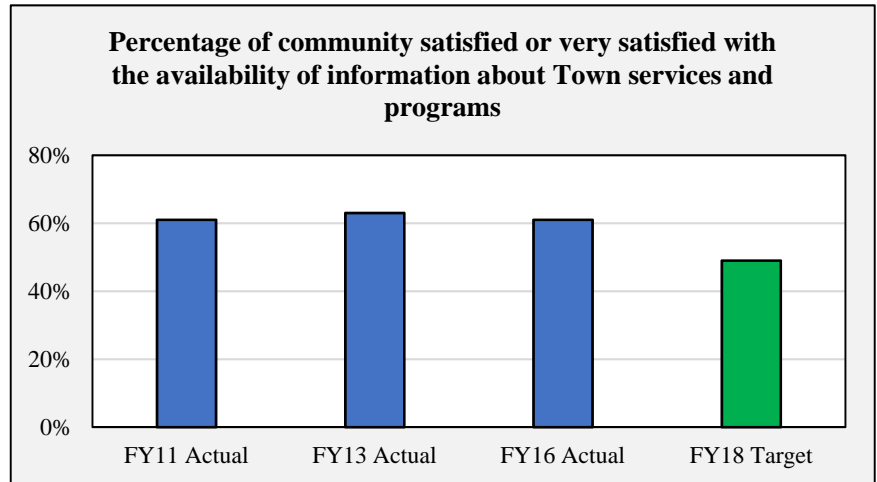


Create a Place for Everyone

Department Program: Communications and Public Information

Objective: Develop, grow, and maintain effective two-way communication channels that reach people where they are to tell the story of what we are doing and how our actions affect them

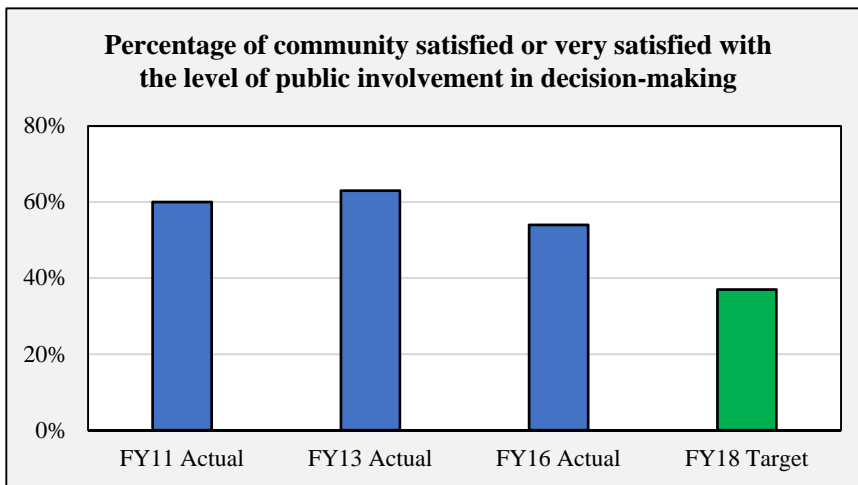
In FY 2016, our target was based on 2013 regional benchmark numbers gathered in the Community Survey (conducted biennially). In FY 2018, our target of 49% is based on 2015 regional benchmarks. TRENDS may reflect “overall disdain for political system” -- A 2016 Associated Press-GfK poll on attitudes toward government shows that 78% of Americans are dissatisfied/angry with federal government; 62% dissatisfied/angry with the way state/local government is working.



Create a Place for Everyone

Department Program: Public Participation

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



In FY 2016, our target was based on 2013 regional benchmark numbers gathered in the Community Survey (conducted biennially). In FY 2018, our target of 37% is based on 2015 regional benchmarks. TRENDS may reflect “overall disdain for political system” -- A 2016 Associated Press-GfK poll on attitudes toward government shows that 78% of Americans are dissatisfied/angry with federal government; 62% dissatisfied/angry with the way state/local government is working.

COMMUNICATIONS & PUBLIC AFFAIRS

KEY PERFORMANCE MEASURES (continued)

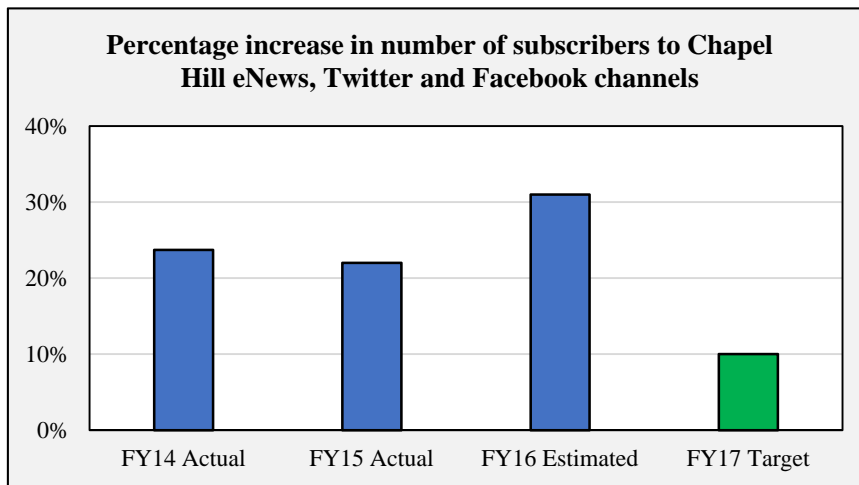


Create a Place for
Everyone

Department Program: Communications and Public Information

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

Our targets are based on annual increases of 10% -- which we have surpassed every year.



HUMAN RESOURCE DEVELOPMENT DEPARTMENT

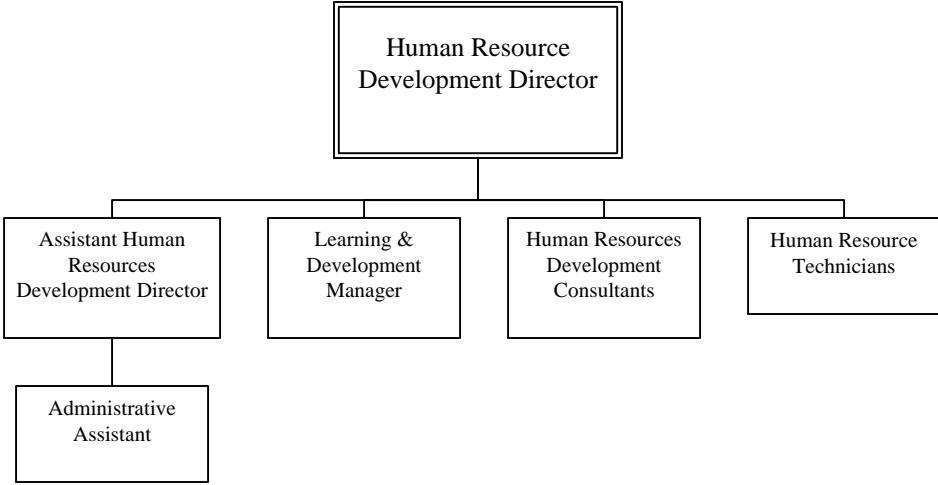
MISSION STATEMENT:

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 2016-17.

Program	Description
Administration	Manage the operations of the department to ensure that programs and systems support the Town's mission. Provide support to the Manager and departments in the development, administration and interpretation the Policies and Procedures.
Classification and Compensation	Establish and maintain the Town's position classification system and pay plan through periodic reviews of position requirements and job descriptions and external and internal compensation comparability.
Benefits	Administer all insurance and retirement plans for employees, retirees and COBRA participants and their eligible dependents, including medical, dental, life and retirement and health savings plans.
Employee 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 polices and laws that identify, attract and retain the most qualified applicants for employment while encouraging diverse representation.
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 standards.

HUMAN RESOURCE DEVELOPMENT



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

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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Human Resource Development Director	1.00	1.00	1.00
Assistant Director-Human Resource Development	1.00	0.00	1.00
Senior Human Resource Consultant	1.00	1.00	0.00
Assistant HR Consultant	0.00	1.00	1.00
Occupational Health and Safety Officer	0.00	0.00	0.00
Human Resources Development Consultant	0.00	1.00	0.00
Risk Manager	0.00	1.00	1.00
Risk Management Claims Coordinator	0.00	1.00	1.00
Learning & Development Manager	0.00	0.00	1.00
Human Resources Technician	1.00	1.00	2.00
Human Resource Consultant	2.00	2.00	1.00
Administrative Assistant	1.00	1.00	1.00
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Human Resource Development Totals	7.00	10.00	10.00

HUMAN RESOURCE DEVELOPMENT BUDGET SUMMARY

The adopted budget for 2016-17 reflects an overall decrease of 1.4% from the previous fiscal year. There is a 13.3% increase in personnel costs, which is the result of two employees receiving promotions during the 2015-16 fiscal year as well as a 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs. There is a decrease of 15.1% in operating costs. This is mostly due to the completion of one-time training in management improvement for Town employees (\$107,425), a non-recurring cost of a vehicle that was replaced in 2015-16 (\$20,500), and a decrease in the cost of medical services associated with the Wellness@Work program (\$10,000).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 587,972	\$ 827,331	\$ 808,786	\$ 681,040	\$ 936,992	13.3%
Operating Costs	632,829	880,820	1,160,710	1,101,993	747,755	-15.1%
Total	\$ 1,220,801	\$ 1,708,151	\$ 1,969,496	\$ 1,783,033	\$ 1,684,747	-1.4%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 1,220,801	\$ 1,708,151	\$ 1,969,496	\$ 1,783,033	\$ 1,684,747	-1.4%
Total	\$ 1,220,801	\$ 1,708,151	\$ 1,969,496	\$ 1,783,033	\$ 1,684,747	-1.4%

HUMAN RESOURCE DEVELOPMENT

KEY PERFORMANCE MEASURES

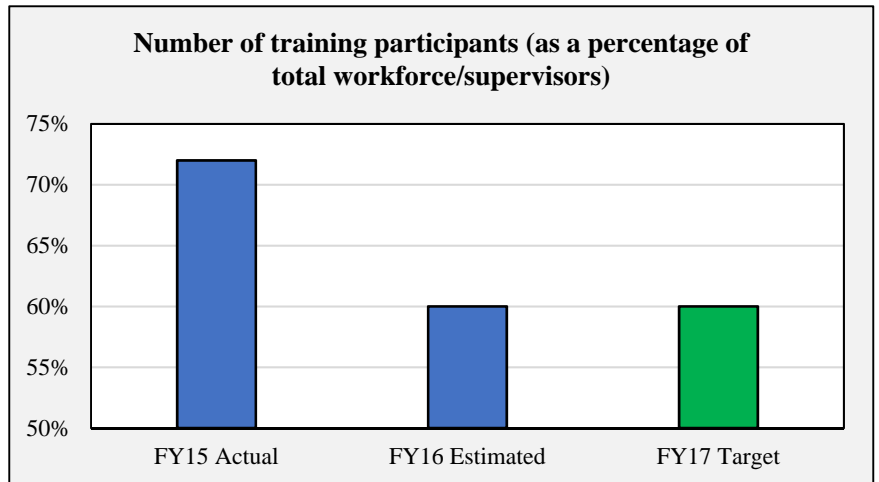


**Govern with Quality
and Steward Public
Assets**

Department Program: Employee Training and Development

Objective: Increase the number of professional development programs and participation in those programs to improve leadership skills, job readiness, and employee productivity

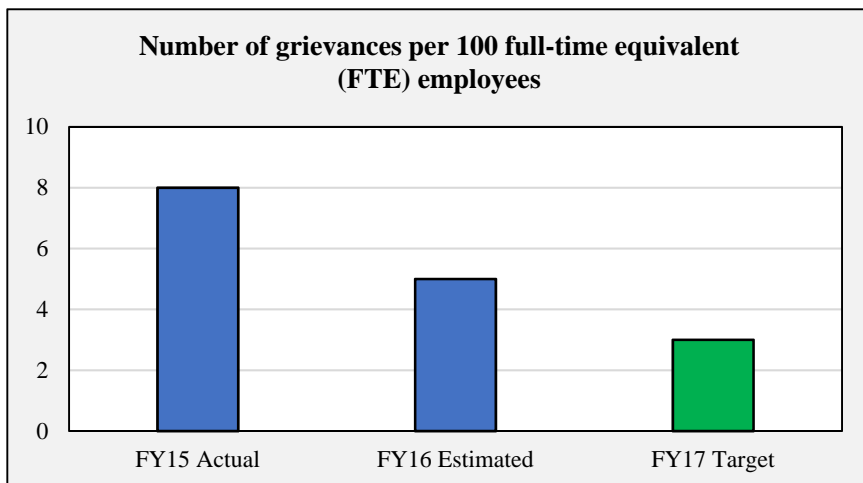
Percent is based on number of FTE's approved in the budget. Employees may have attended multiple offerings so number of participants will exceed number of FTE's.



**Govern with Quality
and Steward Public
Assets**

Department Program: Dispute Resolution and Grievance

Objective: Ensure employees are treated equitably and consistently, that issues are resolved at the lowest level possible, and to create a work environment that recognizes and appreciates diversity.



In FY16, all disputes were resolved through discussions between the employee, department and Human Resource Development. All but one grievance was resolved at the 1st step.

BUSINESS MANAGEMENT DEPARTMENT

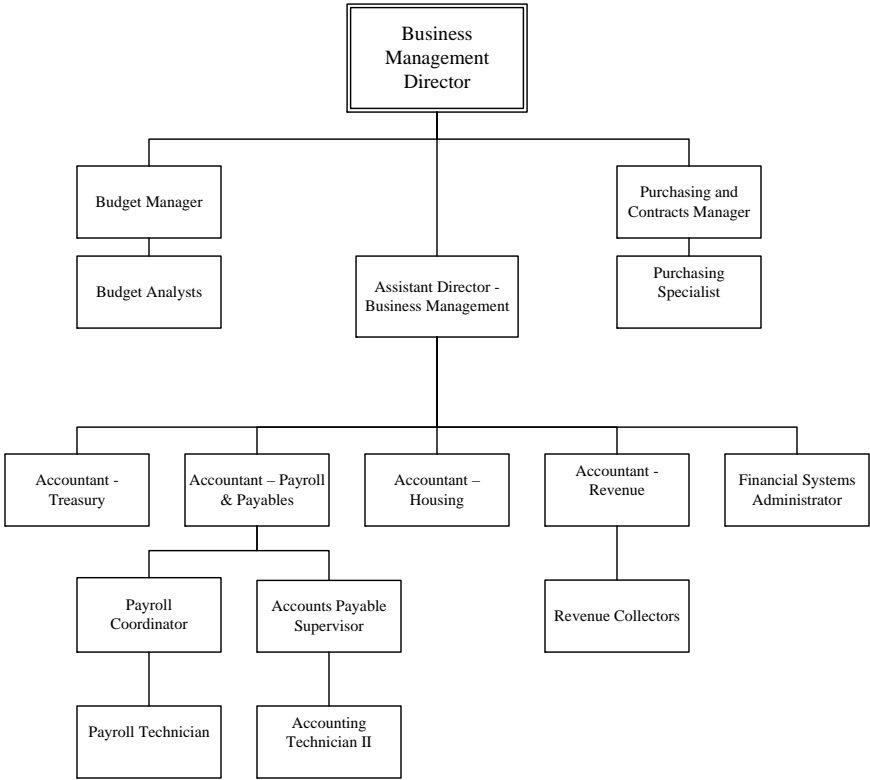
MISSION STATEMENT:

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

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 2016-17.

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.

BUSINESS MANAGEMENT DEPARTMENT



***BUSINESS MANAGEMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
<u>Finance</u>			
Director - Business Management	1.00	1.00	1.00
Assistant Director - Business Management	1.00	1.00	1.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager	1.00	1.00	1.00
Budget Analyst	1.00	2.00	2.00
Accountant - Payroll & Payables	1.00	1.00	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 Specialist	1.00	1.00	1.00
Payroll Coordinator	1.00	1.00	1.00
Payroll Technician	1.00	1.00	1.00
Accounts Payable Supervisor	1.00	1.00	1.00
Accounting Technician II	0.00	0.00	1.00
Revenue Collector	1.00	2.00	2.00
Accounting Technician I	1.00	1.00	0.00
Division Totals	16.00	18.00	18.00

BUSINESS MANAGEMENT BUDGET SUMMARY

The adopted budget for 2016-17 includes a 4.9% increase in personnel costs, which is mostly due to the 2% July and 1.5% January pay adjustment, a 15.5% health insurance increase, and a reclassification of two positions. The operating increase of 6.3% is mostly due to an increase in fees for tax collection services paid to the Orange County's Tax Office, annual audit services, other postemployment benefit (OPEB) actuarial study, and increases to financial software system costs.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,175,969	\$ 1,463,253	\$ 1,424,703	\$ 1,386,145	\$ 1,535,483	4.9%
Operating Costs	520,931	533,426	588,212	603,711	566,899	6.3%
Total	\$ 1,696,900	\$ 1,996,679	\$ 2,012,915	\$ 1,989,856	\$ 2,102,382	5.3%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 1,696,900	\$ 1,996,679	\$ 2,012,915	\$ 1,989,856	\$ 2,102,382	5.3%
Total	\$ 1,696,900	\$ 1,996,679	\$ 2,012,915	\$ 1,989,856	\$ 2,102,382	5.3%

BUSINESS MANAGEMENT

KEY PERFORMANCE MEASURES

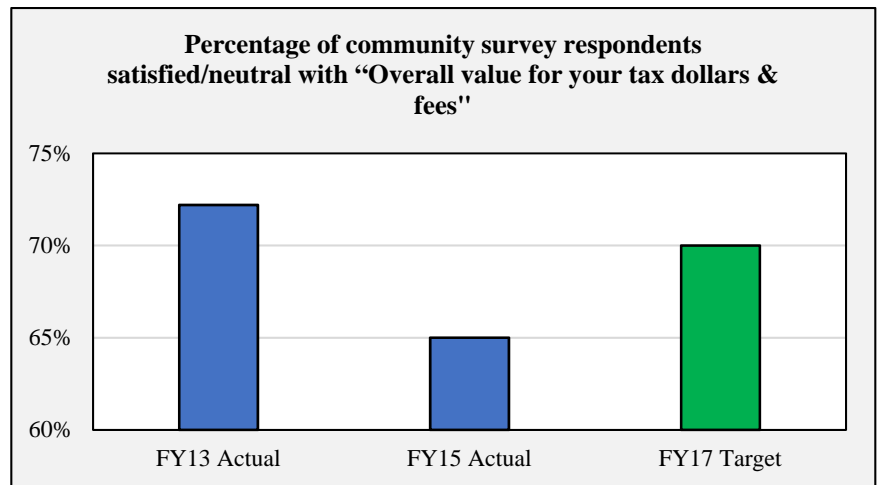


**Govern with Quality and
Steward Public Assets**

Department Program: Financial Planning & Support

Objective: Achieve a rating of “satisfied” or “neutral” by the majority of respondents to the community survey

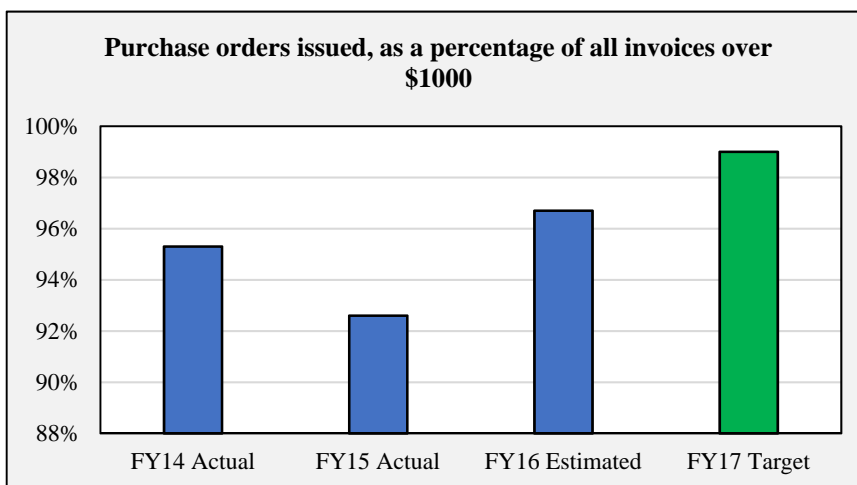
Perception of value can be influenced by many factors, including economic factors that the Town does not control. Making better connections between taxes and services (how your tax dollars are spent) is key to improving perception of tax dollar value. The Community Survey is conducted every two years, which makes it difficult to make a connection between specific initiatives and survey results.



**Govern with Quality and
Steward Public Assets**

Department Program: Purchasing & Contracts

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



Town purchasing guidelines require purchase orders be issued for procurements above \$1,000. This guideline is an important control that ensures funds are available when the bill comes due by encumbering the needed funds. In addition, the P.O. process includes a review component that protects the Town against errors and negligence in the purchasing process, thereby helping to maintain the integrity of the Town’s procurement system. There are exceptions to the \$1,000 limit, however there are instances where the \$1,000 is overlooked for the sake of convenience rather than for a legitimate business reason.

TECHNOLOGY SOLUTIONS DEPARTMENT

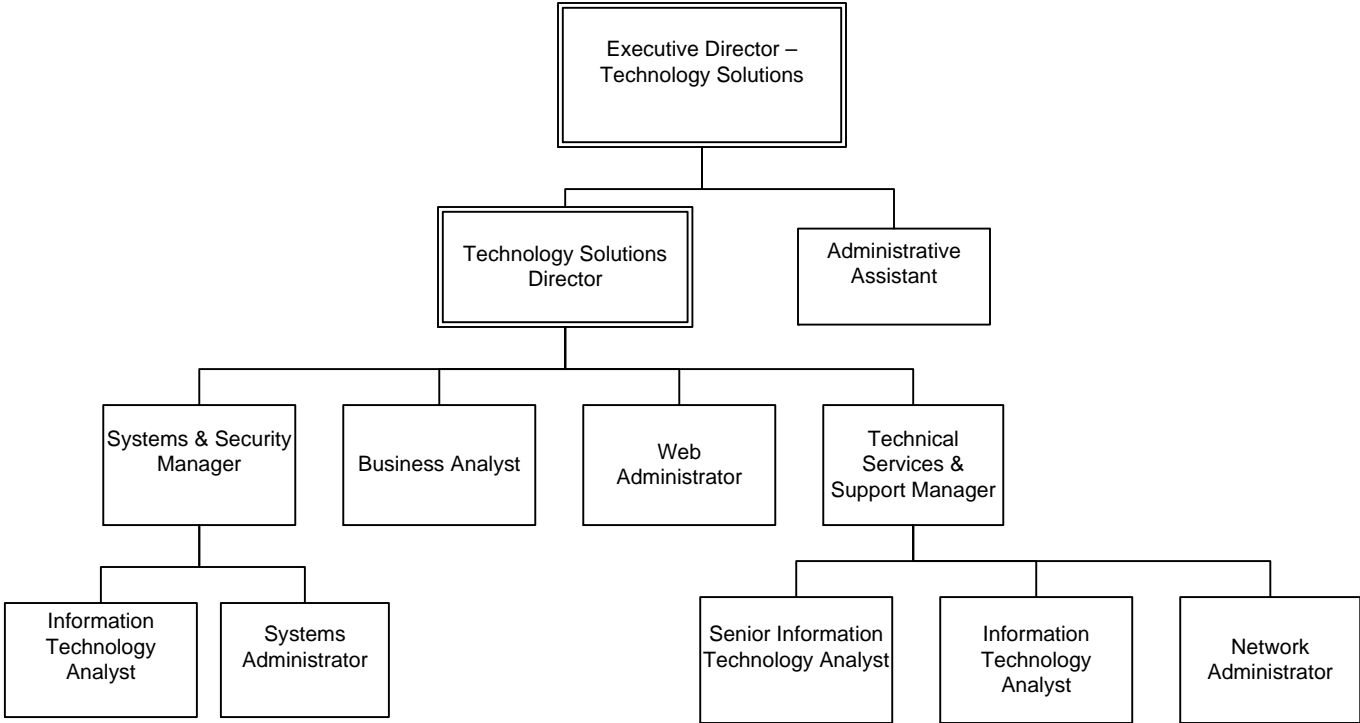
MISSION STATEMENT:

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

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 2016-17.

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

TECHNOLOGY SOLUTIONS DEPARTMENT



Technology Solutions

STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Executive Director - Technology Solutions	0.00	0.00	1.00
Director-Technology Solutions	1.00	1.00	1.00
Network Administrator	1.00	1.00	1.00
Geographic Information Systems Analyst	1.00	0.00	0.00
Systems & Securities Manager	0.00	0.00	1.00
Business Analyst	1.00	1.00	1.00
Information Technology Analyst	4.00	3.00	2.00
Web Administrator	0.00	1.00	1.00
Technical Services & Support Manager	0.00	0.00	1.00
Administrative Assistant	0.00	0.00	1.00
Senior Information Technology Analyst	0.00	2.00	2.00
Systems Administrator	1.00	1.00	1.00
Division Totals	<u>9.00</u>	<u>10.00</u>	<u>13.00</u>

TECHNOLOGY SOLUTIONS

BUDGET SUMMARY

The 2016-17 adopted budget for Technology Solutions represents an overall 27.3% increase from 2015-16. The personnel increase of 40.7% reflects the addition of an Executive Director, the transfer of two employees from the Police department, a 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. The 3.5% decrease in operating costs reflects the non-recurring cost of a vehicle that was purchased in 2015-16 (\$20,500). The 50.9% increase in capital expenses are due to an increase in security-related purchases, a mobile device management software system, and a backup system component.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 776,958	\$ 994,611	\$ 984,611	\$ 808,264	\$ 1,399,437	40.7%
Operating Costs	485,066	461,624	503,737	457,405	445,523	-3.5%
Capital Outlay	16,642	35,528	35,528	35,528	53,619	50.9%
Total	\$ 1,278,666	\$ 1,491,763	\$ 1,523,876	\$ 1,301,197	\$ 1,898,579	27.3%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 1,278,666	\$ 1,491,763	\$ 1,523,876	\$ 1,301,197	\$ 1,898,579	27.3%
Total	\$ 1,278,666	\$ 1,491,763	\$ 1,523,876	\$ 1,301,197	\$ 1,898,579	27.3%

TECHNOLOGY SOLUTIONS

KEY PERFORMANCE MEASURES

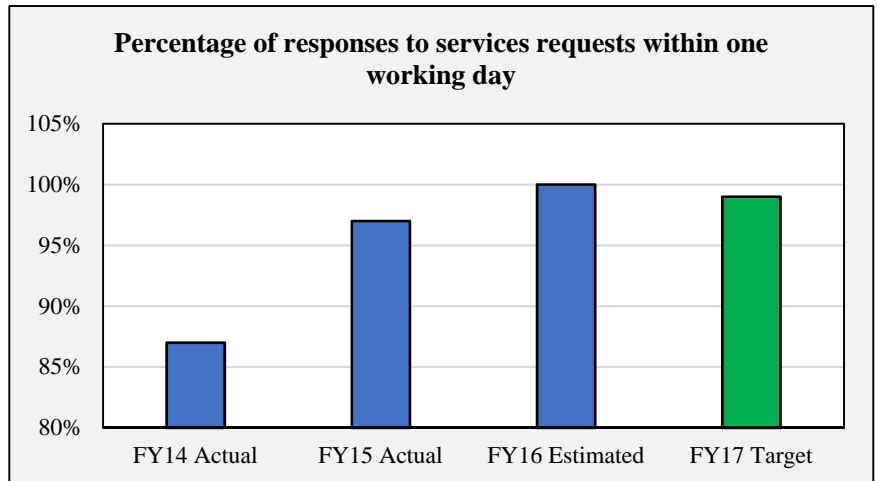


**Govern with Quality and
Steward Public Assets**

Department Program: User Support

Goal: Provide effective support of information technologies for Town service

It is a goal to respond quickly to all service requests. The amount of time request to correct the problem or complete the task is a function of other competing demands and the complexity of the service request.



TOWN ATTORNEY

MISSION STATEMENT:

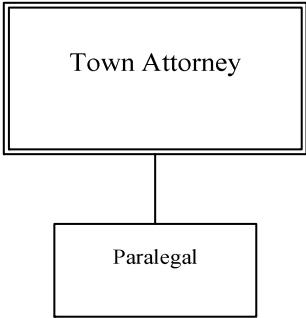
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

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***

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Town Attorney	1.00	1.00	1.00
Assistant to the Town Attorney	1.00	1.00	1.00
Attorney Department Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>



TOWN ATTORNEY

BUDGET SUMMARY

The adopted budget for the Town Attorney's office for 2016-17 shows an increase of 6% over the prior year. The personnel increase of a 7% is due to the reclassification of the paralegal position, a 2% July and 1.5% January pay adjustment, as well as a 15.5% increase in health insurance costs. The 9.3% decrease to the operating budget is mainly due to a decrease in costs associated with legal licenses and dues and a decrease in supplies.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 290,646	\$ 298,982	\$ 298,982	\$ 298,223	\$ 319,994	7.0%
Operating Costs	12,201	21,150	21,150	9,379	19,190	-9.3%
Total	\$ 302,847	\$ 320,132	\$ 320,132	\$ 307,602	\$ 339,184	6.0%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 302,847	\$ 320,132	\$ 320,132	\$ 307,602	\$ 339,184	6.0%
Total	\$ 302,847	\$ 320,132	\$ 320,132	\$ 307,602	\$ 339,184	6.0%

NON-DEPARTMENTAL DIVISION BUDGET SUMMARY

The Non-Departmental Division is used to account for activities in the General Fund that are not allocated to other departmental functions. These activities include contributions to other agencies, transfers to other funds and liability insurance. The adopted budget includes decreases from the prior year for unemployment compensation (\$35,000) and the elimination of a \$247,836 transfer to the Transit Fund. The \$1 million decline in the vacancy pool represents the budgeting of a conservative amount of lapsed salaries, which is a recognition of the fact that the Town will have vacant positions throughout the next budget year. The adopted budget includes slight increases from the prior year for Grant matching funds (\$3,584). The 6.5% increase in retiree medical insurance is due to an increase in the number of retirees. There is an 11.8% increase in agency contributions, which is felt through an increase of \$74,400 to the Human Services Advisory Board and a \$25,000 increase to the Chapel Hill/Orange County Visitor's Bureau.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Retiree Medical Insurance	\$ 1,057,000	\$ 1,050,000	\$ 1,050,000	\$ 1,093,460	\$ 1,118,000	6.5%
Other Personnel Costs	35,373	75,000	75,000	1,558	35,000	-53.3%
Liability Insurance	342,637	400,000	400,000	400,000	400,000	0.0%
Penny for Housing	100,000	688,395	1,376,790	688,395	688,395	0.0%
Operations	29,444	167,500	377,997	167,500	167,500	0.0%
Supplemental PEG Fees	196,635	210,000	210,000	210,000	210,000	0.0%
Transfer to Other Funds	676,740	6,500	41,500	6,500	6,500	0.0%
Transfer to Multi-Year Capital Funds	-	-	500,000	-	-	N/A
Transfer to Capital Improvement Funds	2,237,507	778,000	778,000	1,978,000	778,000	0.0%
Transfer to 2015 Bonds	-	-	1,543,306	-	-	N/A
Contributions	-	-	2,258,000	-	525,000	N/A
Transfer to Transit	-	247,836	247,836	-	-	-100.0%
Launch Initiative	-	-	-	-	33,500	N/A
Grant Matching Funds	83,861	72,048	127,815	111,981	75,632	5.0%
Agency Contributions	916,530	979,838	1,037,577	979,838	1,095,057	11.8%
Technology Fund	-	270,407	57,745	270,407	270,407	0.0%
Vacancy Pool	-	100,000	100,000	-	(1,000,000)	-1100.0%
Community Center	-	100,000	200,000	200,000	100,000	0.0%
Total	\$ 5,675,727	\$ 5,145,524	\$ 10,381,566	\$ 6,107,639	\$ 4,502,991	-12.5%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 5,675,727	\$ 5,145,524	\$ 10,381,566	\$ 6,107,639	\$ 4,502,991	-12.5%
Total	\$ 5,675,727	\$ 5,145,524	\$ 10,381,566	\$ 6,107,639	\$ 4,502,991	-12.5%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

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

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Planning & Sustainability	\$ 2,448,016	\$ 3,743,215	\$ 4,169,638	\$ 3,596,345	\$ 3,868,967	3.4%
Housing & Community	343,087	599,491	661,329	581,194	720,525	20.2%
Public Works	11,341,410	12,242,085	12,572,275	11,809,592	12,258,544	0.1%
Total	\$ 14,132,513	\$ 16,584,791	\$ 17,403,242	\$ 15,987,131	\$ 16,848,036	1.6%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 13,407,643	\$ 15,079,096	\$ 15,897,547	\$ 15,341,123	\$ 15,376,416	2.0%
State-Shared Revenues	38,494	32,000	32,000	33,000	33,000	3.1%
Grants	-	100,000	100,000	85,000	100,000	0.0%
Charges for Services	520,817	832,550	832,550	264,810	556,630	-33.1%
Licenses/Permits/Fines	137,306	514,645	514,645	234,690	753,990	46.5%
Other Revenues	28,253	26,500	26,500	28,508	28,000	5.7%
Total	\$ 14,132,513	\$ 16,584,791	\$ 17,403,242	\$ 15,987,131	\$ 16,848,036	1.6%

PLANNING & SUSTAINABILITY DEPARTMENT

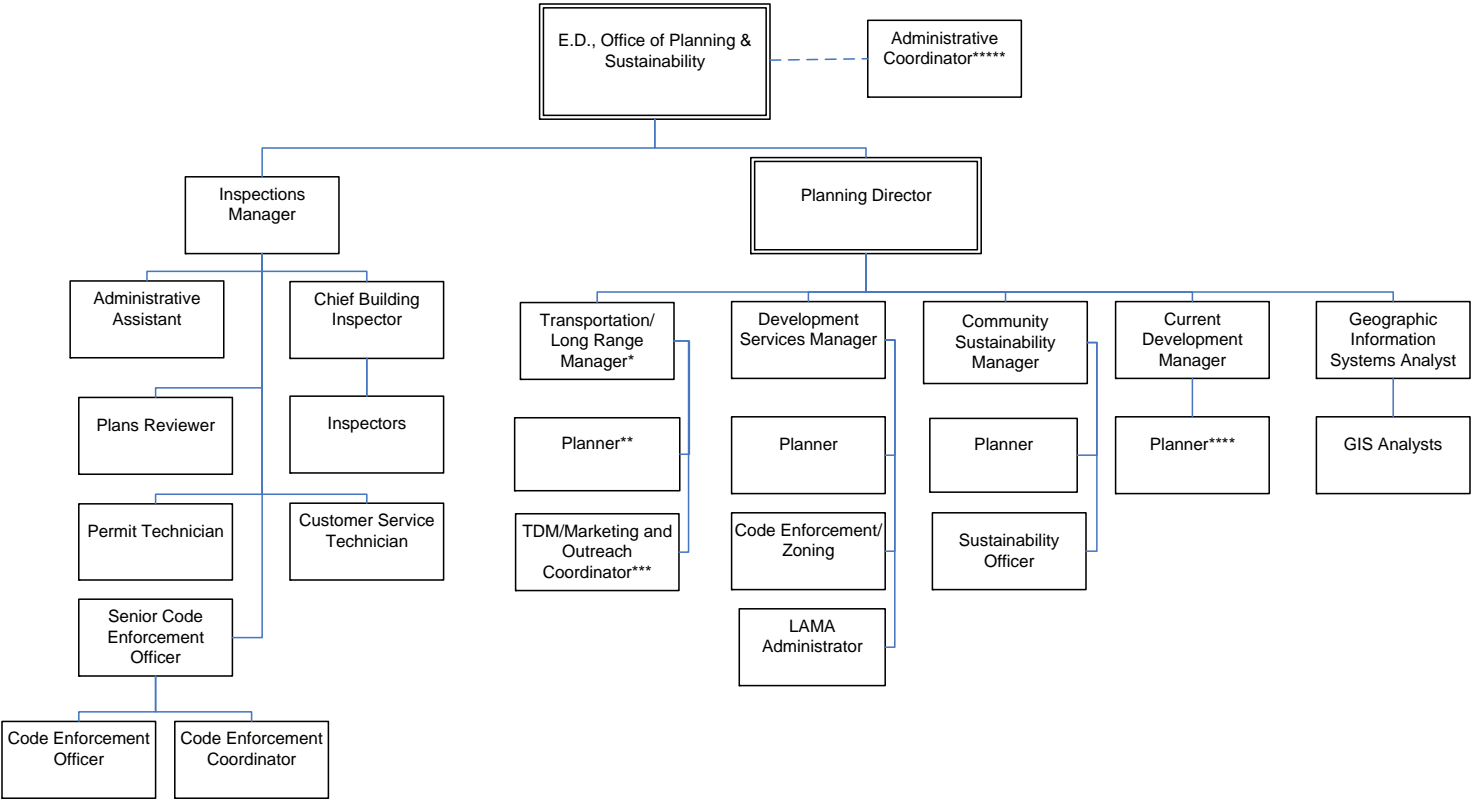
MISSION STATEMENT:

The Chapel Hill Planning & Sustainability 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 2016-17.

