



Town of Chapel Hill
North Carolina

2017-2018 ADOPTED BUDGET



Chapel Hill Town Council, 2017-2018

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

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 2017-18. The budget includes a combined property tax rate of 50.8 cents per \$100 of assessed value. The property tax rate for the Downtown Service District is at 7.0 cents per \$100 of assessed value.

The Adopted Budget for 2017-18 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 2017-18 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 12, 2017

TABLE OF CONTENTS

	<u>Section / Page</u>
Budget Message-----	Budget Message
Introduction / Background-----	1
Projections-----	41
Summaries-----	59
General Fund-----	75
General Government	
Mayor.....	88
Council.....	91
Manager.....	92
Communications & Public Affairs (Town Clerk).....	96
Human Resource Development.....	102
Business Management.....	107
Technology Solutions.....	113
Town Attorney.....	119
Non-Departmental.....	122
Environment & Development	
Planning & Development Services.....	124
Public Works.....	132
Housing & Community.....	148
Public Safety	
Police.....	154
Fire.....	164
Leisure	
Parks and Recreation.....	174
Library.....	188
Debt-----	195
Transit-----	203
Stormwater-----	231
Parking-----	239

TABLE OF CONTENTS

Public Housing Fund	249
Capital Program	259
Other Funds	
Grants	297
Downtown Service District.....	299
Library Gift	302
Vehicle Replacement	304
Vehicle Maintenance	306
Computer Replacement.....	312
APPENDICES	
Appendix 1 – Budget Ordinance FY2017-18	315
Appendix 2 – Distinguished Budget Award 2016-17.....	318
Appendix 3 – Performance Agreements with Other Agencies	319
Appendix 4 – Glossary.....	320



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June 12, 2017

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 2017-18.

Budget Highlights

- This budget is balanced with no tax rate increase. The adopted tax rate is the revenue neutral tax rate of 50.8 cents per \$100 of assessed valuation, reduced from 52.4 cents in the current year.
- The FY18 Stormwater budget includes a \$6.00 increase in the annual Stormwater fee. This increase includes a portion we previously projected to pay for debt service for the pending sale of Stormwater G.O. bonds and a portion for support of the operating budget for the stormwater division.
- There are no reductions or additions to core municipal services provided by our operating departments. These community programs and services represent about 75% of our expenditures.
- The budget includes employee compensation changes to meet the living wage commitment of the Town and to attract and retain the excellent employees who provide the excellent service recognized in the biennial community survey:
 - A 2.5% of market rate of pay for all employees effective July 1, 2017.
 - Pay adjustments based on a recent market compensation study. These adjustments affect 208 employees and total \$493,000. Most of the affected employees are entry level employees in the Transit and Public Works departments.
 - Pay adjustments to meet the Orange County Living Wage standards for 2018.
 - Value added pay programs for some community safety positions.
 - Implementation of Parental Leave.
 - Continuation of current healthcare benefits.

Our strategic internal initiatives for FY2017-18 include:

- An Employee Healthcare Task Force, similar to the one that helped create the wellness program and clinic, to review our healthcare benefits and develop strategies for addressing the rising costs of healthcare.
- Our Employee Compensation Task Force to work with our senior leadership team to continue and enhance the implementation of a pay for value added program.
- Work with our employees to develop additional work/life balance strategies to complement the parental leave program.

Council Strategic Priorities

In addition to these basic service priorities, the Adopted Budget also includes resources to address these strategic priorities of the Council:

- **Affordable Housing.**
 - The Town continues the commitment to funding an amount equal to one cent on the tax rate for new programs to promote affordable housing.
 - The Town continues funding nonprofits to support this goal in the amount of \$ 638,637.
 - The Town spends approximately \$5,726,395 on affordable housing programs including management of the 336 dwelling units in thirteen public housing neighborhoods.
 - The Town Council has recognized the connection of public transportation to affordable housing and works with its funding partners to maintain and grow a viable public transit system and a multimodal public transportation system throughout the Town.
 - The Town recognizes that factors in the affordability of housing include the cost of land and governmental development regulations (the Town, OWASA, the Schools, the State). This budget includes funding for
 - A rewrite of development regulations to include consideration of special provisions to support affordable housing
 - A review of public housing and other Town owned properties and how they might be used to facilitate the development of mixed income, higher density affordable housing.
 - Predevelopment costs for the Homestead property project.
- **Planning for the future.** The community survey results tells us our residents are not satisfied with how the Town plans for and manages the future. The Town staff is improving our processes and refining our organizational structure for development review and permitting. To further address those strategic policy concerns, the Council has prioritized the following initiatives funded in this budget:
 - Rewriting the Land Use Management ordinance
 - Addressing other planning initiatives:
 - West Rosemary Street Development Guide
 - Mobility and Connectivity Plan

- Downtown 2020 Work Plan Implementation
 - Station Area Planning
 - Ephesus/Fordham Design Guidelines
 - Downtown Circulation and Parking Study
- Funding for the Town’s share of the cost of sewer construction in Rogers Road and advancing the discussion of tools to guide the future development of the Rogers Road/Greene Tract area
- **Leveraging Town Assets.** The Council identified three strategic concerns and appointed committees to recommend the Town’s approach to addressing them. This budget includes the resources to support the work of those committees and develop resources for implementing recommendations:
 - The Historic Town Hall
 - The American Legion property
 - The Town Properties Task Force to identify use of assets to accomplish Town priorities
- **Downtown.** Resources remain focused on the appeal and accessibility of downtown as a cultural and economic hub, including:
 - Downtown Parking:
 - Acquisition and development of additional surface parking on West Franklin Street behind the Courtyards
 - Design of at least one additional level of parking in the Wallace Deck
 - Acquisition and installation of more customer friendly parking pay stations
 - Best practice land use development strategies for parking requirements related to new downtown development
 - Funding a Downtown Project Manager to coordinate resources and partnerships to implement the Downtown 2020 Work Plan. Expected Deliverables include:
 - Safety, wayfinding and placemaking improvements to pedestrian pathways
 - LED lighting upgrades
 - Downtown traffic, mobility and on-street parking study
 - Implementation of the priority actions in the West Rosemary Street Development Guide
 - Increased artistic and community programming
 - Expansion of partnership with UNC to support entrepreneurial activity and expand co-working and stage two spaces for small businesses and entrepreneurs
- **Replacement of Police Headquarters.** Continued design of Municipal Services Center/ Police administration building
- **Stormwater Improvements:**

- Rate increase (\$6.00 per year) to support major capital projects and stabilize operational funding
- Design and construction work on Lower Booker Creek Watershed recommended projects
- Eastwood Lake subwatershed study
- **Infrastructure improvements.** Management of resources to accomplish Council capital investment priorities:
 - Management of projects on the ground consistent with bond priorities
 - Development of systems for managing and communicating about capital projects
 - Review of programs for maintaining our physical assets, both funding levels and management

Budget Outlook

The overarching theme for the FY18 budget is one of caution.

We continue to experience positive growth in economy driven revenues such as sales tax. Our property tax base, our largest revenue source, has not kept pace with our costs of providing services over the last 8 years.

Both the State and Federal governments threaten the Towns financial resources. The State legislature is considering actions, such as changing the distribution method of sales taxes that will reduce the Town's revenues without providing options to make up the loss. On the Federal level, housing programs are being targeted for defunding. For jurisdictions like Chapel Hill, that maintain public housing facilities and support affordable housing initiatives, the loss of federal funding could be devastating to those efforts. As we saw with the negative effects on tourism of HB2, legislation does not need to be financial in nature to have a negative impact on municipal budgets. We will continue to monitor pending legislation and budgetary actions on both the state and federal level to gage the impact on the Town and to develop strategies to become more resilient in the face of potential changes.

Budget by the Numbers

The FY2017-18 Manager's Adopted Budget is balanced without an increase in taxes. The aggregate increase for all funds is 1.97% and the increase in the General Fund is 0.78%. We are projecting a moderate increase in overall revenues that includes increases in some economy driven revenues such as sales and occupancy taxes and decreases in others such as development related inspections and planning fees.

The following table compares the FY2016-17 Adopted Budget with the FY2017-18 Adopted Budget for all Town funds.

BUDGET SUMMARY – ALL FUNDS

Fund	FY17 Adopted	FY18 Adopted	Incr./Decr.	Incr./Decr. %
General Fund	\$ 63,039,000	\$ 63,531,000	\$ 492,000	0.78%
Transit Funds	20,375,230	22,875,992	2,500,762	12.27%
Stormwater	2,366,284	2,722,030	355,746	15.03%
Parking Funds	2,694,007	2,668,762	(25,245)	-0.94%
Housing	2,442,116	2,304,199	(137,917)	-5.65%
Debt Service	7,528,782	7,542,793	14,011	0.19%
Capital Projects	898,434	561,260	(337,174)	-37.53%
Other Funds	5,894,268	5,101,352	(792,916)	-13.45%
Total	\$ 105,238,121	\$ 107,307,388	\$ 2,069,267	1.97%
<i>Note: Includes intrafund transfers</i>				

- General Fund** – The net increase in the adopted General Fund Budget for FY18 is 0.78%. This is a combination of increases, including a 12.0% increase in the cost of healthcare insurance and a 2.5% of market salary adjustment, and decreases such as a reduction in pay-go capital of 39%. We have recognized a conservative amount of lapsed salaries (\$1.25 million), acknowledging the fact that the Town will have vacant positions throughout the next budget year. Increases in sales taxes and occupancy taxes provide sufficient revenue to balance the General Fund Budget without the need for a tax increase.
- Transit Fund** – The increase in the Transit Fund Budget is due, in part, to increases in personnel costs, including the implementation of salary adjustments for 127 employees based on the recent pay study. The purchase of 19 buses is planned for FY18 using a combination of Orange County Transit Plan and grant funds. The FY18 Transit Budget includes the first debt service payment of \$716,309 for the buses purchased in FY17.
- Stormwater Fund** – The FY18 Stormwater budget includes a \$6.00 increase in the annual Stormwater fee. This increase includes a portion to pay for debt service for the pending sale of Stormwater G.O. bonds and a portion for support of the operating budget which has been using fund balance in the past few years. The increase in operating costs is due, in part, to costs associated with vehicle replacements.
- Parking Funds** – On-street Parking operations are expected to generate \$92,524 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 without the use of appropriated fund balance.
- Housing** – The 5.65% decrease in the adopted Housing Fund Budget reflects a decrease in capital expenditures and an expected 12.4% decrease in HUD subsidies. The budget is balanced using \$355,845 in fund balance. While this is a decrease in

the budgeted fund balance from FY17, it represents an unsustainable level of fund balance use.