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 & SUSTAINABILITY



- Notes:
- *50% grant funded (5303 and STPDA)
 - **one grant funded at 45% STPDA and one funded at 100% (5303)
 - ***grant funded at 50% (TDM)
 - ****one funded at 15% (CDBG)
 - *****65% funded by Planning and shared with Housing & Community

PLANNING DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
<u>Planning & Sustainability</u>			
Executive Director-Planning	0.00	1.00	1.00
Director - Planning	1.00	0.00	1.00
Assistant Director	1.00	0.00	0.00
Planning Manager ¹	2.00	4.00	5.00
Planner ²	7.75	7.00	7.00
GIS Analyst II	0.00	1.00	2.00
GIS Technician - SR	0.00	1.00	0.00
Coordinator-Public Outreach ³	1.00	1.00	1.00
Planning Graphics Specialist	1.00	0.00	0.00
Administrative Coordinator ⁴	0.00	0.65	0.65
Energy Management Specialist	0.00	1.00	0.00
Sustainability Officer	0.00	0.00	1.00
Permitting Systems Administrator	1.00	1.00	1.00
Administrative Coordinator	1.00	0.00	0.00
Division Totals	<u>15.75</u>	<u>17.65</u>	<u>19.65</u>
<u>Inspections</u>			
Building Inspector Manager	1.00	1.00	1.00
Chief Building Inspector	1.00	1.00	0.00
Code Enforcement Officer	1.00	2.00	2.00
Code Enforcement Coordinator	1.00	0.00	0.00
Customer Service Tech/Code Enforcement Officer	0.00	0.00	1.00
Building-Fire Plans Reviewer	1.00	2.00	1.00
Customer Service Technician	0.00	1.00	1.00
Inspector	4.00	8.00	8.00
Permit Technician	1.00	2.00	2.00
Permit Technician Apprentice	1.00	0.00	0.00
Office Assistant	1.00	1.00	1.00
Division Totals	<u>12.00</u>	<u>18.00</u>	<u>17.00</u>
Planning & Sustainability Totals	<u><u>27.75</u></u>	<u><u>35.65</u></u>	<u><u>36.65</u></u>

¹ Planning Manager is partially grant-funded in FY17.

² A number of Planner positions are partially or fully grant funded in FY17.

³ Public Outreach Coordinator is 50% grant-funded.

⁴ Administrative Coordinator is 35% funded from Housing & Community and grants

PLANNING & SUSTAINABILITY

BUDGET SUMMARY

The Planning and Sustainability Department is made up of the Planning and Inspections Divisions. The 2016-17 adopted budget for the Planning & Sustainability Department shows an overall decrease of 2.7% in expected revenues for charges for services, licenses/permits/fines, and other revenues. There is a 34.2% decrease in charges for services due to lower than expected Ephesus Ford code permits. This is slightly offset by a 47% increase in anticipated revenues for licenses/permits/fines, mostly in special use permits.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,959,973	\$ 2,901,157	\$ 2,851,664	\$ 2,547,694	\$ 3,122,666	7.6%
Operating Costs	488,043	842,058	1,317,974	1,048,651	746,301	-11.4%
Total	\$ 2,448,016	\$ 3,743,215	\$ 4,169,638	\$ 3,596,345	\$ 3,868,967	3.4%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 1,809,132	\$ 2,417,520	\$ 2,843,943	\$ 3,116,337	\$ 2,579,347	6.7%
Charges for Services	495,188	807,550	807,550	239,810	531,630	-34.2%
Licenses/Permits/Fines	135,206	511,645	511,645	233,690	751,990	47.0%
Other Revenues	8,490	6,500	6,500	6,508	6,000	-7.7%
Total	\$ 2,448,016	\$ 3,743,215	\$ 4,169,638	\$ 3,596,345	\$ 3,868,967	3.4%

PLANNING AND SUSTAINABILITY

KEY PERFORMANCE MEASURES



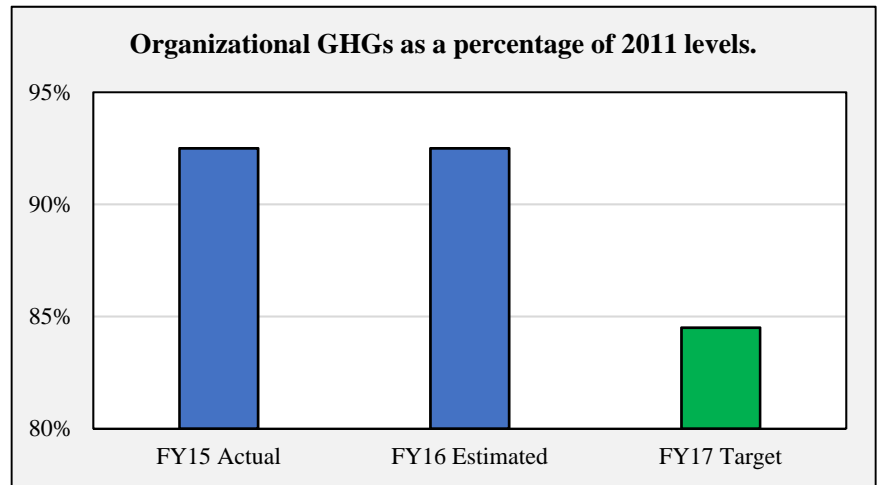
Develop Good Places,
New Spaces

Department Program: Sustainability

Goal: To reduce or mitigate the consumption, cost and environmental impact of non-renewable natural resources associated with Town operations.

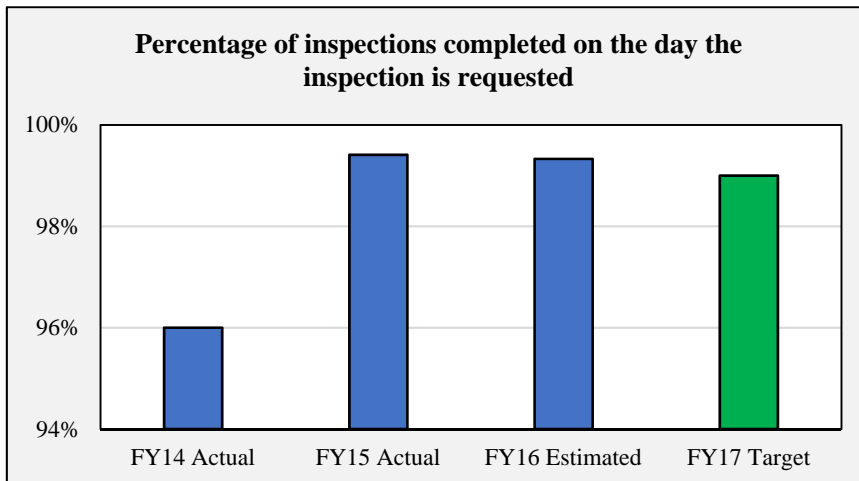
As of 2015, emissions per capita for Town operations are 6.7% below 2005 levels. The Town population has increased by 20% over the same 10-year period. These results indicate that the Town has lowered emissions from operations relative to an increase in population size and corresponding service demand.

Comparatively, absolute emissions from Town operations are 11.5% higher than in 2005; however, this number is down 7.5% since an emissions peak in 2010-11. A 20% reduction from building emissions is predicted as a result of the current performance contracting project in three of the largest energy using facilities.



Develop Good Places,
New Spaces

Department Program: Code Compliance and Enforcement



This data reflects our ability to schedule inspections on the day for which they are requested. Our ability to schedule inspections has improved with additional staffing. We continue to seek an additional mechanical/electrical inspector in order to handle more of those requests in a more timely manner.

PLANNING

BUDGET SUMMARY

The 2016-17 adopted budget for the Planning Division is up 16.1% from 2015-16. There is an increase of 19.3% in personnel, which is represented by the addition of a Planning & Sustainability director, a GIS Analyst, a 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. The 8.2% increase in operating costs is due to an increase in energy saving initiatives (\$8,000), and an increase in GIS licensing costs (\$32,000).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,079,635	\$ 1,406,328	\$ 1,395,935	\$ 1,384,771	\$ 1,677,915	19.3%
Operating Costs	405,275	566,490	1,039,406	806,627	613,015	8.2%
Total	\$ 1,484,910	\$ 1,972,818	\$ 2,435,341	\$ 2,191,398	\$ 2,290,930	16.1%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 931,866	\$ 817,968	\$ 1,280,491	\$ 1,811,390	\$ 1,086,310	32.8%
Charges for Services	495,188	807,550	807,550	239,810	531,630	-34.2%
Licenses/Permits/Fines	49,366	340,800	340,800	133,690	666,990	95.7%
Other Revenues	8,490	6,500	6,500	6,508	6,000	-7.7%
Total	\$ 1,484,910	\$ 1,972,818	\$ 2,435,341	\$ 2,191,398	\$ 2,290,930	16.1%

INSPECTIONS DEPARTMENT

BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure decrease of 10.9% from last year's budget. Personnel costs decreased by 3.4% due to the transfer of a Plans Reviewer to the Fire department, a \$25,000 decrease in temporary salaries, and a decrease in overtime costs of about \$11,000. Personnel cost reductions are offset by a 2% July and 1.5% January salary adjustment and a 15.5% health insurance increase. The operating costs decreased by 51.6% due to one-time purchases of three new cars for the new Inspectors (a decrease of about \$117,000) in 2015-16 and an adjustment to software charges.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 880,338	\$ 1,494,829	\$ 1,455,729	\$ 1,162,923	\$ 1,444,751	-3.4%
Operating Costs	82,768	275,568	278,568	242,024	133,286	-51.6%
Total	\$ 963,106	\$ 1,770,397	\$ 1,734,297	\$ 1,404,947	\$ 1,578,037	-10.9%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 877,266	\$ 1,599,552	\$ 1,563,452	\$ 1,304,947	\$ 1,493,037	-6.7%
Charges for Services	-	-	-	-	-	N/A
Licenses/Permits/Fines	85,840	170,845	170,845	100,000	85,000	-50.2%
Total	\$ 963,106	\$ 1,770,397	\$ 1,734,297	\$ 1,404,947	\$ 1,578,037	-10.9%

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.

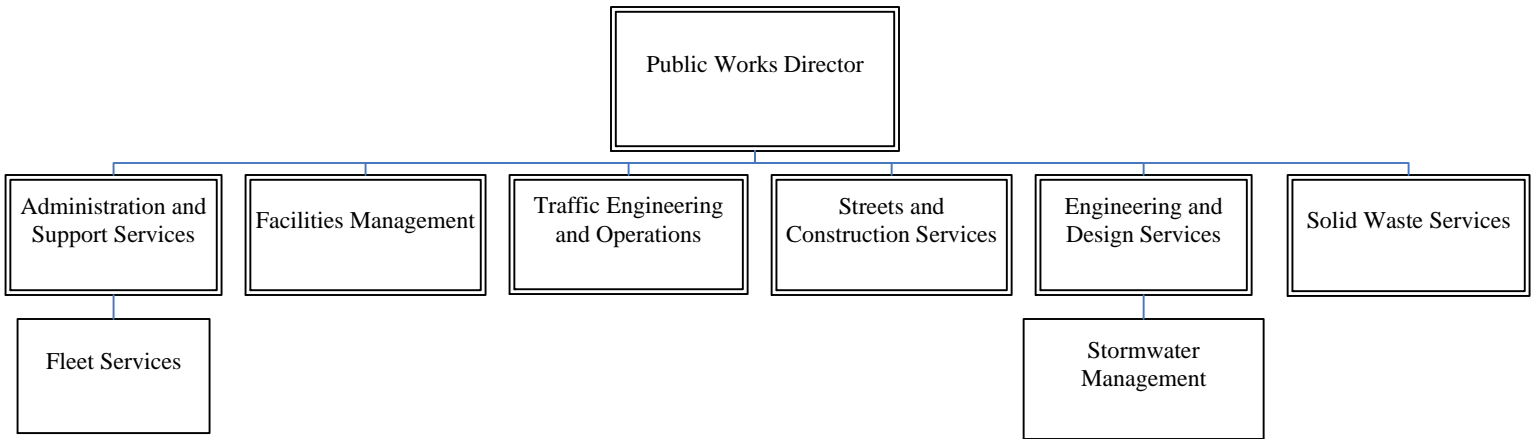
As a first step towards Priority-Based Budgeting, the Public Works Department identified the following primary programs that are included in the projected budget for 2016-17.

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.

PUBLIC WORKS

Miscellaneous Construction	Construct small to medium construction projects using in-house crews, including: sidewalk and curb/gutter repairs; installation and maintenance of streetscape amenities; and projects such as the installation of a bus shelter, removal of playground equipment and construction of small parking lots.
Streets and Parking Lots	Perform patching and street maintenance primarily with in-house labor, supplemented by temp labor assistance and contract patching during peak periods. Manage annual resurfacing contract. Oversee the evaluation and maintenance of all town-maintained or leased parking lots, bike paths and trails.
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).

PUBLIC WORKS OVERVIEW



PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
<u>Administration</u>			
Director-Public Works	1.00	1.00	1.00
Management Analyst	1.00	1.00	1.00
Administrative Analyst	0.00	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	8.00	9.00	9.00
<u>Engineering and Design Services</u>			
Manager of Engineering & Infrastructure	1.00	1.00	1.00
Engineering Coordinator-Sr	1.00	1.00	1.00
Project Manager	1.00	1.00	1.00
Survey/Project Coordinator ¹	1.00	1.00	1.00
Senior Engineer ¹	1.00	1.00	1.00
Engineering Inspector	2.00	2.00	1.00
Engineering Inspector - Sr ¹	0.00	0.00	1.00
Landscape Architect	1.00	1.00	1.00
GIS Technician-Sr	1.00	0.00	0.00
Senior Engineering Technician	1.00	1.00	1.00
Administrative Coordinator ¹	1.00	0.00	0.00
Special Projects Coordinator/Urban Forester	1.00	1.00	1.00
Unit Totals	12.00	10.00	10.00
<u>Traffic Engineering and Operations</u>			
Traffic Engineering 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
Lead Traffic Signal Tech	1.00	1.00	1.00
Traffic Signal Technician (Levels I-III)	3.00	3.00	3.00
Lead Sign & Marking Tech	1.00	1.00	1.00
Sign and Marketing Technician (Levels I-II)	2.00	2.00	2.00
Unit Totals	11.00	11.00	11.00
Division Totals	23.00	21.00	21.00

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Drainage	1.00	1.00	1.00
Streets Supervisor	1.00	1.00	1.00
Street Inspector	1.00	1.00	1.00
Street Crew Supervisor	1.00	1.00	1.00
Construction Worker (Levels I-IV)	9.00	9.00	8.00
Senior Heavy Equipment Officer	0.00	0.00	1.00
Lead Construction Worker	1.00	1.00	1.00
Unit Totals	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>
Construction			
Supervisor-Construction Crew	2.00	2.00	2.00
Construction Worker (Levels I - IV)	4.00	4.00	3.00
Senior Heavy Equipment Operator	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>6.00</u>
Division Totals	<u>21.00</u>	<u>21.00</u>	<u>20.00</u>
<u>Facilities Management</u>			
Buildings			
Facilities Manager	1.00	1.00	1.00
Facilities Supervisor	1.00	1.00	1.00
Building Maintenance Mechanic (Levels I-III)	6.00	6.00	6.00
Facilities Systems Technician	0.00	0.00	1.00
Processing Technician ²	0.25	0.25	0.25
Unit Totals	<u>8.25</u>	<u>8.25</u>	<u>9.25</u>
Division Totals	<u>8.25</u>	<u>8.25</u>	<u>9.25</u>
<u>Solid Waste and Fleet Services</u>			
Solid Waste			
Solid Waste Services Manager	1.00	1.00	1.00
Supervisor-Solid Waste (Residential and Commercial)	3.00	2.00	2.00
Solid Waste Services Crew Supervisor	0.00	1.00	1.00
Solid Waste Equipment Operator III	4.00	4.00	4.00
Solid Waste Equipment Operator II	10.00	10.00	10.00
Solid Waste Equipment Operator I	3.00	3.00	3.00
Solid Waste Collector	13.00	13.00	13.00
Division Totals	<u>34.00</u>	<u>34.00</u>	<u>34.00</u>
Public Works Totals	<u>94.25</u>	<u>93.25</u>	<u>93.25</u>

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

² Position split between Building Maintenance and Vehicle Maintenance.

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

PUBLIC WORKS BUDGET SUMMARY

The adopted budget for the Public Works Department reflects an overall increase of 0.1% from last year. In addition to adjustments for the 2% July and 1.5% January employee pay adjustment, 15.5% increase in health insurance costs, and a slight increase in the state retirement contribution, the Public Works budget includes an increase in licensing fees for service contracts.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Administration	\$ 655,137	\$ 933,888	\$ 927,818	\$ 807,513	\$ 920,821	-1.4%
Engineering & Design	1,028,072	1,111,078	1,123,524	1,069,555	1,105,630	-0.5%
Traffic	1,733,945	1,923,715	1,956,460	1,722,583	1,906,947	-0.9%
Construction	550,680	728,326	757,739	684,300	771,209	5.9%
Streets	2,271,908	2,139,910	2,311,540	2,163,836	2,107,727	-1.5%
Building Maintenance	1,431,127	1,527,993	1,651,401	1,504,604	1,622,313	6.2%
Solid Waste	3,670,541	3,877,175	3,843,793	3,857,201	3,823,897	-1.4%
Total	\$ 11,341,410	\$ 12,242,085	\$ 12,572,275	\$ 11,809,592	\$ 12,258,544	0.1%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 11,255,424	\$ 12,062,085	\$ 12,392,275	\$ 11,643,592	\$ 12,076,544	0.1%
State Shared	38,494	32,000	32,000	33,000	33,000	3.1%
Grants	-	100,000	100,000	85,000	100,000	0.0%
Charges for Services	25,629	25,000	25,000	25,000	25,000	0.0%
Licenses/Permits/Fines	2,100	3,000	3,000	1,000	2,000	-33.3%
Other Revenues	19,763	20,000	20,000	22,000	22,000	10.0%
Total	\$ 11,341,410	\$ 12,242,085	\$ 12,572,275	\$ 11,809,592	\$ 12,258,544	0.1%

PUBLIC WORKS

KEY PERFORMANCE MEASURES

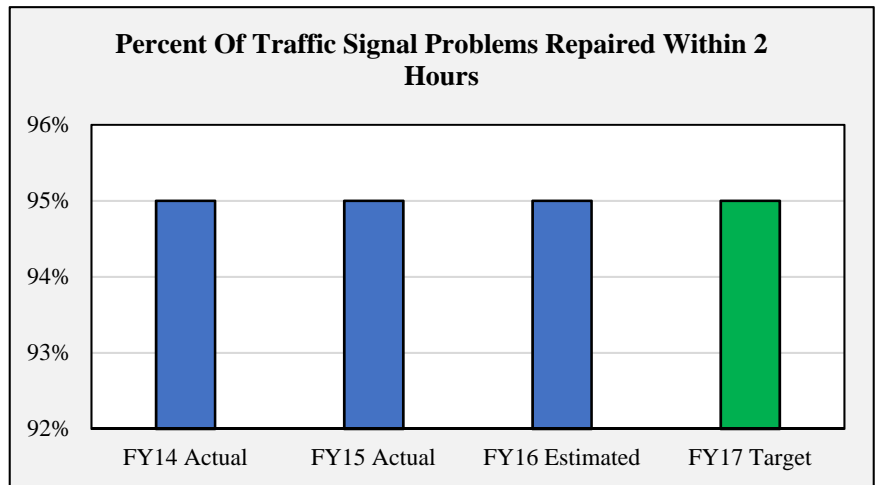


Department Program: Traffic Signals

Objective: Repair 95% of traffic signal system problems per the North Carolina Department of Transportation (NCDOT) and Federal Highway Administration (FHWA) standards

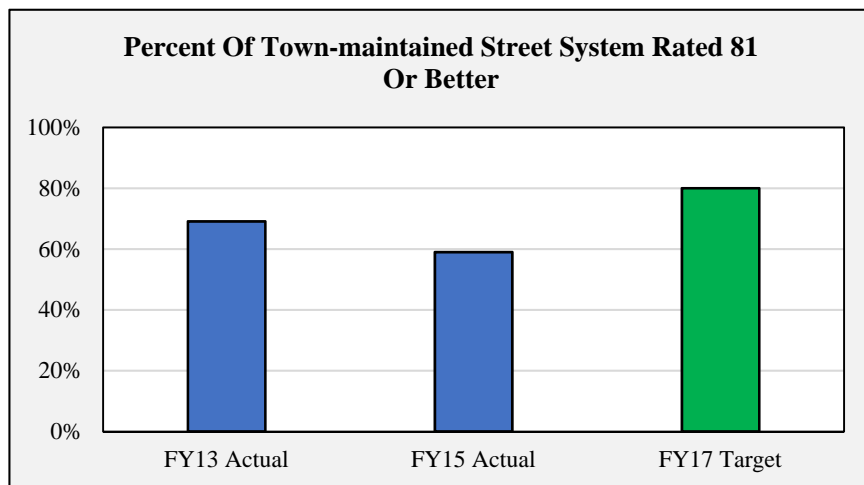
Public Works receives notification of problems in the traffic management center from the traffic signal system or phone calls from motorists and public safety agencies.

We complete 95% of repairs within 2 hours for traffic signal problems, including malfunctions that puts the traffic signal into flash mode, cabinet doors left open, replacement of burned-out bulbs, etc. The remaining 5% take longer than 2 hours to repair, given the nature of the problem, such as broken vehicle detection loops and repairs related to vehicular accidents.



Department Program: Streets and Parking Lots

Objective: Achieve an average pavement condition rating of 81 or better for 80% of town-maintained street system



58.8% of the town-maintained street system was rated 81 or better (good to very good) in the most recent Pavement Condition Survey dated December 2014 (FY15).

69.1% of the town-maintained street system was rated 81 or better in the Pavement Condition Survey dated December 2012 (FY13).

Our overall street system is continuing to deteriorate. The use of 2015 Streets and Sidewalks Bond Funds will have a positive overall impact on the condition of our street system. Additional annual operating funds or bond funds are needed to achieve and maintain an overall pavement condition rating of Good or Very Good. An updated Pavement Condition Survey is tentatively scheduled for December 2016.

PUBLIC WORKS

KEY PERFORMANCE MEASURES (continued)



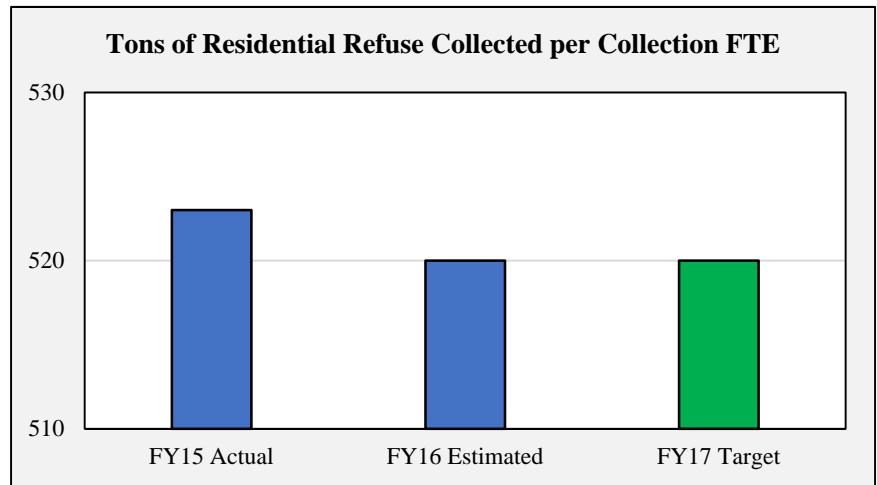
Department Program: Solid Waste Collection

Objective: Collect 520 tons of residential refuse per collection FTE

Residential and commercial solid waste tonnage decreased approximately 4.5% from FY14 to FY15. Of that decrease, commercial solid waste tonnage declined by approximately 7.4% and residential solid waste tonnage declined by approximately 1%.

Factors contributing to the decrease in waste were the decline in the economy and waste reduction efforts, including the implementation of 95 gallon recycling carts in summer 2014 and the implementation of food waste collection for composting in the Chapel Hill-Carrboro City Schools.

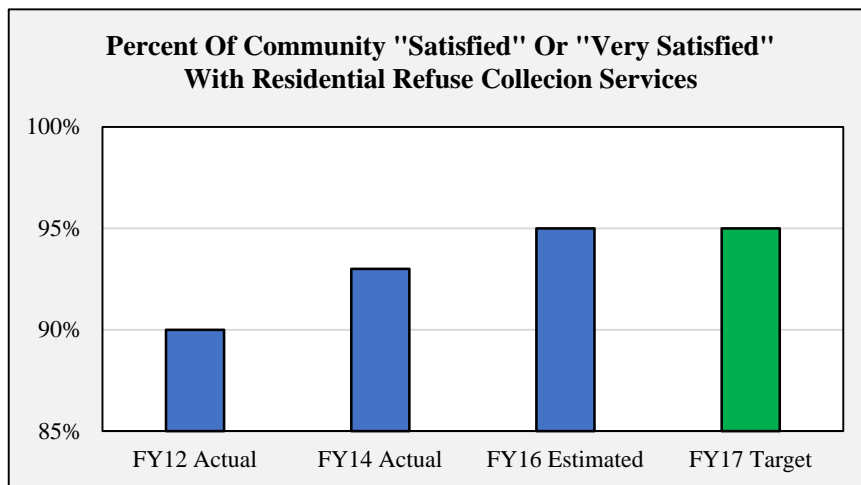
We are currently conducting a Routing and Technology Study which will provide information and recommendations to improve efficiencies in the Solid Waste Services Division.



Nurture Our Community

Department Program: Solid Waste Collection

Objective: Maintain a residential refuse customer satisfaction rating of 95%



Providing a high level of customer service is a priority for the Solid Waste Services Division. This data is collected through the Town of Chapel Hill Community Survey. The survey is administered in odd years to assess citizen satisfaction with the quality of services. The Solid Waste Services Division has consistently earned 90% or greater in the past four surveys.

PUBLIC WORKS

KEY PERFORMANCE MEASURES (continued)



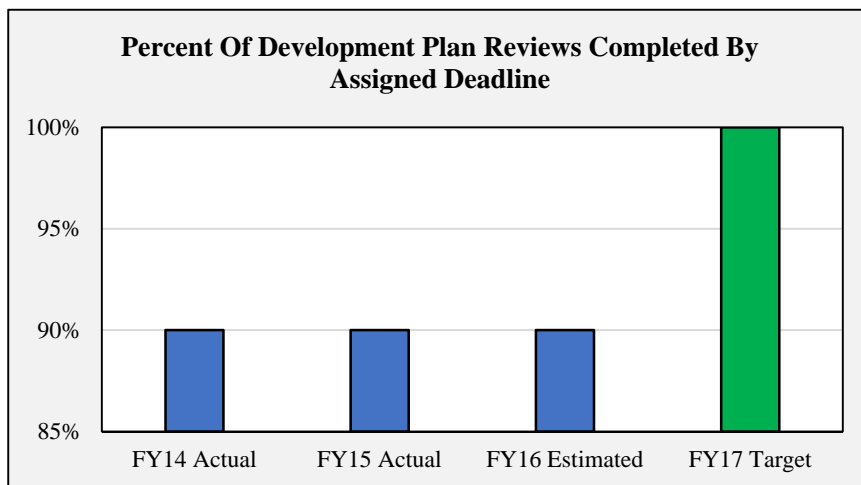
Develop Good Places,
New Spaces

Department Program: Civil Engineering and Landscape Architecture Services

Objective: Complete 100% of development plan reviews by assigned deadlines

The purpose of this measure is to track Public Works' contribution to the Town's effort to improve customer service related to our development review process, in keeping with our values of professionalism, teamwork, and responsibility.

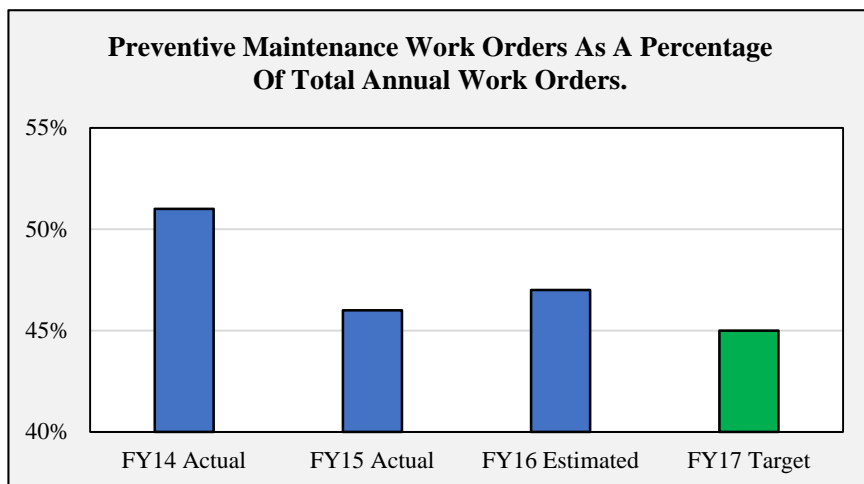
Planning and Sustainability assigns due dates for each plan review. Due dates can vary depending on the type of development, and re-submissions or changes to the plans. Staff's ability to review in a timely manner is impacted by the state of the economy and amount of development occurring.



Govern with Quality and
Steward Public Assets

Department Program: Facilities Management and Maintenance

Objective: Ensure at least 45% of facility work orders are preventive maintenance work



A strong preventive maintenance program is key to ensuring our facilities remain in good condition. Of the facilities work orders issued in FY16, 47% were for preventive maintenance. In comparison, 28% of work orders were in the reactive (unscheduled) maintenance category in FY16. The remaining work orders are related to service requests, emergencies, and miscellaneous needs.

A Facilities Condition Assessment is scheduled to be completed in FY17. The assessment will provide information about the condition of our facilities and assist the division in automating planned preventive work orders.

PUBLIC WORKS - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure decrease of 1.4% from last year's budget. The 2.6% decrease in personnel costs is due to employee turnover, and is slightly offset by the 2% July and 1.5% January employee pay adjustment, as well as the 15.5% increase in health insurance costs. The 6.6% increase in operating costs can be attributed to a vehicle that is scheduled to be replaced in 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 524,820	\$ 816,313	\$ 814,813	\$ 697,338	\$ 795,435	-2.6%
Operating Costs	130,317	117,575	113,005	110,175	125,386	6.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 655,137	\$ 933,888	\$ 927,818	\$ 807,513	\$ 920,821	-1.4%

PUBLIC WORKS - Engineering and Design Services
BUDGET SUMMARY

The adopted budget for the Engineering and Design division reflects an overall expenditure decrease of 0.5% from last year's budget. There is a 5.1% increase in personnel costs, which is mainly due to funds transferred from a consulting contract to temporary salaries as well as the 2% July and 1.5% January pay adjustment and the 15.5% health insurance increase. The 40.9% decrease in operating costs is due to the transfer of \$45,000 from a consulting contract to temporary salaries and other cost-saving measures.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 961,848	\$ 975,636	\$ 1,003,636	\$ 939,263	\$ 1,025,551	5.1%
Operating Costs	66,224	135,442	100,538	112,292	80,079	-40.9%
Capital	-	-	19,350	18,000	-	N/A
Total	\$ 1,028,072	\$ 1,111,078	\$ 1,123,524	\$ 1,069,555	\$ 1,105,630	-0.5%

PUBLIC WORKS - Traffic

BUDGET SUMMARY

The adopted budget for the Traffic division reflects an overall expenditure decrease of 0.9% from last year's budget. The 2.5% increase in personnel costs is due to the 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs. The operating decreases of 3.8% reflect savings in vehicle replacement charges and vehicle fuel (\$19,500), electricity for street lighting (\$15,000), and a decline in software licensing costs (\$11,000). There is an \$8,000 addition for Martin Luther King Jr. Blvd. sign changes in this adopted budget.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 792,743	\$ 908,835	\$ 767,935	\$ 673,478	\$ 931,116	2.5%
Operating Costs	941,202	1,014,880	1,188,525	1,049,105	975,831	-3.8%
Total	\$ 1,733,945	\$ 1,923,715	\$ 1,956,460	\$ 1,722,583	\$ 1,906,947	-0.9%

PUBLIC WORKS - Construction Unit

BUDGET SUMMARY

The adopted budget for the Construction division reflects an overall expenditure increase of 5.9% from last year's budget. The 11.1% decrease in personnel reflects the elimination of a Heavy Equipment Operator III (\$61,000). This is slightly offset by a 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. The operating increase of 38.8% can be attributed to additional vehicle replacement charges of \$119,000, which is slightly offset by about \$25,000 savings in vehicle maintenance costs.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 339,058	\$ 480,504	\$ 480,504	\$ 405,003	\$ 427,140	-11.1%
Operating Costs	211,622	247,822	277,235	279,297	344,069	38.8%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 550,680	\$ 728,326	\$ 757,739	\$ 684,300	\$ 771,209	5.9%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets division reflects an overall expenditure decrease of 1.5% from last year's budget. The 2.7% decrease in personnel is due to employee turnover and a decrease of \$10,000 in the temporary salaries line. This decrease is slightly offset by a 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs. Operating costs are almost the same as the previous year, with a 0.5% decrease in expenses.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 810,352	\$ 971,675	\$ 938,817	\$ 830,731	\$ 945,698	-2.7%
Operating Costs	1,442,001	1,143,235	1,305,883	1,267,285	1,137,029	-0.5%
Capital Outlay	19,555	25,000	66,840	65,820	25,000	0.0%
Total	\$ 2,271,908	\$ 2,139,910	\$ 2,311,540	\$ 2,163,836	\$ 2,107,727	-1.5%

PUBLIC WORKS - Building Maintenance Unit
BUDGET SUMMARY

The adopted budget for the Building Maintenance division reflects an overall expenditure increase of 6.2% from last year's budget. The 16.2% increase in personnel costs reflects a new Facilities Systems Technician (\$76,000), a 2% July and 1.5% January pay adjustment, and a 15.5% health insurance cost increase. There was a 1.3% decline in operating costs when compared to 2015-16.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 572,412	\$ 652,477	\$ 565,080	\$ 548,168	\$ 758,283	16.2%
Operating Costs	858,715	875,516	1,062,746	932,861	864,030	-1.3%
Capital Outlay	-	-	23,575	23,575	-	N/A
Total	\$ 1,431,127	\$ 1,527,993	\$ 1,651,401	\$ 1,504,604	\$ 1,622,313	6.2%

PUBLIC WORKS - Solid Waste Services Unit
BUDGET SUMMARY

The adopted budget for the Solid Waste Services division reflects an overall expenditure decrease of 1.4% from last year's budget. The 4.9% increase in personnel costs represent a 2% July and 1.5% January pay adjustment, as well as a 15.5% increase in health insurance costs. The 8.5% decrease in operating costs can be attributed to a decrease in vehicle fuel costs and a \$140,000 decrease in vehicle replacement charges.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,933,181	\$ 2,060,944	\$ 2,033,229	\$ 1,993,545	\$ 2,162,446	4.9%
Operating Costs	1,737,360	1,816,231	1,810,564	1,863,656	1,661,451	-8.5%
Total	\$ 3,670,541	\$ 3,877,175	\$ 3,843,793	\$ 3,857,201	\$ 3,823,897	-1.4%

HOUSING & COMMUNITY DEPARTMENT

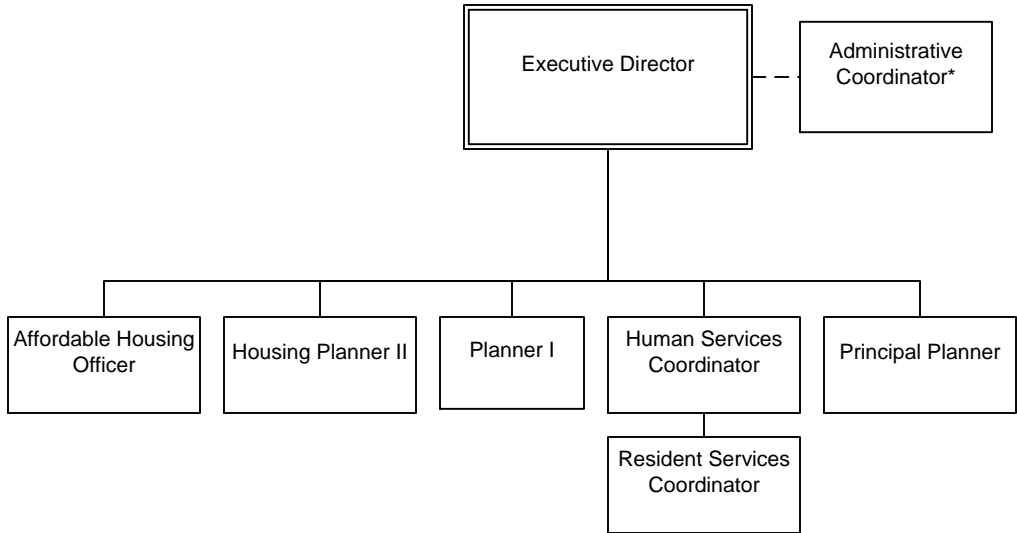
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Housing & Community Department identified the following primary program that is included in the adopted budget for 2016-17.

Program	Description
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.

HOUSING & COMMUNITY



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

HOUSING & COMMUNITY
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Housing & Community			
Executive Director - Housing & Community	0.00	1.00	1.00
Resident Services Coordinator	0.00	1.00	1.00
Administrative Coordinator	0.00	0.20	0.20
Principal Planner	0.00	0.00	1.00
Affordable Housing Officer	0.00	1.00	1.00
Planner	0.00	1.00	1.00
Human Services Coordinator	0.00	1.00	1.00
Planner II	0.00	1.00	1.00
Division Totals	0.00	6.20	7.20

HOUSING & COMMUNITY

BUDGET SUMMARY

The Housing & Community department was created in 2015-16 to assist with affordable housing options in Chapel Hill. The adopted budget reflects an overall increase of 20.2% compared to the previous fiscal year. The 22.5% increase in personnel costs reflects promotions to two employees, a new Principal Planner position, the 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. The 2.7% increase in operating costs reflects a computer and supplies for the new Principal Planner.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 301,990	\$ 529,841	\$ 517,076	\$ 493,804	\$ 648,980	22.5%
Operating Costs	41,097	69,650	144,253	87,390	71,545	2.7%
Total	\$ 343,087	\$ 599,491	\$ 661,329	\$ 581,194	\$ 720,525	20.2%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 343,087	\$ 599,491	\$ 661,329	\$ 581,194	\$ 720,525	20.2%
Total	\$ 343,087	\$ 599,491	\$ 661,329	\$ 581,194	\$ 720,525	20.2%

***PUBLIC SAFETY
BUDGET SUMMARY***

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

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Police	\$ 12,350,683	\$ 13,304,491	\$ 13,393,721	\$ 12,313,669	\$ 13,377,095	0.5%
Fire	7,967,728	8,858,854	8,976,775	8,341,547	9,285,178	4.8%
Total	\$ 20,318,411	\$ 22,163,345	\$ 22,370,496	\$ 20,655,216	\$ 22,662,273	2.3%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 18,330,096	\$ 19,834,064	\$ 20,032,780	\$ 18,645,782	\$ 20,617,484	3.9%
State-Shared Revenues	1,098,094	1,097,590	1,097,590	1,097,590	1,097,590	0.0%
Grants	7,569	-	8,435	8,435	-	N/A
Charges for Services	643,135	642,915	642,915	655,074	657,206	2.2%
Licenses/Permits/Fines	118,320	538,776	538,776	173,335	214,993	-60.1%
Other Revenues	121,197	50,000	50,000	75,000	75,000	50.0%
Total	\$ 20,318,411	\$ 22,163,345	\$ 22,370,496	\$ 20,655,216	\$ 22,662,273	2.3%

CHAPEL HILL POLICE DEPARTMENT

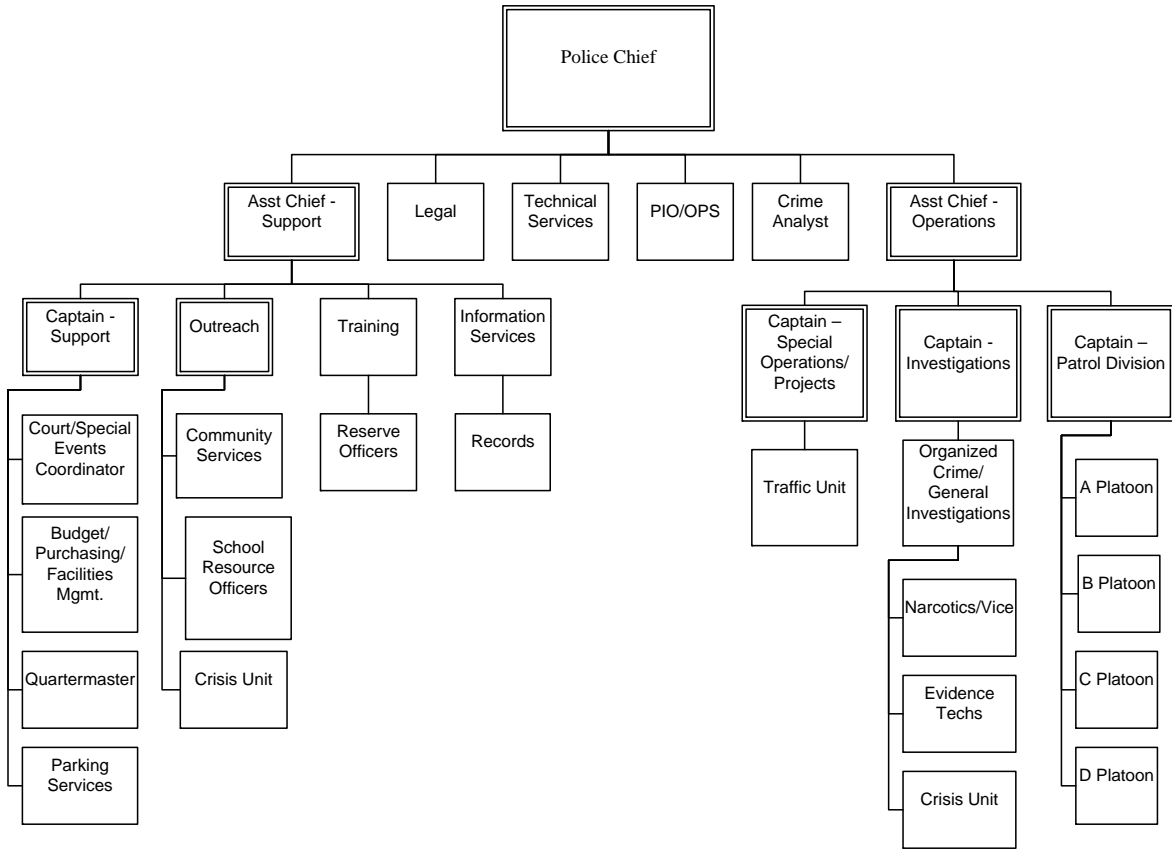
MISSION STATEMENT:

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 2016-17.

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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Support Services			
Police Chief	1.00	1.00	1.00
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	0.00	0.00
Information Security Officer	1.00	1.00	0.00
Resident Services Coordinator	1.00	0.00	0.00
Records Supervisor	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Information Services Technician	1.00	1.00	0.00
Administrative Coordinator	1.00	1.00	1.00
Customer Service Technician	3.00	3.00	3.00
Division Totals	<u>19.00</u>	<u>17.00</u>	<u>15.00</u>
Operations			
Assistant Police Chief	2.00	2.00	2.00
Police Captain	2.00	3.00	3.00
Police Lieutenant	9.00	9.00	11.00
Police Sergeant	13.00	13.00	11.00
Forensic and Evidence Specialist	2.00	2.00	2.00
Police Officer	89.00	90.00	90.00
Division Totals	<u>117.00</u>	<u>119.00</u>	<u>119.00</u>
Police Department Totals	<u><u>136.00</u></u>	<u><u>136.00</u></u>	<u><u>134.00</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 increase slightly due to increases in mutual aid reimbursements and reimbursements from Chapel Hill High School for police activity. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 10,312,789	\$ 11,259,439	\$ 11,161,439	\$ 10,409,040	\$ 11,562,621	2.7%
Operating Costs	1,993,994	2,045,052	2,201,425	1,873,772	1,814,474	-11.3%
Capital Outlay	43,900	-	30,857	30,857	-	N/A
Total	\$ 12,350,683	\$ 13,304,491	\$ 13,393,721	\$ 12,313,669	\$ 13,377,095	0.5%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 11,734,436	\$ 12,783,130	\$ 12,863,925	\$ 11,750,914	\$ 12,812,843	0.2%
Grants	7,569	-	8,435	8,435	-	N/A
Charges for Services	370,761	370,761	370,761	382,920	385,052	3.9%
Licenses/Permits/Fines	116,720	100,600	100,600	96,400	104,200	3.6%
Other Revenues	121,197	50,000	50,000	75,000	75,000	50.0%
Total	\$ 12,350,683	\$ 13,304,491	\$ 13,393,721	\$ 12,313,669	\$ 13,377,095	0.5%

POLICE

KEY PERFORMANCE MEASURES

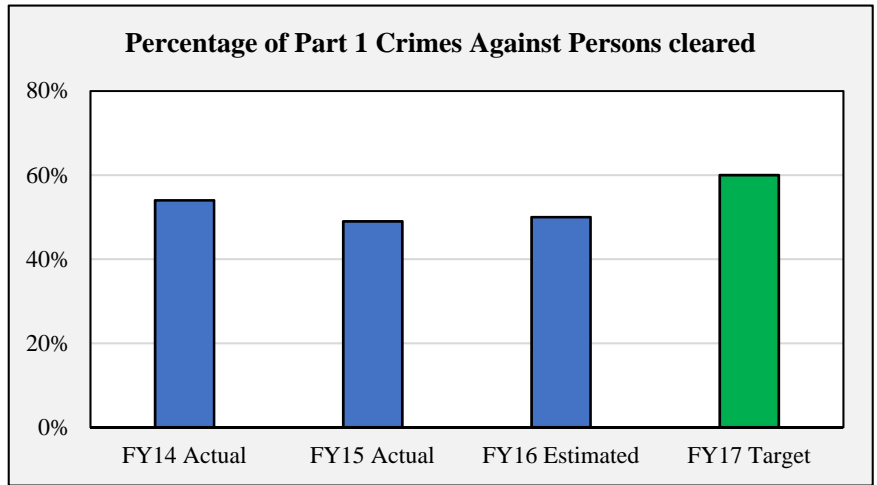


**Protect and Provide
for a Safe Community**

Department Program: Patrol Division, Investigative Division, Police Crisis Unit

Goal: To reduce crime through a strategic and data-driven partnership with our stakeholders through crime prevention, accountability and enforcement

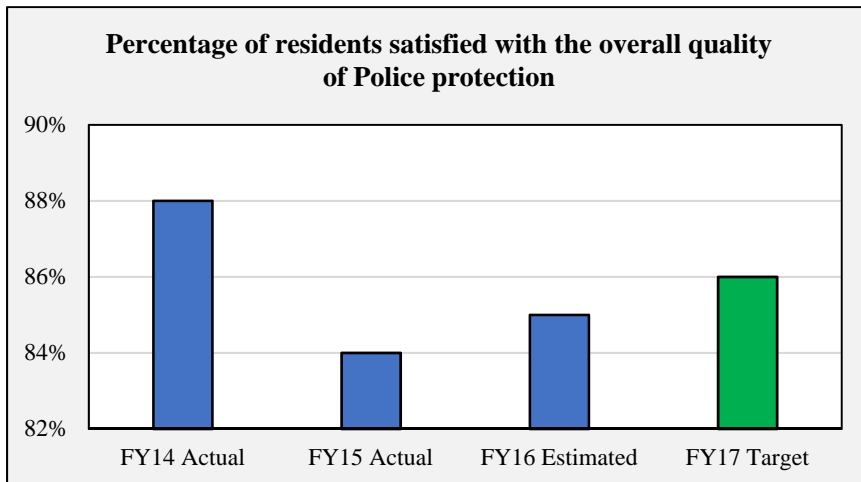
While violent crime is generally trending down, property crimes remain a priority for us. We have dedicated investigative resources to this issue and we have expanded our crime prevention efforts to bring more current, real-time information to our residents so they can play a role in addressing the issue.



**Protect and Provide
for a Safe Community**

Department Program: Patrol Division, Investigative Division, Police Crisis Unit

Goal: To reduce crime through a strategic and data-driven partnership with our stakeholders through crime prevention, accountability and enforcement



We receive actionable feedback from our bi-annual survey instrument. The results help inform our operational decisions and our strategic planning process.

POLICE

KEY PERFORMANCE MEASURES (continued)

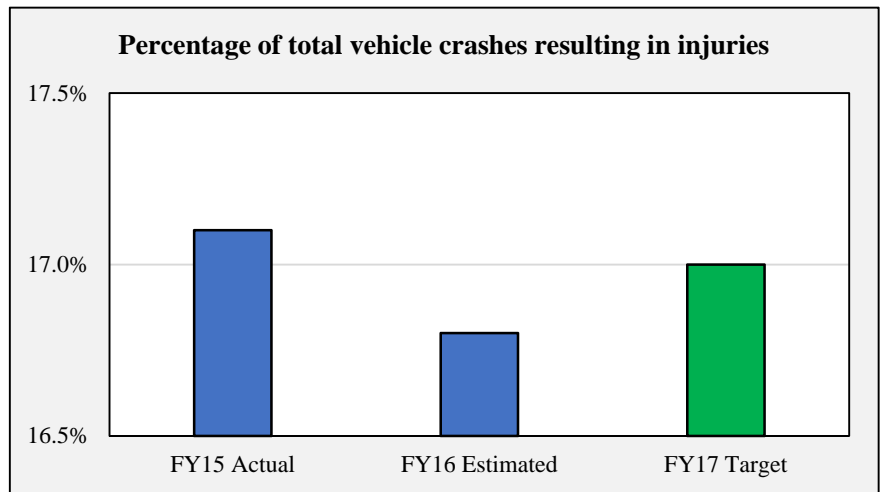


**Protect and Provide
for a Safe Community**

Department Program: Patrol Division, Investigative Division, Police Crisis Unit

Goal: Promote vehicular, bicycle & pedestrian safety through education and enforcement

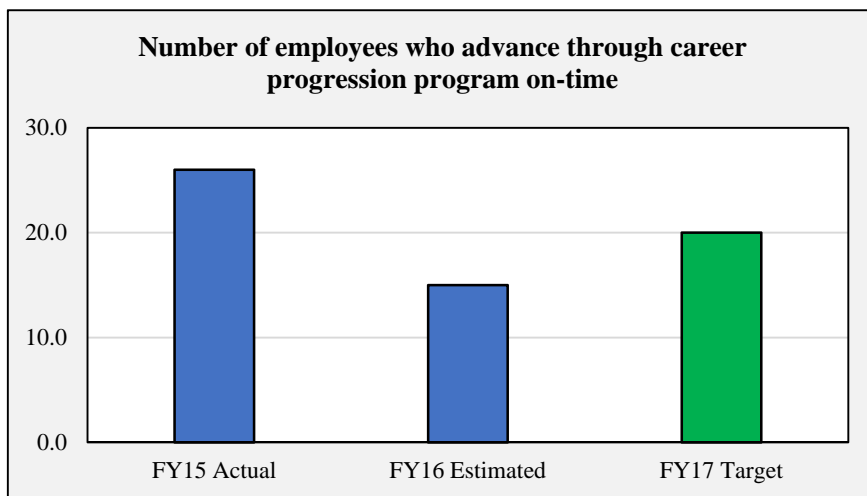
The CHPD C.I.T.E unit continues to work with Patrol officers to conduct traffic education and enforcement initiatives aimed at reducing traffic crashes throughout the town. In particular, efforts are ongoing to reduce the number of crashes resulting in injuries. Each month operations are planned for locations known for violations. These operations include speed enforcement, crosswalk/pedestrian safety, and seatbelt compliance. In addition, officers make regular presentations to Driver's Education Students at Chapel Hill and East Chapel Hill High Schools.



**Protect and Provide
for a Safe Community**

Department Program: Support Services

Goal: To provide a professional and nurturing work environment that promotes accountability through fair and consistent treatment of our employees.



We have identified the need to invest in our employees. We have improved or developed our career progression programs in an effort to help employees develop their skills and career opportunities.

POLICE - Support Services Division
BUDGET SUMMARY

The adopted budget for the Support Services division reflects an overall expenditure decrease of 3.2% from last year's budget. The 5.1% decrease in personnel is the result of two employees being transferred to the Technology Solutions department. The decrease is slightly tempered by a 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs. There is a 0.9% increase in operating costs due to a raise in licensing fees.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,516,083	\$ 1,587,298	\$ 1,587,298	\$ 1,465,900	\$ 1,506,828	-5.1%
Operating Costs	745,953	737,875	802,411	716,147	744,697	0.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,262,036	\$ 2,325,173	\$ 2,389,709	\$ 2,182,047	\$ 2,251,525	-3.2%

POLICE - Operations Division
BUDGET SUMMARY

The Personnel Budget for the Operations Division reflects a 4% increase in personnel costs, the net of a 2% July and 1.5% January employee pay adjustment and a 15.5% increase in health insurance costs. There is a 20.1% decrease in operating costs due to savings in fuel costs (\$85,000), a decrease in vehicle replacement costs (\$146,000), and savings in vehicle maintenance costs (\$10,000).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 8,796,706	\$ 9,672,141	\$ 9,574,141	\$ 8,943,140	\$ 10,055,793	4.0%
Operating Costs	1,118,279	1,151,277	1,174,114	1,033,225	920,377	-20.1%
Capital Outlay	43,900	-	30,857	30,857	-	N/A
Total	\$ 9,958,885	\$ 10,823,418	\$ 10,779,112	\$ 10,007,222	\$ 10,976,170	1.4%

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 have been successful. The adopted budget for 2016-17 reflects a decrease of 4.2%, which is due to Halloween arriving on a weekday instead of a weekend like the previous year.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	129,762	155,900	224,900	124,400	149,400	-4.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 129,762	\$ 155,900	\$ 224,900	\$ 124,400	\$ 149,400	-4.2%

FIRE DEPARTMENT

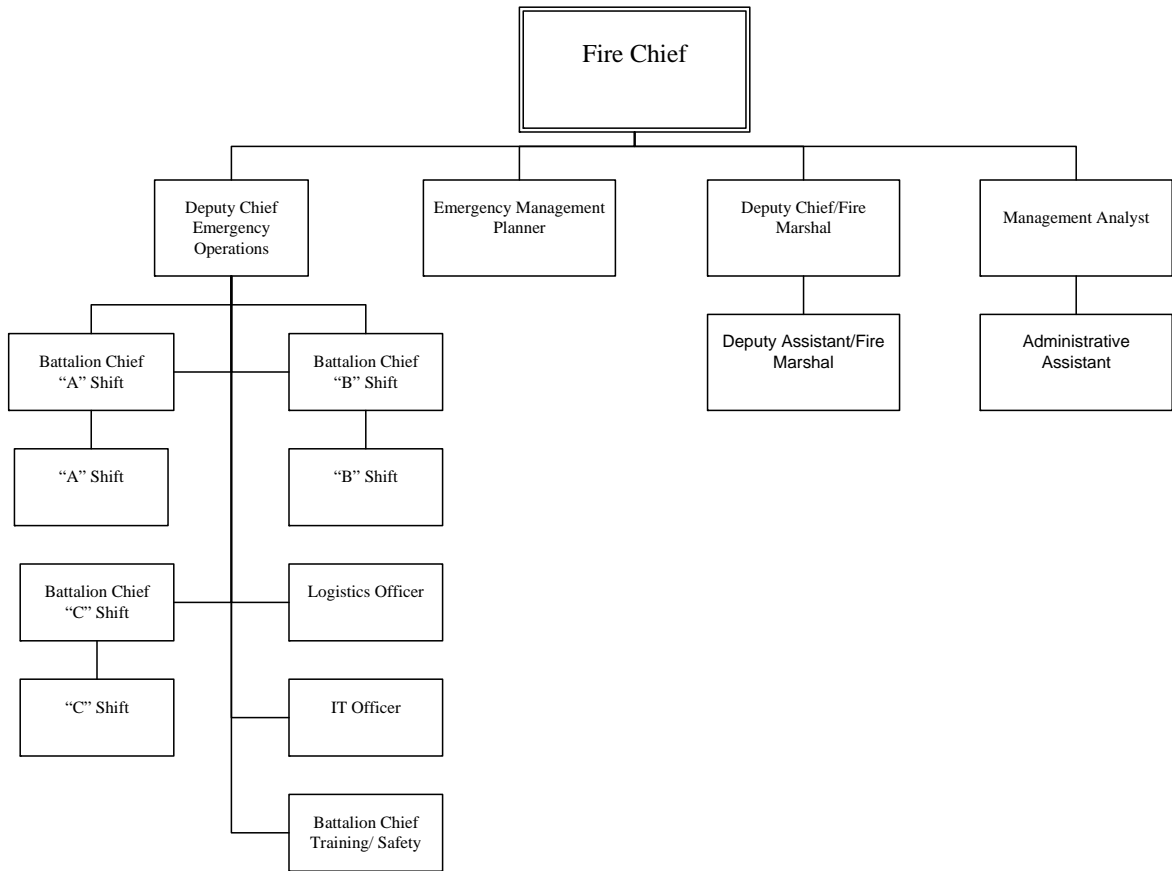
MISSION STATEMENT:

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 2016-17.

Program	Description
Emergency Operations	Provide Fire Suppression, rescue, extrication/accident response, hazard mitigation and response to environmental threats in the Town of Chapel Hill and to neighboring jurisdictions under Mutual Aid agreements.
Code Enforcement	Enforce the fire and safety codes of the Town and State through inspection, plan review and investigating the causes of fires.
Command-Control-Administration	Provide command and control of emergency incidents and fire operations. Provide Departmental administration and training of fire personnel. Coordinate emergency preparedness of Town including related resources.
Prevention and Safety Education	Schedule, coordinate and conduct public education and outreach services providing information on fire prevention, CPR, child safety seats, home safety and smoke alarms.
First Responder Medical Services	Provide response to medical emergencies within Town limits as part of emergency operations. Manage resources and coordinate administrative efforts to ensure proper coverage and service delivery.
Urban Search and Rescue	The Urban Search and Rescue Team is a FEMA Type 1 Team which is operated in cooperation with Raleigh, Cary and Durham. The Team is responsive to disasters and serve to rescue people buried in debris and respond to heavy rescue, water rescue, and victim search operations.
Training and Development	Coordinate, manage and/or participate in initial and on-going training programs to maintain and enhance knowledge, skills and abilities throughout the organization. This program facilitates both regulatory requirements and skill development.

FIRE



FIRE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Administration			
Fire Chief	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Management Analyst	1.00	1.00	1.00
Emergency Management Coordinator	1.00	1.00	1.00
Division Totals	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
Emergency Operations			
Deputy Fire Chief	1.00	1.00	1.00
Battalion Fire Chief	4.00	4.00	4.00
Fire Captain/Lieutenant	19.00	19.00	20.00
Assistant Fire Chief of Operations	0.00	0.00	1.00
Fire Comms Tech Officer	0.00	1.00	1.00
Fire Equipment Operator/Firefighter/Master	58.00	58.00	57.00
Division Totals	<u>82.00</u>	<u>83.00</u>	<u>84.00</u>
Life Safety			
Deputy Fire Chief (Fire Marshal)	1.00	1.00	1.00
Fire Inspector	0.00	2.00	2.00
Fire Protection Specialist	0.00	0.00	2.00
Deputy Fire Marshal	2.00	2.00	1.00
Fire Captain (Assistant Fire Marshal)	3.00	3.00	3.00
Division Totals	<u>6.00</u>	<u>8.00</u>	<u>9.00</u>
Fire Department Totals	<u><u>92.00</u></u>	<u><u>95.00</u></u>	<u><u>97.00</u></u>

FIRE

BUDGET SUMMARY

While the Fire Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Revenues are expected to decline in the licenses, permits, and fines category due to further re-evaluation of the fire inspections program. Changes related to expenditures are noted on division summaries.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 7,026,124	\$ 7,681,410	\$ 7,649,585	\$ 7,220,497	\$ 8,175,168	6.4%
Operating Costs	888,683	1,177,444	1,317,590	1,111,500	1,099,510	-6.6%
Capital Outlay	52,921	-	9,600	9,550	10,500	N/A
Total	\$ 7,967,728	\$ 8,858,854	\$ 8,976,775	\$ 8,341,547	\$ 9,285,178	4.8%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 6,595,660	\$ 7,050,934	\$ 7,168,855	\$ 6,894,868	\$ 7,804,641	10.7%
State-Shared Revenues	1,098,094	1,097,590	1,097,590	1,097,590	1,097,590	0.0%
Charges for Services	272,374	272,154	272,154	272,154	272,154	0.0%
Licenses/Permits/Fines	1,600	438,176	438,176	76,935	110,793	-74.7%
Total	\$ 7,967,728	\$ 8,858,854	\$ 8,976,775	\$ 8,341,547	\$ 9,285,178	4.8%

FIRE

KEY PERFORMANCE MEASURES



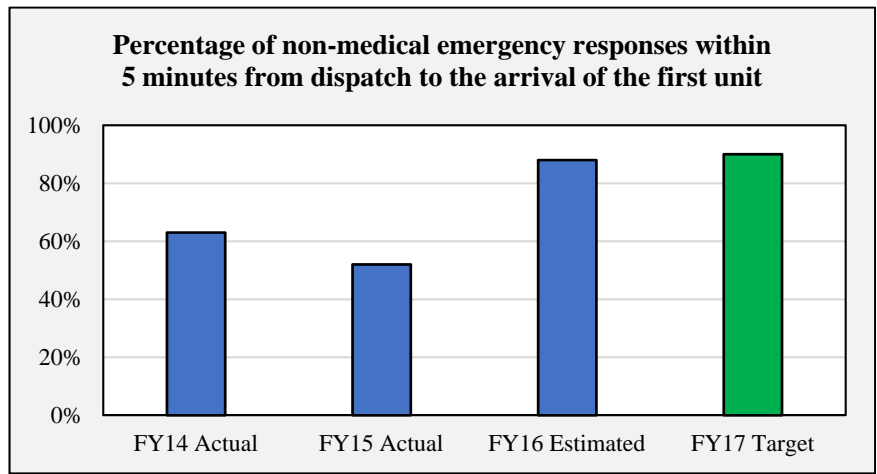
**Protect and Provide
for a Safe Community**

Department Program: Emergency Operations

Goal: Respond with emergency services in an expedient manner to all fire, rescue, and appropriate emergency medical requests promptly and consistently across the community.

Objective: Achieve and maintain a response time (dispatch to on-scene) of a 5-minute arrival time for the first due or 9-minute arrival time for the full dispatched assignment in at least 90% of all incidents

Our goal is to have the first unit on scene of an emergency response within 5 minutes from the time the call is dispatched from Orange County Communications. We aspire to reach this goal 90% of the time.

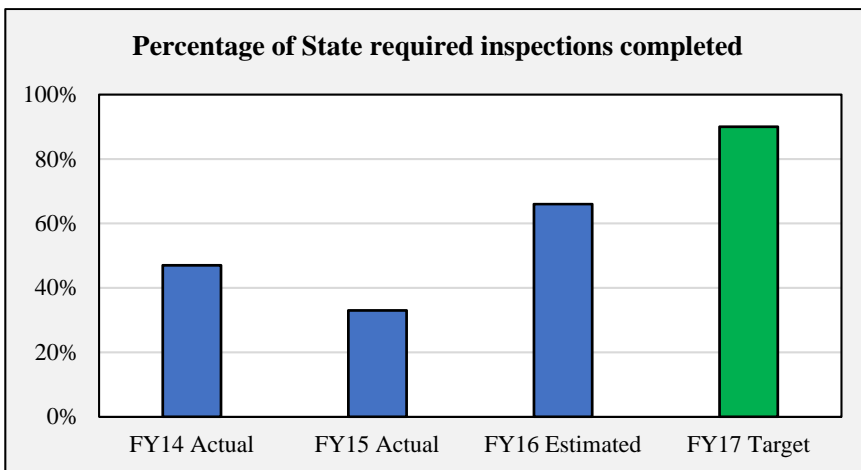


**Protect and Provide
for a Safe Community**

Department Program: Code Enforcement

Goal: Conduct inspections, plan reviews, and investigate the cause of fire applying fire and safety codes of the Town and State

Objective: Enforce the fire and safety codes of the Town and State through inspection, plan review, and investigating the cause of fire.



Develop an inspection schedule of all State mandated properties. Issues have stemmed from identifying total number of existing properties and aligning with inspection schedule mandated by the State. The frequency required to inspect properties is regulated by the State. Properties are required to be inspected either annually, or every 2 or 3 years.

FIRE

KEY PERFORMANCE MEASURES (continued)



**Protect and Provide
for a Safe Community**

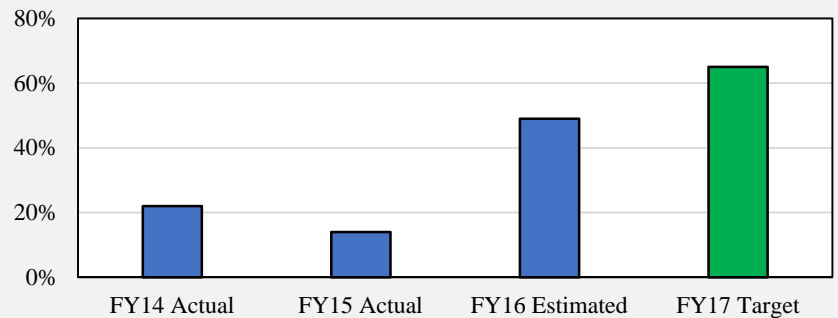
Department Program: Fire Prevention and Safety Education

Goal: Provide education to raise awareness and knowledge of how to prevent and/or how to appropriately react when an emergency does occur

Objective: Reach an equivalent of at least 15% of the Chapel Hill population annually with presentations, demonstrations, programs, materials and events with messages to raise awareness and knowledge of how to prevent emergency incidents and/or how to appropriately react when an emergency does occur.

Capture the percentage of public safety events in relation to the total population. Public safety events include contact such as our puppet show, station visits (planned or drop-ins), child safety seat clinic, etc.

Combined audiences of public safety presentation, as a percentage of total population (59,635 - 2013 Census Bureau)



FIRE - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure decrease of 2.7% from last year's budget. The increase of 0.7% in personnel is the net effect of savings from turnover and a 2% July and 1.5% January pay adjustment, as well as a 15.5% increase in health insurance costs. The operating decreases can be attributed to one-time costs for training and teleconferencing related costs.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 425,508	\$ 448,029	\$ 416,204	\$ 366,531	\$ 451,001	0.7%
Operating Costs	102,365	161,679	244,608	239,149	142,287	-12.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 527,873	\$ 609,708	\$ 660,812	\$ 605,680	\$ 593,288	-2.7%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects a 4.9% increase in personnel costs. This is due to the addition of an Assistant Fire Marshall of Operations (\$183,000), a 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. There is a 1.3% decrease in operating costs, which is due to the transfer of a thermal imaging camera from operating to capital (\$10,500).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 6,077,475	\$ 6,445,462	\$ 6,445,462	\$ 6,167,683	\$ 6,763,513	4.9%
Operating Costs	771,231	913,888	950,030	784,222	901,872	-1.3%
Capital Outlay	52,921	-	9,600	9,550	10,500	N/A
Total	\$ 6,901,627	\$ 7,359,350	\$ 7,405,092	\$ 6,961,455	\$ 7,675,885	4.3%

FIRE - Life Safety Division
BUDGET SUMMARY

The adopted budget for the Life Safety division reflects an overall expenditure increase of 14.2% from last year's budget. This increase in personnel is the result of a transfer of a Fire Plans Reviewer from Inspections to the Life Safety division, employee turnover, a 2% July and 1.5% January pay adjustment, and an increase of 15.5% for health insurance costs. The operating budget decreased by 45.7% due to the one-time cost of equipment for the Fire Inspectors in 2015-16.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 523,141	\$ 787,919	\$ 787,919	\$ 686,283	\$ 960,654	21.9%
Operating Costs	15,087	101,877	122,952	88,129	55,351	-45.7%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 538,228	\$ 889,796	\$ 910,871	\$ 774,412	\$ 1,016,005	14.2%

***LEISURE
BUDGET SUMMARY***

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

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Parks and Recreation	\$ 6,192,412	\$ 6,622,483	\$ 6,753,117	\$ 6,479,941	\$ 7,122,261	7.5%
Library	2,479,007	2,832,155	3,013,492	2,946,466	3,051,954	7.8%
Total	\$ 8,671,419	\$ 9,454,638	\$ 9,766,609	\$ 9,426,407	\$ 10,174,215	7.6%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 6,697,789	\$ 7,432,838	\$ 7,744,809	\$ 7,540,277	\$ 8,176,285	10.0%
Grants	691,114	682,114	682,114	682,114	680,614	-0.2%
Charges for Services	1,027,308	1,130,686	1,130,686	1,043,342	1,234,053	9.1%
Licenses/Permits/Fines	4,545	4,500	4,500	4,778	4,778	6.2%
Other Revenues	205,663	159,500	159,500	110,896	33,485	-79.0%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 8,671,419	\$ 9,454,638	\$ 9,766,609	\$ 9,426,407	\$ 10,174,215	7.6%

PARKS AND RECREATION DEPARTMENT

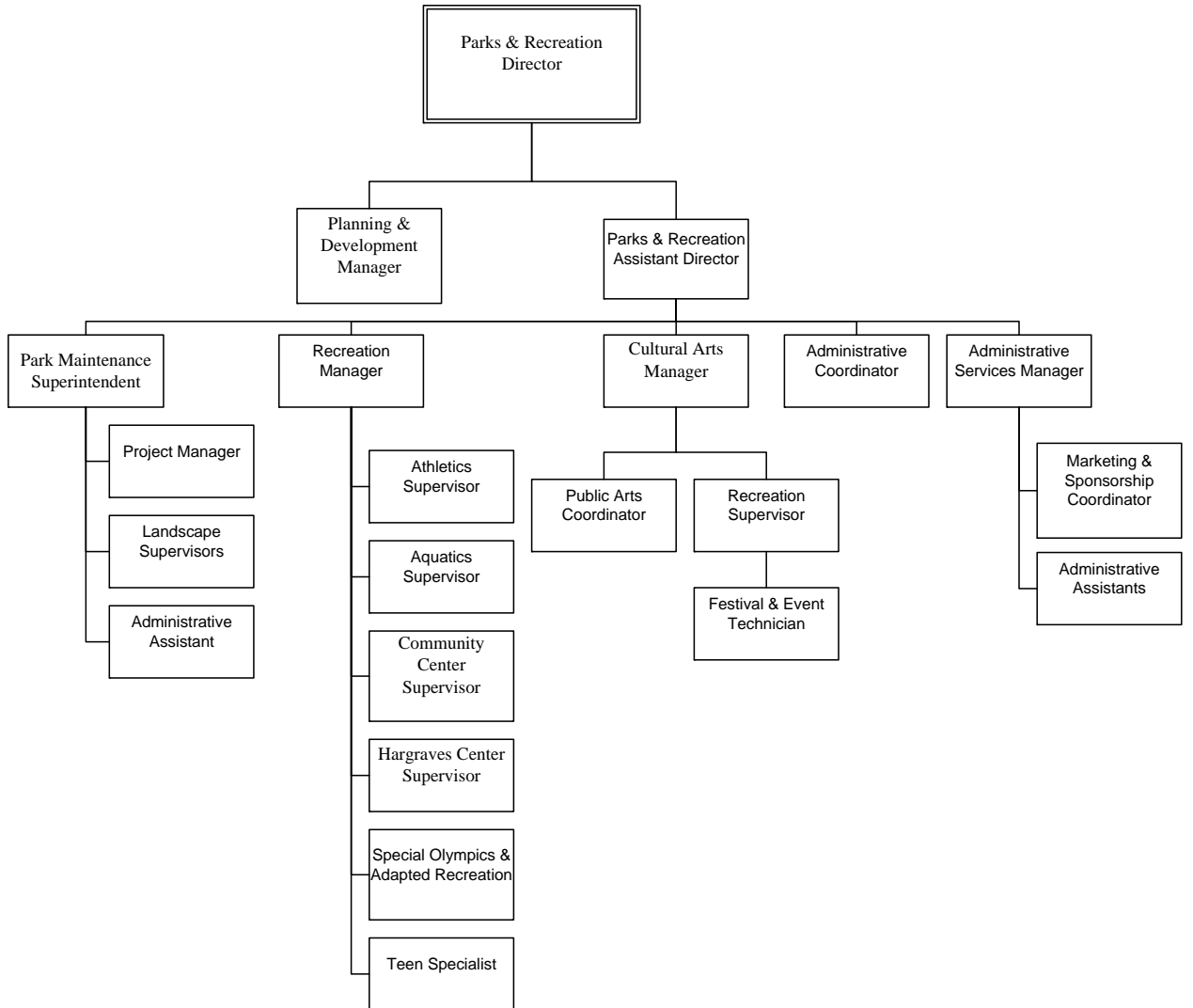
MISSION STATEMENT:

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

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 2016-17.