- **Debt Service** – The Town issued \$9.0 million of General Obligation referendum bonds and \$1.4 million of Two-thirds GO bonds in FY17. The first debt service payments for these bonds will be payable in FY18. The adopted Debt Fund budget is balanced using \$15,461 in fund balance. During FY18 a transfer from the General Fund will occur for the Ephesus Fordham District Tax Increment Financing (TIF). This transfer will represent the increase in the tax receipts in the district since the inception of the district. Calculation of the transfer amount will happen at year-end in order to reflect the impact of assessment appeals from the revaluation that could reduce the transfer amount.
- **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 FY18 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

Revenue Source	FY17 Adopted	FY18 Adopted	Incr./Decr.	Incr./Decr. %
Property Taxes	\$ 29,535,000	\$ 29,635,000	\$ 100,000	0.34%
Sales Taxes	12,790,797	13,677,177	886,380	6.93%
Other Taxes	1,224,000	1,300,000	76,000	6.21%
State Shared Revenues	8,079,590	8,069,340	(10,250)	-0.13%
Charges for Services	4,602,428	4,748,308	145,880	3.17%
Licenses & Permits	2,917,986	2,129,153	(788,833)	-27.03%
Grants	780,614	779,963	(651)	-0.08%
Other Revenues	402,035	508,053	106,018	26.37%
Appropriated Fund Balance	2,706,550	2,684,006	(22,544)	-0.83%
Total	\$ 63,039,000	\$ 63,531,000	\$ 492,000	0.78%

- **Property Taxes** – As described in the following section, FY2017-18 property tax revenue numbers reflect a revenue neutral tax rate with a growth factor of 1.39% for Chapel Hill properties in Orange County. Chapel Hill property located in Durham County was subject to revaluation effective in FY2016-17. The Durham County revaluation resulted in a significant decrease in the aggregate assessed valuation of the Durham County properties in Chapel Hill. This decrease, combined with the lower revenue neutral tax rate, reduces the growth in property tax revenues to less than one half of one percent.

- **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 FY18.
- **Other Taxes** – The hotel occupancy tax is the main component of this category. Receipts for FY17 have been down slightly due to a water crisis during a UNC home game weekend and the impact of HB2 on the North Carolina tourism industry. We are budgeting 6% growth based on the repeal of HB2 and additional hotel rooms that will be completed before the end of FY18.
- **State Shared Revenues** – Growth in the Utility Sales Tax is expected to flatten in the coming year after several years of strong growth.
- **Charges for Services** – The net increase in this category is due mostly to increases in Parks & Recreation fees and increases in charges to other funds.
- **Licenses and Permits** – The decrease in this category is due to a 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.
- **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 FY18 represents about 4.2% of the FY17 Adopted Budget revenues and is slightly lower than the amount of fund balance appropriated in the adopted budget for FY17.

The Adopted FY2017-18 budget is based on a revenue neutral tax rate. 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 and capital costs. The property tax rates since the last revaluation and the FY18 revenue neutral tax rates 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	FY17-18
General Fund	36.0	36.0	37.8	37.8	38.8	38.8	38.8	38.8	37.6
Debt Service	9.3	9.3	7.5	7.5	7.5	8.5	8.5	8.5	8.2
Transit	4.1	4.1	4.1	4.1	5.1	5.1	5.1	5.1	5
Total	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4	50.8

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

Real Property Revaluation

In North Carolina, counties are required by state statute to revalue real property at least every eight years. The revaluation process is designed to set tax assessments to a market value as of the appraisal date in order to equalize the tax base. Orange County recently completed the revaluation process that will go into effect beginning with the FY18 tax year. The effective date of appraisal is January 1, 2017. It has been eight years since the last revaluation and many properties will see significant changes in their assessed values.

Revenue Neutral Tax Rate

State law requires the Town to declare a revenue neutral tax rate for the year a revaluation takes effect. **The revenue neutral tax rate is calculated to generate the same amount of revenue that was generated in the tax year prior to the new revaluation assessments becoming effective (FY2016-17). The revenue amount is adjusted by a growth factor based on the average tax base growth in the years since the last revaluation (FY2009-10). The average growth factor used in determining the revenue neutral rate is 1.39%.**

For the FY2017-18 tax year the Town's tax rate will be adjusted to the revenue neutral rate and assessed values will reflect the new Orange County revaluation assessments. The revenue neutral rate calculated in accordance with State statutes is shown in the table below. We have balanced this budget using the revenue neutral tax rate.

Property Tax Rates

	FY2016-17 Current	FY2017-18 Revenue Neutral
General Fund	38.8	37.6
Debt Fund	8.5	8.2
Transit Fund	5.1	5.0
Total	52.4	50.8

The change in real property value as the result of revaluation, as reported by the Orange County Tax Office, is 11%. This is the combination of a 41% increase in commercial properties and a 2% increase in residential properties. For valuation purposes, Orange County includes apartment residential developments as commercial. This change represents the aggregate increase in the market value of the tax base since the last revaluation in FY2009-10.

It is important to note that although the raw results of the revaluation show an increase of 11%, that number is reduced by expected adjustments due to successful appeals. Based on the estimated impact of appeals provided by the County Tax Office, the net increase is expected to be 5.39% rather than 11%.

The revenue neutral rate is designed to provide the same amount of revenue (levy) as the previous year and therefore has the aggregate impact of maintaining the same tax rate and assessed valuation as the previous year. In other words, theoretically, the average property owner will not see an increase in their taxes. However, in practice, there are very few

“average” property owners and it is much more likely that a property owner will see a change in their tax bill that reflects how the property market values in their neighborhood have changed since the last revaluation.

Capital Investment

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

The Town has a significant backlog of capital projects that were deferred during the fiscal crisis. Over the past two years we have taken steps to accelerate the capital improvements program, including Council’s increase in the Debt Fund tax rate of 1 cent in FY16 and the approval of a \$40.3 million bond referendum in November of 2015. This has allowed us to begin addressing more of the Town’s capital needs, including the following recent financing activity:

- \$9.0 million G.O. Referendum Bonds for streets and sidewalks (\$3.0 million), trails and greenways (\$5.0 million), and parks facilities (\$1.0 million). Debt service will be paid from the Debt Fund.
- \$1.4 million G.O. Two-thirds bonds for the purchase of public safety equipment including a fire ladder truck. Debt service will be paid from the Debt Fund.
- \$6.4 million Installment Financing for the purchase of 14 transit buses. Debt service will be paid from the Transit Fund.
- \$4.3 million installment financing for the purchase of the American Legion property. Source of repayment has not been determined.
- \$7.9 million installment financing for Ephesus Fordham Phase I, Hamilton Road Fire Station, Town Hall Renovation and other projects. Source of repayment will be the Debt Fund and tax increment from the Ephesus Fordham District.
- \$2.4 million installment financing for public safety and public facility improvements. Debt service will be paid from the Debt Fund.

Voter Approved Debt

In November of 2015, Chapel Hill voters approved 5 bond orders giving the Town the Authority to issue up to \$40.3 million of G.O. bonds within the next 7 years. The following table shows the authority by bond order, the amounts issued to date and the balance remaining.

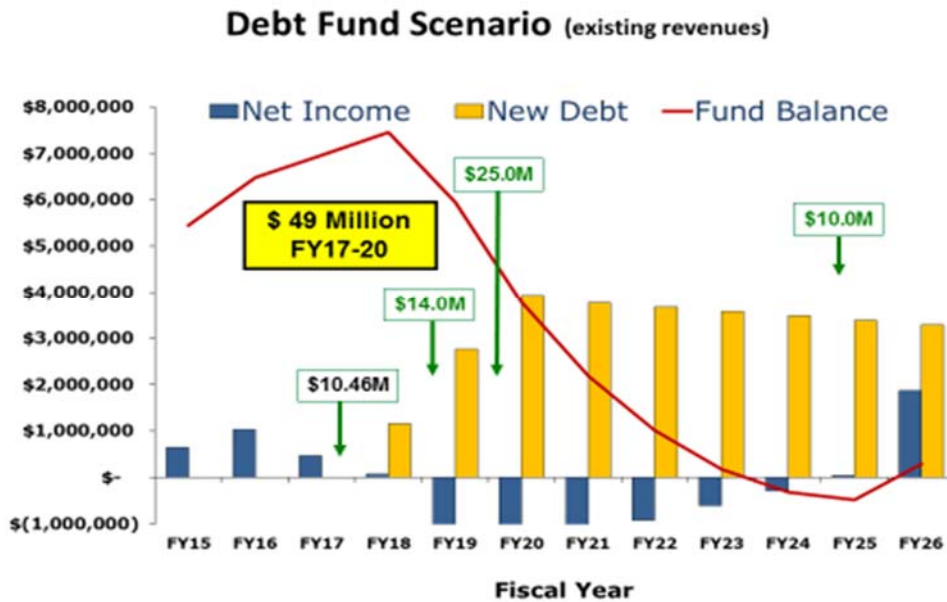
Bond Order	Authority	Issued	Balance
Streets & Sidewalks	\$ 16,200,000	\$ 3,000,000	\$ 13,200,000
Trails & Greenways	5,000,000	5,000,000	0
Recreation facilities	8,000,000	1,000,000	7,000,000
Solid waste Facility	5,200,000	0	5,200,000
Stormwater Improvements	5,900,000	0	5,900,000
Total	\$ 40,300,000	\$ 9,000,000	\$ 31,300,000

A second issuance of referendum bonds is planned for the second half of FY18. This issuance will, most likely, include Streets and Sidewalk and Stormwater Improvement bonds. The total amount will in the \$10 – 15 million range.

The Debt Fund

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

For FY18 the Debt Fund is at break-even, with revenues and expenditures at about the same level. The Town’s rapid spend-down of debt and accumulated fund balance in the Debt Fund will provide capacity to issue about \$39 million in additional debt in the next two years. The timing, structure and amount of future debt issuances supported by the Debt Fund may need to be adjusted based on the following scenario that shows fund balance dipping into negative numbers in FY2023-24.



The preceding scenario assumes a \$14 million G.O. bond issue in the second half of FY2017-18 for Streets and Sidewalks and Stormwater Bonds (repaid by the Stormwater Fund) and a \$25 million installment financing in FY19 to pay for the Municipal Services Center. We have used conservative interest rate and debt structuring assumptions for this scenario.

Public Safety

Planning for a Municipal Services Center (MSC) that may include Police, Fire, and other Town Offices will continue in FY18. Site selection is currently in progress and it is expected that design will be completed in fall of 2018. 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 may be funded through a combination of G.O. bonds and an installment financing. This project will also include costs related to the ultimate disposition of the current Police Headquarters Building. The site is a former coal ash dump and analysis to determine the required remediation and clean-up is currently ongoing.

Asset Management

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

- **523 East Franklin** - The sale of 523 East Franklin generated about \$1.7 million that is being used for the planning and design of the new Municipal Services Center complex that will house the new Police Headquarters.
- **Hamilton Road Fire Station Site** - The Council approved a public-private partnership to redevelop the Hamilton Road Fire Station property. The development includes a new fire station and private office building. This innovative partnership provides the Town with a new fire station at a fraction of the cost of building it ourselves and creates an office building on land that was previously not subject to property tax.
- **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.