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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Administration			
Director-Parks & Recreation	1.00	1.00	1.00
Assistant Director-Parks and Recreation	2.00	1.00	1.00
Planning & Development Manager	0.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Recreation Manager	0.00	1.00	1.00
Administrative Assistant	1.00	1.00	2.00
Administrative Services Manager	0.00	1.00	1.00
Marketing & Sponsorship Coordinator	0.00	1.00	1.00
Office Assistant	1.00	1.00	0.00
Division Totals	<u>6.00</u>	<u>9.00</u>	<u>9.00</u>
Landscape Services and Park Maintenance			
Parks Maintenance Superintendent	1.00	1.00	1.00
Landscape Supervisor	3.00	3.00	3.00
Arborist	1.00	1.00	1.00
Project Manager	0.00	1.00	1.00
Arborist-Assistant	1.00	1.00	1.00
Landscape Specialist/Landscape Supervisor	17.00	17.00	17.00
Administrative Assistant	1.00	1.00	1.00
Maintenance Assistant	1.00	0.00	0.00
Division Totals	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>
Athletics			
Supervisor-Recreation	1.00	1.00	1.00
Adaptive Recreation Coordinator	0.00	1.00	1.00
Special Olympics Coordinator	0.00	1.00	1.00
Recreation Specialist	3.53	1.53	1.53
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	0.50	0.50	0.50
Recreation Assistant	2.00	2.00	2.00
Division Totals	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>

continued

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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Aquatics Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Aquatics	1.00	1.00	1.00
Aquatics Specialist	4.00	4.00	4.00
Division Totals	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>
Public Arts			
Public Arts Administrator	1.00	1.00	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	1.80	1.80	1.80
Recreation Assistant	1.58	2.00	2.00
Division Totals	<u>5.38</u>	<u>5.80</u>	<u>5.80</u>
Community Cultural Arts			
Supervisor-Recreation	1.00	0.00	1.00
Festivals & Event Technician	0.00	1.00	1.00
Assistant Recreation Supervisor	1.00	1.00	0.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Parks & Recreation Department Totals	<u>54.41</u>	<u>57.83</u>	<u>57.83</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 7.5% from last year's budget. The 9% increase in personnel is the net result of a 2% July and 1.5% January pay adjustment, a 15.5% increase in health insurance costs, and an increase in temporary staffing salaries (\$142,000) for compliance with the Orange County Living Wage Policy that affects seasonal, part-time, and temporary workers. The increase of 3.7% to operating costs is due to an increase of \$30,000 for contracted services related to storm events, a \$19,000 increase to right-of-way mowing contractual services, and increases to recreation program and events. A portion of these costs will be offset by increases in fees.

There is a decrease in grants, charges for services, and other revenues by \$44,000. This is mainly due to a decrease in cemetery availability.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 4,211,298	\$ 4,758,562	\$ 4,731,667	\$ 4,532,142	\$ 5,188,651	9.0%
Operating Costs	1,925,899	1,863,921	2,021,450	1,947,799	1,933,610	3.7%
Capital Outlay	55,215	-	-	-	-	N/A
Total	\$ 6,192,412	\$ 6,622,483	\$ 6,753,117	\$ 6,479,941	\$ 7,122,261	7.5%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues	\$ 5,027,180	\$ 5,406,673	\$ 5,537,307	\$ 5,404,305	\$ 5,950,875	10.1%
Grants	94,260	85,260	85,260	85,260	83,760	-1.8%
Charges for Services	877,735	980,550	980,550	892,965	1,067,626	8.9%
Other Revenues	193,237	150,000	150,000	97,411	20,000	-86.7%
Total	\$ 6,192,412	\$ 6,622,483	\$ 6,753,117	\$ 6,479,941	\$ 7,122,261	7.5%

PARKS AND RECREATION

KEY PERFORMANCE MEASURES

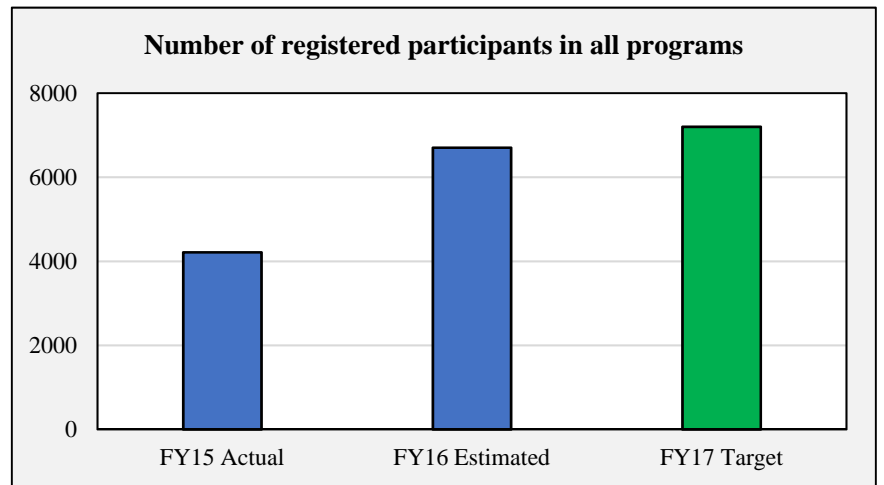


Develop Good Places,
New Spaces

Department Program: Recreation Programming

Goal: To provide for quality recreational programs for all ages and abilities

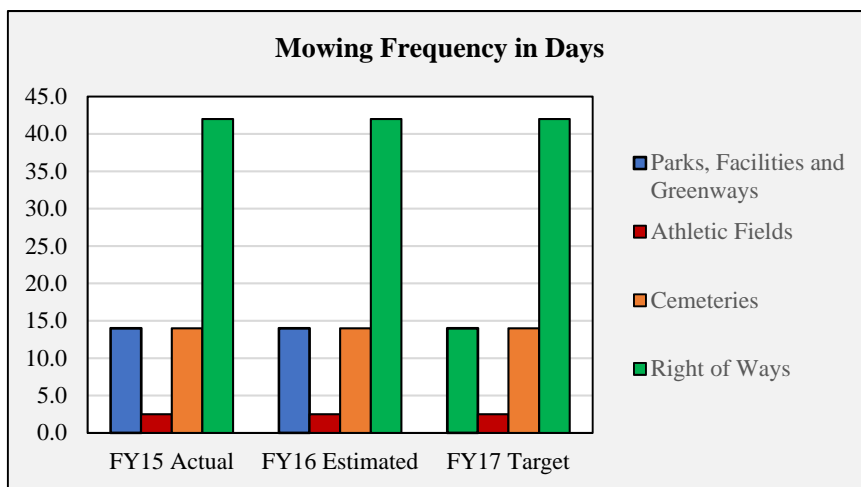
RecTrac reports were generated to identify program participants for FY16 which saw a 60% increase in registered participants from the prior year. Staff is still investigating what factors account for this increase. The increase is most likely due to a combination of the following factors: increased marketing efforts, larger camp sizes, fewer cancelled programs due to lack of enrollment, additional classes offered and better tracking.



Develop Good Places,
New Spaces

Department Program: Park Maintenance and Landscape Services

Goal: To continue to provide quality trails throughout the community



With the current staffing levels, these rates of mowing are at maximum capacity.

PARKS & RECREATION - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure decrease of 0.4% from last year's budget. The 1.4% decrease in personnel costs reflects a correction in the budget due to an error during the 2015-16 budget cycle, which is slightly offset by the 2% July and 1.5% January employee pay adjustment, as well as the 15.5% increase in health insurance costs. The 3.6% increase in operating costs can be attributed to a vehicle that is scheduled to be replaced in 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 423,996	\$ 877,335	\$ 878,995	\$ 764,325	\$ 865,213	-1.4%
Operating Costs	236,535	212,989	244,973	240,244	220,713	3.6%
Capital Outlay	26,255	-	-	-	-	N/A
Total	\$ 686,786	\$ 1,090,324	\$ 1,123,968	\$ 1,004,569	\$ 1,085,926	-0.4%

PARKS & RECREATION - Public Arts
BUDGET SUMMARY

The adopted budget for the Public Arts division reflects an overall expenditure decrease of 19.3% from last year's budget. The 27.9% increase in personnel costs reflects a correction in the budget due to an error during the 2015-16 budget cycle, as well as a 2% July and 1.5% January employee pay adjustment and the 15.5% increase in health insurance costs. The 2.8% increase in operating costs can be attributed to an increase in recreation supplies/materials.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 395,491	\$ 311,758	\$ 313,918	\$ 283,410	\$ 398,584	27.9%
Operating Costs	212,535	160,731	264,495	204,213	165,305	2.8%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 608,026	\$ 472,489	\$ 578,413	\$ 487,623	\$ 563,889	19.3%

PARKS & RECREATION - Parks Maintenance

BUDGET SUMMARY

The adopted budget for the Parks Maintenance division reflects an overall expenditure increase of 6.2% from last year's budget. The 7.5% increase in personnel costs reflects a 2% July and 1.5% January employee pay adjustment and a 15.5% increase in health insurance costs. The 3.5% increase in operating costs can be attributed to a contract for right-of-way mowing (\$19,000) and a contract for snow/ice removal (\$30,000). These costs are slightly offset by savings in vehicle replacement costs (\$21,900).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,480,871	\$ 1,589,238	\$ 1,550,438	\$ 1,486,967	\$ 1,707,794	7.5%
Operating Costs	711,004	693,047	698,277	691,447	717,066	3.5%
Capital Outlay	28,960	-	-	-	-	N/A
Total	\$ 2,220,835	\$ 2,282,285	\$ 2,248,715	\$ 2,178,414	\$ 2,424,860	6.2%

PARKS & RECREATION - Athletics

BUDGET SUMMARY

The adopted budget for the Athletics division reflects an overall expenditure increase of 13.4% from last year's budget. The 9.4% increase in personnel costs reflects a 2% July and 1.5% January employee pay adjustment, and a 15.5% increase in health insurance costs, and an increase in temporary personnel costs (\$21,000). The 19% increase in operating costs can be attributed to costs associated with the Town collecting registration costs for camps/programs (\$29,700) which will be offset through revenues, and an increase in water & sewer costs (\$27,000).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 435,961	\$ 441,672	\$ 441,935	\$ 441,822	\$ 483,232	9.4%
Operating Costs	294,164	311,264	306,931	342,863	370,407	19.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 730,125	\$ 752,936	\$ 748,866	\$ 784,685	\$ 853,639	13.4%

PARKS & RECREATION - Community Center

BUDGET SUMMARY

The adopted budget for the Community Center division reflects an overall expenditure increase of 2.4% from last year's budget. The 11.4% increase in personnel costs reflects a 2% July and 1.5% January employee pay adjustment, a 15.5% increase in health insurance costs, and an increase in temporary personnel costs (\$11,000). The 19.5% decrease in operating costs can be attributed to a decrease in electricity costs (\$24,800) and custodial costs (\$10,000), which is slightly offset by an increase in costs associated with collecting Town registration fees (\$9,300) that will be offset through revenues.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 288,074	\$ 278,916	\$ 277,079	\$ 279,852	\$ 310,575	11.4%
Operating Costs	111,811	113,485	118,210	112,601	91,307	-19.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 399,885	\$ 392,401	\$ 395,289	\$ 392,453	\$ 401,882	2.4%

PARKS & RECREATION - Aquatics

BUDGET SUMMARY

The adopted budget for the Aquatics division reflects an overall expenditure increase of 10.5% from last year's budget. The 15% increase in personnel costs reflects a 2% July and 1.5% January employee pay adjustment, a 15.5% increase in health insurance costs, employee turnover, and an increase in temporary personnel costs (\$87,000) which will pay for the addition of three more days for pool hours and will keep the Town in compliance with the Orange County Living Wage standard. The 2.1% decrease in operating costs can be attributed to a decrease in utility costs (\$15,000) which is slightly offset by an increase in costs associated with collecting Town registration fees (\$7,400). Revenues will help make up the Town registration collection fees.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 699,391	\$ 748,688	\$ 735,847	\$ 723,691	\$ 861,320	15.0%
Operating Costs	270,786	271,282	279,323	261,325	265,463	-2.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 970,177	\$ 1,019,970	\$ 1,015,170	\$ 985,016	\$ 1,126,783	10.5%

PARKS & RECREATION - Hargraves

BUDGET SUMMARY

The adopted budget for the Hargraves division reflects an overall expenditure increase of 8.7% from last year's budget. The 10% increase in personnel costs reflects a 2% July and 1.5% January employee pay adjustment, a 15.5% increase in health insurance costs, and an increase in temporary personnel costs (\$40,000) which will keep the Town in compliance with the Orange County Living Wage standard. The 2.2% increase in operating costs can be attributed to costs associated with the collection of registration fees for programs (\$6,000), which will be offset through revenues and through other operating cost-saving measures.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 487,514	\$ 510,955	\$ 533,455	\$ 552,075	\$ 561,933	10.0%
Operating Costs	89,064	101,123	109,241	95,106	103,349	2.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 576,578	\$ 612,078	\$ 642,696	\$ 647,181	\$ 665,282	8.7%

CHAPEL HILL PUBLIC LIBRARY

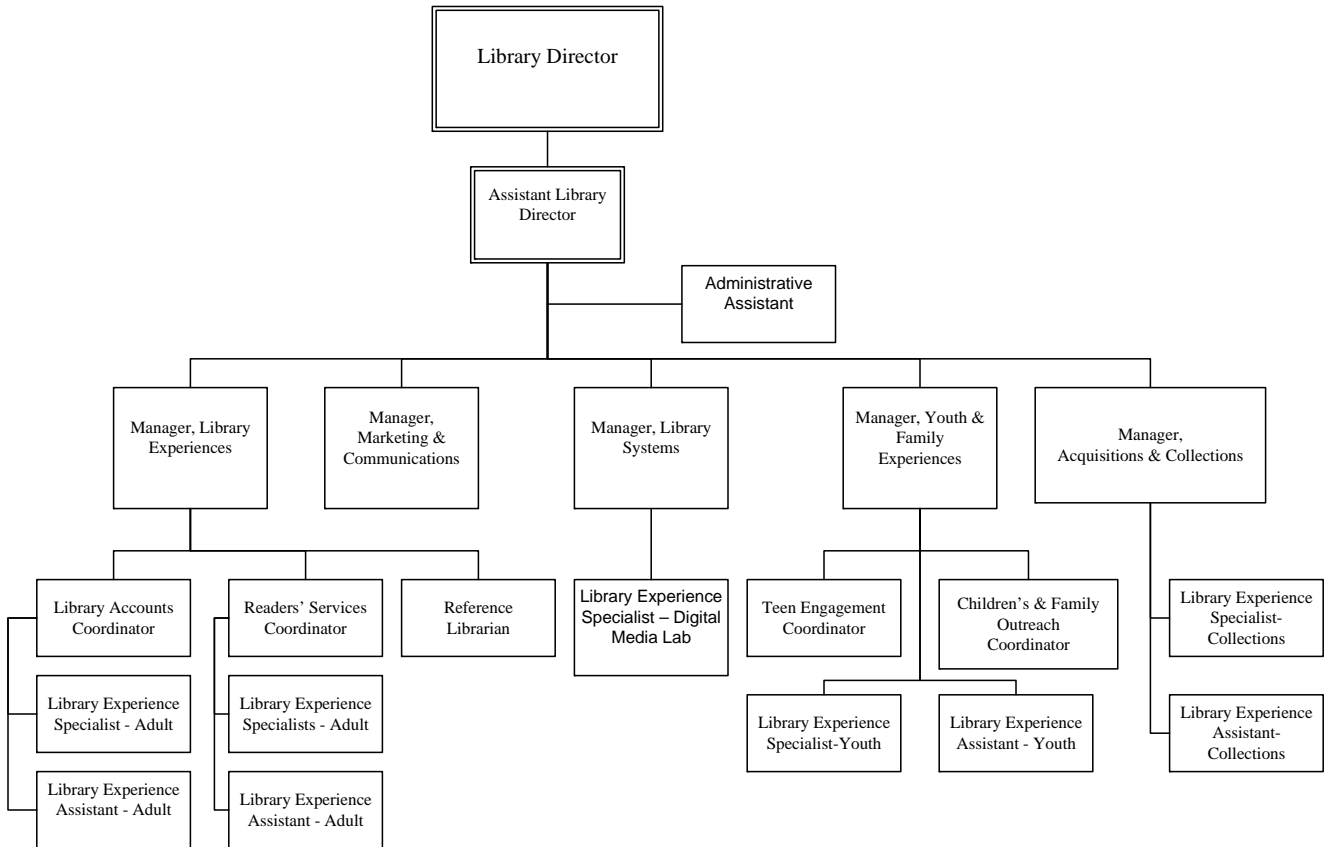
MISSION STATEMENT:

Sparking Curiosity. Inspiring Learning. Creating Connections.

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 2016-17.

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

LIBRARY



LIBRARY DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 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	0.00
Acquisitions & Collections Manager	0.00	0.00	1.00
Library Experience Manager	0.00	0.00	1.00
Children's & Family Outreach Coordinator	0.00	0.00	1.00
Readers' Service Coordinator	0.00	0.00	1.00
Reference Librarian	0.00	0.00	1.00
Youth & Family Experience Manager	0.00	0.00	1.00
Librarian	2.00	3.00	0.00
Library Accounts Coordinator	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Library Experience Specialist	3.73	3.73	7.56
Library Experience Assistant	12.86	11.93	9.34
Teen Engagement Coordinator	1.00	1.00	1.00
Library Systems Manager	1.00	1.00	1.00
Marketing & Communications Manager	1.00	1.00	1.00
Digital Media Lab Coordinator	0.50	0.75	0.00
Library Department Totals	30.09	30.41	29.90

LIBRARY

BUDGET SUMMARY

The adopted budget for the Library reflects an overall expenditure increase of 7.8% from last year's budget. The 3.6% increase in personnel is the result of two employee promotions, a 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. The operating budget increase of 21.7% is due to an increase in library materials (\$24,000), a contract for an Open Data Analyst (\$55,000), maintenance for the Automated Materials Handling System and the Audio-Visual system in the library meeting rooms (\$17,500), and the production of branded materials for sale (\$7,000).

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 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,852,933	\$ 2,182,746	\$ 2,178,096	\$ 2,123,557	\$ 2,261,423	3.6%
Operating Costs	626,074	649,409	756,432	743,945	790,531	21.7%
Capital Outlay	-	-	78,964	78,964	-	N/A
Total	\$ 2,479,007	\$ 2,832,155	\$ 3,013,492	\$ 2,946,466	\$ 3,051,954	7.8%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Fund	\$ 1,670,609	\$ 2,026,165	\$ 2,207,502	\$ 2,135,972	\$ 2,225,410	9.8%
Grants	596,854	596,854	596,854	596,854	596,854	0.0%
Charges for Services	149,573	150,136	150,136	150,377	166,427	10.9%
Licenses/Permits/Fines	4,545	4,500	4,500	4,778	4,778	6.2%
Other Revenues	12,426	9,500	9,500	13,485	13,485	41.9%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 2,479,007	\$ 2,832,155	\$ 3,013,492	\$ 2,946,466	\$ 3,051,954	7.8%

LIBRARY

KEY PERFORMANCE MEASURES



Create a Place for Everyone

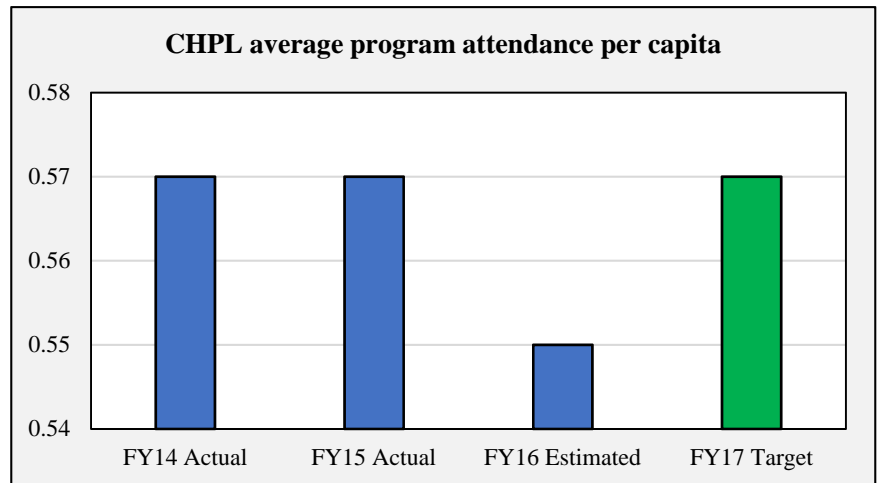
Department Program: Cultural and Community Programs for All Ages

Goal: Position the library as an educational and cultural destination and a place for everyone.

NC Public Library average program attendance per capita state wide, FY15 = 0.29

CHPL FY15 program attendance as a percentage of Town of Chapel Hill population = 0.57

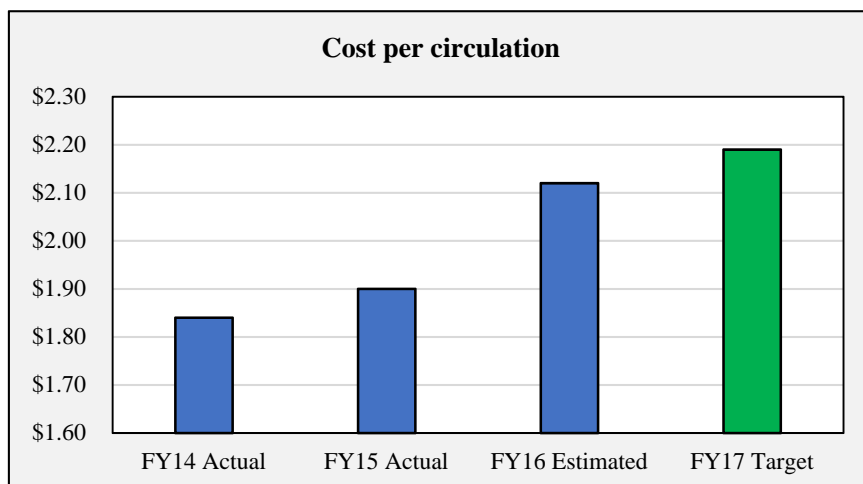
The FY17 target is to maintain above average attendance per capita.



Create a Place for Everyone

Department Program: Circulation

Objective: Circulate both physical and digital materials throughout the community.

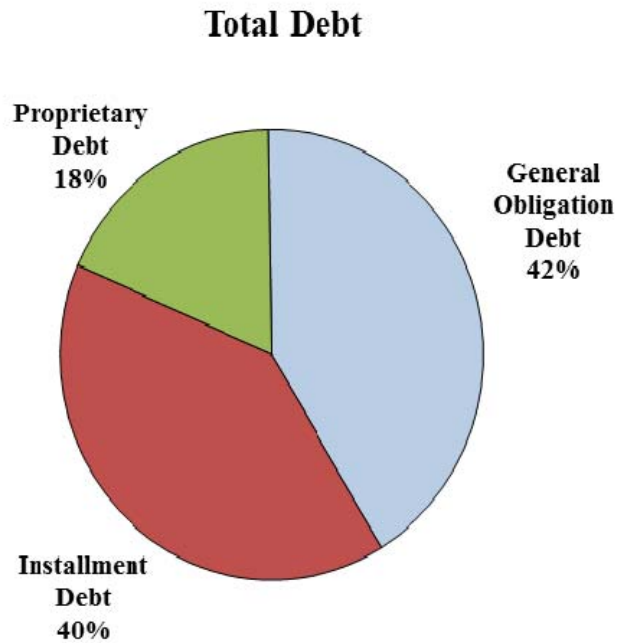


NC Municipal Public Library average cost per circulation, FY15 = \$5.58

The FY17 target is to maintain a below average cost per circulation.

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

Outstanding Debt

As of June 30, 2016 the Town will have about \$60 million in debt outstanding. The Town's most recent debt issuance was an installment financing for streets and buildings for \$7,984,000 that was completed in March 2016. The financing had a 15 year term with a net interest cost of 2.32%.

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

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

In June of 2012 the Town sold \$6.9 million of Limited Obligation Bonds (LOBs) to finance the Town's portion of the 140 West parking garage, other parking improvements and improvements to the Town's Operation Center. The transaction included refunding of approximately \$24 million of existing installment financings, including the Town Operations Center debt. The refunding portion of the transaction resulted in a net present value savings of \$746,580 over the remaining life of the bonds. The debt service costs for 140 West are be funded by the Parking Fund budget and the savings from the refunding will be split between the Parking Fund and the Debt Management Fund.

On May 15, 2012 the Town sold \$1.7 million of two-thirds G.O. bonds and \$4.94 million in G.O. refunding bonds. The 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%.

On October 12, 2010, the Town issued \$20.41 million in G.O. bonds for the Library Expansion Project, Streets and Sidewalks, and Parks and Recreation facilities. About half of the bonds were issued as taxable Build America Bonds (BABs) that receive an interest rebate from the Federal Government. The balance of the G.O. bonds were issued as conventional tax-exempt bonds. The next largest portion of debt, \$15.9

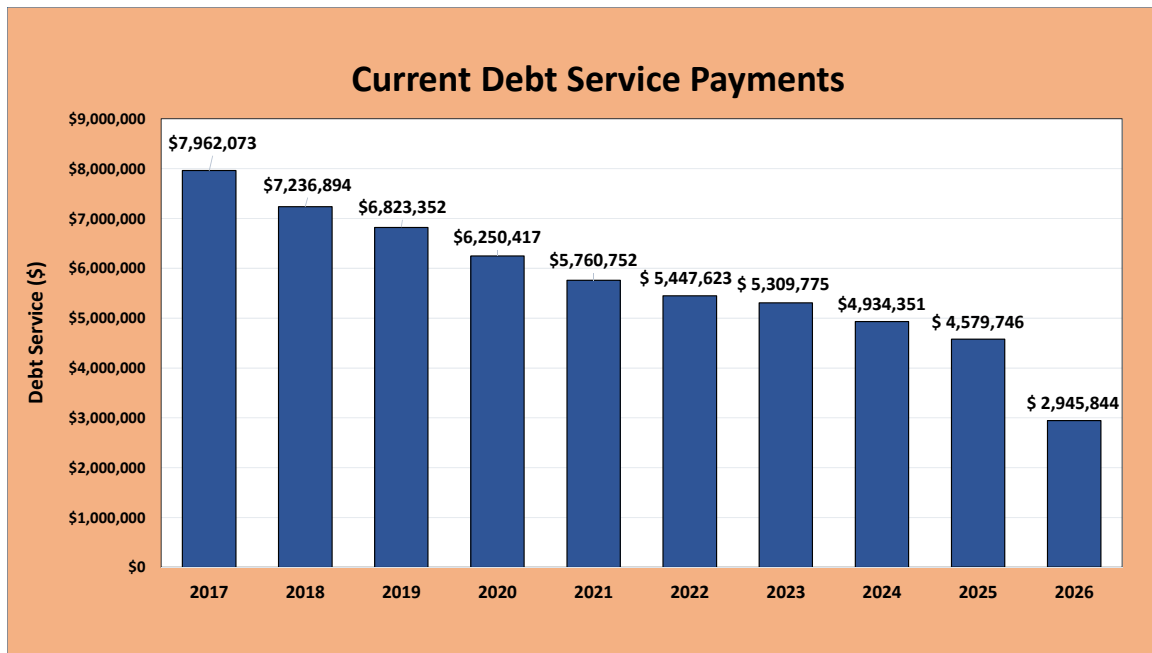
	Long-Term Debt June 30, 2016
Governmental Debt	
General obligation debt	\$ 23,472,000
Limited Obligation Bonds	12,150,000
Installment debt	10,502,145
Separation allowance	415,060
Compensated absences	<u>2,691,000</u>
Total	\$ <u>49,230,205</u>
Proprietary Fund Debt	
Enterprise Funds	
Limited Obligation Bonds	\$ 8,060,000
Compensated absences	636,000
Internal Service Funds	
Motor vehicle equipment	<u>2,213,753</u>
Total	\$ <u>10,909,753</u>

DEBT & BOND RATINGS

million, was issued in 2005 to finance the construction of the Town Operations Center project. The Town has an additional \$8.57 million in debt that was used to finance the Wallace Parking Deck and other off-street parking facilities. This debt is paid entirely from parking fee revenue.

Current Debt Obligations

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



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

Future Additional Debt

In November of 2015 the Town held a general obligation bond referendum. The following bond orders appeared on the referendum ballot.

Streets & sidewalks	\$16,200,000
Trails and greenways	5,000,000
Recreation facilities	8,000,000
Solid waste facilities	5,200,000
Stormwater improvements	<u>5,900,000</u>
Total	\$40,300,000

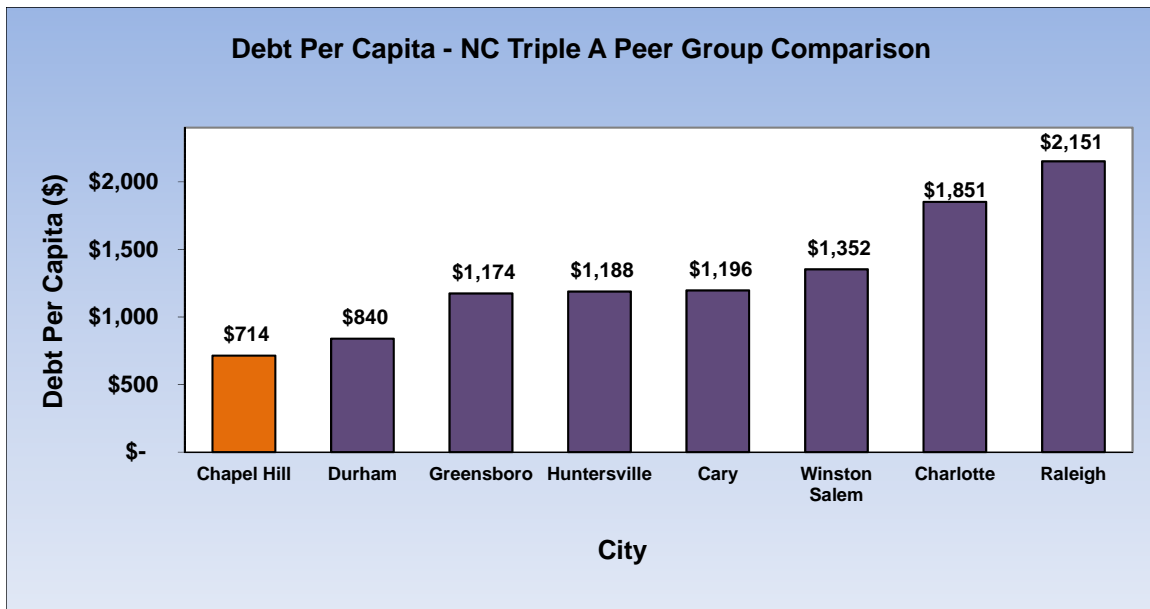
The projects planned for each of the bond orders were identified through the Town’s capital planning process, which includes the consideration of multiple master plans,

DEBT & BOND RATINGS

special studies and public facility assessments, identified a number of large-scale projects that could be financed through G.O. Bonds. All five bond orders were approved by the voters.

In addition to the referendum the Town is also planning to finance the following projects using installment debt.

- The Town is planning on replacing buses for the Chapel Hill Transit System. There are 12 buses planned for debt financing in FY16 and the total cost is expected to be about \$6 million. With the reduction in federal funding available for bus purchases, the Town and its funding partners (University of North Carolina at Chapel Hill and the Town of Carrboro) are working together to maintain a bus replacement schedule that will support the system’s annual ridership of about 7 million passengers.
- The Town is currently in the planning process for the replacement of public safety facilities, including police headquarters and several fire stations. In addition, the Town is looking to address other space needs by combining public safety with other uses in one “multi-agency” facility. Preliminary estimates suggest that the total cost of a multi-agency facility will be between \$25-30 million, depending on the final scope and location of the project. It is expected that the project will be financed sometime after FY17.



(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 6/30/2015, Department of State Treasurer, Division of State and Local Government Finance.)

DEBT & BOND RATINGS

Debt Limits

By State law, local governments may issue debt totaling 8% of the total assessed value of its property tax base. The 8% limit applies to G.O. bonds and certificates of participation.

Outstanding debt in most governmental units falls well below the 8% of the total assessed value limit, and typically ranges from about 1% to 4% for most governments, depending on the utility enterprises operated by the unit.

TOWN OF CHAPEL HILL, NORTH CAROLINA	
COMPUTATION OF LEGAL DEBT MARGIN	
June 30, 2016	
Total assessed valuation at June 30, 2016	\$ <u>7,533,174,172</u>
Debt limit - 8% of total assessed value	\$ <u>602,653,934</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>23,472,000</u>
Legal debt margin	\$ <u>579,181,934</u>

As of June 30, 2016 the Town has \$23,472,000 in outstanding G.O. Bonds that apply to this limit. The total is less than 1% of the Town's June 30, 2016 tax base (\$7.53 billion).

The Town's annual General Fund G.O. and installment financing debt service cost for FY17 is estimated to be about \$7.06 million, or about 11.19% of the General Fund adopted budget. As a percentage of adopted governmental budgets (Debt Management Fund and General Fund), debt service costs are about 9.99%. Annual debt service is considered to be low to moderate if it is less than 10% of the annual governmental appropriations. Our projections show that we will have debt service levels between 9% and 12% of budget for the next several years as borrowing increases to meet capital needs. We will continue to monitor this indicator because it is one of numerous factors used to determine the Town's credit rating.

Bond Ratings

The Town's bond ratings evidence its financial strength. When the Town issues G.O. 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. Both Moody's Investor Services and Standard and Poor's have affirmed the Town's triple A G.O. Bond Rating (Moody's in June of 2012 and Standard & Poor's in August of 2015). Triple A is the highest rating attainable for G.O. Bonds.

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. The continuing tax rate of 8.5 cents is expected to yield \$6.44 million in revenues in 2016-17.

The adopted budget for 2016-17 includes a contribution to reserve of about \$474,000.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Principal Payments	\$ 4,594,000	\$ 4,330,000	\$ 4,330,000	\$ 4,330,000	\$ 5,030,000	16.2%
Interest Expense	2,154,740	2,082,643	2,082,643	2,117,946	2,025,240	-2.8%
Service Charges	13,963	1,750	1,750	20	-	-100.0%
Contribution to Reserve	648,484	1,188,389	1,188,389	1,036,549	473,542	-60.2%
Total	\$ 7,411,187	\$ 7,602,782	\$ 7,602,782	\$ 7,484,515	\$ 7,528,782	-1.0%

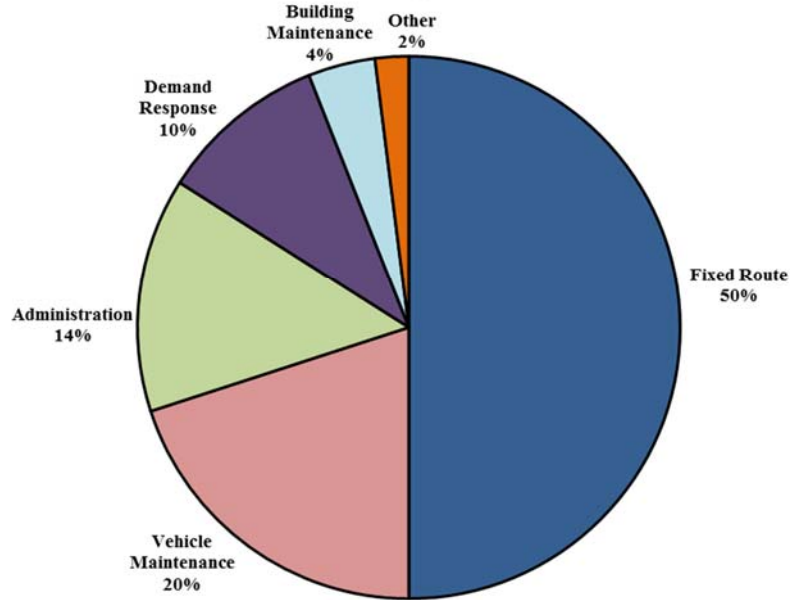
REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Property Taxes	\$ 6,327,892	\$ 6,520,000	\$ 6,520,000	\$ 6,390,500	\$ 6,443,000	-1.2%
Transfer from Off-Street Parking	909,081	909,582	909,582	909,581	908,832	-0.1%
BABS Interest Subsidy	169,184	169,200	169,200	169,184	169,200	0.0%
Interest Income	5,030	4,000	4,000	15,250	7,750	93.8%
Appropriated Fund Balance	-	-	-	-	-	N/A
Total	\$ 7,411,187	\$ 7,602,782	\$ 7,602,782	\$ 7,484,515	\$ 7,528,782	-1.0%

TRANSIT FUND

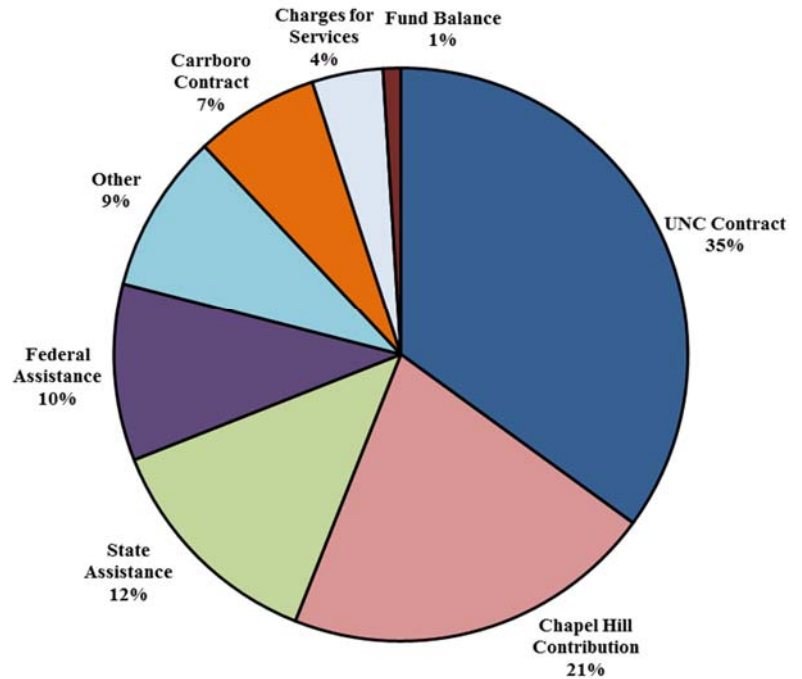
The Transit Fund is used to account for the operations of the Town's public transit system.