In January of 2017, Council established and appointed a Council Task Force on the Strategic uses of Town properties. The Task Force was established to develop a strategic framework and initial ideas for specific Town owned properties for Council review in June of 2017.

Development and Tax Base Growth

A great deal of Council and staff resources are consumed by issues related to planning and development. While this is to be expected, because development issues often have long-lasting and dramatic effects on the character of a community, what may be unexpected, is the lack of tax base growth associated with the volume of developments being processed for approval. This is due to two factors. First, the amount of new taxable property needed to “move the needle” with regard to growth of our tax base is enormous. Second, the

amount of time between initial application and new developments paying taxes can be as long as 8-10 years.

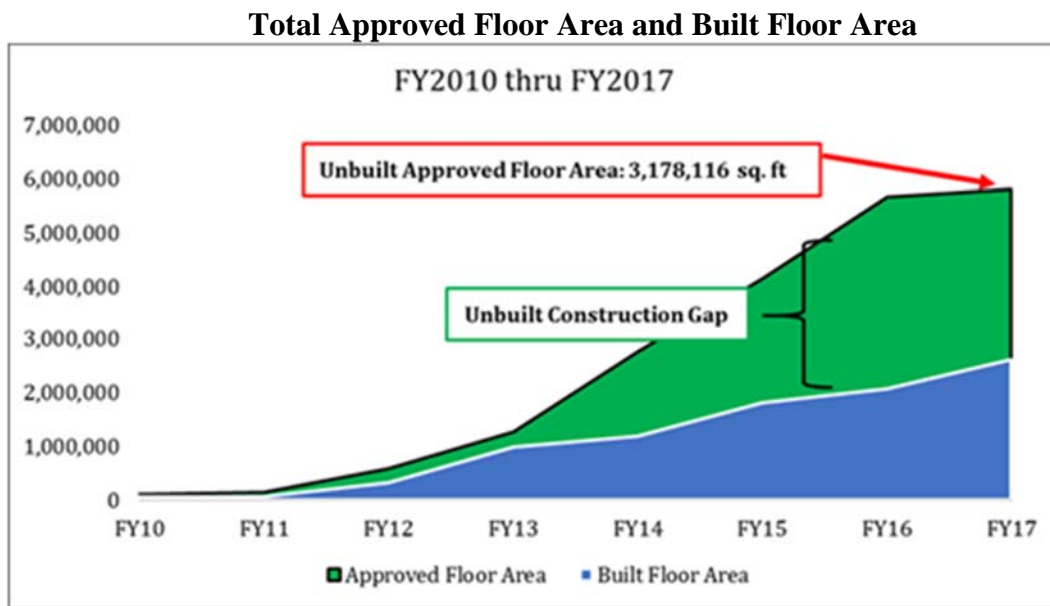
Moving the Needle

The assessed value of the Town's tax base is \$7.6 billion dollars. In order to increase the Town's tax base by 1%, \$76 million of taxable value needs to be added to the tax rolls. To put that in perspective, some of the Town's largest developments, such as the University Mall (\$32,792,795) and East 54 (\$35,239,900) are individually less than one half of one percent of the tax base. In other words, the Town would need to add more than two East 54 size developments in one year in order to raise the tax base by about 1%.

Since the last revaluation, the average annual increase in the tax base has been 1.39%. This equates to an annual increase in tax value of about \$100 million or three University Malls. While this seems to be a large increase it is about the same as the rate of inflation for the period and it is less than the annual increase in the cost of providing Town services.

The Development Cycle

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



Another trend that increases the delay between development approval and tax base impact is the use of economic incentives. The Caraway Village and Wegmans projects include economic incentives that reduce the net gain from tax base growth for several years after construction is completed. Development in the Ephesus Fordham District will have a similar delayed tax impact because increases in the tax base of the district will be used to offset the cost of the debt service for public improvements in the district.

Fund Balance

The Town has maintained a strong and consistent General Fund fund balance (see graph below) over the last 7 years, keeping unassigned fund balance levels between 20% and 30% . Unassigned fund balance is the portion that is available for appropriation and represents the Town “rainy day fund.”

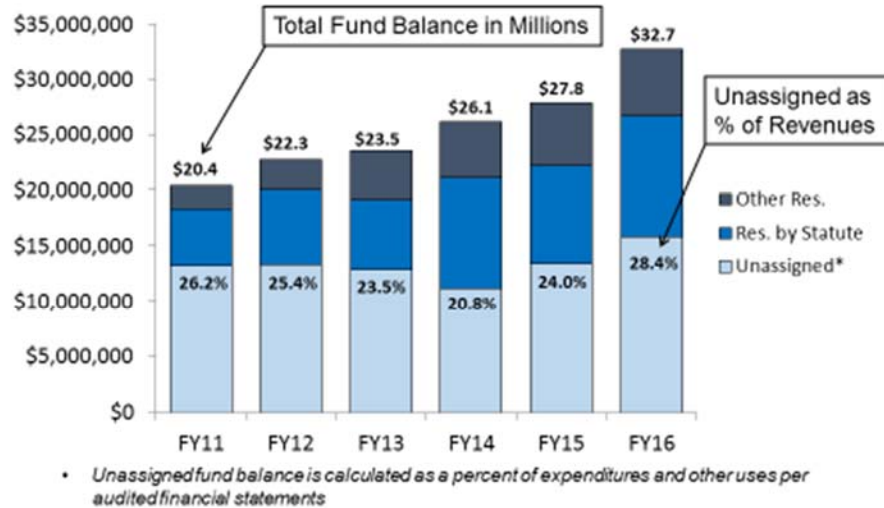
Maintaining an adequate level of fund balance is critical to meet the cash flow requirements of this municipal corporation and to provide an emergency fund to safeguard the Town against the costs of recovering from unforeseen economic, emergency and natural disasters. The Town’s strong fund balance levels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

In past years, unassigned fund balance over the 22% (target) was split between high priority capital investments, such as Rogers Road, and funding for the retiree healthcare liability (OPEB). Beginning with the FY17 Budget the Town included pre-funding of the OPEB liability in the operating budget, thereby making all fund balance over target available for one-time capital needs. The appropriation of fund balance over 22% in FY17 (\$3.6 million) was used as a first installment for the purchase of the American Legion property.

For FY18 the Town is budgeting about \$2.7 million of fund balance to balance the General Fund operating budget. This amount is consistent with prior year’s use of fund balance. In addition, the Town is budgeting \$1,250,000 of lapsed salaries. That is, the Town is recognizing that there will be vacant positions throughout the year and is therefore reducing the funding for personnel costs. Also, with increased capital project activity the Town will be making use of fund balance for intra-fund borrowing to fund planning and design of major projects prior to permanent financing. All of these factors will depress fund balance levels and we will need to carefully monitor fund balance throughout the year in order to maintain the 22% target unassigned amount.

Total GF Fund Balance

FY2010-11 thru FY2015-16



Council Goals

The starting point for building the Town’s annual operating budget is the development of Council Goals. 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.

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

Affordable Housing

Affordable Housing Development Reserve (Penny for Housing)

For the third year, the Manager’s preliminary budget continues to include \$688,395 for the Affordable Housing Development Reserve. These funds, nearly a penny on the property tax rate, develop and preserve affordable housing opportunities consistent with the Council-adopted Affordable Housing Strategy. Each year, the Council also allocates \$200,000 of these funds to Self Help to support administrative expenses related to a land banking initiative in the Northside Neighborhood.

There is additional affordable housing agency funding for two new agencies: the Marian Cheek Jackson Center for Saving and Making History (\$40,000) to implement strategies identified in the Northside and Pine Knolls Community Plan, and the Town’s contribution to the HOME Program Match (\$32,128). In years past, funds from the Affordable Housing Fund were used for this purpose; however, there are no longer resources available in the Fund to cover these expenses.

Decrease in Federal Funding

The President’s preliminary budget proposes elimination of the Community Development Block Grant (CDBG) and HOME Program and a reduction in funds allocated for the Capital Fund Grant for public housing maintenance and operations. In response, we are evaluating options that would generate new funding resources to continue to support the Town’s public housing program and the Council’s affordable housing and community development activities.

Public Housing Master Plan

We identify public housing as an important part of affordable housing in Chapel Hill and strive to provide excellent public housing to the residents of Chapel Hill. In response, we are engaged in an effort to assess the condition and value of our units. We are exploring options for how we could use our existing sites to leverage additional resources to support the revitalization and redevelopment of our communities. In addition to an interdepartmental staff team working on this effort, the Town has also



engaged a consultant to help us identify financing and redevelopment options as well as development of a five-year capital plan for maintenance and operating expenses.

Development on Town-Owned Land

Both the Council-adopted Affordable Housing Strategy and the Affordable Rental Housing Strategy identify development of affordable housing on Town-owned land as a key priority and a method to increase the affordability of housing. For many years, the Town has donated land for affordable housing purposes, and there is significant value associated with these properties that is often not accounted for in the Town’s contributions to affordable housing. Recent recipients of Town-owned land include DHIC, Habitat for Humanity and Self-Help Ventures Fund. The outcome of the study underway by the recently appointed

Town Properties Task Force might identify additional properties suitable for affordable housing. We will continue to identify Town-owned properties that could be used to create new affordable housing opportunities consistent with the Council’s goals.



Greenwood Place Affordable Housing Phase I

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. For FY17 funds allocated based on the recommendations from the Human Services Advisory Board were increased by \$64,400. The adopted FY18 Budget adds an additional \$8,000 to 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	2016-17 Adopted Budget	2017-18 Adopted Budget
Human Services	\$ 411,500	\$ 419,500
Environmental	1,000	500
Arts	23,000	13,500
Affordable Housing	379,557	398,637
Economic Development	280,000	280,000
Total Performance Agreements	\$ 1,095,057	\$ 1,112,137

The affordable housing agency funding includes a \$339,831 allocation to the Orange Community Housing and Land Trust. This represents an increase of \$11,270 from the FY17 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.

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 FY18 CDBG funds.

The economic development agency funding includes \$200,000 for the Convention and Visitor's Bureau. Their contract includes a clause that increases their funding if the Town's Occupancy Tax receipts exceed \$950,000 for the fiscal year. The Bureau will receive 50% of all receipts in excess of \$950,000. Also included in economic development agencies allocation 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.

The budget continues affordable housing agency funding to Orange County for management of the Partnership to End Homelessness (\$45,306) and EmPOWERment, Inc. (\$13,500) to support a position that manages its affordable rental properties.

Town Employees

Employee Compensation

The Town is a service based organization that relies on a skilled and nimble workforce to deliver a broad scope of governmental services. Personnel related costs account for 73.7% of the FY18 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



Workforce
of the Future

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 market based salary adjustments.

The FY18 Adopted Budget includes a 2.5% salary adjustment effective July 1, 2017. This adjustment will be based on the market rate (mid-point) within each pay grade so that employees currently making less than market will receive slightly larger percentage increases than those currently making more than the market.

The Adopted Budget also includes adjustments based on the recent market compensation study. The study, conducted by a third party, identified 41 positions that were determined to have salary ranges below market. The cost for implementing the adopted market adjustments is about \$ 493,000 and there are a total of 208 employees in the affected positions, with 127 of those employees in the Transit Department.

	Pay Adjustment	One-time Payment	Health Ins. Increase
FY2008-09	3%	0	10.0%
FY2009-10	0	0	17.1%
FY2010-11	0	\$800	13.9%
FY2011-12	0	\$800	10.1%
FY2012-13	3%	0	(3.0%)
FY2013-14	2%	0	4%
FY2014-15*	3%	0	7.0%
FY2015-16*	2% - 2%	0	(8.5%)
FY2016-17*	2% - 1.5%	0	16.9%
FY2017-18*	2.5%	0	12.0%

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

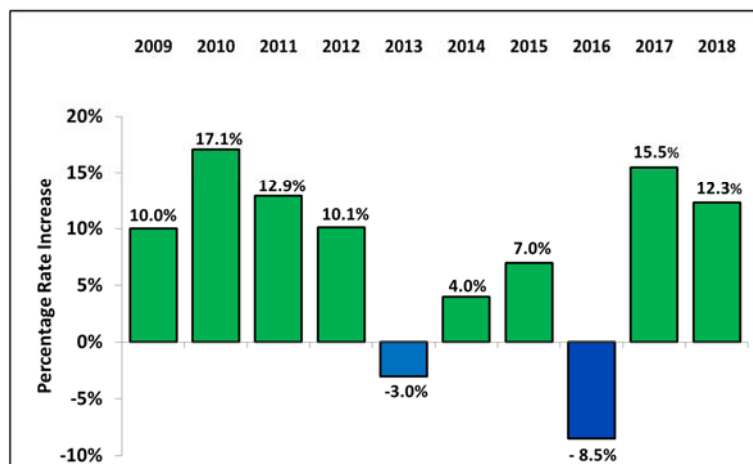
Living Wage

The FY18 Manager’s Adopted Budget includes additional funding to pay for an increase in the Orange County Living Wage (OCLW) standard. The 2018 standard is \$13.75 per hour for employees without health benefits. This affects seasonal and program support employees in the Parks and Recreation Department and the budget includes an additional \$93,000 to cover this cost. With this change, the Town will be in compliance with the OCLW standard for 2018.

Employee Health

As shown in the following graph, after several years of moderate increases including an 8.5% reduction in FY16, our rates increased significantly in FY17 and continue to increase at a double-digit rate for FY18. While this reverses favorable claims experience prior to FY17, it does not negate the progress made in the Town’s Wellness @ Work Program. The spike in rates is due to a combination of bad claims experience from a relatively small number of high dollar claims and a general increase in the cost of healthcare. The rate of increase for FY17 and FY18 is not sustainable and we need to explore options, in addition to wellness, to control costs.

Medical Insurance Cost
Increase from Prior Year



Wellness@Work

The easiest and quickest path to controlling health insurance 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 our employees make good healthcare and lifestyle decisions.

The Town started its Wellness @ Work Program in 2012. The program is a comprehensive wellness initiative 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. Participation in the program has grown each year with 95% of employees taking the health risk assessment (HRA) in FY17. The HRA includes screenings for important health issues and provides information for employees to better manage their health. The Town is continuing its commitment to this partnership because we believe that employee wellness pays dividends beyond the cost of health insurance by improving the quality of employees' lives and helping them to be healthier, happier and more productive.



The recent reversal of a positive trend in health insurance premiums is disappointing, but improving employee health is the most important outcome of the program. The FY18 adopted budget continues these efforts by encouraging participation in the HRA program by giving a discounted employee medical insurance rate for program participants.

Retiree Healthcare

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

Transit Sustainability

Chapel Hill Transit, like most transit systems, relies heavily on State and Federal funding in order to maintain operations. The lack of reliable Federal funding for bus replacement has created a critical maintenance issue for Chapel Hill Transit. The Transit Funding Partners have adopted a Capital Plan through FY2027, which will assist Chapel Hill Transit

in achieving a more sustainable average fleet age. During FY17 we purchased 16 fixed-route buses using debt-financing and capital reserve funds. For FY18 we plan to purchase up to 19 fixed-route buses using Orange County Transit Plan and grant funds, which should bring us in-line with the Capital Plan. The FY18 Transit Budget also includes funds to assist with the lease of a 40-foot electric bus that will allow us to evaluate the feasibility of expanding our use of alternative fuel vehicles.



Proposed Route of BRT

Beginning with the FY18 we will undertake a service development plan that will serve as a roadmap for the next 10 years and position the system for continued success. The planning effort will look at funding opportunities, integration of Bus Rapid Transit (BRT), and longer-term strategic issues such as light rail integration and regional coordination. Ultimately, the plan will provide an implementable approach to guide transit service in Chapel Hill and Carrboro for the next 10 years and beyond. Chapel Hill Transit’s efforts will be coordinated with funding partners (Town of Carrboro and University of North Carolina at Chapel Hill), customers, public, GoTriangle, Orange County and other regional partners/stakeholders. This effort will include analyzing routing options and costs for bus service connections to light rail stations planned within or adjacent to Chapel Hill Transit’s existing service area.

The FY18 Chapel Hill Transit Budget is balanced using \$2.4 million of appropriated fund balance. The bulk of these funds represents greater than expected Federal and State assistance received in FY17, but not yet spent. Partner contributions are consistent with FY17 levels due to this unexpected State and Federal funding. As we move into FY19 we expect that Partner increases will be needed to cover current operating

costs and additional capital expenditures needs.

During FY18, we will also begin a discussion with the University and Town of Carrboro regarding the development of a long-term memorandum of understanding, covering ongoing operations of Chapel Hill Transit, consistent with our goal of creating a sustainable financial future for public transit in our community.

Stormwater Fund

The FY18 Stormwater budget includes a \$6.00 increase in the annual Stormwater fee. This increase includes a portion to pay for debt service for the pending sale of Stormwater G.O.

bonds (\$2.50) and a portion for support of the operating budget which has been using fund balance in the past few years (\$3.50). The increase in operating costs is due, in part, to costs associated with vehicle replacements.

With the Council approval of the Lower Booker Creek Subwatershed Study report and project recommendations, we now have a list of priority projects to be designed, permitted and constructed. These projects include:

- Elliott Storage \$1,140,000
- Red Bud Storage 914,000
- Booker Creek Road 1,285,000
- Honeysuckle Rd 336,000
- Piney Mountain Rd Storage 1,906,000

The design costs for these projects will be paid from fund balance and the Stormwater operating budget. Projects that have completed design will be included in the next issuance of G.O. referendum bunds scheduled for the second half of FY18.

Lake Ellen could also be considered as the preliminary analysis demonstrated that modifications to the lake would result in reductions in flood volumes and elevations downstream.



Additionally, we have begun the second subwatershed study, Eastwood Lake. Similar to the Lower Booker Creek Study, it is expected to be substantially complete by the end of FY18 and will include its own set of project recommendations.

Technology Initiatives

The use of technology to support and improve Town services is an ongoing priority. The FY17 allocation from the Technology Pool included funding for projects including a learning management system, a service/work order management system, automated vehicle locator upgrades and a variety of smaller projects. Implementation of these projects will continue into FY18.

The Town supports a diverse and growing base of over 650 technology users. Additional speed and redundancy were added to the Town's networks to improve service. To protect the technology equipment and services, several security improvements were introduced and systems were upgraded. Protecting critical systems from harm and securing confidential information is a never-ending, active process reflected in several areas of the budget. At the same time increasing transparency by making more public data and visualizations available to everyone on the open data portal continues.



Staff from several departments are coordinating with wireless service carriers as deployment of 5G cellphone and data networks begins. In addition, staff are monitoring the impact of this deployment on residents so that their interests are protected in this process. Ensuring residents have the wireless communication services they need is an ongoing priority requiring a multipronged approach. Work continues to coordinate with the private Internet Service Providers (ISPs) to connect more residents, community centers, schools and other facilities to high speed Internet including gigabit service.

The Town is also working closely with UNC and property developers to safe guard and improve the fiber network infrastructure around the Town. 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

The Circulator is a major new Town service that will take Library programs, services, and collections out into the community - in a fun and flexible vehicle that is more like a food truck than a traditional bookmobile. First year costs, approximately \$100,000, were made



possible by a federal grant and additional funds from the Friends of the Library, with the Town providing ongoing support for the service. The Circulator advances several of the Library's strategic goals, including increasing capacity for community programs, partnering for educational success, and taking library services beyond 100 Library Drive.

The Leaders Library Card Challenge, which Mayor Hemminger and Interim CHCCS Superintendent Causby signed onto, is a national initiative to connect K-12 students to educational resources available at public libraries. In FY2018, the Library and CHCCS will launch a system so that all CHCCS students and staff can gain easy and immediate access to library resources that support their leaning. This initiative fulfills Library and Council goals around educational success, strengthening partnerships with CHCCS, and creating a community where everyone thrives.

Chapel Hill Open Data facilitates access to public information and increases transparency in local government, both of which align with Council goals around civic understanding and engagement. The service, launched in 2016 and managed by staff from the Library



and Technology Solutions, continues to grow and expand. For FY2018, the Open Data program goals include increasing the number of data sets on the site, inventorying and evaluating data sets across Town departments, and creating a sustainable framework for the future of the service.

American Legion Property

In March of 2017, the Town closed on the purchase of the American Legion Property, a 35 acre parcel of mostly undeveloped land. Plans for the land may include creation of a park and sale of a portion of the land for private development.

The Town Planning and Development Services Department has begun a master planning process to evaluate potential future use of the land and to develop recommendations for Council action.

The purchase price of the land was \$7.9 million and the Town used an owner financing structure to fund the transaction. Under the terms of the agreement the Town paid \$3.6 million at closing and will pay the balance in two equal \$2.15 million installments at the first and second anniversary of the closing date. Interest of 1% will be charged on the two installments. The terms of the agreement include a three year lease arrangement with the American Legion giving them access and use of the clubhouse and dance studio located on the property for a three year period for a nominal cost.



The source of the closing payment was General Fund fund balance above the designated 22% target as of June 30, 2016. The source of payment for the next two installments has not been determined and may be contingent on the disposition of the property following the master planning process. The Town has \$7 million of General Obligation (GO) authority that can be used to pay for a portion of the land that will be used as a park. Alternatively, the Town can use proceeds from the sale of a portion of the property or proceeds from an installment financing to pay for some or all of the future installments. The next payment of \$2.15 million is due in March of 2018.