Transit Expenditures



Total \$20,375,230

Transit Revenues



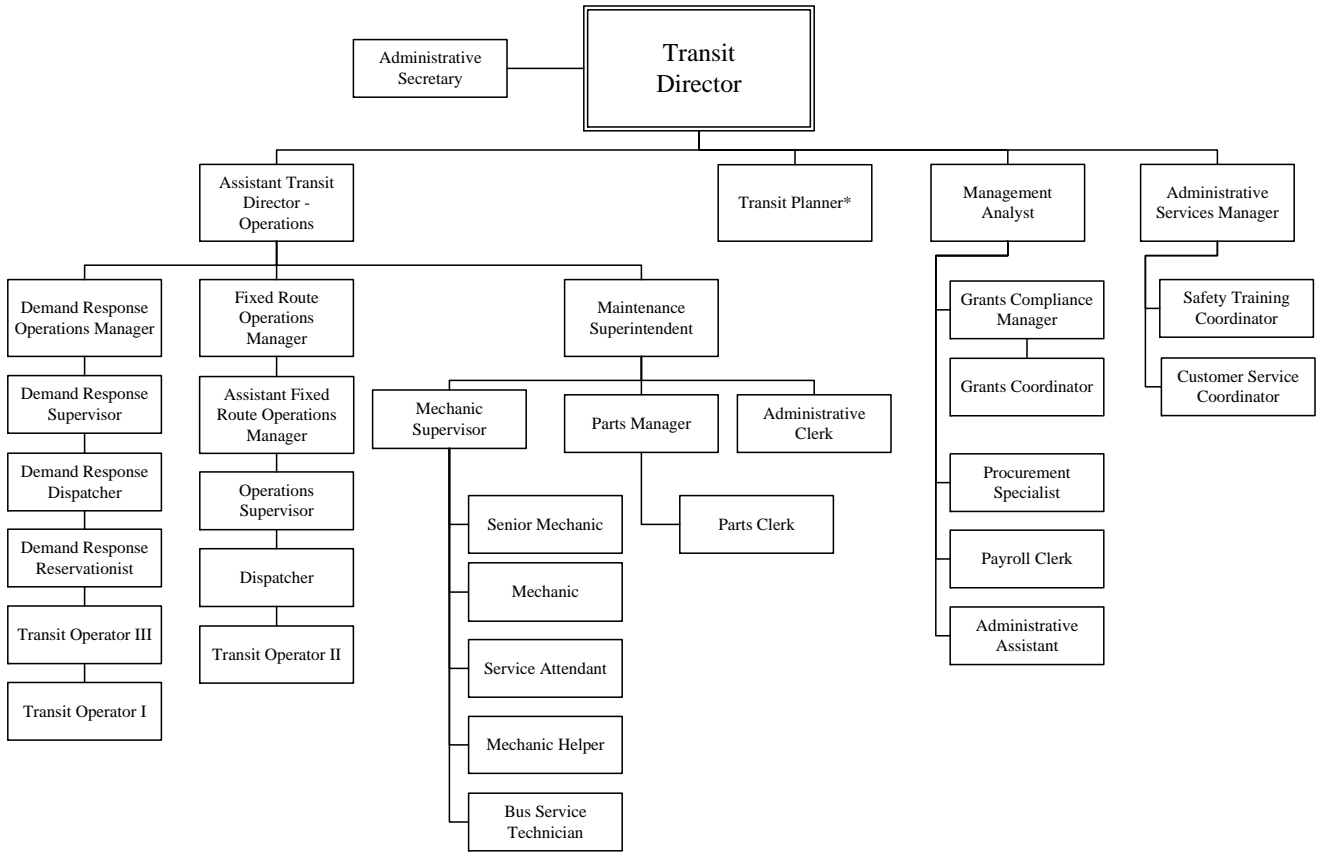
TRANSIT

MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Transit Department identified the following primary programs that are included in the adopted budget for 2016-17.

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.



* Grant-funded positions.

TRANSIT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Administration			
Director-Transit	1.00	1.00	1.00
Assistant Director-Transit	1.00	1.00	1.00
Compliance Manager	1.00	0.00	0.00
Management 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	1.00	1.00	1.00
GIS Technician	1.00	0.00	0.00
Procurement Specialist	1.00	1.00	1.00
Transit Services Planner	1.00	2.00	2.00
Administrative Assistant	3.00	3.00	3.00
Human Resources Technician	0.00	1.00	1.00
Training Coordinator	0.00	1.00	1.00
Manager - Transit Operations	0.00	1.00	1.00
Administrative Services Manager	1.00	1.00	1.00
Division Totals	14.00	16.00	16.00
Operations			
Coordinator-Safety and Training	1.00	1.00	1.00
Coordinator-Scheduling/Run Cut	1.00	0.00	0.00
Assistant Transit Operations Manager	1.00	1.00	1.00
Demand Response Manager	1.00	1.00	1.00
Supervisor-Transit	10.00	10.00	10.00
Transit Operator - Demand Response	12.63	13.63	13.63
Transit Operator - Fixed Route	108.66	122.66	123.66
Office Assistant	1.00	0.00	0.00
Administrative Assistant	2.00	2.00	2.00
Division Totals	138.29	151.29	152.29
Equipment Maintenance			
Maintenance Manager	1.00	1.00	1.00
Assistant Maintenance Manager	1.00	1.00	1.00
Supervisor-Mechanic	2.00	2.00	2.00
Parts Manager	1.00	1.00	1.00
Electronics Technician	1.00	0.00	0.00
Mechanic	14.00	14.00	16.00
Bus Service Technician	2.00	2.00	2.00
Mechanic Helper	2.00	2.00	1.00
Administrative Assistant	1.00	1.00	1.00
Parts Clerk	1.00	2.00	2.00
Service Attendant	5.50	5.00	6.00
Division Totals	31.50	31.00	33.00
Transit Department Totals	183.79	198.29	201.29

TRANSIT FUND

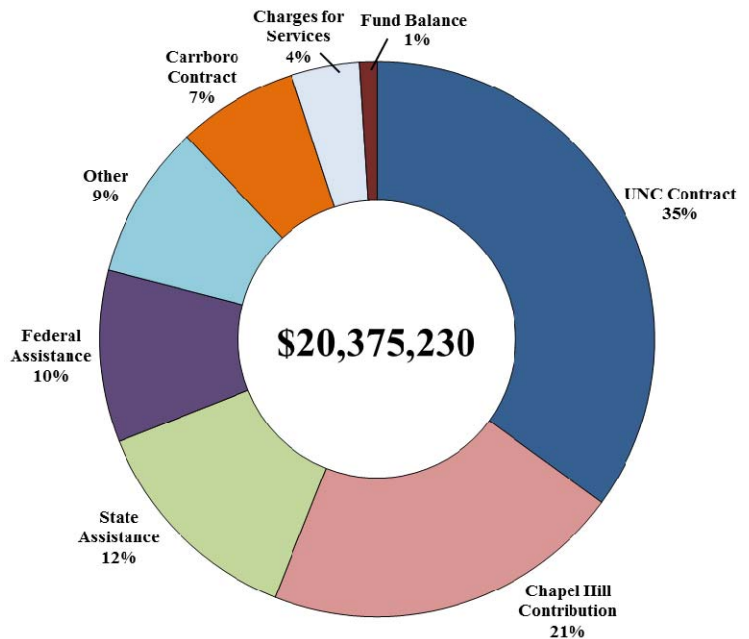
Major Revenue Sources - Descriptions and Estimates

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

The adopted budget for the Transit Fund for fiscal year 2016-17 totals about \$20.4 million, a decrease of 1.9% from 2015-16. 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 2016-17.

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 a \$50,000 increase of federal funding for operations to bring it to \$1.99 million in 2016-17. The adopted budget for 2016-17 includes no non-recurring federal grants at this time. Additional operating grants will be sought for 2016-17 as opportunities arise, and will be added to the budget through amendment if awarded.



State Operating Assistance

The Transit system also receives an operating assistance allocation each year from the State based on a formula involving various operating statistics for the system. The subsidy for 2015-16 is expected to be almost \$3 million, about \$934,000 more than budgeted, with an adopted 2016-17 budget amount of \$2.54 million. This increase is due to an unexpected increase in revenues from the State Maintenance Assistance Program (SMAP) grant. While the SMAP money was received in 2015-16, the revenues will go towards relieving the financial burden of the Partners for 2016-17 as the department works to align their budget closer to actual spending. The 2016-17 adopted budget amount represents a 23.3% increase in state funding from the previous fiscal year.

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

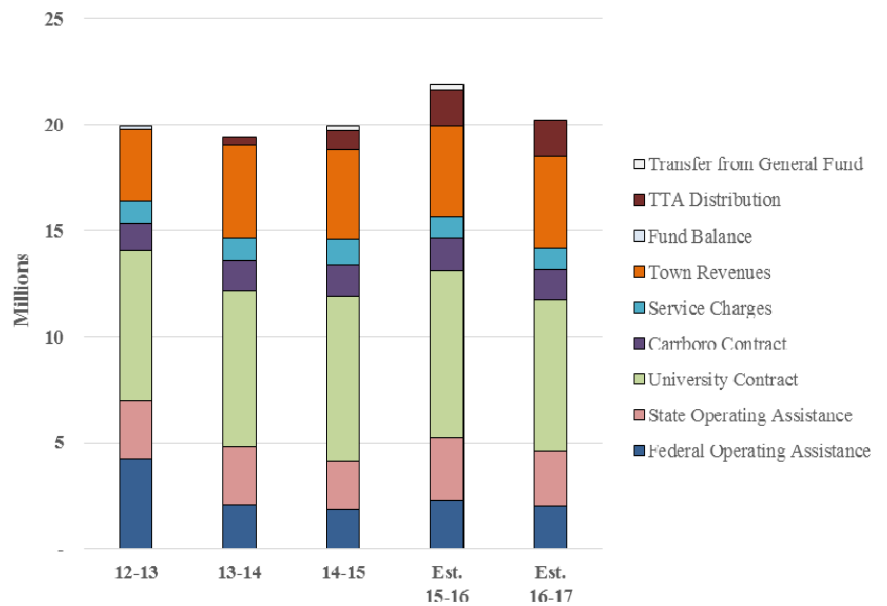
University Contract

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 \$7.77 million in 2014-15 and \$7.84 million in 2015-16. UNC's allocation for 2016-17 reflects a decrease of about \$687,000 to \$7.16 million.

**Transit
Major Revenue Sources**

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 2015-16 was about \$1.54 million and the budget for 2016-17 reflects a decrease of about \$85,000 to \$1.46 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 2016-17 is about \$4.34 million. Also included in Town revenues are interest income and \$454,000 for vehicle license fees.

Park and Ride Fees

The adopted budget for 2016-17 includes fees for use of park and ride lots. The University charges a fee for the lots they operate, which would result in overflow to our lots if they remained free of charge. The 2016-17 adopted budget includes fee revenues of \$95,000.

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

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

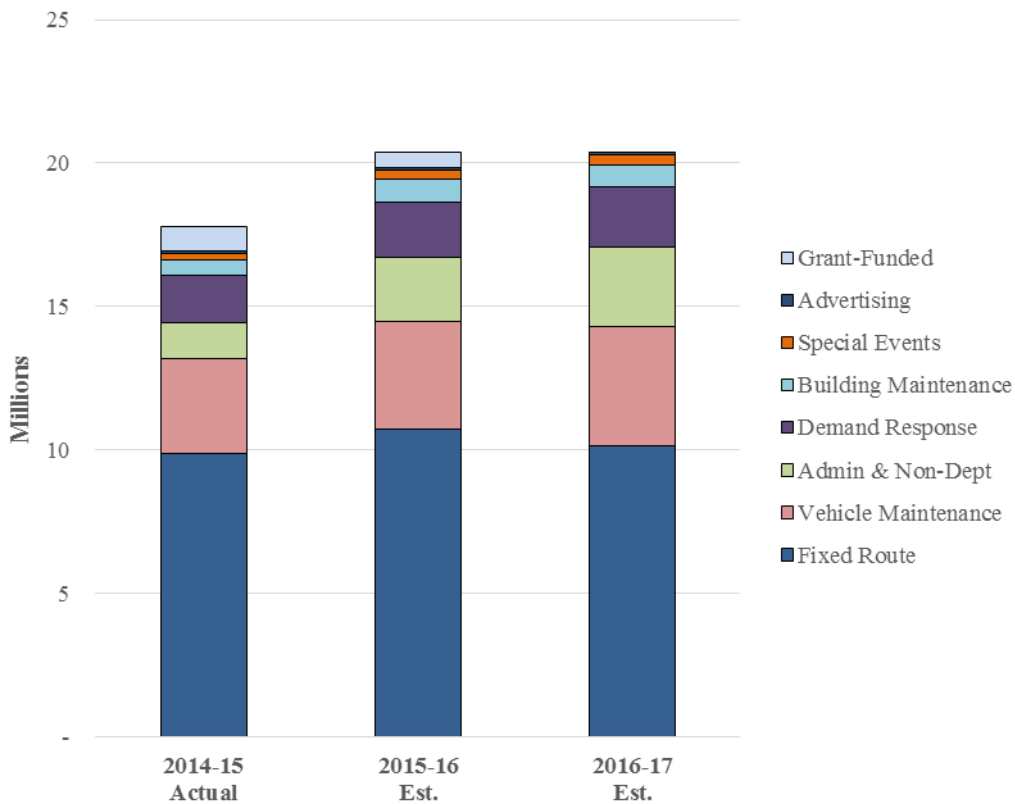
The Transit system expects revenues in excess of expenditures in 2015-16 of about \$1,521,129 to be contributed to Fund Balance. The budget was balanced using \$154,000 of appropriated Fund Balance in order to budget for other postemployment benefits (OPEB).

TRANSIT FUND

Major Expenditures - Descriptions and Estimates

The adopted budget for Transit for 2016-17 continues fare free services for fixed routes in the system and totals \$20.38 million. Major expenditures of the system consist primarily of personnel, operating and maintenance costs for a planned fleet of 99 buses, two 15-passenger vans, 15 lift-equipped vans, 13 minivans, and four maintenance service trucks that provide transit service to the entire community. Operational costs total about \$12.6 million and Maintenance costs total about \$4.9 million.

Transit Expenses



Expenditures for 2016-17 include a 2% July and 1.5% January pay adjustment and adding a Transit Operator and two new employees to the Vehicle Maintenance division. There is a \$154,000 budgeted cost for other postemployment benefits (OPEB) and also includes \$967,000 for vehicle replacement.

The 2016-17 adopted budget includes a \$106,807 transfer to the Capital Reserve Fund for future grant matches.

TRANSIT BUDGET SUMMARY

The adopted budget for the Transit Department continues fare-free service. Funding from the State exceeded current year budget with a \$934,000 increase in State Maintenance Assistance Program (SMAP) towards the end of 2015-16. While this money was received in 2015-16, the unexpected revenue will provide financial relief for the Transit Partners for 2016-17 as the department brings their budget in line with actual spending. The 2016-17 adopted budget also includes revenues from TTA from the Orange County sales tax for Transit. Cost increases include a 2% July and 1.5% January of market rate salary adjustment and a 15.5% increase in health insurance costs. Operations in 2015-16 are expected to contribute approximately \$1.5 million to fund balance. The 2016-17 adopted budget includes a \$154,000 fund balance appropriation for OPEB costs to balance the budget.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Admin & Non-Dept	\$ 1,255,527	\$ 2,312,025	\$ 3,724,159	\$ 2,250,047	\$ 2,767,937	19.7%
Grant-Funded	848,654	-	708,475	556,012	-	N/A
Advertising	80,486	93,222	90,022	90,334	95,337	N/A
Fixed Route	9,865,974	11,181,804	11,128,198	10,721,641	10,143,298	-9.3%
Demand Response	1,656,440	1,926,450	1,966,450	1,919,635	2,091,043	8.5%
Special Events	238,012	317,207	317,707	295,763	327,601	3.3%
Vehicle Maintenance	3,323,635	4,193,542	4,165,472	3,758,446	4,149,481	-1.1%
Building Maintenance	527,246	750,765	1,081,630	788,088	800,533	N/A
Total	\$ 17,795,974	\$ 20,775,015	\$ 23,182,113	\$ 20,379,966	\$ 20,375,230	-1.9%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Charges for Services	\$ 1,022,914	\$ 898,288	\$ 898,288	\$ 886,438	\$ 886,288	-1.3%
Federal Assistance	1,280,803	1,944,719	1,944,719	1,944,719	1,994,719	2.6%
Federal Ops Grants	542,933	-	364,113	313,499	18,152	N/A
State Assistance	2,319,779	2,062,996	2,996,767	2,996,737	2,543,330	23.3%
TTA Fees	851,105	1,678,000	1,678,000	1,678,000	1,678,000	0.0%
UNC Park & Ride	75,000	-	-	-	-	N/A
UNC Contract	7,765,808	7,844,040	7,844,040	7,844,040	7,156,583	-8.8%
Carrboro Contract	1,472,508	1,540,288	1,540,288	1,540,288	1,455,008	-5.5%
Advertising Revenue	92,675	150,000	150,000	150,000	150,000	0.0%
Chapel Hill Revenues	4,265,515	4,408,848	4,408,848	4,299,538	4,339,150	-1.6%
Transfer from						
General Fund	-	247,836	247,836	247,836	-	-100.0%
Transfer from						
Transit Capital Grant	5,429	-	-	-	-	N/A
Appropriated Fund						
Balance	(1,898,495)	-	1,109,214	(1,521,129)	154,000	N/A
Total	\$ 17,795,974	\$ 20,775,015	\$ 23,182,113	\$ 20,379,966	\$ 20,375,230	-1.9%

TRANSIT

KEY PERFORMANCE MEASURES

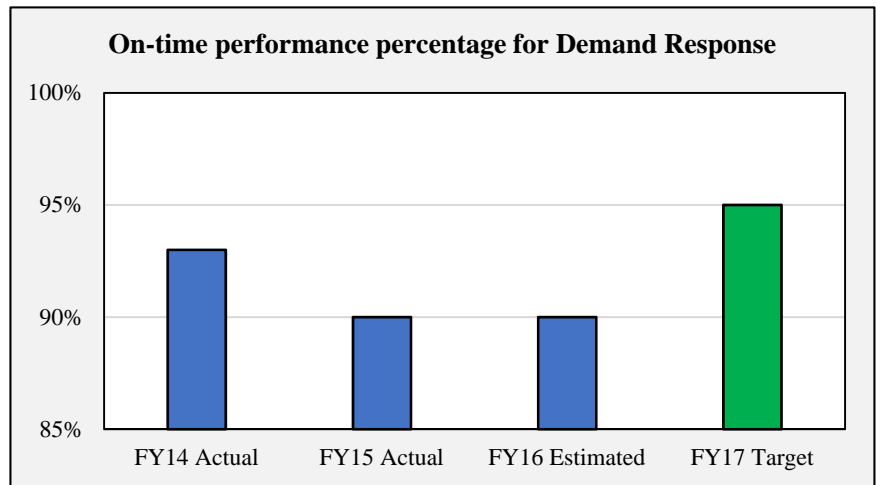


Create a Place for Everyone

Department Program: Demand - Response Service

Objective: Demand response services will be on time (arriving within the 20 minute pick-up window) at least 90 percent of the time.

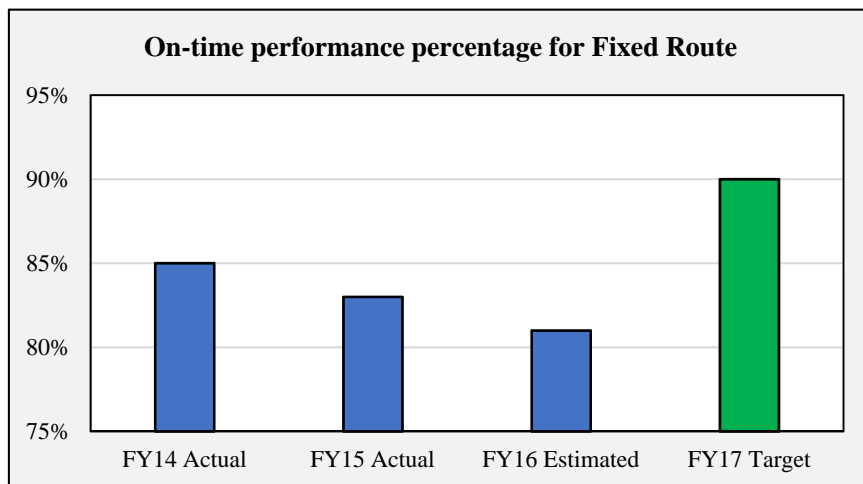
Reporting and performance should improve with implementation of upgraded mobile data terminals.



Facilitate Getting Around

Department Program: Fixed - Route Bus Service

Objective: Fixed route services will operate according to published schedules at least 90% of the time (Note: Early departures or late departures more than 5 minutes late are considered not on time)



Impacted by construction projects, several days of inclement weather (snow and rain) and peak hour traffic. Staff is starting to review routes with significant issues and develop solutions. Will continue to be an on-going challenge and staff is considering options for transit priority in the signal system.

TRANSIT

KEY PERFORMANCE MEASURES (continued)

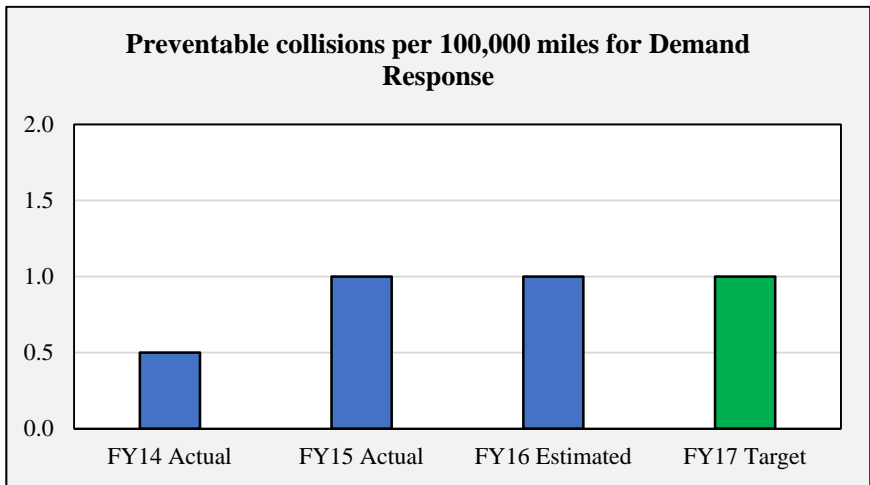


Create a Place for Everyone

Department Program: Demand - Response Service

Objective: Keep the rate of demand response preventable accidents at 3 or fewer per 100,000 miles.

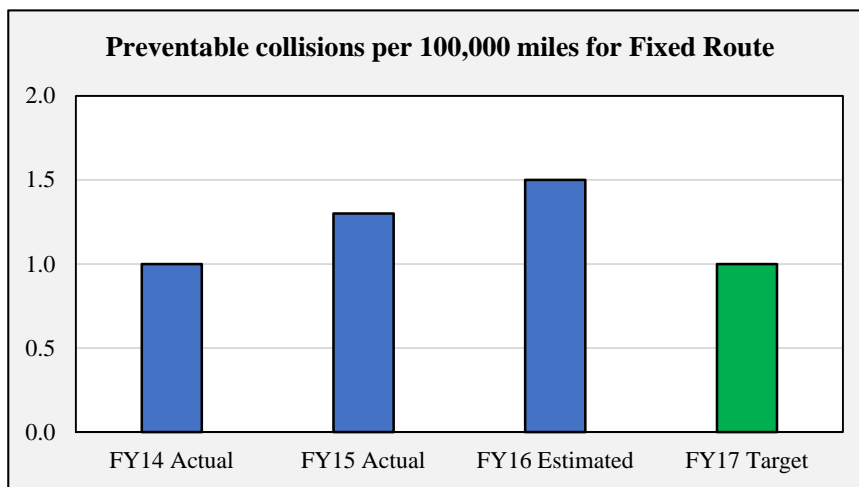
Continues to be at/near industry standard. Continued work with Risk Management and improvements to training program should positively impact this measure.



Facilitate Getting Around

Department Program: Fixed - Route Bus Service

Objective: Keep the rate of preventable fixed route accidents at 1 or fewer per 100,000 miles.



Continues to be at/near industry standard. Continued work with Risk Management and improvements to training program should positively impact this measure.

TRANSIT

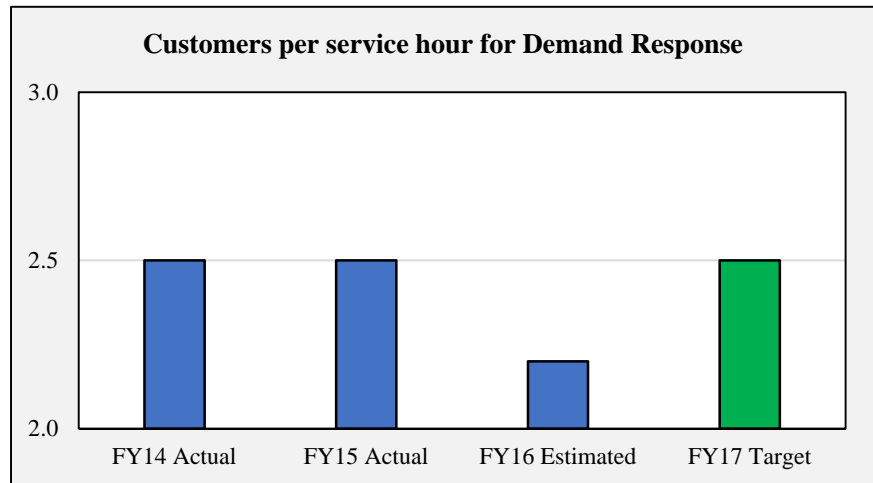
KEY PERFORMANCE MEASURES (continued)



Department Program: Demand - Response Service

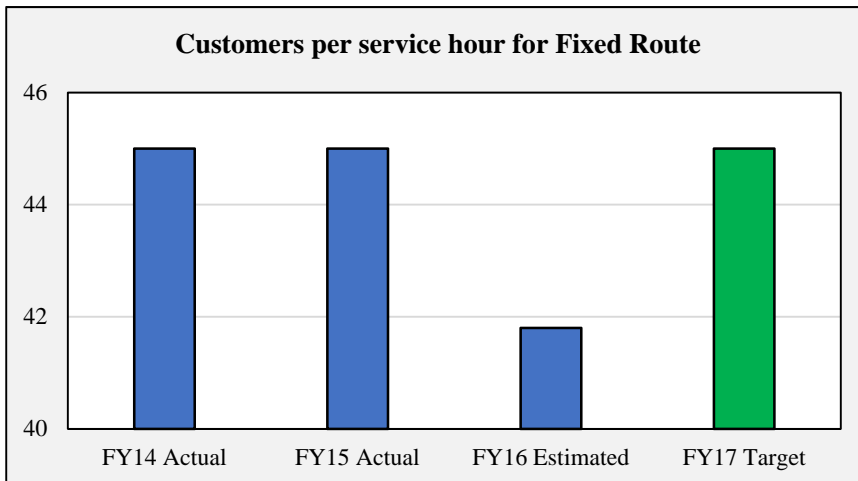
Objective: Increase the number of passengers per hour in demand response paratransit service

Reporting and performance should improve with implementation of upgraded mobile data terminals.



Department Program: Fixed - Route Bus Service

Objective: Increase the number of passengers per hour in fixed route transit service



Nationally, ridership declined on average between 5-10%. Ridership has been impacted by private shuttles and Transportation Companies (e.g. Uber). Additionally, construction of student housing in/near downtown has moved students into other modes (walking/biking).

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 2016-17 includes a \$154,000 budgeted item for Other Post Employment Benefits (OPEB) Retiree Health, a 2% July and 1.5% January pay raise adjustment, and a 15.5% increase in health insurance costs.

The 20.9% increase in transfer to capital reserve is due to an increase in funding dedicated to debt payments on the purchase of replacement buses.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,000,889	\$ 1,174,864	\$ 2,137,835	\$ 1,118,233	\$ 1,454,492	23.8%
Operating Costs	254,638	337,161	386,324	331,814	346,445	2.8%
Transfer to Capital Reserve	-	800,000	1,200,000	800,000	967,000	20.9%
Total	\$ 1,255,527	\$ 2,312,025	\$ 3,724,159	\$ 2,250,047	\$ 2,767,937	19.7%

TRANSIT - Grants
BUDGET SUMMARY

At the time of the recommended budget, there were no planned grants for 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 122,636	\$ -	\$ 135,067	\$ 73,755	\$ -	N/A
Operating Costs	582,691	-	573,408	482,257	-	N/A
Capital Outlay	143,327	-	-	-	-	N/A
Total	\$ 848,654	\$ -	\$ 708,475	\$ 556,012	\$ -	N/A

TRANSIT - Advertising

BUDGET SUMMARY

The Transit Advertising Program was adopted in 2011-12. There is an increase of 5.9% in personnel expense due to a 2% July and 1.5% January pay adjustment, as well as a 15.5% increase in health insurance costs. The decrease of 14.4% for operating costs reflect a decrease in professional services and miscellaneous contracted costs.

Revenues are projected at \$150,000 in 2015-16, and at \$150,000 for 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 73,232	\$ 76,617	\$ 76,317	\$ 76,458	\$ 81,122	5.9%
Operating Costs	7,254	16,605	13,705	13,876	14,215	-14.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 80,486	\$ 93,222	\$ 90,022	\$ 90,334	\$ 95,337	2.3%

TRANSIT- OPERATIONS DIVISION

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

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

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

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

***TRANSIT - Fixed Route
BUDGET SUMMARY***

The adopted budget reflects a 9.3% decrease in overall costs. There is a 7.4% decrease in personnel costs, which is a result of an unexpected receipt of \$934,000 in State grants. This is slightly offset by a 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs.

There is a decrease of 13.7% for operating costs. This is due to a \$275,000 decrease in miscellaneous contracted services and \$245,000 savings in diesel fuel costs.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 6,798,387	\$ 7,880,464	\$ 7,866,464	\$ 7,513,244	\$ 7,294,575	-7.4%
Operating Costs	3,067,587	3,301,340	2,987,579	3,208,397	2,848,723	-13.7%
Capital Outlay	-	-	274,155	-	-	N/A
Total	\$ 9,865,974	\$ 11,181,804	\$ 11,128,198	\$ 10,721,641	\$ 10,143,298	-9.3%

TRANSIT - Demand Response

BUDGET SUMMARY

The adopted budget for Demand Response in 2016-17 has an 8.5% increase from the previous year. There is an 11.2% increase in personnel expenditures, which is due to employee turnover, an increase in overtime and temporary salary costs, a 2% July and 1.5% January pay adjustment, and a 15.5% health insurance increase. The small increase in operating can be attributed to various minor line item increases.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,234,271	\$ 1,322,072	\$ 1,379,072	\$ 1,312,699	\$ 1,469,521	11.2%
Operating Costs	422,169	604,378	587,378	606,936	621,522	2.8%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,656,440	\$ 1,926,450	\$ 1,966,450	\$ 1,919,635	\$ 2,091,043	8.5%

TRANSIT - Tarheel Express / Special Events

BUDGET SUMMARY

The adopted budget for Tarheel Express & Special Events in 2016-17 reflects a 3.3% increase in overall expenditures. There is a 4.1% increase in personnel costs, which is due to a 2% July and 1.5% January pay adjustment and a 15.5% increase in health insurance costs.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 182,610	\$ 234,235	\$ 234,735	\$ 217,532	\$ 243,948	4.1%
Operating Costs	55,402	82,972	82,972	78,231	83,653	0.8%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 238,012	\$ 317,207	\$ 317,707	\$ 295,763	\$ 327,601	3.3%

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 adopted budget for 2016-17 represents a 1.1% decline in expenditures from the previous year. The 7.8% increase in personnel costs is due to the addition of two mechanics, a 2% July and 1.5% January pay adjustment, and a 15.5% increase in health insurance costs. The decrease of 11.2% in operating costs reflects a decrease of \$267,000 in maintenance and repair for vehicles as a way to bring costs in line with actual spending.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,623,487	\$ 2,130,049	\$ 2,059,049	\$ 1,709,516	\$ 2,297,111	7.8%
Operating Costs	1,687,535	2,063,493	2,070,072	2,012,579	1,832,370	-11.2%
Capital Outlay	12,612	-	36,351	36,351	20,000	N/A
Total	\$ 3,323,635	\$ 4,193,542	\$ 4,165,472	\$ 3,758,446	\$ 4,149,481	-1.1%

TRANSIT - Building Maintenance

BUDGET SUMMARY

The adopted budget for Transit's Building Maintenance division reflects a 6.6% increase overall. The 14.3% increase in personnel expenditures is due to a 15.5% increase in health insurance costs. The 6.6% increase in operating costs is due to a \$70,000 increase in maintenance and repair, which is slightly offset by cost-savings in miscellaneous contracted services (\$18,000) and electricity costs (\$6,500).

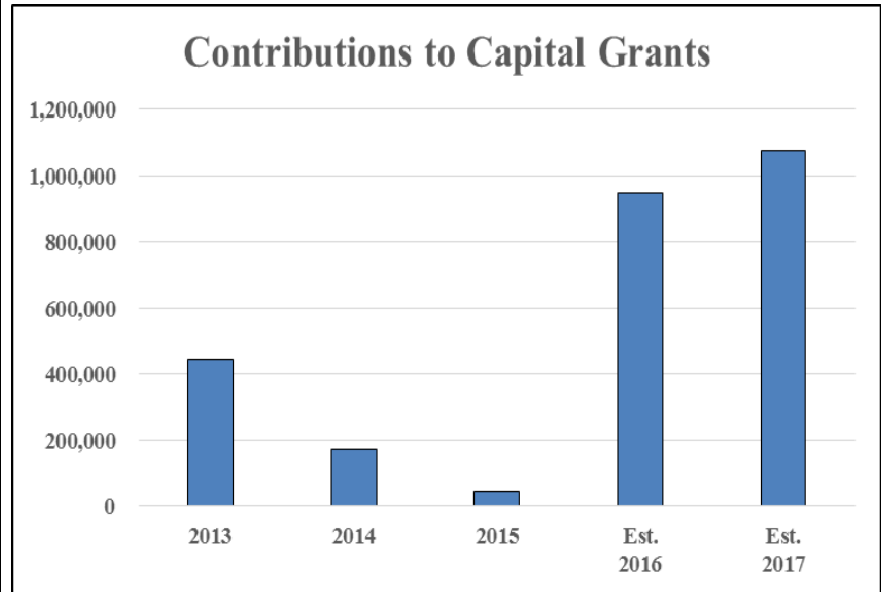
EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 7,590	\$ 7,161	\$ 7,161	\$ 7,241	\$ 8,186	14.3%
Operating Costs	503,572	743,604	1,074,469	780,847	792,347	6.6%
Capital Outlay	16,084	-	-	-	-	N/A
Total	\$ 527,246	\$ 750,765	\$ 1,081,630	\$ 788,088	\$ 800,533	6.6%

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 2016-17 are estimates for grants historically received each year, but not yet awarded.

The contribution to reserve budgeted for 2016-17 is intended for bus replacement expenditures.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Contribution to Capital Grant Reserve	\$ 43,413 -	\$ 198,339 800,000	\$ 149,321 400,000	\$ 149,321 800,000	\$ 106,807 967,000	-46.1% 20.9%
Total	\$ 43,413	\$ 998,339	\$ 549,321	\$ 949,321	\$ 1,073,807	7.6%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Interest Income	\$ 873	\$ -	\$ -	\$ 1,000	\$ -	N/A
Transfer from Transit Fund	-	800,000	400,000	800,000	967,000	20.9%
Appropriated Fund Balance	42,540	198,339	149,321	148,321	106,807	-46.1%
Total	\$ 43,413	\$ 998,339	\$ 549,321	\$ 949,321	\$ 1,073,807	7.6%

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

Transit capital and planning grants awarded by the Federal Transit Administration are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as grant awards are received. Seven current project ordinances in the Transit Department are shown below:

2013-2014 Capital Grant 5339

The project ordinance for the fiscal year 2013-2014 Section 5339 Transit Capital Grant was adopted on June 22, 2015. The funds will be used to purchase new Mobile Data Terminals (MDTs), both hardware and software, used in the Demand Response fleet, six sets of mobile bus lifts to address Chapel Hill Transit's insurance and safety audit recommendations, and to replace up to four Light Transit Vehicles in the Demand Response Fleet.

	Project Budget	Estimated Expenditures Through June 30, 2016
2013-2014 Transit Capital Grant	\$569,296	\$228,060

2013 Capital and Planning Grant 5339

The project ordinance for the fiscal year 2012-2013 Section 5339 capital grant was adopted on June 10th, 2014. Funds are being used to continue the Alternatives Analysis project for Chapel Hill Transit's Bus Rapid Transit on the North-South Corridor project.