Parking Fund



The FY18 Parking Fund Budget is balanced with the use of \$27,431 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.

Several downtown parking initiatives designed to improve the parking supply and user experience are currently under consideration or in progress, including:

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

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

For the next fiscal year and beyond, legislative risks will continue to weigh heavily on our future budgetary decisions. There are many issues, controlled on the state and federal level that have potential to disrupt our plans and jeopardize our goals. Our strategy in dealing with this uncertainty should be two-fold. First, we need to remain vigilant in detecting and evaluating these threats, maintaining our voice in resistance to policies that are harmful to our residents and contrary to our values. Second, while we hope for the best, we must also plan for the worst, taking measures to build our resiliency both financially and operationally. Having adequate financial reserves and being operationally nimble will help us maintain service levels in the face of unfavorable legislative actions.

We feel that the FY18 Budget makes positive steps toward creating a resilient and nimble organization that is better positioned to deal with adversity. Among other things, the FY2017-18 adopted budget does the following:

- Maintains Town services at the high levels expected by Town residents

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

The budget is the tool we use to allocate resources that move us 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 2017-18 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. P.", written in a cursive style.

Council Goals 2016–2018

Learning, serving and working together to build a community where people thrive!



Create a Place for Everyone



- A. Adopt and support affordable housing programs, projects and policies that increase our diversity in income, race, age and lifestyle
- B. Increase internet access for families with school-age children and spark innovation with mutually defined goals defined by Chapel Hill- Carrboro City Schools, other local governments and UNC
- C. Leverage partnerships to increase cultural arts opportunities to enhance civic engagement

Support Community Prosperity



- A. Increase the number of incubator and co-working spaces in downtown or in development corridors
- B. Focus resources to achieve economic development goals:
- C. Develop a strategy for creating vocational classes and career development for youth with the school system, Durham Tech and other non-profit organizations

Facilitate Getting Around



- A. Adopt a plan for financial sustainability for public transit in partnership with UNC-Chapel Hill, Carrboro, GoTriangle and Orange County
- B. Conduct a town-wide comprehensive traffic analysis
- C. Develop a holistic mobility plan to establish a systemic framework for review of future development and to inform development of a holistic mobility plan

Develop Good Places, New Spaces



- A. Sustain momentum in the Northside Neighborhood Initiative through continued support and partnership and implementation of the Northside and Pine Knolls Community Plan
- B. Continue focus on Rogers Road area planning and development:
- C. Strategically invest in Downtown to attract and engage residents, students, visitors, workers, investors and businesses
- D. Initiate planning, funding and design for creative arts and social programming and space that connects people from different backgrounds
- E. Develop and approve strategies for increased energy efficiency in local development

Nurture Our Community



- A. Enhance and focus development review process to achieve Council Goals and encourage diverse types of development
- B. Define and support clear, predictable code enforcement strategies to promote safety and accountability (Departments: Building Inspections, Stormwater, Fire, Engineering, Police)
- C. Initiate a residents' academy to improve civic understanding of how to share ideas and influence outcomes of Town government and increase diversity on the Towns boards and commission
- D. Enhance future Town services

Grow Town, UNC and UNC Healthcare Collaboration



- A. Adopt strategy for leveraging community fiber and private ISP investment with UNC, UNC Health Care, Carrboro and local businesses to maximize access and speed for homes and businesses
- B. Seek strategies to address student housing demand that are consistent with mutual goals for connectivity, mobility and parking goals that prioritize student safety and protect neighborhoods
- C. Work collaboratively with the university and their master planning process to address mutual interests, including affordable housing, community health, Downtown investment, shared facilities, and innovation

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, 2017 through June 30, 2018.

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 2017-18.

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 2017-18 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 2017-18 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:

- 2015-16 Actual
- 2016-17 Original Budget
- 2016-17 Revised Budget
- 2016-17 Estimated
- 2017-18 Adopted Budget
- % Change from 2016-17 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 2017-18 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	2015-16	2016-17	2016-17	2016-17	2017-18	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2016-17
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	2015-16	2016-17	2016-17	2016-17	2017-18	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2016-17
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 costs for land, buildings, equipment and other purchases with an expected usefulness of 3 years or more and a cost of more than \$5,000.

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

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

These revenues are directly related to departmental functions.

Performance Measurement System

In the Spring of 2010, the Town of Chapel Hill began a pilot program targeted at improving departmental performance measures Town-wide. The Town Manager formed a committee of Town employees and engaged Dr. David Ammons, faculty at the University of North Carolina at Chapel Hill School of Government, to oversee the program.

Performance Measurement Development Process:

- 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 2014, departments began to annually report performance measure data to the Town Manager in their Departmental Business Plans, linking performance data to service delivery and strategic goals identified by Council. In 2015, a primary staff person in the Business Management department was assigned to oversee the Town's performance measurement system to ensure continuous improvement of existing measures, focus attention on results and accomplishments, and enhance accountability. In 2016, the Government Finance Officers Association (GFOA) awarded the Town of Chapel Hill a Special Performance Measure Recognition for the 2015-16 Budget document. Beyond data collection, public reporting, and process improvement efforts, departments are expected to use performance measures to justify budget adds and direct future priorities. As a result of these efforts, the FY18 budget document is the culmination of 4 consecutive years of Town-wide performance data collection and performance management efforts, including 2 years of participation in the North Carolina Benchmarking Project coordinated by the University of North Carolina at Chapel Hill School of Government.

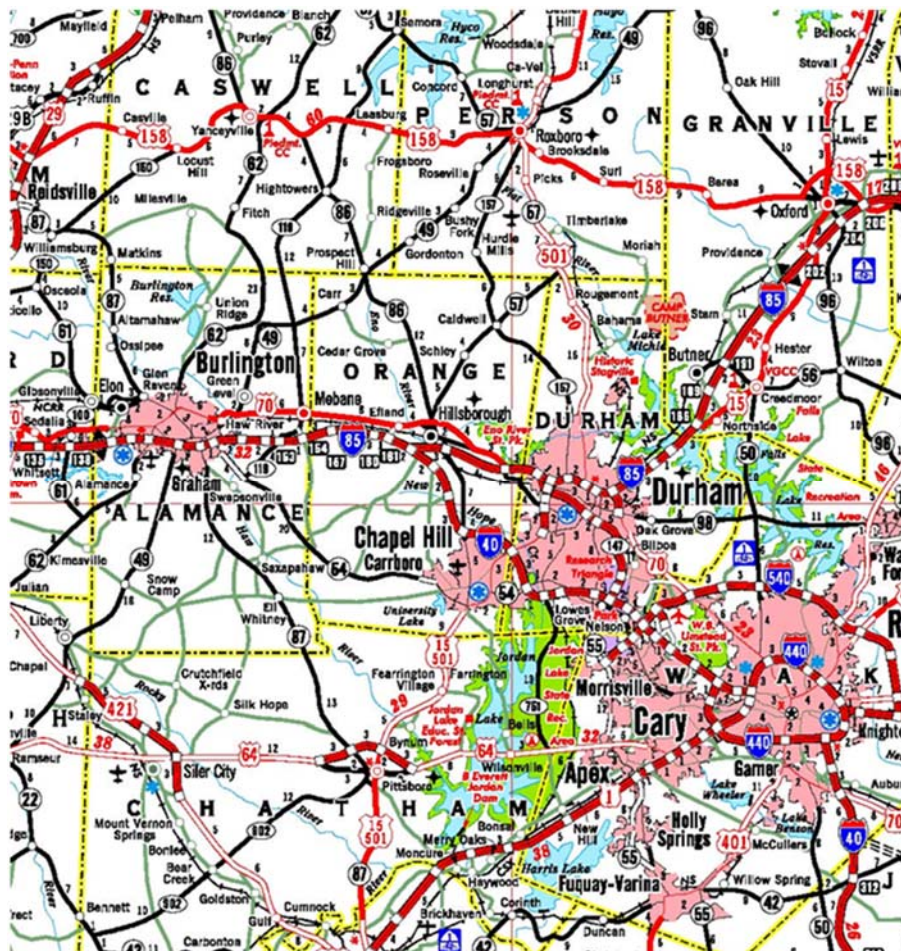
The FY18 Budget document illustrates performance data and targets that departments have identified as "mission-level" measures in their FY18 Business Plans. The FY18 Budget document also highlights the actions being taken by departments during the fiscal year to improve performance.

In May 2017, the Town Council initiated a strategic planning process to complement and inform budget development through the identification of Town-wide goals, objectives, strategic initiatives, and outcome measures. The Town Manager's goal is to develop a Strategic Plan that operationalizes the Council's vision for the community through the Town Budget and tracks the performance of the core programs, services, and strategies being used to achieve that vision.

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 59,569 according to the latest estimate issued by the State of North Carolina for July 2015. 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 29,469 in 2016-17. It is anticipated that expansion will continue to occur in University-related health facilities such as the UNC Health Care System.

Government Structure

The Town has a Council-Manager form of government. The Town Council is comprised of a Mayor and an eight-member Council. All Council Members serve four-year terms. The Mayor and four Council Members are elected every two years. All elections are on a non-partisan basis. The Council appoints the Town Manager and Town Attorney. The Mayor presides over the Council meetings and has full voting privileges. The Town Manager is the chief administrative officer of the Town. Town departments are responsible to the Town Manager for the provision of public services.

Demographics

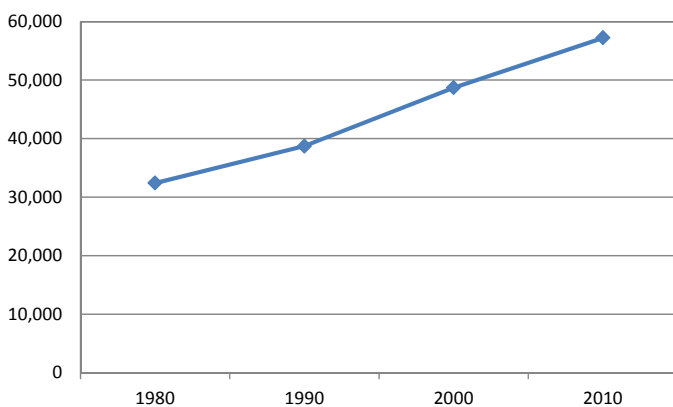
POPULATION GROWTH AND CHARACTERISTICS

Population Growth

Chapel Hill’s population increased by over 8,500 since the 2000 Census, totaling 57,233 in the 2010 Census. Figure 1 shows the Town’s population growth from 1980 to 2010. The 10-year growth from 2005 to 2015 amounts to 15.6 percent, about 1.3 percent faster than the County’s growth, and 0.2 percent slower than the 15.8 percent statewide population growth.

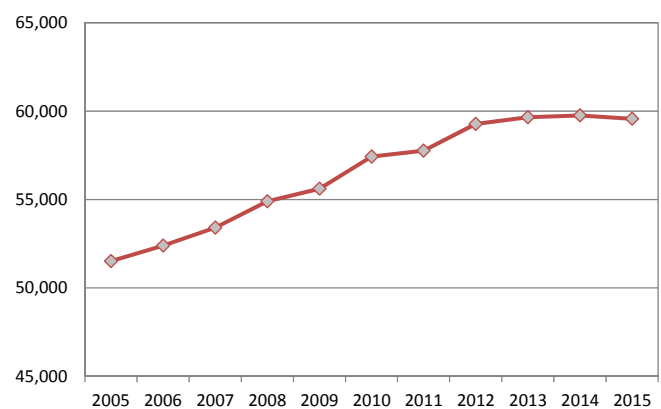
Figure 2 shows the Town’s growth since the 2000 Census.

Figure 1. Chapel Hill Population: 1980-2010



Source: US Census Bureau, 2010

Figure 2. Chapel Hill Population: 2005-2015



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	3,110
Orange County	56,459
TOTAL	59,569

Source: NC Office of State Budget and Management, 2015

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%

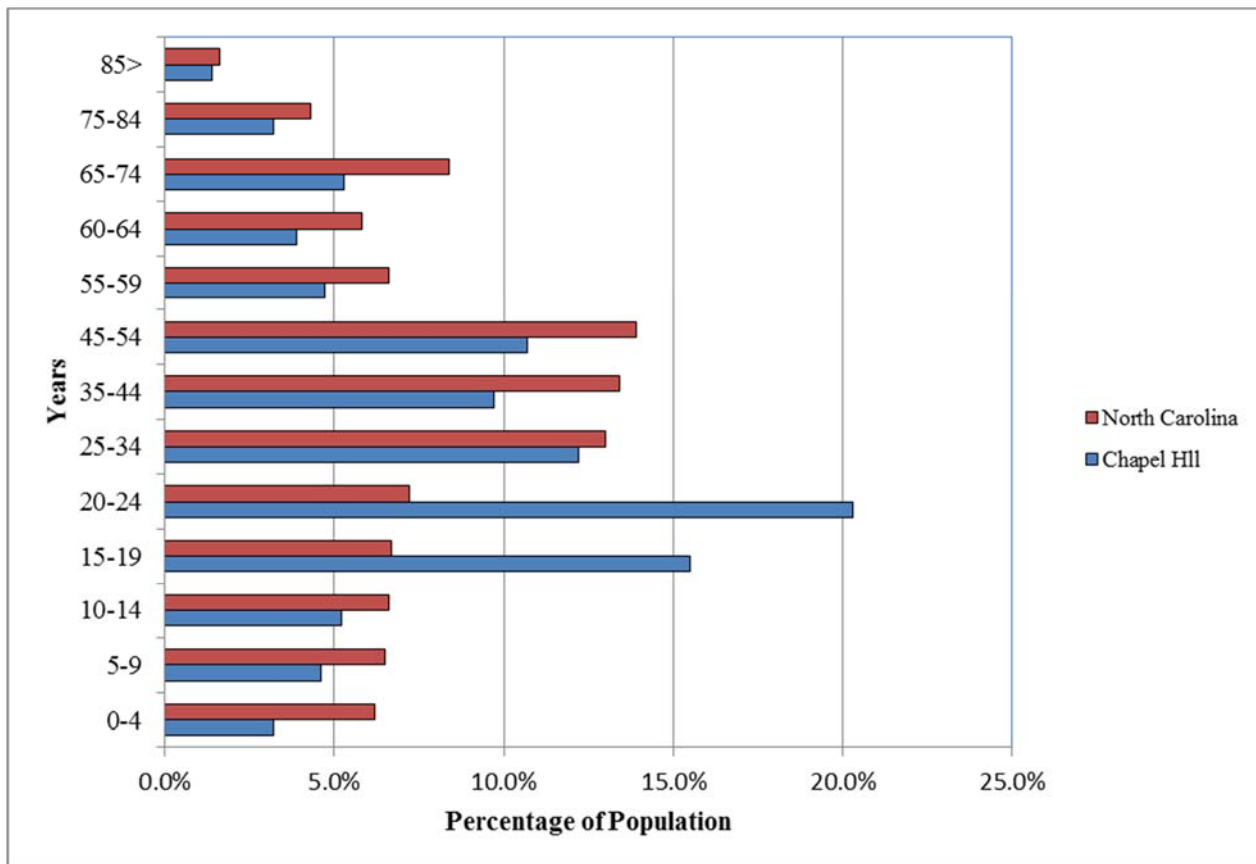
Source: US Census Bureau, 2010

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 15.5 percent of the Town’s population, while the 20 to 24 age group comprises 20.3 percent. As a comparison, the 20 to 24 age group represents 7.2 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 25.7 years old, while North Carolina’s median age is 38.0.



Source 2011-2015 American Community Survey, US Census Bureau

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

ADDITIONAL DEMOGRAPHIC INFORMATION

Note: Unless otherwise noted, the following economic and demographic data are taken from the 2011-2015 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	373	1,034	132,394
\$10,000 to \$14,999	192	720	89,928
\$15,000 to \$24,999	298	1,629	232,313
\$25,000 to \$34,999	447	1,848	259,791
\$35,000 to \$49,999	1,023	3,759	362,209
\$50,000 to \$74,999	1,353	4,918	487,109
\$75,000 to \$99,999	937	3,508	342,225
\$100,000 to \$149,999	2,077	5,544	347,221
\$150,000 to \$199,999	1,342	3,070	124,900
\$200,000 or more	2,620	5,325	119,904
Total Households/Families	10,662	31,353	2,497,993
Median Income	\$115,016	\$86,910	\$57,856
Mean Income	\$157,253	\$125,218	\$77,040

Table 3a: Family Income (% of total)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	3.50%	3.30%	5.30%
\$10,000 to \$14,999	1.80%	2.30%	3.60%
\$15,000 to \$24,999	2.79%	5.19%	9.30%
\$25,000 to \$34,999	4.19%	5.89%	10.40%
\$35,000 to \$49,999	9.59%	11.99%	14.50%
\$50,000 to \$74,999	12.69%	15.68%	19.50%
\$75,000 to \$99,999	8.79%	11.19%	13.70%
\$100,000 to \$149,999	19.48%	17.68%	13.90%
\$150,000 to \$199,999	12.59%	9.79%	5.00%
\$200,000 or more	24.57%	16.98%	4.80%
\$50,000 or more	78.12%	71.33%	56.90%

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 4: Educational Attainment

<u>Educational Attainment</u>	<u>Chapel Hill</u> <u>(% of total)</u>	<u>Orange County</u> <u>(% of total)</u>	<u>North Carolina</u> <u>(% of total)</u>
Less than 9th	2.4%	3.9%	5.4%
9th to 12th, No Diploma	2.1%	4.1%	8.8%
High School Graduate	7.7%	15.6%	26.7%
Some College, No Degree	9.2%	13.9%	21.8%
Associate's Degree	4.7%	6.0%	9.0%
Bachelor's Degree	29.3%	25.4%	18.4%
Graduate or Professional Degree	44.7%	31.2%	9.9%

Table 5: School Enrollment

<u>School Enrollment</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Elementary (grades K-5)	5,532	5,570	5,529	5,508	5,583
Intermediate (grades 6-8)	2,789	2,858	2,865	2,870	2,826
Secondary (grades 9-12)	3,803	3,778	3,698	3,644	3,706
Total	12,124	12,206	12,092	12,022	12,115

Source: Chapel Hill-Carrboro City Schools Enrollment Report

Table 6: Unemployment Rates

<u>Regional Average Unemployment Rates 2006-2017</u>				
<u>Year</u>	<u>Chapel Hill</u>	<u>Orange Co.</u>	<u>NC</u>	
2006	2.9	3.3	4.8	
2007	2.9	3.2	4.7	
2008	3.5	4.0	6.1	
2009	5.4	6.5	10.6	
2010	6.1	6.6	10.9	
2011	6.6	6.5	10.3	
2012	6.3	6.1	9.3	
2013	5.7	5.3	8.0	
2014	4.9	4.4	6.3	
2015	5.2	4.6	5.8	
2016	5.0	4.3	5.1	
2017	4.7	3.9	4.7	

*2017 rates based on monthly averages through June.
Source: N.C. Employment Security Commission, U.S. Bureau of Labor

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7a: Economic Indicators – Building Permits

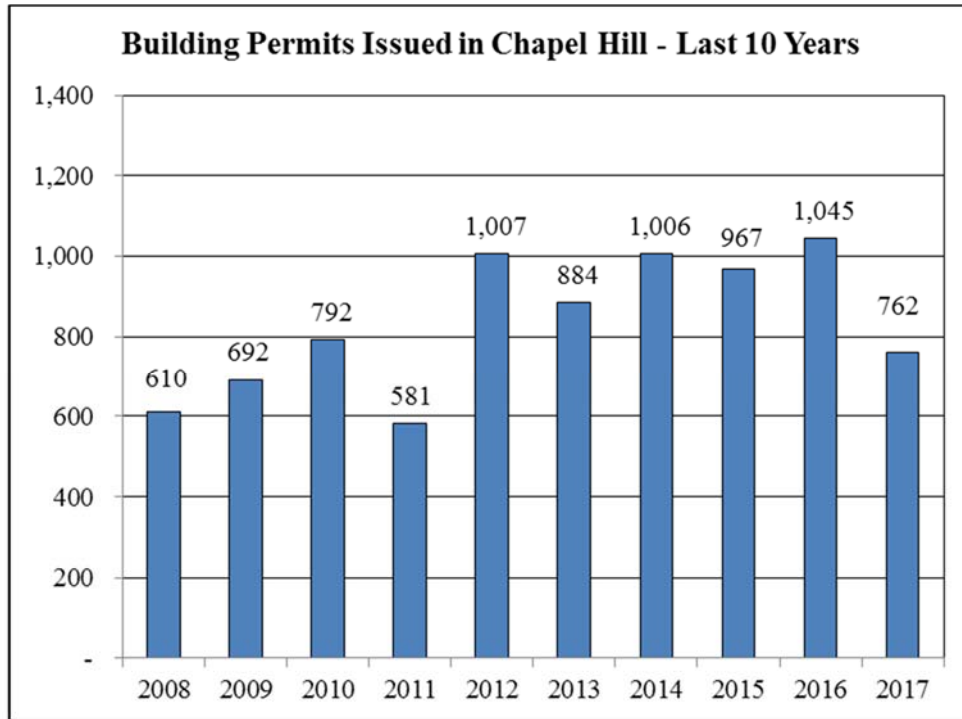
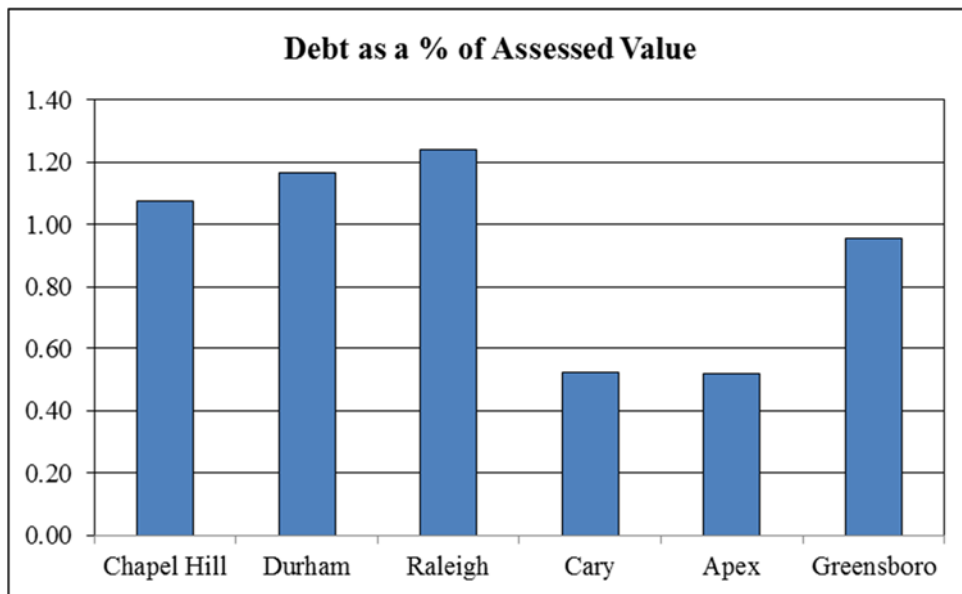