	Project Budget	Estimated Expenditures Through June 30, 2016
2013 Transit Capital Grant	\$700,000	\$305,117

2010-11 Capital and Planning Grant 5307

The project ordinance for the fiscal year 2010-11 Section 5307 capital grant was adopted on February 28, 2011. Funds were used to complete a study of the Transit Department's financial sustainability. Remaining funds will be used to offset transit salaries.

	Project Budget	Estimated Expenditures Through June 30, 2015
2010-11 Transit Capital and Planning Grant	\$1,505,000	\$193,610

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2010-11 Capital Grant 5307

The project ordinance for the fiscal year 2010-11 Section 5307 capital grant was adopted on October 10, 2011. Funds were used to purchase eleven new ADA compliant shelters for Chapel Hill bus stops.

	Project Budget	Estimated Expenditures Through June 30, 2016
2010-11 Transit Capital Grant	\$82,243	\$54,862

2012-13 Capital Grant 5307

The project ordinance for the fiscal year 2012-2013 Section 5307 capital grant was adopted on September 9, 2013. Funds will be used for an ADA compliance review of Chapel Hill Transit's bus stops.

	Project Budget	Estimated Expenditures Through June 30, 2016
2012-13 Transit Capital Grant	\$45,633	\$-0-

2013-14 Capital Grant 5307

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

	Project Budget	Estimated Expenditures Through June 30, 2016
2013-14 Transit Capital Grant	\$25,485	\$-0-

2014-15 Capital Grant 5307

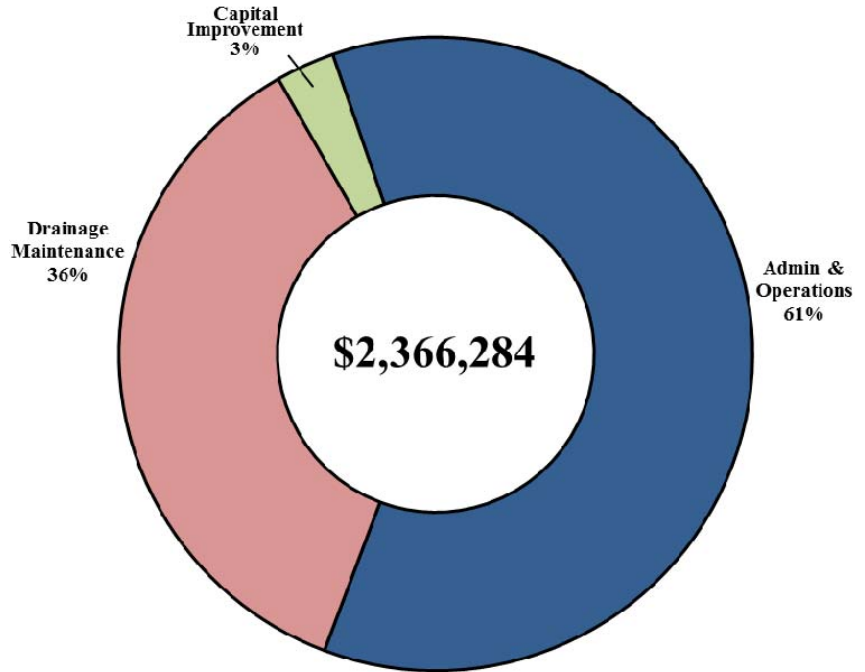
The project ordinance for the fiscal year 2014-15 Section 5307 capital grant was adopted on June 22, 2015. Funds will be used for an ADA compliance review of Chapel Hill Transit's bus stops.

	Project Budget	Estimated Expenditures Through June 30, 2016
2014-15 Transit Capital Grant	\$37,963	\$-0-

STORMWATER MANAGEMENT FUND

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

Stormwater Expenses



PUBLIC WORKS-STORMWATER MANAGEMENT

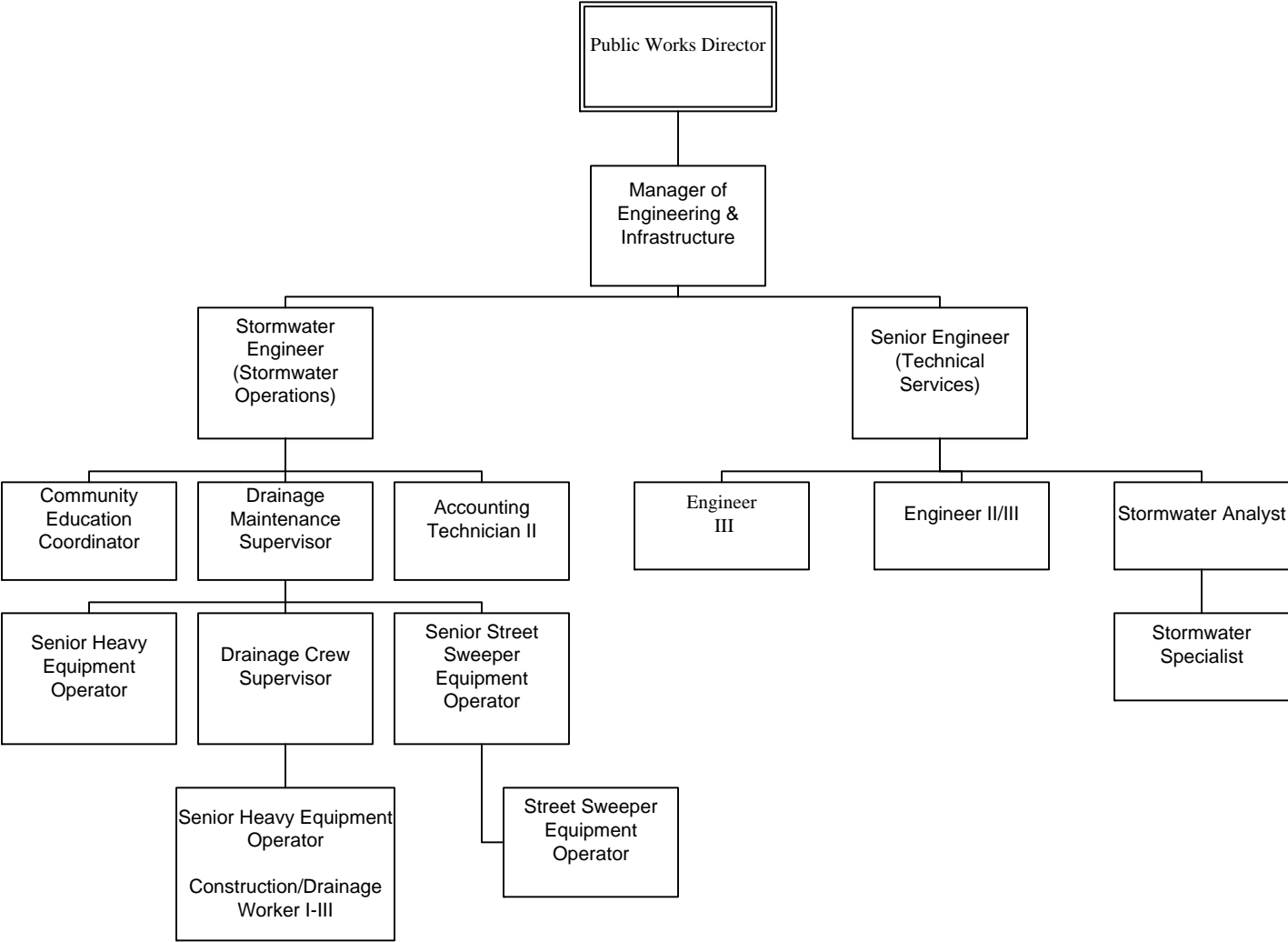
MISSION STATEMENT:

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

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 2016-17.

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

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Stormwater			
Engineer (Stormwater)	3.00	3.00	3.00
Stormwater Specialist	1.00	1.00	1.00
Stormwater Analyst	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			
Stormwater Maintenance Supervisor	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
Street Sweeper Equipment Operator	0.00	0.00	1.00
Senior Heavy Equipment Operator	3.00	3.00	2.00
Construction Worker II	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
 Stormwater Management Fund Totals	 <u>14.00</u>	 <u>14.00</u>	 <u>14.00</u>

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

STORMWATER MANAGEMENT FUND

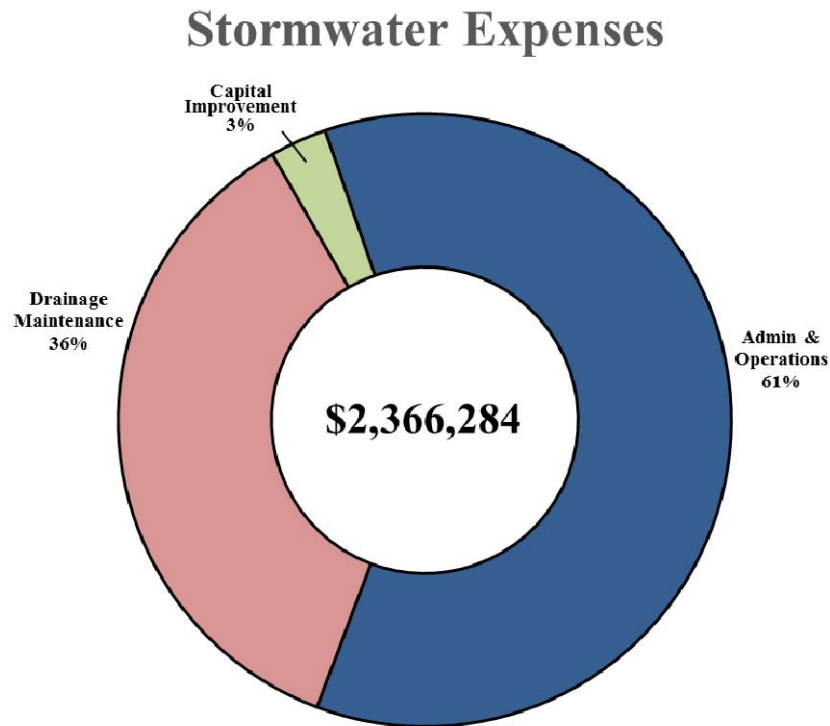
Major Revenue Sources – Descriptions and Estimates

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 maintains the fee of \$26.15 for each 1,000 square feet of impervious surface. At this rate, fees are estimated at about \$2.2 million in 2016-17. The budget is balanced with the use of fund balance, \$1,397,954 in 2015-16 and \$155,784 in 2016-17.

Major Expenditures and Estimates

The budget for 2016-17 totals \$2,366,284. This is a 0.1% increase compared to 2015-16 due to increased personnel costs offset by a decrease in capital spending. The decrease in capital spending is due to a one-time capital equipment purchase made in 2015-16.

As indicated in the chart below, 36% of the 2016-17 budget provides for the Drainage division to conduct stormwater-related drainage and maintenance projects.



STORMWATER MANAGEMENT FUND

BUDGET SUMMARY

The adopted budget for 2016-17 includes the continuation of existing services. The increase in personnel expenditures includes a 2% July and 1.5% January of market rate salary adjustment as well as a 15.5% increase in health insurance costs. The decrease in operating expenditures reflects a decline of \$23,000 in costs for landfill fees and a decrease of approximately \$18,000 in fleet maintenance related costs. The decrease in capital is due to a one-time purchase of equipment.

The budget is balanced with the use of \$155,784 in fund balance.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,018,010	\$ 1,178,320	\$ 1,044,632	\$ 1,035,608	\$ 1,244,454	5.6%
Operating Costs	533,706	1,087,568	1,454,951	1,342,423	1,046,830	-3.7%
Capital Outlay	86,353	97,500	1,344,844	1,229,823	75,000	-23.1%
Total	\$ 1,638,069	\$ 2,363,388	\$ 3,844,427	\$ 3,607,854	\$ 2,366,284	0.1%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Stormwater Fees	\$ 2,144,902	\$ 2,220,257	\$ 2,220,257	\$ 2,200,000	\$ 2,200,000	-0.9%
Fee Exemption	(5,741)	(6,000)	(6,000)	(6,000)	(6,000)	N/A
Transfer from General Fund	5,741	6,000	6,000	6,000	6,500	8.3%
Interest Income	2,294	800	800	2,400	2,000	150.0%
Other Income	7,200	7,500	7,500	7,500	8,000	6.7%
Appropriated Fund Balance	(516,327)	134,831	1,615,870	1,397,954	155,784	15.5%
Total	\$ 1,638,069	\$ 2,363,388	\$ 3,844,427	\$ 3,607,854	\$ 2,366,284	0.1%

STORMWATER

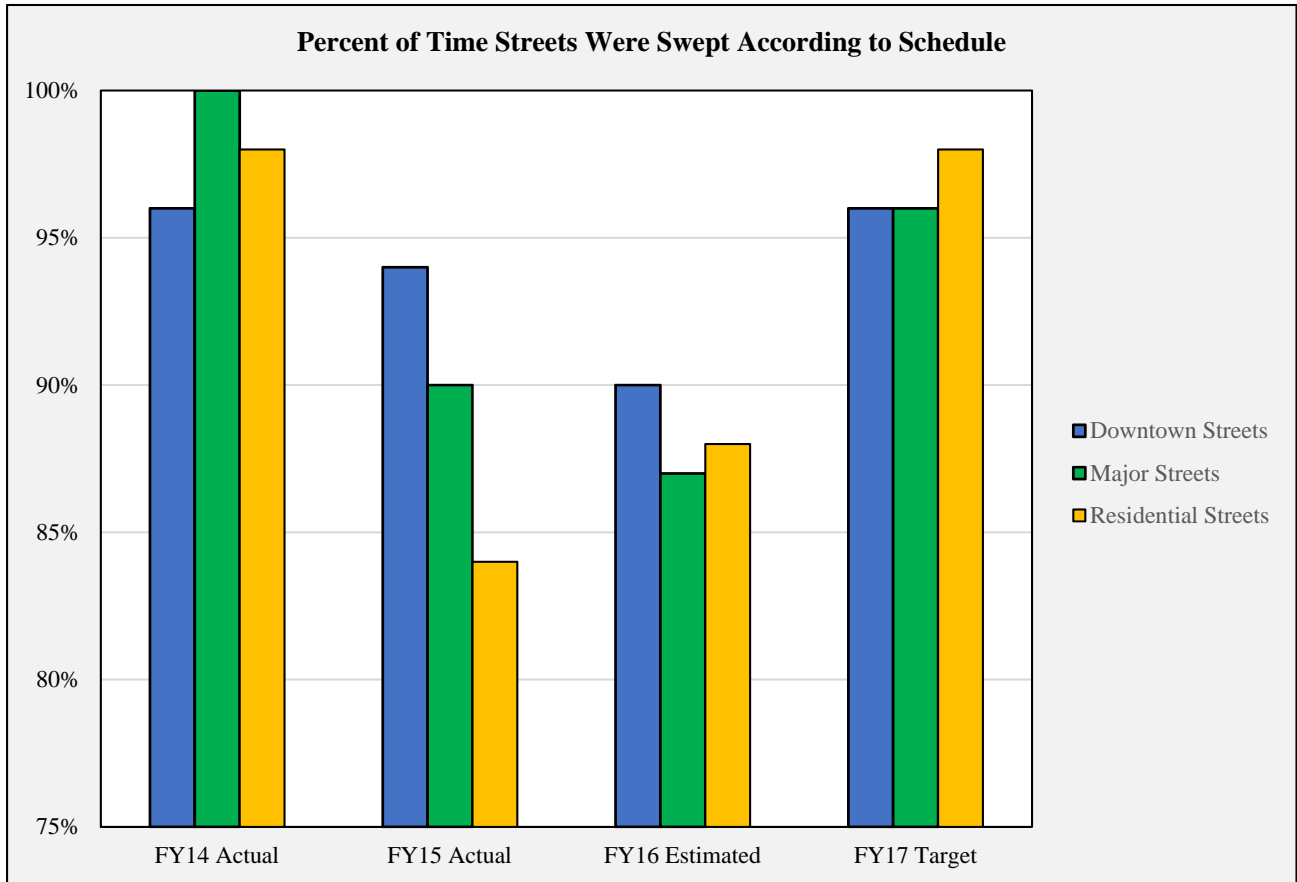
KEY PERFORMANCE MEASURES



Develop Good Places,
New Spaces

Department Program: Street Sweeping

Objective: Sweep streets downtown twice weekly, major streets once weekly, and check and clean residential streets as needed once every six to eight weeks



Regular street sweeping helps maintain clean streets, clean streams, and a pleasant environment for residents and visitors.

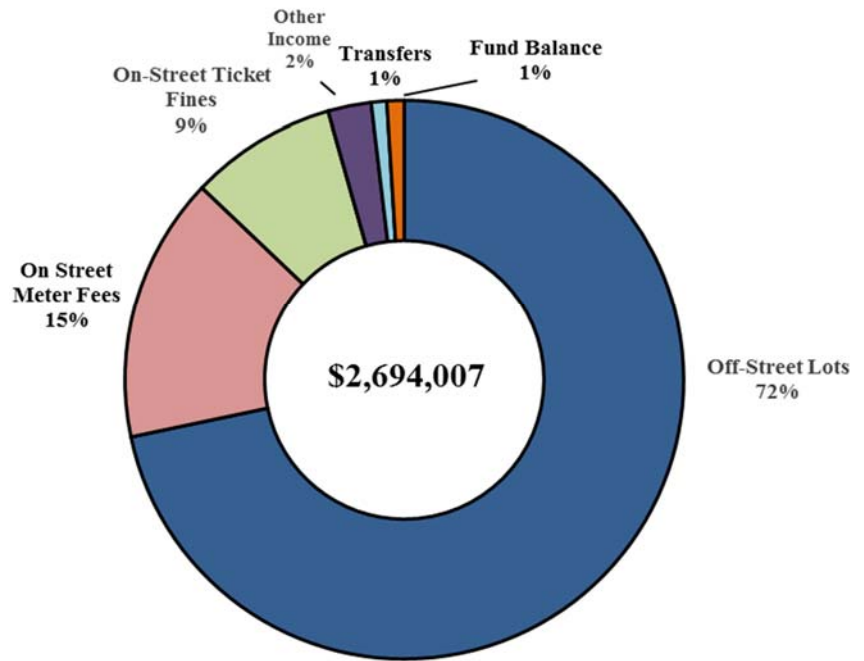
While the Stormwater Maintenance Program is typically able to meet service objectives, on a weekly basis it is not always possible to do so given inclement weather, equipment maintenance, scheduled leave or the need to make adjustments to accommodate extra street cleaning for special events during certain weeks of the year.

Overall the service level is 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.

Total Parking Fund Revenues



PARKING SERVICES

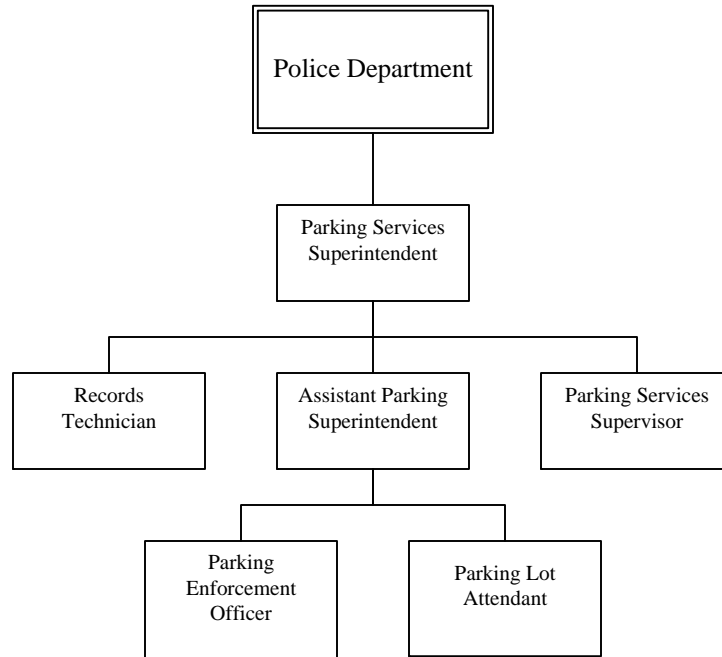
MISSION STATEMENT:

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 2016-17.

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

PARKING SERVICES



Note: Parking Services is supervised by the Police Department.

PARKING SERVICES
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 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	2.00	2.00
Records Technician	1.80	1.80	1.80
Parking Lot Attendant I	3.00	3.00	4.00
Parking Lot Attendant II	1.00	1.00	0.00
Parking Fund Totals	<u>11.80</u>	<u>10.80</u>	<u>10.80</u>

Note: Parking Services is supervised by the Police Chief

PARKING FUNDS

Major Revenue Sources – Descriptions and Estimates

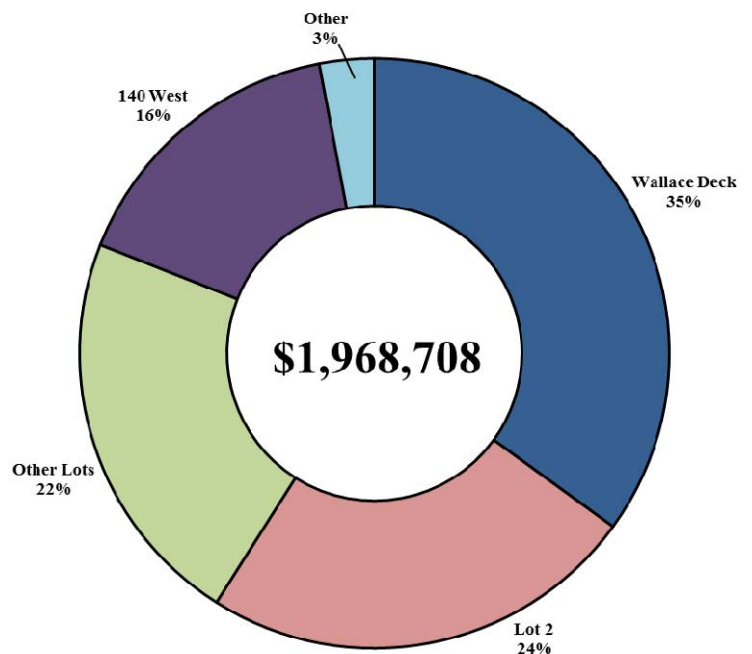
The Town budgets parking-related revenues in two funds: the Off-Street Parking Fund and the On-Street Parking Fund.

The Off-Street Parking Fund, with an adopted budget of \$1,995,575 for 2016-17, 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 \$698,000, or 35% of total off-street parking revenues, is budgeted from the James Wallace Deck and \$475,000, or 24%, is budgeted from Lot 2 at the corner of Rosemary and Columbia Streets. Construction of a mixed use development (140 West) on the Lot 5 site was completed in 2012-13 and is expected to generate about \$305,000 in 2015-16.

The 2016-17 Adopted Budget includes a \$25 weekend pass for residents of 140 West for when they have company visit them on the weekends, and a \$20 decrease in monthly parking rentals at Jones Park Parking Lot as a way to encourage additional monthly users to the lot. The purpose of these fee changes are to help offset the rising operating costs and maintenance on parking facilities.

The On-Street Parking Fund, with an adopted budget for 2016-17 of \$698,950, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$415,000 and parking ticket fines about \$230,000 in 2016-17.

Off-Street Parking Revenues



Major Expenditures and Estimates

The primary expenditure of the Off-Street Parking Fund is the cost of personnel to manage the lots (approximately \$471,000). The budget for 2016-17 will require a transfer from the On-Street Parking Fund of \$23,534 to maintain current service levels and an appropriation of \$27,431 from fund balance.

The On-Street Parking Fund includes expenditures primarily for the personnel to administer and collect meter revenues and parking tickets of about \$436,459. The budget of \$698,950 includes a 2% July and 1.5% January market rate salary adjustment and a 15.5% health insurance increase.

**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

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
On-Street Parking	\$ 670,374	\$ 698,950	\$ 702,103	\$ 667,570	\$ 698,950	0.0%
Off-Street Parking	2,000,771	2,002,250	2,144,659	2,042,407	1,995,057	-0.4%
Total	\$ 2,671,145	\$ 2,701,200	\$ 2,846,762	\$ 2,709,977	\$ 2,694,007	-0.3%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
On-Street Parking	\$ 670,374	\$ 698,950	\$ 702,103	\$ 667,570	\$ 698,950	0.0%
Off-Street Parking	2,000,771	2,002,250	2,144,659	2,042,407	1,995,057	-0.4%
Total	\$ 2,671,145	\$ 2,701,200	\$ 2,846,762	\$ 2,709,977	\$ 2,694,007	-0.3%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking reflects the same numbers as the adopted 2015-16 budget.

There is a slight increase in Personnel due to a 2% July and 1.5% January salary adjustment, as well as a 15.5% increase in health insurance costs. The budget also includes a \$24,098 transfer to Off-Street Parking.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Enforcement:						
Personnel	\$ 338,854	\$ 374,775	\$ 374,775	\$ 351,830	\$ 376,181	0.4%
Operations	126,721	130,332	132,485	126,026	154,798	18.8%
Capital	-	-	-	-	-	N/A
Meters:						
Personnel	55,870	55,632	55,632	56,252	59,714	7.3%
Operations	78,320	82,481	83,481	80,595	84,159	2.0%
Transfer to Off-Street	70,609	55,730	55,730	52,867	24,098	-56.8%
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ 670,374	\$ 698,950	\$ 702,103	\$ 667,570	\$ 698,950	0.0%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Parking Meter Fees	\$ 407,214	\$ 415,000	\$ 415,000	\$ 414,420	\$ 415,000	0.0%
Parking Ticket Fines/Fees	199,387	230,000	230,000	200,000	230,000	0.0%
Interest Income	199	250	250	200	250	0.0%
Other Income	58,886	53,700	53,700	52,950	53,700	0.0%
Appropriated Fund Balance	4,688		3,153	-		N/A
Total	\$ 670,374	\$ 698,950	\$ 702,103	\$ 667,570	\$ 698,950	0.0%

OFF-STREET PARKING BUDGET SUMMARY

Off-Street Parking revenues for the adopted 2016-17 budget reflects a decrease of about \$7,000. The budget was balanced with \$26,349 of fund balance appropriation and a \$24,098 transfer from On-Street Parking.

The overall decrease in expenditures for 2016-17 is the result of a vehicle being replaced in 2015-16 as well as a decrease in costs associated with rental space. The budget also reflects a 2% July and 1.5% January market rate salary adjustment and a 15.5% increase in health insurance costs. Administrative expenses include the \$908,832 annual transfer to the Debt Fund to pay for debt service on the Wallace Deck and the underground parking at 140 West.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
James Wallace Deck	\$ 447,339	\$ 410,756	\$ 479,455	\$ 428,703	\$ 421,278	2.6%
Parking Lots	542,925	546,743	630,961	582,676	525,655	-3.9%
140 West	47,984	77,968	66,850	76,068	78,168	0.3%
Administration	962,523	966,783	967,393	954,960	969,956	0.3%
Total	\$ 2,000,771	\$ 2,002,250	\$ 2,144,659	\$ 2,042,407	\$ 1,995,057	-0.4%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
James Wallace Deck	\$ 637,279	\$ 696,800	\$ 696,800	\$ 696,800	\$ 697,800	0.1%
Lot 2	429,134	475,000	475,000	450,000	475,000	0.0%
Lot 3	111,780	127,112	127,112	105,000	115,500	-9.1%
Lot 4	17,070	20,712	20,712	16,500	16,500	-20.3%
Lot 5	-	-	-	30	-	N/A
Lot 6	7,065	13,680	13,680	13,680	13,680	0.0%
Graham Street	4,478	8,239	8,239	10,700	13,800	67.5%
Craig Lots	127,008	139,057	139,057	139,057	142,700	2.6%
Riddle Lot Revenues	59,298	58,580	58,580	60,480	60,480	3.2%
Jones Park	4,845	44,890	44,890	10,100	17,600	-60.8%
Mallette Street	62,357	-	-	3,103	-	N/A
Courtyard	69,410	51,500	51,500	63,000	65,500	27.2%
140 West	302,188	291,900	291,900	305,000	312,600	7.1%
Interest Income	1,601	1,500	1,500	1,500	1,500	0.0%
Miscellaneous Income	11,054	17,550	17,550	8,450	11,950	-31.9%
Transfer from On-Street Parking	70,609	55,730	55,730	52,867	24,098	-56.8%
Transfer from General Fund	-	-	35,000	-	-	
Appropriated Fund Balance	85,595	-	107,409	106,140	26,349	N/A
Total	\$ 2,000,771	\$ 2,002,250	\$ 2,144,659	\$ 2,042,407	\$ 1,995,057	-0.4%

PARKING

KEY PERFORMANCE MEASURES

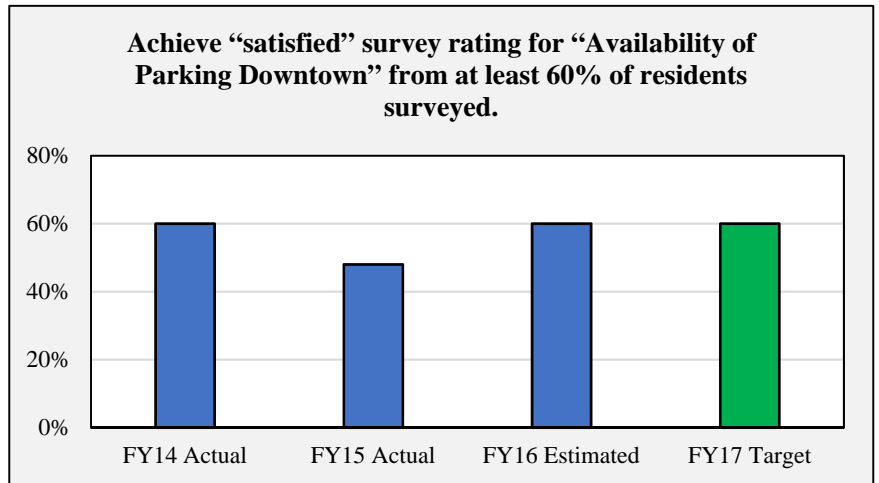


Facilitate Getting Around

Department Program: On and Off-Street Parking

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

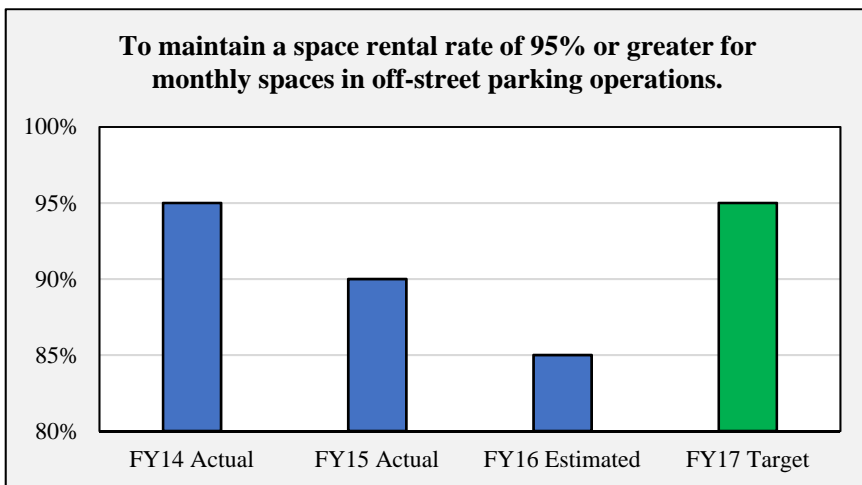
We receive actionable feedback from our bi-annual survey instrument. The results help inform our operational decisions and our strategic planning process.



Facilitate Getting Around

Department Program: Parking Administration and Parking Permit Programs

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



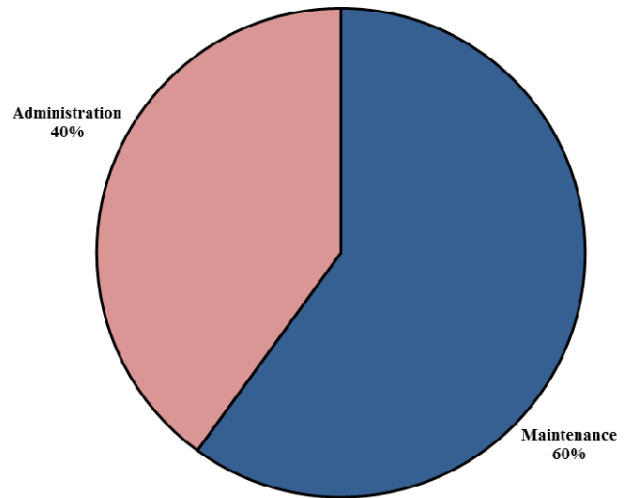
We receive actionable feedback from our bi-annual survey instrument. The results help inform our operational decisions and our strategic planning process.

PUBLIC HOUSING FUND

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

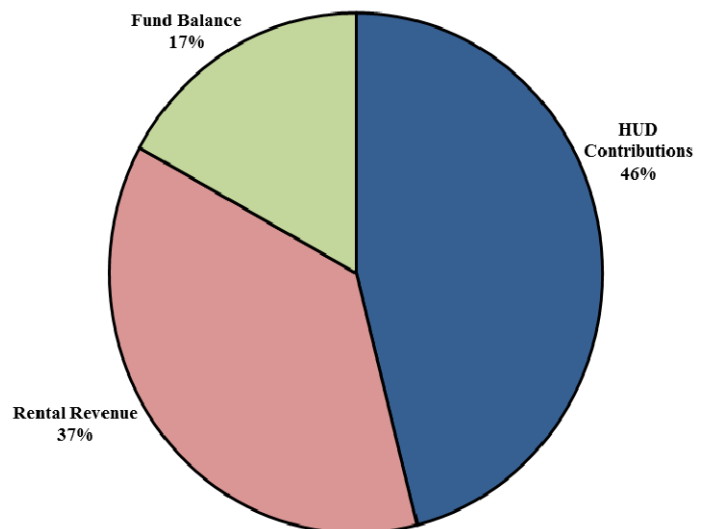
Since those with fewer than 400 units have been exempt each year from HUD's new funding model (AMPs) since 2007-08, we have returned to a simpler budget presentation comprised of Administrative and Maintenance divisions.

Public Housing Expenses



Total \$2,442,116

Public Housing Revenues



PUBLIC HOUSING FUND DEPARTMENT

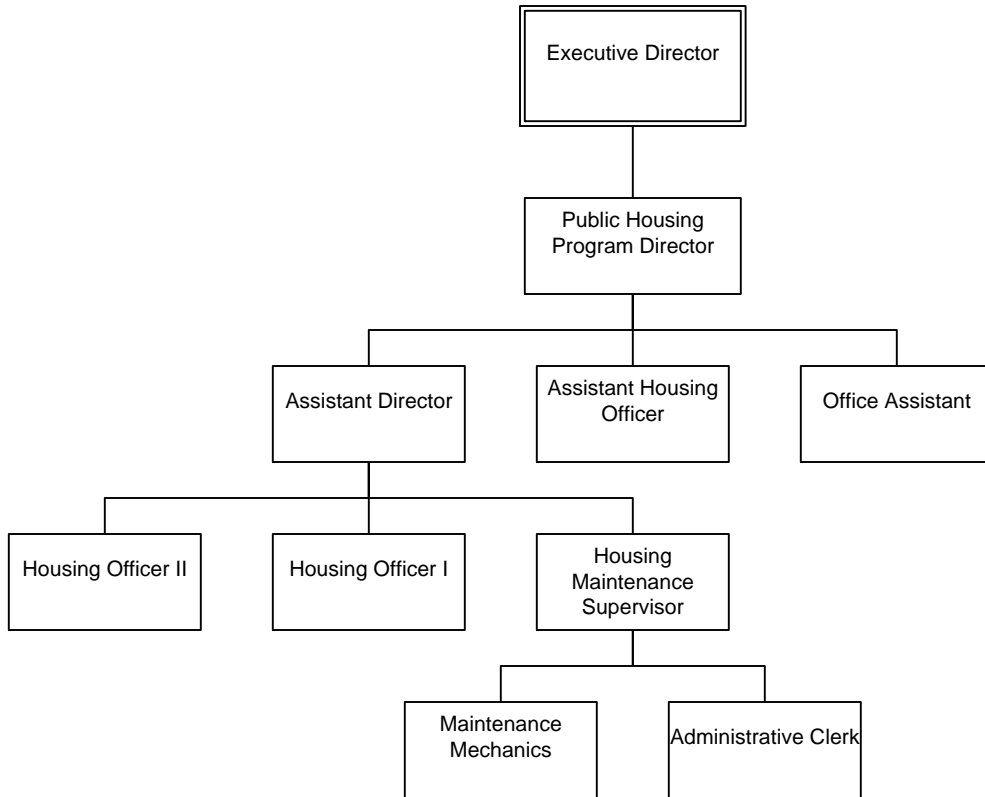
MISSION STATEMENT:

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

As a first step towards Priority-Based Budgeting, the Public Housing Fund Department identified the following primary programs that are included in the adopted budget for 2016-17.

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

PUBLIC HOUSING FUND



PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Assistant Director	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

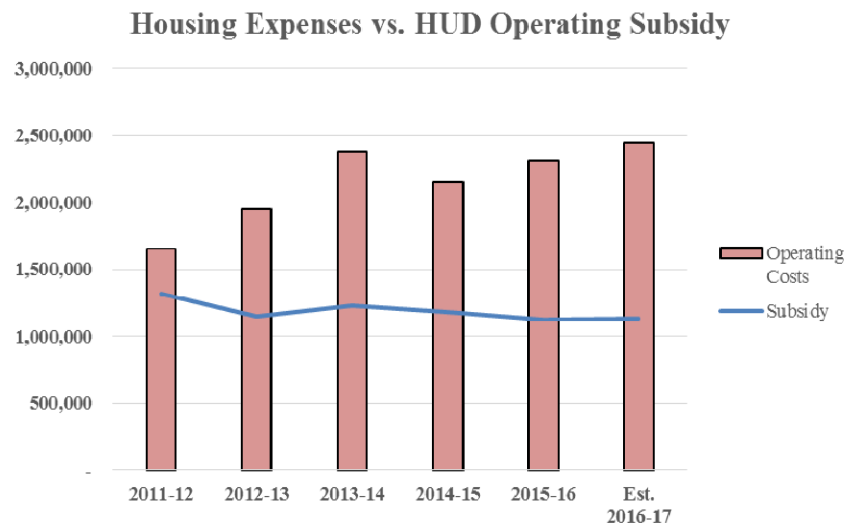
The Town’s Public Housing program provides for the administration and operation of the Town's 336 public housing units, and is funded primarily through federal grants and rents paid by residents.

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 2016-17 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 2016 but we have no information about calendar 2016. Based on interim allocations, our estimate of HUD’s subsidy for 2015-16 is \$1,126,646, about a 4.8% decrease from the 2014-15 subsidy of \$1,183,160. Due to this decrease, we are estimating a \$1,130,127 in subsidy for 2016-17.



The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$924,811, an increase over current year estimates with the completion of renovation projects.

Major Expenditures and Estimates

Major expenditure categories include about \$1,165,617 for salaries and benefits, \$169,200 for utilities, \$83,044 for liability and flood insurance and about \$516,071 for maintenance of the units.

The personnel costs include a 2% July and 1.5% January of market rate increase in employee pay and a 15.5% increase in health insurance costs.

Approximately \$307,000 is budgeted to replace old and deteriorating roofs at Rainbow Heights, Craig, Gomains, and Lindsey Street neighborhoods, and \$50,000 will be used to create a Housing Master Plan. These projects are one-time appropriations of fund balance. Capital expenses saw a decrease due to the completion of one-time projects.

	2015-16 Original Budget	2016-17 Adopted Budget	% Change from 2015-16
Salary and Benefits - Administration	\$ 449,187	\$ 476,381	6.05%
Salary and Benefits - Maintenance	661,676	689,236	4.17%
Maintenance Costs	514,850	516,071	0.24%
Utilities	169,200	169,200	0.00%
Liability and Flood Insurance	78,000	83,044	3.87%
Capital Expense	88,500	34,834	-60.64%
Other Expenses	130,408	473,350	262.98%
Total Budget	\$ 2,091,821	\$ 2,442,116	16.75%

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 2016-17 retains a simpler model that includes an Administrative Division and a Maintenance Division.

The budget for 2016-17 reflects an estimate of the HUD subsidy anticipated for calendar year 2016. As yet, there has been no indication of HUD's funding for calendar year 2017. Rental revenue reflects an increase with the reopening of apartments that were closed for renovation and an increase in the flat rent schedule. \$307,166 is included in the Public Housing budget to replace roofs at Rainbow Heights, Craig, Gomains, and Lindsey Street neighborhoods, while an additional \$50,000 is included in order to develop a Housing Master Plan.

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Revenue Summary						
HUD Contributions	\$ 1,183,160	\$ 1,153,556	\$ 1,153,556	\$ 1,126,646	\$ 1,130,127	-2.0%
Rental Revenue	910,430	830,256	830,256	924,811	907,043	9.2%
Other Revenues	631	150	150	250	250	66.7%
Interest Income	2,055	1,950	1,950	1,509	1,950	0.0%
Insurance Claims	49,612	-	-	-	-	N/A
Appropriated Fund Balance	-	105,909	938,207	257,080	402,746	280.3%
Total Revenues	\$ 2,145,888	\$ 2,091,821	\$ 2,924,119	\$ 2,310,296	\$ 2,442,116	16.7%

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 1,019,198	\$ 1,110,863	\$ 1,105,778	\$ 985,847	\$ 1,165,617	4.9%
Operating	791,954	892,458	1,083,961	855,559	1,241,665	39.1%
Capital	170,407	88,500	734,380	468,890	34,834	-60.6%
Contribution to Reserve	164,329	-	-	-	-	N/A
Total	\$ 2,145,888	\$ 2,091,821	\$ 2,924,119	\$ 2,310,296	\$ 2,442,116	16.7%

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 2016-17 remains with the simpler model of an Administrative Division and a Maintenance Division.

Revenues anticipated for the 2016-17 fiscal year reflect a continuation of HUD's calendar year 2016 reduction in grants to agencies with reserves or fund balance. Rental revenues are up significantly (9.2%, or about \$77,000). The Adopted Budget for 2016-17 is balanced with the use of about \$403,000 in fund balance.

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
AMP 1						
HUD Contributions	\$ 593,567	\$ 563,400	\$ 563,400	\$ 577,213	\$ 579,033	2.8%
Rental Revenue	424,665	403,221	403,221	401,546	387,960	-3.8%
Other Revenues	125	75	75	75	75	0.0%
Approp. Fund Balance	-	-	-	-	402,746	N/A
Total AMP 1	\$ 1,018,357	\$ 966,696	\$ 966,696	\$ 978,834	\$ 1,369,814	41.7%
AMP 2						
HUD Contributions	\$ 589,593	\$ 590,156	\$ 590,156	\$ 549,433	\$ 551,094	-6.6%
Rental Revenue	485,765	427,035	427,035	523,265	519,083	21.6%
Other Revenues	75	75	75	175	175	133.3%
Total AMP 2	\$ 1,075,432	\$ 1,017,266	\$ 1,017,266	\$ 1,072,873	\$ 1,070,352	5.2%
Central Office Cost Center						
Interest Income	\$ 2,055	\$ 1,950	\$ 1,950	\$ 1,509	\$ 1,950	0.0%
Other Revenues	432	-	-	-	-	N/A
Approp. Fund Balance	-	105,909	938,207	257,080	-	-100.0%
Total Central Office	\$ 2,487	\$ 107,859	\$ 940,157	\$ 258,589	\$ 1,950	-98.2%
2013 Flood Recovery						
Insurance Claims	\$ 49,612	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 2,145,887	\$ 2,091,821	\$ 2,924,119	\$ 2,310,296	\$ 2,442,116	16.7%

PUBLIC HOUSING DIVISION BUDGETS

The adopted budget for 2016-17 includes a 2% July and 1.5% January pay adjustment, as well as a 15.5% increase in health insurance costs. The increase in operating is due to the replacement of three roofs (\$307,000) and the creation of a Public Housing Master Plan (\$50,000).

Expenditures are expected to exceed revenues by \$257,000 for 2015-16, with the difference shown as appropriated fund balance on the previous page in order to present a balanced budget.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Central Maintenance						
Personnel	\$ 615,248	\$ 661,676	\$ 626,771	\$ 581,115	\$ 689,236	4.2%
Operating	650,237	735,450	906,938	696,695	736,671	0.2%
Capital	-	88,500	734,380	468,890	34,834	-60.6%
Total	\$ 1,265,485	\$ 1,485,626	\$ 2,268,089	\$ 1,746,700	\$ 1,460,741	-1.7%
Central Office Cost Center						
Personnel	\$ 403,949	\$ 449,187	\$ 479,007	\$ 404,732	\$ 476,381	6.1%
Operating	141,717	157,008	177,023	158,864	504,994	221.6%
Contribution to Reserve	334,736	-	-	-	-	N/A
Total	\$ 880,402	\$ 606,195	\$ 656,030	\$ 563,596	\$ 981,375	61.9%
2013 Flood Recovery						
Operating	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Capital	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Total Expenses	\$ 2,145,887	\$ 2,091,821	\$ 2,924,119	\$ 2,310,296	\$ 2,442,116	16.7%

PUBLIC HOUSING

KEY PERFORMANCE MEASURES

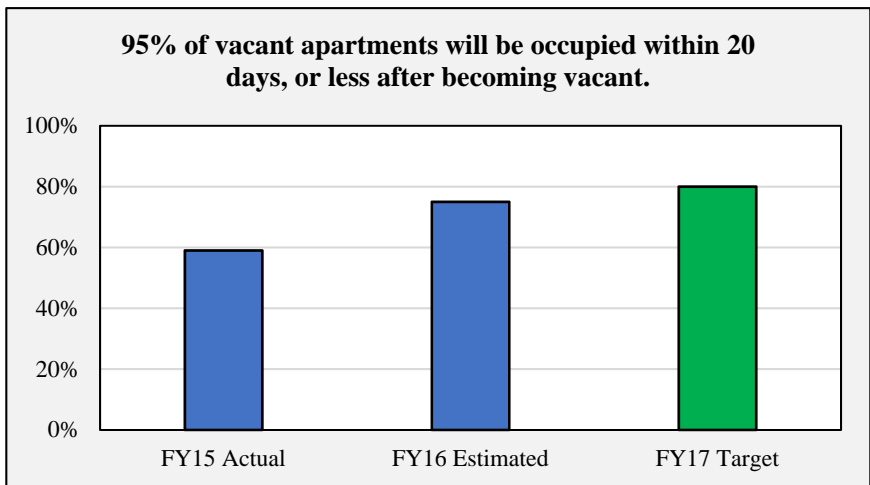


Create a Place for
Everyone

Department Program: Rental Housing for Low-Income Families

Goal: Prepare vacant apartments for occupancy

In fiscal year 2015-16, the Housing & Community Department did not achieve this goal. Approximately 75% of vacant apartments became occupied within 20 days or less.



COMMUNITY DEVELOPMENT PROJECT ORDINANCES
U.S. Department of Housing and Urban Development
Community Development Program
Summary of Activities

The Town became an "entitlement" Community Development city in 1984, which means that the Town is entitled to receive Community Development grant funds annually upon submission of a final statement. Community Development grants awarded by Housing and Urban Development are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as the grant awards are received.

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

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

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

CAPITAL PROGRAM

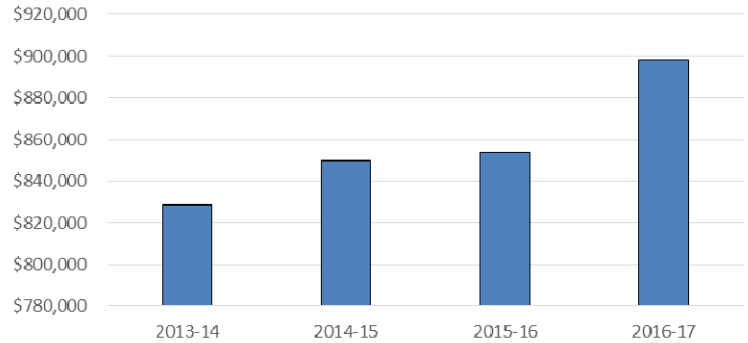
The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The program identifies capital needs, establishes priorities and identifies potential funding sources.

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 2016-17 are part of the 2016-17 annual budget. All other years are projected expenditures. Proposed funding levels will change in future years as capital programs are refined and the official Town budget is adopted for a given fiscal year.

**Capital Improvements Fund Budget
2013-14 to 2016-17**



CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Capital Improvements Program

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

2003 Bonds

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

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

2015 Bonds

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

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

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

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

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.

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

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

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

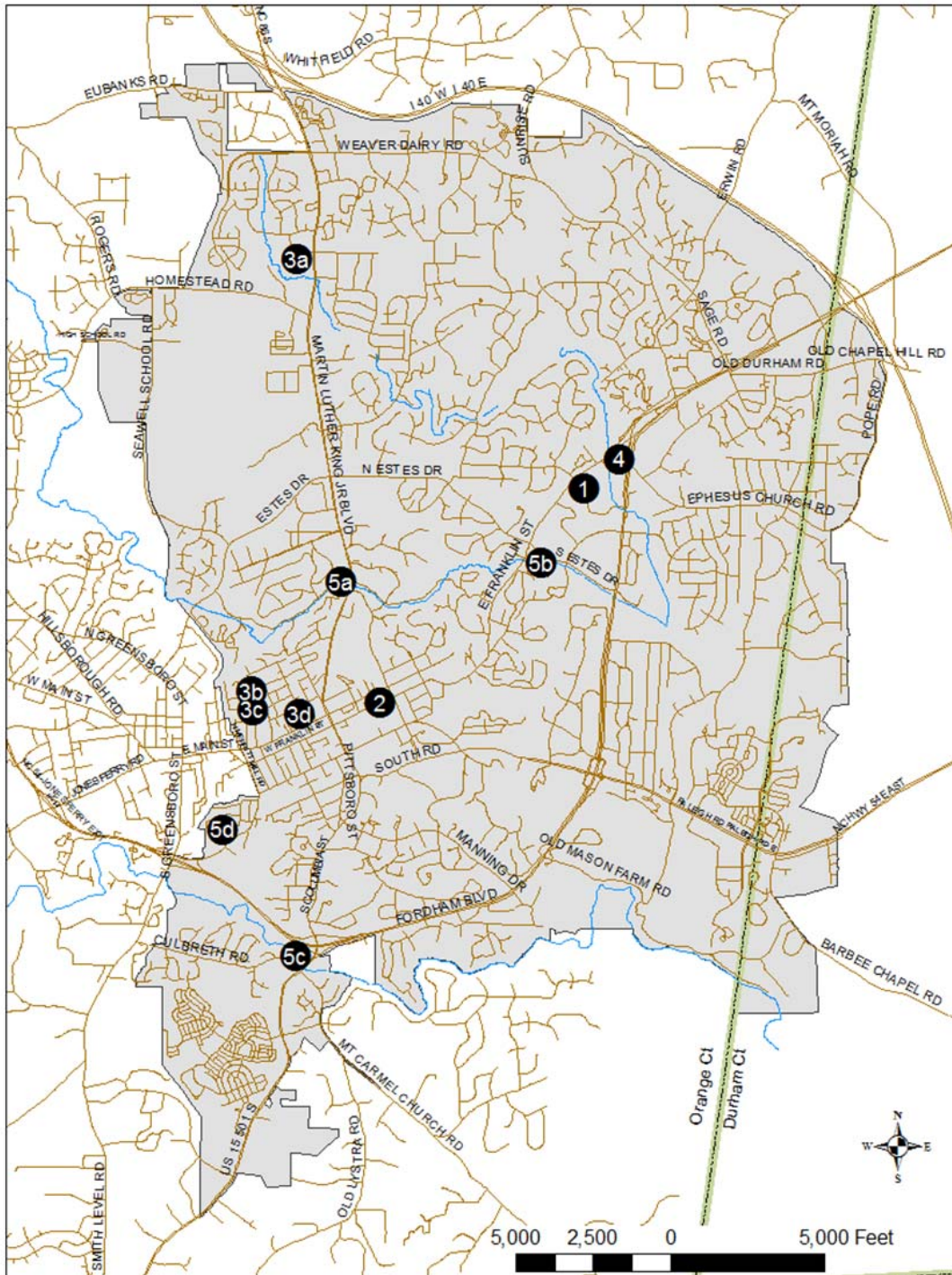
CAPITAL PROGRAM – KEY PROJECTS

This section highlights key projects included in the 2017-32 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 Ephesus Fordham improvements, roof repairs to the Wallace Deck, renovations to the roofs at several neighborhood apartments, culvert replacements at Booker Creek, and various trail expansions, replacement of playground equipment, and extending the Bolin Creek trail. Other capital projects include construction of sidewalk and bicycle facilities, new greenways, and cemetery beautification.

The Capital Program also emphasizes maintenance and renovation projects at Town facilities and Town-owned facilities leased by others, with the goal of addressing problems as they arise in order to avoid more costly repairs in the future.

CAPITAL PROGRAM – KEY PROJECTS



Location of Key Capital Projects

KEY

1. Ephesus Fordham Improvements; 2 Wallace Deck; 3a. Rainbow Heights; 3b. Craig Street Neighborhood; 3c. Gomains Street Neighborhood; 3d. Lindsey Street Neighborhood; 4. Booker Creek Watershed Improvements; 5a. Bolin Creek Trail; 5b. Tanyard Branch Trail; 5c. Morgan Creek Trail; 5d. Community Center Park

CAPITAL PROGRAM – KEY PROJECTS

1. Ephesus Fordham Improvements

The Town Council approved the Ephesus Church-Fordham Boulevard Small Area Plan and Traffic Analysis in 2011. The plan recommended the following Phase I Roadway Improvements:

- Ephesus Church-Fordham Boulevard Intersection Improvements
- Fordham Boulevard at Rams Plaza Access Improvements
- Fordham Boulevard at Super Street U-Turn Connection

Design for Phase I Roadway Improvements was completed in 2015. Construction began in April 2016 and is expected to be completed in October 2016. This project represents approximately \$2 million of infrastructure improvements that will improve traffic flow and bicycle and pedestrian safety in the Ephesus-Fordham area, which has the highest number of traffic accidents in Town. Construction costs will be reimbursed by the North Carolina Department of Transportation. Reimbursement is expected in Fall 2017.

The Ephesus Church-Fordham Boulevard Small Area Plan and Traffic Analysis also recommended future phases of improvements, including extending Elliott Road. Conceptual design is underway for Elliott Road and 25% plans are expected in Fall 2016.

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 FY16 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. In addition to maintenance and repairs, roofs will be replaced at Rainbow Heights, Craig, Gomains, and Lindsey Street neighborhoods.

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 3): The next phases of the Morgan Creek Trail are currently in the design phase. There are four separate sub-projects for design purposes. For construction these might be bid separately or bundled together. One project will extend the trail east from Merritt's Pasture, along Fordham Boulevard to Morgan Creek Road. Another project will extend the trail from the existing parking lot westward to Smith Level Road. We are also designing an expansion of the existing parking lot and a separate pedestrian bridge at Ashe Place. Design and permitting is underway and should be completed by the end of 2017.

Bolin Creek Trail (Phase 3): The Bolin Creek Trail (Phase 3) project includes an extension of the existing Bolin Creek Trail about .5 miles from Martin Luther King Jr. Boulevard west along Bolin Creek to Umstead Park. The project will involve underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction was started in June 2015 and is expected to be completed by late 2016 or early 2017.

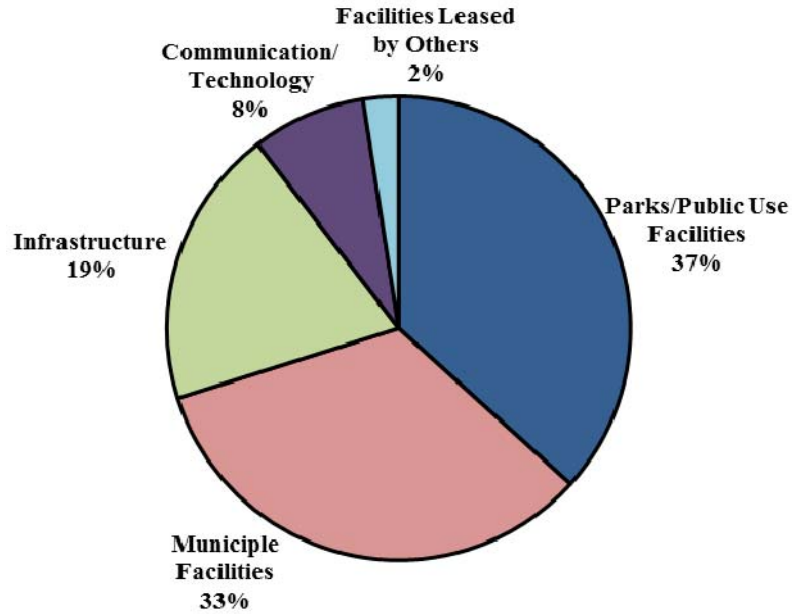
Tanyard Branch Trail (Phase 3): This project will provide a direct link from the downtown/Northside neighborhood to the Bolin Creek Trail. The trail will extend the existing trail near McMasters Street to Umstead Park, where it will merge with the Bolin Creek Trail. The project should start in 2017 and be completed sometime in 2018.

In FY10, the Town began process of replacing playground equipment in all Town parks that are in need of replacement or capital level repair due to aging and in order to comply with Americans with Disabilities Act and Consumer Product Safety Commission guidelines. The Town is now in year six of this process. In FY17, the Town will focus on Community Center Park. The goal of the playground replacement program is to provide safe, accessible facilities for the citizens of Chapel Hill.

CAPITAL IMPROVEMENTS FUND

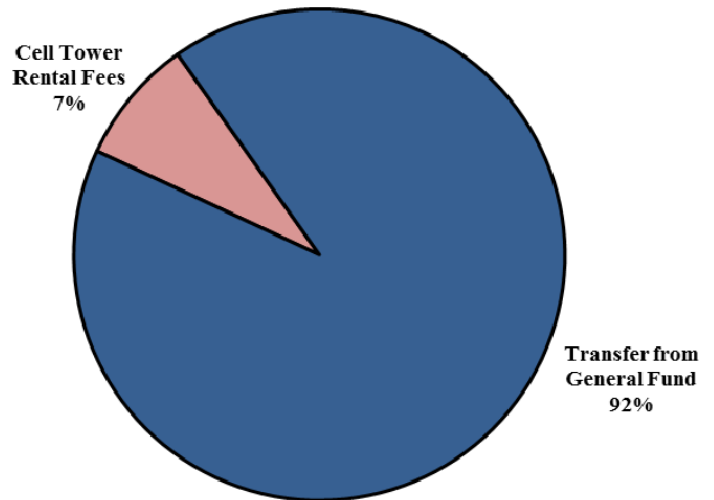
The Capital Improvements Fund generally accounts for purchases and construction that can be completed within a single year. Capital Improvements Fund (CIP) projects are prioritized as part of the Town's 15-year capital program.

Capital Improvements Fund Expenditures



Total \$898,434

Capital Improvements Fund Revenues



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2016-17 totals \$898,434 and includes projects to be completed in 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget
Municipal Facilities	\$ 993,990	\$ 200,000	\$ 1,522,660	\$ 1,563,860	\$ 300,000
Public Safety	18,260	-	1,137,093	1,137,093	-
Facilities Leased by Others	5,829	14,856	64,385	64,385	22,260
Infrastructure	241,196	130,000	213,750	1,724,813	175,000
Communication/Technology	118,437	149,000	972,801	972,801	71,174
Parks/Public Use Facilities	345,166	360,000	983,080	913,080	330,000
Total	\$ 1,722,878	\$ 853,856	\$ 4,893,769	\$ 6,376,032	\$ 898,434

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget
Housing Rent Proceeds	\$ 12,918	\$ 14,856	\$ 14,856	\$ 21,619	\$ 22,260
Cell Tower Rental Fees	72,423	60,000	60,000	71,390	70,000
Grants	9,397	-	75,000	75,000	-
Interest on Investments	2,697	1,000	1,000	2,500	2,500
Revenue in Lieu	74,108	-	-	-	-
Insurance Claims	24,623	-	-	-	-
2016 Installment Financing	-	-	3,151,200	3,151,200	-
Transfer from General Fund	2,237,507	778,000	778,000	1,978,000	778,000
Appropriated Fund Balance	(710,795)	-	813,713	1,076,323	25,674
Total	\$ 1,722,878	\$ 853,856	\$ 4,893,769	\$ 6,376,032	\$ 898,434

CAPITAL IMPROVEMENTS FUND

DETAIL EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget
MUNICIPAL OPERATIONS FACILITIES					
Extraordinary Maintenance, Emergency Repairs	\$ 109,079	\$ 100,000	\$ 151,386	\$ 136,386	\$ 100,000
Town Hall Renovation	-	-	930,000	981,200	-
Town Hall Parking Lot	-	-	60,000	65,000	-
Town Hall Flood	856,687	-	90,218	90,218	-
Facility Condition Assessment	-	-	85,000	85,000	-
Small Capital Improvements	28,224	100,000	100,000	100,000	100,000
Fire Extraordinary Maintenance	-	-	-	-	100,000
Subtotal	\$ 993,990	\$ 200,000	\$ 1,416,604	\$ 1,457,804	\$ 300,000
PUBLIC SAFETY					
Fire Truck	\$ 18,260	\$ -	\$ 637,093	\$ 637,093	\$ -
Hamilton Rd. Fire Station	-	-	500,000	500,000	-
Subtotal	\$ 18,260	\$ -	\$ 1,137,093	\$ 1,137,093	\$ -
TOWN FACILITIES LEASED BY OTHERS					
Housing Maintenance	\$ 5,829	\$ 14,856	\$ 64,385	\$ 64,385	\$ 22,260
Subtotal	\$ 5,829	\$ 14,856	\$ 64,385	\$ 64,385	\$ 22,260
INFRASTRUCTURE					
Variable Message Sign System	\$ -	\$ -	\$ 93,750	\$ 93,750	\$ -
Ephesus Ch./Fordham Engineering	194,170	-	-	-	-
Path, Trail and Lot Maintenance	34,627	50,000	10,000	50,000	50,000
Traffic Calming/Bike & Ped.	-	50,000	50,000	50,000	75,000
Curbs / ADA	12,399	30,000	60,000	30,000	50,000
Subtotal	\$ 241,196	\$ 130,000	\$ 213,750	\$ 223,750	\$ 175,000

CAPITAL IMPROVEMENTS FUND

DETAIL EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget
COMMUNICATIONS AND TECHNOLOGY					
Document Management	\$ 62,136	\$ -	\$ 102,498	\$ 102,498	\$ -
General Technology	-	-	54,000	54,000	71,174
Fiber Optic Network	-	-	623,503	623,503	-
Fire House Mobile & GIS System for Response Units	48,976	-	-	-	-
In-Car Police Cameras	6,200	-	-	-	-
Police Technology Upgrades	1,125	-	43,800	43,800	-
Fire Radios	-	149,000	149,000	149,000	-
Subtotal	\$ 118,437	\$ 149,000	\$ 972,801	\$ 972,801	\$ 71,174
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	\$ 97,017	\$ 80,000	\$ 217,780	\$ 217,780	\$ 80,000
Community Center Pool	50,000	-	-	-	-
Bolin Creek Trail	-	-	243,856	243,856	-
Playground Replacement	33,802	100,000	155,147	155,147	100,000
Accessible Playground	11,862	-	38,139	38,139	-
Cemetery Beautification	18,374	20,000	136,203	66,203	-
Small Park Improvements	134,111	100,000	131,955	131,955	150,000
Meadowmont Dam	-	30,000	60,000	60,000	-
Homestead Rd. Dam	-	30,000	-	-	-
Mobile Stage	-	-	-	-	-
Subtotal	\$ 345,166	\$ 360,000	\$ 983,080	\$ 913,080	\$ 330,000
TRANSFER TO OTHER FUNDS AND FINANCING COSTS					
2016 Installment Financing (Ephesus Fordham, Town Hall, Other)	-	-	2,200,000	-	-
Wallace Parking Deck	-	-	106,056	106,056	-
Streets & Sidewalks	-	-	892,100	-	-
Issuing Cost for Financing	-	-	51,200	-	-
Subtotal	\$ -	\$ -	\$ 3,249,356	\$ 106,056	\$ -
TOTALS	\$ 1,722,878	\$ 853,856	\$ 8,037,069	\$ 4,874,969	\$ 898,434

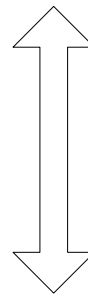
PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

This section provides descriptions of capital projects funded in the 2016-17 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.

Explanation: Operating Budget Impact

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.



High: More than \$25,000 a year
Moderate: \$5,000 to \$25,000 a year
Low: \$1,000 to \$5,000 a year
Very Low: Less than \$1,000 a year
No Impact: No impact on operating budget



Positive: Project will save operating budget funds.

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Illustration: Tips for Reading Project Descriptions

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

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	Capital Improvements Fund

Summary of 2015-16 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 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</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 #38
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually): Renovations will reduce need to make repairs using operating budget funds.

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$521,212	\$521,212	\$521,212	\$521,212	\$521,212	\$2,606,060	\$7,818,180	Community Development Block Grant Program

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Wallace Parking Facility

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

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

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$633,000) budgeted in multi-year fund in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Limited Obligation Bonds

Hargraves Roof Replacement

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

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

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$290,000) budgeted in multi-year fund in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Multi-year Capital Project Ordinance

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Town Hall HVAC Improvements

Funding will upgrade and improve the existing HVAC system at Town Hall. This project will include engineering review of existing system and controls, add new zones to improve occupant comfort, add new sensors to improve safety and monitor air quality, and upgrade existing equipment to improve comfort levels in the building.

Table and Ref #: Table 2, Ref #53
Location: Town Hall
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$290,000) budgeted in multi-year fund in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Multi-year Capital Project Ordinance

Town Hall Emergency Generator

Funding will purchase a new emergency generator that will enable emergency power at Town Hall. A new generator will allow all of Town Hall to be able to operate during inclement weather or power-outage.

Table and Ref #: Table 2, Ref #52
Location: Town Hall
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$690,000) budgeted in multi-year fund in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Multi-year Capital Project Ordinance

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

PUBLIC SAFETY

Fire Self-Contained Breathing Apparatus

Funding will provide new self-contained breathing apparatus (SCBA) equipment for the Fire Department. The new equipment will provide breathable air in an “Immediately Dangerous to Life or Health” atmosphere.

Table and Ref #: Table 1, Ref #56
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$530,000) budgeted in multi-year fund in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Multi-Year Capital Project Ordinance

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 #12
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 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$750,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Curb Repairs: ADA Compliance

The Town is retrofitting curb ramps by installing truncated domes that alert pedestrians with vision impairments of their approach into a street. The inclusion of funds in the Town’s annual CIP confirms our commitment to meeting ADA requirements as presently interpreted to include truncated domes. We also believe that this plan satisfies legislative intent.

Table and Ref #: Table 1, Ref #14
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$750,000	Capital Improvements Fund

Traffic Calming/Bike & Pedestrian

Funding will install emergency generator switches per NCDOT specifications at 50 of the 131 signalized locations in Chapel Hill, Carrboro, and a few in Durham.

Table and Ref #: Table 2, Ref #13
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$75,000	-	-	-	-	\$75,000	\$75,000	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 #57
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$75,000	\$100,000	\$100,000	\$100,000	\$100,000	\$475,000	\$1,000,000	Stormwater Management Fund

Rogers Road Design & Engineering

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

Table and Ref #: Table 2, Ref #71
Location: Rogers Road-Eubanks Road Neighborhood
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$1,058,000) budgeted in NCDOT Direct Allocation Grant in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Multi-Year Capital Project Ordinance

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Friday Center Drive Bike & Pedestrian Improvements

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

Table and Ref #: Table 2, Ref #69
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$665,000) budgeted in multi-year fund in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Multi-year Capital Project Ordinance

Estes Drive Bike and Pedestrian Improvements

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

Table and Ref #: Table 2, Ref #70
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year (\$2,068,400) budgeted in NCDOT Direct Allocation Grant in FY 2015-16</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	NCDOT Direct Allocation Grant

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

COMMUNICATIONS AND TECHNOLOGY

General Technology

Implementing a Town-wide email archive solution system that will save disk space on the email server while also ensuring email integrity and providing ease of retrieval for information requests by storing email messages on one location.

Table and Ref #: Table 1, Ref #20
Location: Technology Solutions
Operating Budget Impact: No Impact

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$71,174	-	-	-	-	\$71,174	\$71,174	Capital Improvements Fund

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 #25
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 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$750,000	\$2,225,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 #26
Location: Various Sites
Operating Budget Impact: Positive (Hundreds to thousands annually):
 Projects will reduce need to use operating budget funds for greenway repairs.

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$400,000	\$1,200,000	Capital Improvements Fund

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 Community Center Park in FY17.

Table and Ref #: Table 1, Ref #33
Location: Various locations
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2016-17 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Bolin Creek Trail

The Bolin Creek Trail (Phase 3) project includes an extension of the existing Bolin Creek Trail about .5 miles from Martin Luther King Jr. Boulevard west along Bolin Creek to Umstead Park. The project will involve underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction was started in June 2015 and is expected to be completed by late 2016 or early 2017.

Table and Ref #: Table 3, Ref #85
Location: Bolin Creek
Operating Budget Impact: No Impact

Adopted 2016-17 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>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	2010 Bond Issue

Morgan Creek Trail

The next phases of the Morgan Creek Trail are currently in the design phase. There are four separate sub-projects for design purposes. For construction these might be bid separately or bundled together. One project will extend the trail east from Merritt's Pasture, along Fordham Boulevard to Morgan Creek Road. Another project will extend the trail from the existing parking lot westward to Smith Level Road. We are also designing an expansion of the existing parking lot and a separate pedestrian bridge at Ashe Place. Design and permitting is underway and should be completed by the end of 2017.

Table and Ref #: Table 3, Ref #87
Location: Morgan Creek
Operating Budget Impact: No Impact

Adopted 2016-17 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>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	2010 Bond Issue

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 #90
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2016-17 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>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Through 2020-21</i>	<i>Through 2030-31</i>	
-	-	-	-	-	-	-	Two-thirds Bonds (2012)

CAPITAL PROGRAM TABLES – INTRODUCTION

The Capital Improvements Program contains tables that outline the adopted budget for CIP projects in fiscal year 2016-17 and projected expenditures in future fiscal years for all funds, from 2016-17 through 2030-31. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include adopted projects for 2016-17 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	2015-16 Budget Revised	2016-17 Adopted Budget	2017-18
Municipal Operations Facilities				
1	Extraordinary Maintenance	\$ 151,386	\$ 100,000	\$ 100,000
2	Town Hall Renovation	930,000	-	-
3	Town Hall Flood	90,218	-	-
4	Small Capital Improvements	100,000	100,000	100,000
5	Facility Condition Assessment	85,000	-	-
6	Town Hall Parking Deck Maintenance	60,000	-	-
7	Fire Extraordinary Maintenance	-	100,000	-
8	Public Safety			
9	Fire Truck	637,093	-	-
10	Hamilton Road Fire Station	500,000	-	-
Town Facilities Leased by Others				
11	Housing Maintenance	64,385	22,260	-
Infrastructure				
12	Parking Lots/Paths/Trails	10,000	50,000	50,000
13	Neighborhood Traffic Calming, Pedestrian & Bicycle Improvements	50,000	75,000	-
14	Curb Cut Improvements (ADA)	60,000	50,000	50,000
15	Variable Message Sign System	93,750	-	-
16	Ephesus Church/Fordham Engineering	-	-	-
Communications				
17	Fire Radios	149,000	-	-
18	Fiber Optic Network	623,503	-	-
19	Police Technology Upgrades	43,800	-	-
20	General Technology	54,000	71,174	-
21	Wi-Fi Installation	-	-	164,030
22	PC Imaging	-	-	131,245
23	Document Management	102,498	-	-
Parks and Other Public Use Facilities				
24	Cemetery Beautification	136,203	-	-
25	Small Parks Improvements	131,955	150,000	150,000
26	Greenways	217,780	80,000	80,000
27	Meadowmont Dam	60,000	-	-
28	Community Center Pool	-	-	-
29	Bolin Creek Trail	243,856	-	-
30	Property Line Marking	-	-	53,000
31	Accessible Playground	38,139	-	-
32	Town Hall Security Improvements	-	-	75,000
33	Playgrounds	155,147	100,000	100,000
Transfer to Other Funds and Financing Costs				
34	2016 Installment Financing (Ephesus Fordham, Town Hall, Other)	2,200,000	-	-
35	2015 Bonds - Street and Sidewalks Projects	892,100	-	-
36	2012 LOBS - Wallace Deck	106,056	-	-
37	Issuing Cost for Financing	51,200	-	-
	Total	\$ 8,037,069	\$ 898,434	\$ 1,053,275

*Future years after FY2016-17 are for planning purposes only.