Table 7b: Economic Indicators – Debt Percentage



Outstanding debt due to Governmental Activities

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7c: Economic Indicators – Median Home Price

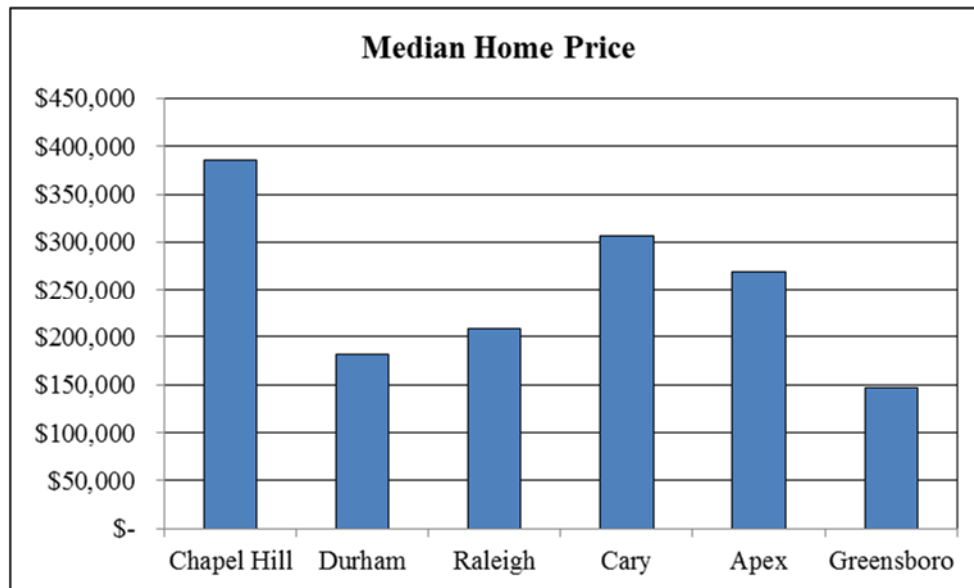


Table 8: Top Employers

Chapel Hill Top Employers By Size	
Employer	Number of Employees
University of North Carolina at Chapel Hill	20,000+
UNC Health Care	11,000+
Chapel Hill-Carrboro City Schools	2,000+
Town of Chapel Hill, Inc.	750+
Aramark Food and Support Services	300+
United Parcel Services, Inc.	250+
Performance	250+
Carolina Inn	200+
Whole Foods	200+
A Southern Season	200+

Source: Orange County Economic Development

CHAPEL HILL – MAJOR ECONOMIC DEVELOPMENT

Ephesus Fordham

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

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

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



Goals for the new zoning district:

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

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

Obey Creek

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

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

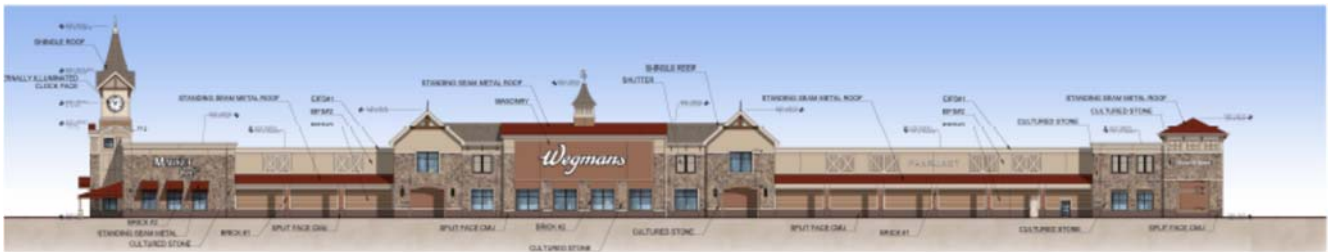
The vision is to create a walkable complex with a mix of commercial uses, upper story residences and offices, bike paths and permanent open space. The project was approved after an open negotiation that included a community compass committee. Currently, Obey Creek is being marketed by the land owner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

Carraway Village

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

Wegmans

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



SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

The Town of Chapel Hill has many relationships with surrounding communities and with other State and regional organizations. Following is a summary of those relationships:

Town of Carrboro

- Receives fixed-route and E-Z Rider transit service from Chapel Hill.
- Appoints two members to Orange County Solid Waste Advisory Board and two members to the Orange Water and Sewer Authority (OWASA) board of directors.
- Receives traffic signal system services from Chapel Hill.
- Mutual aid agreement for fire protection; limited joint training with Chapel Hill; uses Chapel Hill's fire training facilities.
- Mutual aid agreement for police services.
- Chapel Hill operates 30 public housing apartments in Carrboro.
- Open facilities policy for recreation services.
- Participates with Orange County in the Joint Planning Agreement.
- Regular staff communications regarding services and policies.
- Development at borders affects each community.

Orange County

- Mutual aid agreement for police services.
- Appoints two members to Orange County Solid Waste Advisory Board; provides landfill and recycling services to Chapel Hill.
- Appoints two members to OWASA board of directors.
- Participates in Joint Planning Agreement.
- Operates 911 emergency communications system; dispatches fire and police service units.
- Provides jail services for Chapel Hill.
- Provides tax assessing and collection services for Chapel Hill; Chapel Hill provides a tax collection service point for Orange County.
- Provides grants to Chapel Hill for recreation, library services, Project Turnaround and Retired Senior Volunteer Program.
- Open facilities policy for recreation services.
- Enforces soil and erosion control ordinance in Town of Chapel Hill.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

Town of Hillsborough

- Mutual aid agreement for fire protection; uses Chapel Hill’s fire training facilities.
- Mutual aid agreement for police services.
- Appoints two members of the Orange County Solid Waste Advisory Board.

Orange Water and Sewer Authority

- Is a public, non-profit, community-owned water and sewer agency.
- Governed by a nine-member Board of Directors, to which the Chapel Hill Town Council appoints five members.
- Operates in accord with State law, the contractual obligations in the OWASA Bond Order and the 1977 purchase and sale agreements among Chapel Hill, Carrboro, the University and OWASA.
- Is required to have cost-of-service rates; free service is prohibited.
- Is party to the water and sewer boundary, planning and management agreement with Chapel Hill, Carrboro, Orange County and Hillsborough.

Chapel Hill-Carrboro School System

- Must submit development applications to Chapel Hill for approval if sites are in the Chapel Hill zoning jurisdiction.
- Joint use agreements for use of some recreation facilities.
- Pays for school resource officers provided by Chapel Hill police department in high schools and middle schools.
- Pays for school crossing guards at elementary schools.
- May designate and “reserve” school sites under Chapel Hill zoning ordinance.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

University of North Carolina

- Purchases fixed-route transit service from Chapel Hill; provides own service to supplement EZ-Rider service provided by the Town; provides Point-to-Point transportation service for students, staff and faculty.
- Provides refuse collection and recycling services for University properties.
- Traffic signals and town streets in University campus area are maintained by Chapel Hill.
- Fire protection services are provided by Chapel Hill; University budget contributes part of the revenues used by the state to pay part of the cost of fire protection services.
- Mutual aid agreement for police services and other emergencies.
- Must submit development applications to Chapel Hill when sites are within the Chapel Hill zoning jurisdiction.
- Joint Staff Committee meets quarterly.

City of Durham

- Competes with Chapel Hill for transportation funding from State and federal government.
- Provides lead planning staff for Metropolitan Planning Organization (Transportation Advisory Committee).
- Durham-Chapel Hill Work Group meets regularly to review development issues.
- Courtesy reviews of development projects along jurisdictional boundary.

Durham County

- Portion of Chapel Hill is in Durham County.
- Provides tax assessing and tax collection services for Chapel Hill portion of County.
- Development at border affects each community.
- Courtesy reviews of development projects along jurisdictional boundary.

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

Chatham County

- Orange-Chatham Work Group meets occasionally to review development issues.
- Development at border affects each community.

Triangle Transit Authority

- Chapel Hill appoints one member of the 13-member governing board.
- Provides bus service in Chapel Hill connecting to Durham, Research Triangle Park and other areas of the Triangle.
- Competes with Chapel Hill for transit funding from the federal and state government.

Triangle J Council of Governments (TJCOG)

- Chapel Hill appoints one delegate and one alternate to the board of delegates.
- The Town pays dues to support basic operations of the TJCOG and receives planning and other services.

State of North Carolina

- The State established the Town by granting a municipal charter.
- The Town's powers are granted by the State, and the State imposes limits on the powers of the Town.
- The State constructed and maintains a road network within the Town limits.
- The State is the conduit for transportation improvement funds used to maintain roads and to maintain and operate the transit system.
- The State collects certain taxes and shares proceeds with the Town (sales tax, beer and wine tax, etc.) that amount to nearly a third of the total General Fund revenues in normal years.
- Town provides maintenance service for traffic signal system in Chapel Hill and Carrboro for the State.