2018-19	2019-20	2020-21	2021-31	Reference #
\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000	1
-	-	-	-	2
-	-	-	-	3
100,000	100,000	100,000	1,000,000	4
-	-	-	-	5
-	-	-	-	6
-	-	-	-	7
				8
-	-	-	-	9
-	-	-	-	10
-	-	-	-	11
50,000	50,000	50,000	500,000	12
-	-	-	-	13
50,000	50,000	50,000	500,000	14
-	-	-	-	15
-	-	-	-	16
-	-	-	-	17
-	-	-	-	18
-	-	-	-	19
-	-	-	-	20
9,548	9,835	10,130	-	21
22,579	23,256	23,954	-	22
-	-	-	-	23
-	-	-	-	24
150,000	150,000	150,000	1,500,000	25
80,000	80,000	80,000	800,000	26
-	-	-	-	27
-	-	-	-	28
-	-	-	-	29
54,000	55,000	57,000		30
-	-	-	-	31
-	-	-	-	32
100,000	100,000	100,000	1,000,000	33
-	-	-	-	34
				35
				36
-	-	-	-	37
\$ 716,127	\$ 718,091	\$ 721,084	\$ 6,300,000	

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

Reference #	Project	Revised Budget 2015-16	Adopted 2016-17	2017-18
	Municipal Operations Facilities			
38	Comprehensive Public Housing Renovations	\$ -	\$ 521,212	\$ 521,212
39	Comprehensive Public Housing Renovations	454,460	-	-
40	Comprehensive Public Housing Renovations	449,057	-	-
41	Comprehensive Public Housing Renovations	311,972	-	-
42	Fire Station 1 Replacement	-	-	-
43	Fire Station 3 Replacement	-	-	-
44	Fire Station 4 Replacement	-	-	-
45	100 West Rosemary Renovation	-	-	445,000
46	Public Safety Headquarters	-	-	908,692
47	Parks & Recreation Facility	-	-	242,000
48	Fire Training Center Replacement	-	-	-
49	Solid Waste Transfer Station	-	-	75,000
50	Wallace Parking Facility	633,376	-	-
51	Multi-Agency Complex Project	1,692,474	-	-
52	Town Hall Emergency Generator	690,000	-	-
53	Town Hall HVAC Improvements	290,000	-	-
54	Hargraves Roof Replacement	290,000	-	-
55	Energy Efficiency Projects	530,000	-	-
	Public Safety			
56	Fire Self-Contained Breathing Apparatus	530,000	-	-
	Infrastructure			
57	Stormwater Projects	75,000	75,000	100,000
58	Small/Medium Drainage Maintenance and Improvement	-	-	-
59	Infrastructure Capital Improvement Program	-	-	-
60	Water Quality Capital Improvement Program	-	-	-
61	South Elliot Road Culvert Replacement	935,246	-	-
62	Booker Creek Road Culvert Replacement	300,000	-	-
63	Subwatershed Modeling	600,000	300,000	-
64	Friday Center Drive Reconstruction	100,000	-	-
65	Replace gate and ticket equipment - Wallace Deck	66,497	-	-
66	AVI Reader System - Wallace Deck	35,322	-	-
67	Parking Lot Construction	35,000	-	-
68	Ridge Road Reconstruction	250,000	-	-
69	Friday Center Drive Bike & Ped Improvements [‡]	665,000	-	-
70	Estes Drive Bike & Ped Improvements [‡]	2,068,400	-	-
71	Rogers Road Design and Engineering	1,058,000	-	-
72	Traffic Signal Improvement	352,975	-	-
73	Ephesus Fordham Improvements	4,855,800	-	-
	Parks and Other Public Use Facilities			
74	Meadowmont Bridge	229,238	-	-
75	Morgan Creek Trail Phase 3	380,000	-	-
76	Bolin Creek Trail	1,163,306	-	-
	TOTAL	\$ 19,041,123	\$ 896,212	\$ 2,291,904

Note: Future years after FY2016-17 are for planning purposes only.

*In addition to the funding shown on this table, these projects are also funded by Streets & Sidewalks Bonds.

2018-19	2019-20	2020-21	2021-31	Fund Source	Reference #
\$ 521,212	\$ 521,212	\$ 521,212	\$ 5,212,120	HUD Grant	38
-	-	-	-	HUD Grant	39
-	-	-	-	HUD Grant	40
-	-	-	-	HUD Grant	41
200,000	2,452,250	-	-	Future Bond Issuance	42
-	200,000	3,515,000	-	Future Bond Issuance	43
-	-	200,000	2,452,250	Future Bond Issuance	44
2,955,000	-	-	-	Future Bond Issuance	45
8,480,751	8,410,557	-	-	Future Bond Issuance	46
3,272,000	3,486,000	-	-	Future Bond Issuance	47
-	-	-	2,680,500	Future Bond Issuance	48
425,000	2,700,000	2,000,000	-	Future Bond Issuance	49
-	-	-	-	Limited Obligation Bonds	50
-	-	-	-	Multi-year Capital Project Ord.	51
-	-	-	-	2015 Installment Financing	52
-	-	-	-	2015 Installment Financing	53
-	-	-	-	2015 Installment Financing	54
-	-	-	-	2015 Installment Financing	55
-	-	-	-	2015 Installment Financing	56
100,000	100,000	100,000	1,000,000	Stormwater Management Funds	57
-	-	-	1,000,000	Stormwater Management Funds	58
-	-	-	5,500,000	Stormwater Management Funds	59
-	-	-	5,500,000	Stormwater Management Funds	60
-	-	-	-	Stormwater Management Funds	61
-	-	-	-	Stormwater Management Funds	62
-	-	-	-	Stormwater Management Funds	63
-	-	-	-	UNC Contribution	64
-	-	-	-	Parking Revenue	65
-	-	-	-	Parking Revenue	66
-	-	-	-	Parking Revenue	67
-	-	-	-	UNC Contribution	68
-	-	-	-	Multi-year Capital Project Ord.	69
-	-	-	-	NCDOT Direct Allocation Grant	70
-	-	-	-	Multi-year Capital Project Ord.	71
-	-	-	-	NCDOT Direct Allocation Grant	72
-	-	-	-	2016 Installment Financing	73
-	-	-	-	Multi-year Capital Project Ord.	74
-	-	-	-	Future 2015 Bond Issuance	75
-	-	-	-	Future 2015 Bond Issuance	76
\$ 15,953,963	\$ 17,870,019	\$ 6,336,212	\$ 23,344,870		

Table 3: Issued Bond Projects

Reference #	Council Priority	Project Name	Category	2004 Bond Sale (\$4,000,000)	
				2004-05	2005-06
Municipal Operations Facilities					
77	2	Energy Efficiency Projects	Public Buildings	\$ 392,600	\$ -
78	2	Sustainable Community Project - Local Match	Public Buildings	17,400	-
79	7	Energy Management System: Town Hall HVAC	Public Buildings	-	90,000
Infrastructure					
80	2	Downtown Improvements - Streetscape	Sidewalks & Streets	500,000	-
81	2	Neighborhood Traffic Calming, Pedestrian, and Bicycle Improvements	Sidewalks & Streets	50,000	250,000
82	2	Pedestrian Amenities at Town Owned Traffic Signals	Sidewalks & Streets	20,000	80,000
83	2	Streets and Bridges	Sidewalks & Streets	-	-
84	2	Sidewalks and Bicycle Facilities	Sidewalks & Streets	600,000	-
Parks and Other Public Use Facilities					
85	2	Bolin Creek Trail	Parks/Recreational Facilities	100,000	-
86	2	Dry Creek Trail	Parks/Recreational Facilities	125,000	-
87	2	Morgan Creek Trail	2003 Bond	75,000	-
88	2	Open Space Acquisition	Open Space and Areas	1,200,000	-
89	2	Upper Booker Creek Trail	2003 Bond	-	-
90	2	Parks Facilities	Parks/Recreational	-	-
91	2	Library Expansion	Library Facilities	500,000	-
TOTAL				\$ 3,580,000	\$ 420,000

COLUMN DESCRIPTION KEY

Council Priority

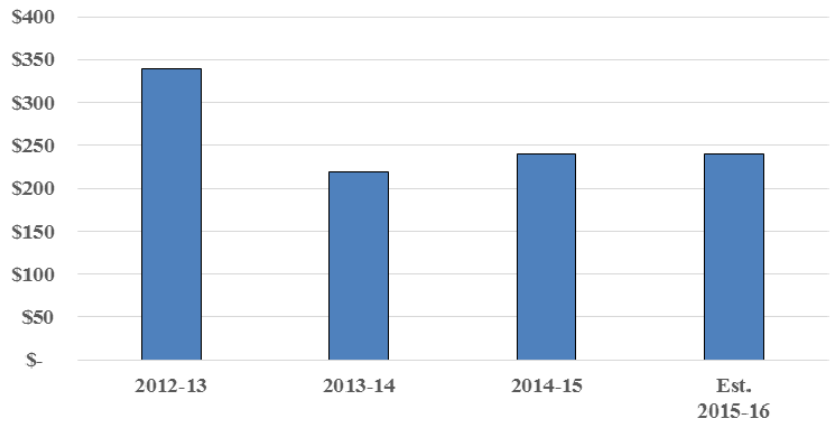
- 1 - Council Authorized Contracts
- 2 - Projects that have a Council mandate
- 3 - Projects that we have a legal requirement to perform or complete
- 4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
- 5 - Projects involving public 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	77
-	-	-	-	-	-	-	\$ 17,400	78
-	-	-	-	-	-	-	\$ 90,000	79
1,000,000	-	-	-	64,000	-	-	\$ 1,564,000	80
-	-	-	-	225,000	-	-	\$ 525,000	81
50,000	-	-	-	100,000	-	-	\$ 250,000	82
-	-	-	-	661,000	-	1,000,000	\$ 1,661,000	83
600,000	-	-	-	1,442,042	-	-	\$ 2,642,042	84
-	-	-	-	2,245,889	-	-	\$ 2,345,889	85
16,000	-	-	-	150,540	-	-	\$ 291,540	86
968,000	-	-	-	1,212,455	-	-	\$ 2,255,455	87
800,000	-	-	-	-	-	-	\$ 2,000,000	88
16,000	-	-	-	154,608	-	-	\$ 170,608	89
-	-	-	-	-	-	700,000	\$ 700,000	90
1,500,000	-	-	-	14,504,703	-	-	\$ 16,504,703	91
\$ 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 Interest Income



CAPITAL RESERVE FUND BUDGET SUMMARY

No appropriations are planned for the Capital Reserve Fund for 2016-17, which had a fund balance of \$214,996 at June 30, 2015.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Reserved for CIP	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Transfer to Capital						
Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Interest on Investments	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	0.0%
Transfer from Transportation	-	-	-	-	-	N/A
Appropriated						
Fund Balance	-	(240)	(240)	(240)	(240)	N/A
Total	\$ 240	\$ -	\$ -	\$ -	\$ -	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, 2016 are shown in the table at the right.

Major Capital Bond Projects	Budget	Expenditures as of June 30, 2016
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	2,925,000	2,925,000
Public Works Facilities	500,000	500,000
Subtotal	\$ 13,425,000	\$ 13,425,000
2003 Bond Projects		
Public Buildings	\$ 500,000	\$ 500,000
Streets and Sidewalks	5,600,000	5,145,000
Library Expansion	16,260,000	16,260,000
Open Space	2,000,000	2,000,000
Parks and Recreation	5,000,000	5,000,000
Subtotal	\$ 29,360,000	\$ 28,905,000
2012 LOBS Projects		
Lot 5 Project	\$ 5,963,000	\$ 5,770,000
Parking Projects	643,000	182,000
TOC Projects	202,000	46,000
Subtotal	\$ 6,808,000	\$ 5,998,000
2012 Two-Thirds Projects		
Street Resurfacing	\$ 982,000	\$ 982,000
Bolinwood Drive Bridge	17,000	17,000
Cedar Falls Park Building	227,000	227,000
Umstead Playground	7,000	7,000
Tennis Court Reconstruction	229,000	229,000
Southern Comm Park Lighting	106,000	106,000
Cedar Falls Artificial Turf	246,000	246,000
Inclusive Playground	7,000	-
Subtotal	\$ 1,821,000	\$ 1,814,000
TOTAL	\$ 51,414,000	\$ 50,142,000

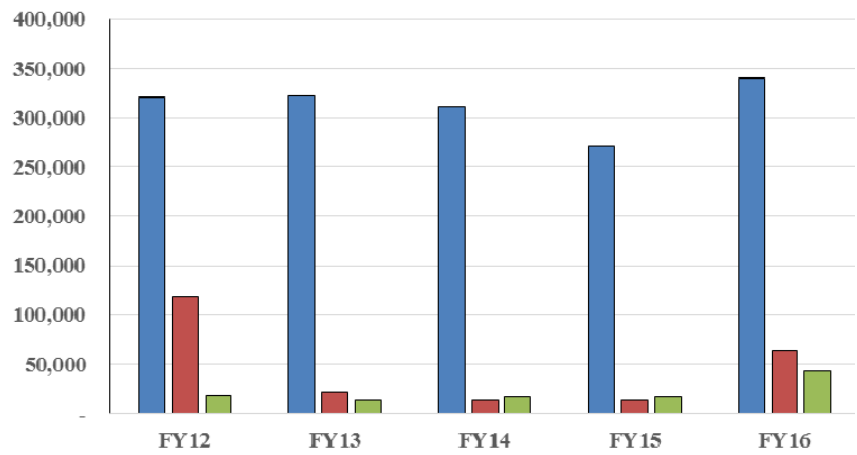
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GRANTS FUND

The Grants Fund was established to account for miscellaneous small grants that would otherwise be accounted for in the General Fund.

Grant Revenue Sources FY12-FY16



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. Grants for 2016-17 consist of three Planning grants that provide personnel and operating funding for transportation planning.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Police Grants	\$ 43,622	\$ -	\$ 243,440	\$ 179,353	\$ -	N/A
Fire Grants	-	-	-	-	-	N/A
Planning Grants	281,400	347,850	479,850	479,850	358,145	3.0%
Transit	-	-	-	-	-	N/A
Library	30,500	-	-	-	-	N/A
Total	\$ 355,522	\$ 347,850	\$ 723,290	\$ 659,203	\$ 358,145	3.0%

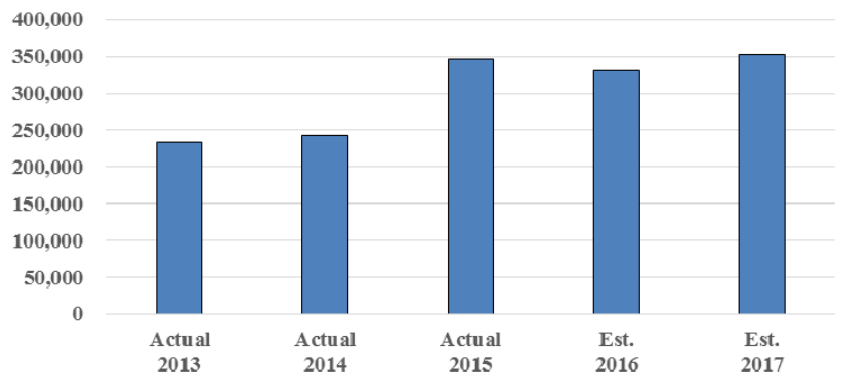
REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Grants	\$ 302,605	\$ 275,802	\$ 494,946	\$ 521,693	\$ 282,513	2.4%
Transfer from General Fund	83,862	72,048	127,815	111,981	75,632	5.0%
Transfer from Transit	-	-	-	-	-	N/A
Appropriated Fund Balance	(30,945)	-	100,529	25,529	-	N/A
Total	\$ 355,522	\$ 347,850	\$ 723,290	\$ 659,203	\$ 358,145	3.0%

DOWNTOWN SERVICE DISTRICT FUND

The Downtown Service District Fund accounts for the programs and capital improvements for the downtown service district established by the Town Council.

Downtown Service District Expenditures



DOWNTOWN SERVICE DISTRICT FUND

Major Revenue Sources – Descriptions and Estimates

The revenue source for the Downtown Service District is the special district property tax on the assessed value of \$394,991,000. The tax rate of 7.1 cents is unchanged from FY 2015-16, and is expected to yield a total of about \$280,000 in FY 2016-17. This represents an increase of \$8,000 from the current year, due to the increase in value from new development in the downtown area.

FY17 continues 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 \$120,000 in continued funding for services related to the downtown service district. These services include efforts to bring the resources of the Town, University and downtown community together to maintain, enhance and promote downtown as the social, cultural and spiritual center of Chapel Hill through economic development.

The budget for 2016-17 continues funding for a groundskeeper (\$52,655) dedicated to the downtown area. The 2016-17 budget also includes the addition of about \$62,500 for dues at 140 West, maintenance and utilities for the public art at the 140 West Public Plaza (\$9,000), public unit expenditures (\$38,500) 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 2016-17 provides for continued funding of the groundskeeper position dedicated to the downtown area (including a 2% of market rate salary adjustment, effective July 1 and a 1.5% market rate salary adjustment effective January 1, and an 15.5% rate increase in medical insurance). The adopted budget continues an allocaton of about \$120,000 for services related to the district, and includes expenses related to the "Launch" initiative (\$70,000) along with condo dues at 140 West (\$62,500), maintenance and utilities for the public art (\$9,000) and public unit expenses (\$38,500).

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 48,737	\$ 53,528	\$ 53,528	\$ 35,403	\$ 52,573	-1.8%
Contracted Services	227,324	225,000	225,000	225,000	230,000	2.2%
Grants/Deferred Loans	70,000	70,000	70,000	70,000	70,000	0.0%
Total	\$ 346,061	\$ 348,528	\$ 348,528	\$ 330,403	\$ 352,573	1.2%

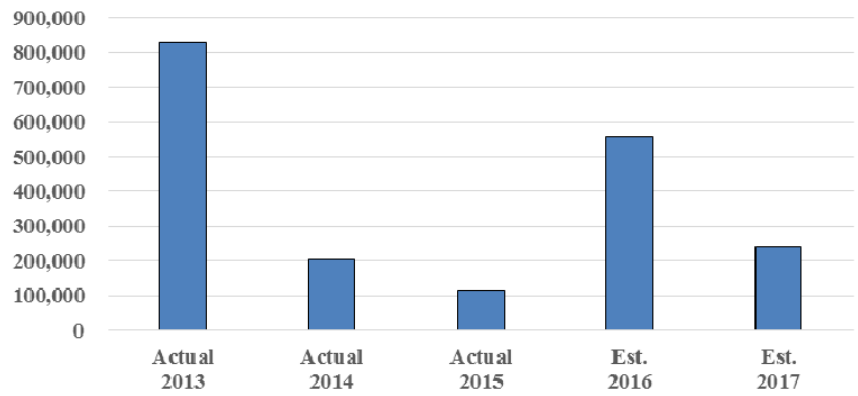
REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Property Taxes	\$ 277,264	\$ 272,000	\$ 272,000	\$ 280,750	\$ 281,000	3.3%
Interest Income	42	-	-	50	-	0.0%
Gifts and Donations	80,000	40,000	40,000	40,000	40,000	0.0%
Interest on Receivable	1,166	1,291	1,291	1,123	833	0.0%
Appropriated Fund Balance	(12,411)	35,237	35,237	8,480	30,740	-12.8%
Total	\$ 346,061	\$ 348,528	\$ 348,528	\$ 330,403	\$ 352,573	1.2%

LIBRARY GIFT FUND

The Library Gift Fund accounts for private contributions to the Town's library.

Library Gift Fund Donations and Interest Earnings



LIBRARY GIFT FUND

BUDGET SUMMARY

The adopted budget for the Library Gift Fund for 2016-17 reflects a decrease in expected donations mainly due to the one-time 2015-16 Automated Materials Handling Project (\$300,000). Gifts for 2016-17 include donations (\$87,000) from the Friends of the Library, miscellaneous donations (\$59,969), and a grant of \$99,997 for a Pop-Up Library Truck which will be used for off-set events and promotions. 2016-17 expenses include additions to the collection, computers, software and other miscellaneous expenses. The Library Gift Fund continues to budget a transfer to the General Fund to support Library operations, at an amount of \$45,000 for 2016-17.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Computers/Database	\$ 10,782	\$ 10,000	\$ 5,244	\$ 11,958	\$ -	-100.0%
Furniture/Reopening	20,947	1,500	5,500	7,000	16,000	966.7%
Collection Purchases	14,959	18,200	21,596	21,596	22,500	23.6%
Other	24,211	156,419	201,453	193,239	44,609	-71.5%
Automated Handling	-	300,000	279,565	279,565	-	-100.0%
Pop-Up Library	-	-	-	-	111,997	
Contribution to Reserve	-	-	-	-	-	N/A
Transfer to General Fund	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 115,899	\$ 531,119	\$ 558,358	\$ 558,358	\$ 240,106	-54.8%

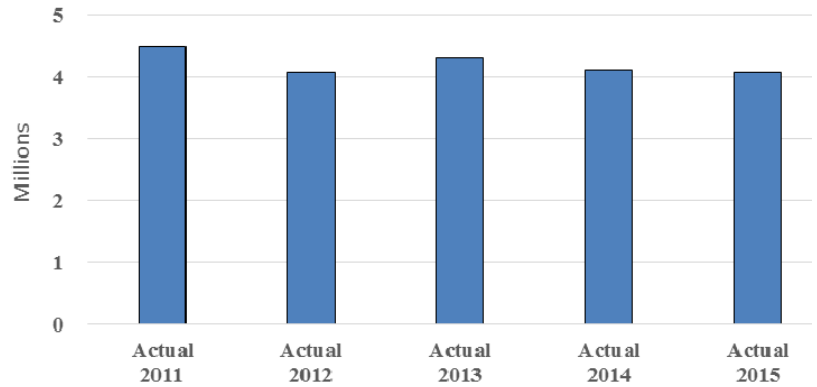
REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Interest Income	\$ 315	\$ -	\$ -	\$ 52	\$ -	N/A
Foundation Donations	20,046	200,000	200,000	200,000	-	-100.0%
Friends' Donations	45,000	71,150	71,150	72,150	87,000	22.3%
Grants	-	100,000	100,000	100,000	96,997	
Misc Donations	45,608	59,969	59,969	59,240	56,109	-6.4%
Appropriated Fund Balance	4,930	100,000	127,239	126,916	-	-100.0%
Total	\$ 115,899	\$ 531,119	\$ 558,358	\$ 558,358	\$ 240,106	-54.8%

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 - Equipment
(net of depreciation)**



VEHICLE REPLACEMENT FUND BUDGET SUMMARY

The adopted budget for 2016-17 for the Vehicle Replacement Fund includes a list of the most critical capital equipment needs pending a comprehensive review of the Town's fixed assets. Included in the 2016-17 adopted budget is the replacement of two garbage trucks and six police cars. The Vehicle Replacement Fund is moving to a pay-as-you-go system. Beginning in 2014-15, vehicle purchases were bought outright rather than financed.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Lease Purchase Payments	\$ 906,833	\$ 906,833	\$ 906,833	\$ 906,833	\$ 906,833	0.0%
Other Expense	5,121	10,000	10,000	10,000	10,000	0.0%
Capital Equipment	1,175,346	1,307,000	1,512,095	1,512,095	1,371,800	5.0%
Contribution to Reserve	-	-	-	-	-	N/A
Total	\$ 2,087,300	\$ 2,223,833	\$ 2,428,928	\$ 2,428,928	\$ 2,288,633	2.9%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Vehicle Use Fees	\$ 1,456,500	\$ 1,473,000	\$ 1,473,000	\$ 1,473,000	\$ 1,158,666	-21.3%
Interest Income	5,196	2,000	2,000	2,000	2,000	0.0%
Sale of Fixed Assets	39,822	50,000	50,000	50,000	50,000	0.0%
Financing Proceeds	-	-	-	-	-	N/A
Appropriated Fund Balance	585,782	698,833	903,928	903,928	1,077,967	54.3%
Total	\$ 2,087,300	\$ 2,223,833	\$ 2,428,928	\$ 2,428,928	\$ 2,288,633	2.9%

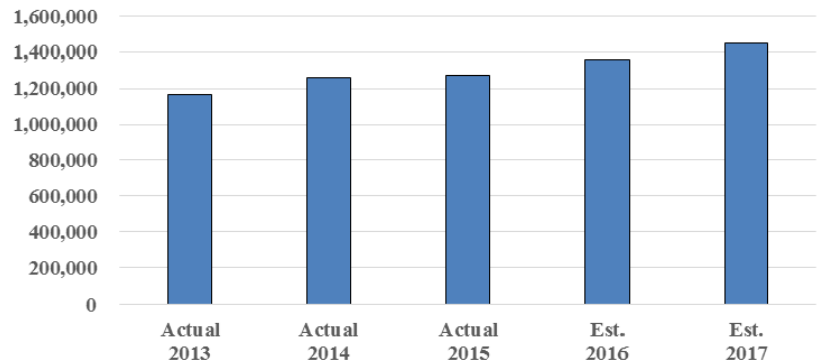
VEHICLE MAINTENANCE FUND

The Vehicle Maintenance Fund accounts for the repair and maintenance of all the Town's cars, trucks, and heavy equipment, excluding those used in public transit operations.

Vehicle maintenance is an internal service fund; its cost is charged out to other Town departments based on actual repairs.

The division is supervised by Public Works.

Vehicle Maintenance Fund Expenditures



VEHICLE MAINTENANCE

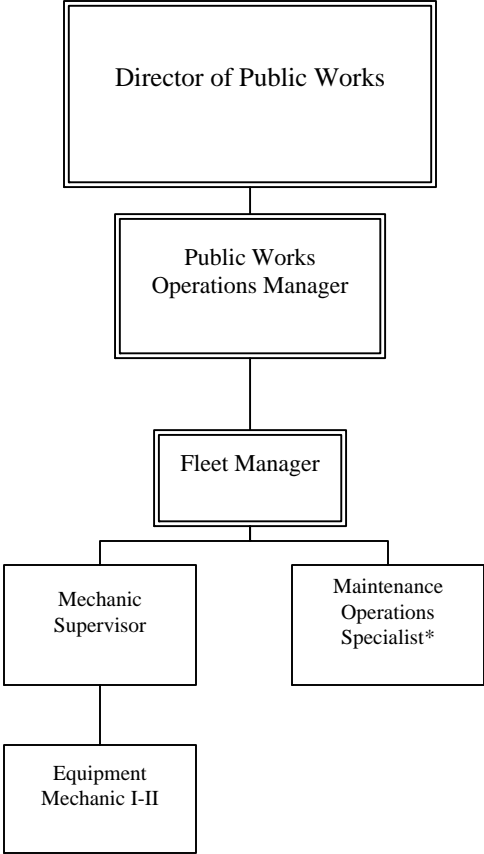
MISSION STATEMENT:

The overall mission of the Fleet Maintenance Fund is to ensure safe, reliable fleet and equipment essential for provision of public services, with an emphasis on sustainability, efficiency and effectiveness.

Summary of services provided in support of department's mission:

- Full-service automotive garage, including refueling station.
- Use of state-of-art fuel efficiency techniques.
- Comprehensive preventive maintenance program for vehicles and equipment.
- Major repair program, including both in-house and outside vendors.
- Around-the-clock emergency road services.
- Overall management of the Town's vehicle replacement program with emphasis on greening our fleet.

VEHICLE MAINTENANCE



*Position is split with Building Maintenance.

VEHICLE MAINTENANCE FUND
STAFFING COMPARISONS - IN FULL-TIME

	2014-15 ADOPTED	2015-16 ADOPTED	2016-17 ADOPTED
Supervisor-Mechanic	1.00	1.00	1.00
Mechanic (I-III)	5.00	5.00	5.00
Manager-Fleet	1.00	1.00	1.00
Processing Technician ¹	0.75	0.75	0.75
Unit Totals	7.75	7.75	7.75

¹ Processing Technician is split between Building Maintenance and the Vehicle Maintenance Fund.

Note: Vehicle Maintenance is supervised by the Public Works Department.

VEHICLE MAINTENANCE FUND BUDGET SUMMARY

The 2016-17 adopted budget for the Vehicle Maintenance Fund reflects an overall increase in expenditures of 3.5% from last year's budget. The increase in personnel is the result of a 2% of market rate salary adjustment effective July 1 and 1.5% of market rate salary adjustment effective January 1, and a 15.5% rate increase in medical insurance. The slight increase in operating costs is attributed to an increase in spending on maintenance and repairs for vehicles. There are no planned capital expenses.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 512,864	\$ 563,469	\$ 563,469	\$ 537,474	\$ 585,444	3.9%
Operating Costs	758,329	835,646	862,939	823,939	862,435	3.2%
Capital Outlay	-	-	48,811	-	-	N/A
Total	\$ 1,271,193	\$ 1,399,115	\$ 1,475,219	\$ 1,361,413	\$ 1,447,879	3.5%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Vehicle Maintenance Fees	\$ 1,310,702	\$ 1,388,600	\$ 1,388,600	\$ 1,388,600	\$ 1,407,300	1.3%
Interest Income	500	-	-	-	-	N/A
Insurance Claims	11,694	20,000	20,000	20,000	20,000	0.0%
Appropriated Fund Balance	(51,703)	(9,485)	66,619	(47,187)	20,579	N/A
Total	\$ 1,271,193	\$ 1,399,115	\$ 1,475,219	\$ 1,361,413	\$ 1,447,879	3.5%

VEHICLE MAINTENANCE

KEY PERFORMANCE MEASURES



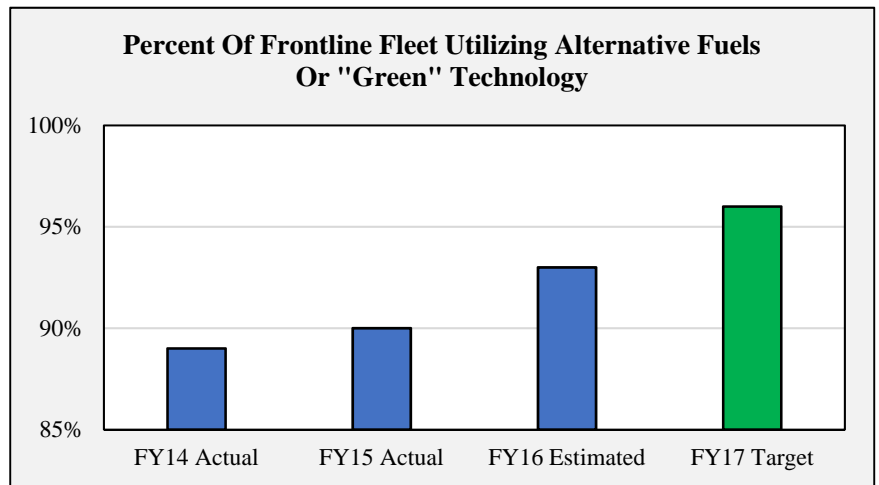
**Govern with Quality and
Steward Public Assets**

Department Program: Fleet Services

Objective: Achieve 100% replacement of frontline unleaded vehicles with “green” vehicles—hybrids, alternative fuels, etc.—by the end of FY2018, with 96% replaced by the end of FY2017

Environmental stewardship continues to be a top priority for Fleet Services, with a goal of a 100% “green” frontline fleet by the end of FY18, and a 100% “green” total fleet by the end of FY21.

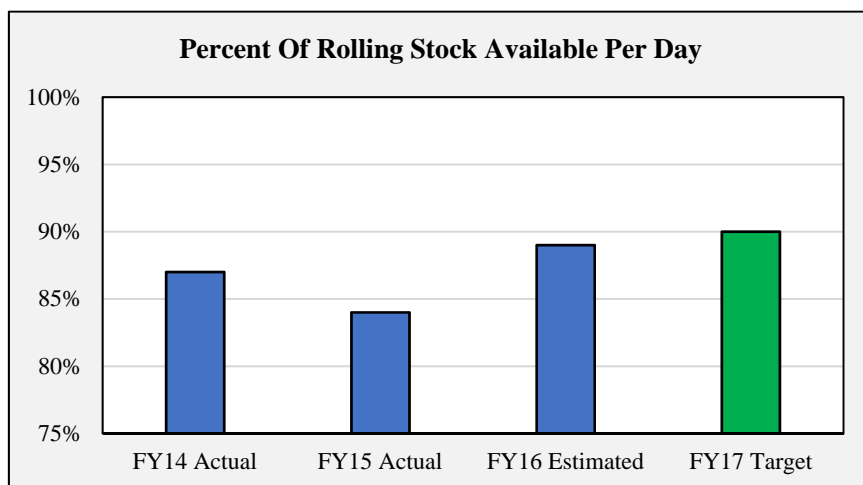
At the end of FY16 our total fleet was 78% “green”, a 5% increase from FY14. At the end of FY16 our frontline fleet was 93% “green”, a 4% increase from FY14.



**Govern with Quality and
Steward Public Assets**

Department Program: Fleet Services

Objective: Ensure that 90% of rolling stock is available per day

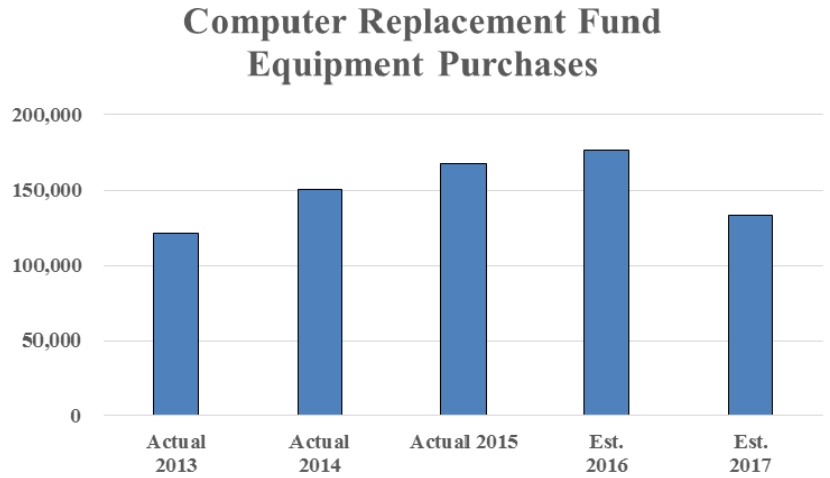


Fleet has worked diligently to increase our productivity over the last year. After returning to full staff at the start of FY16, our efficiencies have increased in diagnostic/repair, work order processing and customer communication.

This measure aligns with the measure in the School of Government Benchmarking Report. It excludes generators, light towers, mowers, weed whackers, leaf blowers, leaf vacuum machines, and sign towers.

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 2016-17 provides for replacement of computer equipment on a pay-as-you-go basis.

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Small Equipment	\$ 166,921	\$ 175,500	\$ 175,500	\$ 175,500	\$ 132,625	-24.4%
Other Expense	223	500	500	711	500	0.0%
Total	\$ 167,144	\$ 176,000	\$ 176,000	\$ 176,211	\$ 133,125	-24.4%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Computer Use Fees	\$ 159,970	\$ 176,000	\$ 176,000	\$ 176,000	\$ 133,125	-24.4%
Interest Income	606	-	-	100	-	N/A
Sale of Equipment	2,976	-	-	111	-	N/A
Appropriated Fund Balance	3,592	-	-	-	-	N/A
Total	\$ 167,144	\$ 176,000	\$ 176,000	\$ 176,211	\$ 133,125	-24.4%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 (2016-06-13/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	\$ 440,634
Town Manager	1,577,458
CAPA	808,501
Human Resources Development	1,684,747
Business Management	2,102,382
Technology Solutions	1,898,579
Attorney	339,184
Planning & Sustainability	3,868,967
Housing & Community	720,525
Public Works	12,258,544
Police	13,377,095
Fire	9,285,178
Parks and Recreation	7,122,261
Library	3,051,954
Non-Departmental	4,502,991
GENERAL FUND TOTAL	\$ 63,039,000

OTHER FUNDS

Transit Fund	\$ 20,375,230
Transit Capital Reserve Fund	1,073,807
Debt Service Fund	7,528,782
Vehicle Replacement Fund	2,288,633
Vehicle Maintenance Fund	1,447,879
Computer Replacement Fund	133,125
Public Housing Fund	2,442,116
On-Street Parking Fund	698,950
Off-Street Parking Facilities Fund	1,995,057
Library Gift Fund	240,106
Capital Improvements Fund	898,434
Downtown Service District Fund	352,573
Stormwater Management Fund	2,366,284
Grants Fund	358,145
TOTAL ALL FUNDS	\$ 105,238,121

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2016 and ending June 30, 2017 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	\$ 29,535,000
Other Taxes & Licenses	1,224,000
State-Shared Revenues	20,870,387
Grants	780,614
Charges for Services	4,602,428
Licenses/Permits/Fines	2,917,986
Interest on Investments	25,000
Other Revenues	332,035
Transfers/Other Sources	45,000
Fund Balance Appropriated	2,706,550
General Fund Total	\$ 63,039,000

OTHER FUNDS

Transit Fund	\$ 20,375,230
Transit Capital Reserve Fund	1,073,807
Debt Service Fund	7,528,782
Vehicle Replacement Fund	2,288,633
Vehicle Maintenance Fund	1,447,879
Computer Replacement Fund	133,125
Public Housing Fund	2,442,116
On-Street Parking Fund	698,950
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Capital Improvements Fund	898,434
Downtown Service District Fund	352,573
Stormwater Management Fund	2,366,284
Grants Fund	358,145
TOTAL ALL FUNDS	\$ 105,238,121

BUDGET ORDINANCE

Appendix 1

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, 2013 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 13th day of June, 2016.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Chapel Hill
North Carolina**

For the Fiscal Year Beginning

July 1, 2015

A handwritten signature in black ink, which appears to read "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director

Performance Agreements with Other Agencies

	2015-16 Adopted Budget	2016-17 Adopted Budget
Performance Agreements with Other Agencies		
Human Services		
Human Services Advisory Board Recommendations	\$ 337,100	\$ 411,500
Total Human Services	337,100	411,500
Environment		
Piedmont Wildlife	1,000	1,000
Total Arts	1,000	1,000
Arts		
Cultural Arts Dinner	500	500
ArtsCenter	10,000	12,500
Kidzu	10,000	10,000
Total Arts	20,500	23,000
Affordable Housing		
Community Housing and Land Trust	300,414	328,561
Homeless Initiative	47,324	37,496
Empowerment	13,500	13,500
Total Affordable Housing	361,238	379,557
Economic Development		
Chapel Hill/Orange County Visitors Bureau	175,000	200,000
North Carolina High School Athletic Association	15,000	10,000
Chapel Hill Downtown Partnership	70,000	70,000
Total Economic Development	260,000	280,000
Total Contributions to Agencies	\$ 979,838	\$ 1,095,057

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.

Objective - A specific statement or objective that is to be accomplished or achieved for a particular

GLOSSARY

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.

Reclassification - A change in the classification and corresponding job title of an existing position

GLOSSARY

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.