FUND DESCRIPTIONS AND MAJOR REVENUES

<u>Fund Title</u>	<u>Accounts For</u>	<u>Primary Funding Sources</u>
GENERAL FUND	Normal recurring Town activities such as planning, inspections, engineering, public works, public safety, parks and recreation and library	Property and other taxes, State-shared revenues, grants, charges for services, licenses, permits and fines
TRANSPORTATION		
Transit Fund	Operation and maintenance of public transportation, E-Z Rider and Shared Ride services	Federal and State grants, property taxes and charges for services
Transit Capital Reserve Fund	Reserve fund for replacement of buses and other capital equipment and improvements	Contributions from the Transit Operating Fund
PARKING		
Off-Street Parking Fund	Off-street parking facilities, James Wallace Deck, and monthly rental parking	Short-term parking fees and monthly rentals
On-Street Parking Fund	Parking enforcement and parking meters	Parking meter collections and parking citations
STORMWATER MANAGEMENT		
Stormwater Management Fund	Management of stormwater to protect water quality as mandated by NC General Statutes	Fees
HOUSING		
Public Housing Fund	Management of public housing units and residential rehabilitation	Federal grants and rental income

FUND DESCRIPTIONS AND MAJOR REVENUES

<u>Fund Title</u>	<u>Accounts For</u>	<u>Primary Funding Sources</u>
DEBT		
Debt Service Fund	General obligation debt, proprietary debt, COPS debt, and other governmental debt	Property taxes
CAPITAL PROGRAMS		
Capital Improvements Funds	Capital improvements projects such as park improvements, fire hydrants, stormwater management and traffic signals	Transfers from Capital Reserve Fund and General Fund
Capital Reserve Fund	Reserve fund for capital improvements projects such as the library facilities, parks and recreation improvements, fire hydrants, stormwater management and traffic signals	Transfer from General Fund
OTHER FUNDS		
<u>Special Revenue Funds</u>		
Grants Fund	Miscellaneous grants	Federal and State Grants
Downtown Service Fund	Promotion of Downtown economic development	Property taxes
Library Gift Fund	Gifts and donations received for the library	Gifts and donations
<u>Internal Service Funds</u>		
Vehicle Replacement Fund	Centrally managed vehicle replacement	Charges to General Fund
Fleet Maintenance Fund	Centrally managed fleet maintenance	Charges to General, Parking and Housing Funds
Computer Replacement Fund	Centrally managed computer replacement	Charges to General Fund

FUND BALANCE

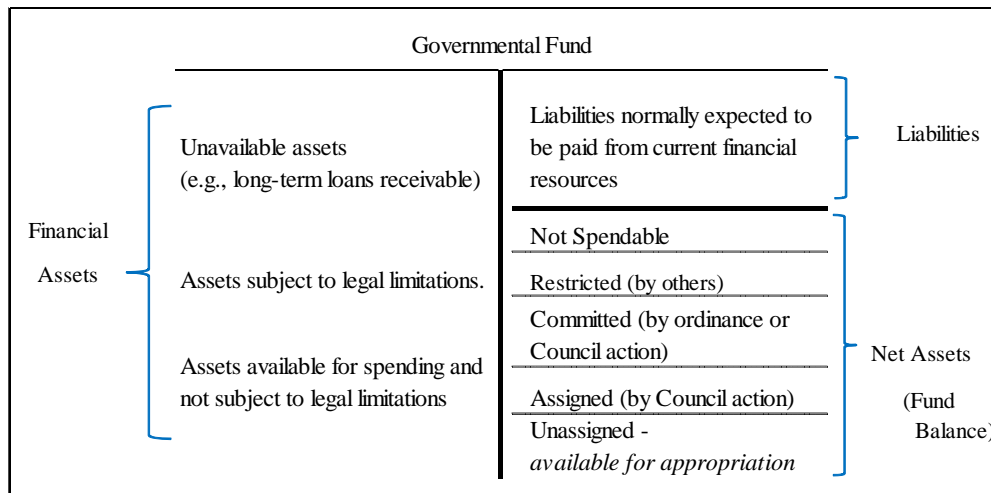
Fund balance (net assets) is the accumulated difference between revenues and expenditures in a governmental fund, and is similar to “working capital” for a private business. Portions of fund balance are intended to meet the cashflow and working capital needs of the Town in accordance with reserve recommendations of the North Carolina Local Government Commission. A portion of fund balance is reserved for specific purposes and as required by North Carolina statute and is not available for appropriation, and the remainder is available for Council appropriation. It is a Town goal to maintain fund balance at a level that will meet on-going cash flow needs and provide available funds to meet unexpected emergency situations.

Effective with the financial statements for FY11, fund balance will be presented in the new categories required by GASB Statement No. 54 as shown at right.

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

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

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



DEBT

INTRODUCTION & BACKGROUND

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

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

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

ESSENTIALS

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

State statutes only allow debt issuance for capital expenditures.

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

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

General Obligation Bonds

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

DEBT

INTRODUCTION & BACKGROUND

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

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

Two-thirds GO Bonds

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

Revenue Bonds

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

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

Installment Contract Financing

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

DEBT

INTRODUCTION & BACKGROUND

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

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

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

Certificates of Participation

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

Debt Options under the Stimulus Act

Several new debt options were made available to local governments with the passage of the American Recovery and Reinvestment Act in February of 2009. The primary new financing tools are Build America Bonds (BABs) and Recovery Zone Economic Development Zone Bonds (RZED). Both of these instruments are based on the issuance of taxable debt by the municipality with the Federal Government providing a subsidy that effectively reduces the borrowing rate to the equivalent of tax exempt debt or lower. BABs can be issued for any capital project purpose, but they cannot be used to refund existing bonds. Issuers of BABs receive a 35% rebate of interest costs by making an annual application to the IRS. REZD bonds provide a 45% rebate, but must be used in conjunction with the declaration of a recovery zone. The deadline for issuance of both BABs and REZD bonds is December 31, 2010, although it is possible that the authorization may be extended under different terms.

Additional Debt Information

Please refer to page 196 for additional information on the Town’s debt and bond ratings.

CAPITAL PROGRAM INTRODUCTION AND BACKGROUND

The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The Capital Program identifies capital needs, establishes priorities, identifies potential funding sources, and includes needs for which sources of funding have not been identified. Key sources for identifying capital needs include the 2000 Facility Condition Assessment, the Comprehensive Plan, Council Goals and Priorities, special studies, and other ideas from the Council, citizens and staff.

The Capital Program is comprehensive in scope: It includes all identified capital projects and a range of funding sources, as well as projects that have been identified but for which funding is not available. It includes projects that are funded through the Town's annually budgeted Capital Improvements Fund, and also those projects that are funded through bonds, State and federal grants, and other sources. The Capital Program does not include the capital needs of the Chapel Hill-Carrboro City School System, the Orange Water and Sewer Authority, or the Orange Regional Landfill which was transferred to Orange County in 2000. Most projects funded by bonds, grants and other special funding sources are accounted for in Multi-Year Capital Project Funds, such as various capital projects funded from bonds, and are therefore not included in the annual operating budget.

Please refer to the Capital Program section (page 259) for additional information on the Town's Capital Improvements Fund.

FUND STRUCTURE & BASIS OF BUDGETING

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

BASIS OF BUDGETING

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

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

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

GOVERNMENTAL FUNDS

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

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

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

The following are the Town's Governmental Fund Types:

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

PROPRIETARY FUND TYPES

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

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

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

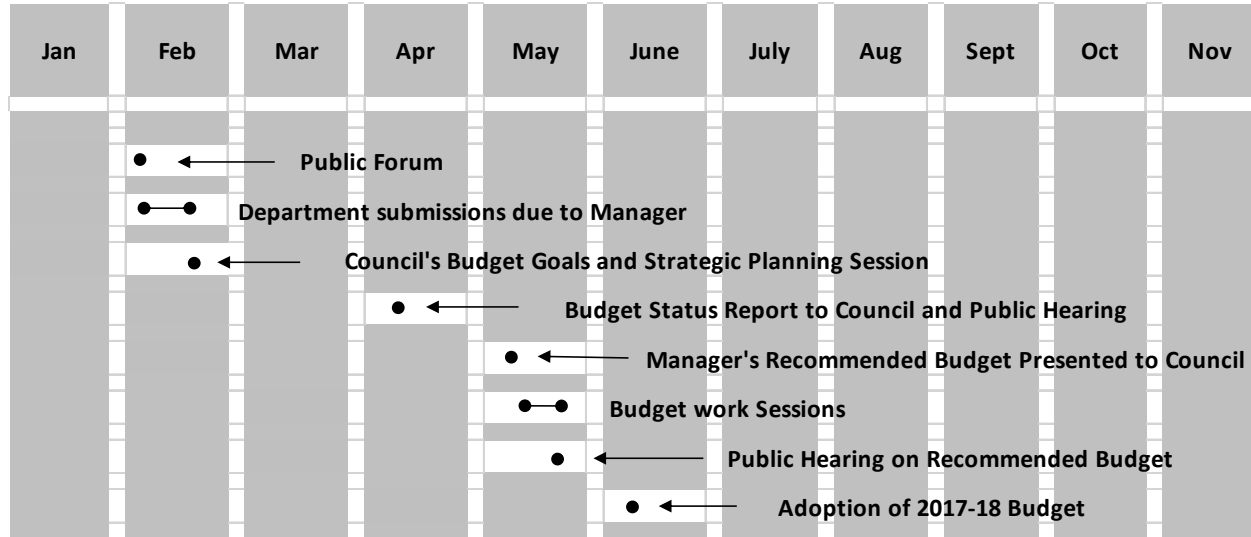
BUDGETARY CONTROL

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

DEPARTMENTS/DIVISIONS

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

OVERVIEW OF BUDGET PROCESS



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

Financial Capacity Phase

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

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

Policy/Strategy Phase

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

OVERVIEW OF BUDGET PROCESS

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

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

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

Needs Assessment Phase

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

Review/Development Phase

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

Implementation/Adoption Phase

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

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

OVERVIEW OF BUDGET PROCESS

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

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

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

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

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

Budget Amendments

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

OVERVIEW OF BUDGET PROCESS

Budget Roles and Responsibilities

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

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

Budgeting for the Capital Program

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

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

BUDGET GUIDELINES & PRACTICES

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

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

BUDGET GUIDELINES & PRACTICES

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

BUDGET GUIDELINES & PRACTICES

<p>The Town strives to maintain all its physical assets at a level adequate to protect the Town’s capital investment and to minimize future maintenance and replacement costs.</p>	<p>The Town strives to maintain its capital investment by addressing future maintenance and replacement costs in its fifteen-year capital improvements program. Both pay-as-you-go financing and installment financing are used to address capital maintenance needs. When deferrals of capital maintenance are proposed due to unusual budgetary constraints, the amount of deferrals are specifically identified and limited to the extent practical.</p>
<p>NET ASSET (FUND BALANCE) RESERVES</p>	
<p>Guideline</p>	<p>Comment</p>
<p>The Town seeks to continue to maintain its financial reserve position consistent with the recommendations of the North Carolina Local Government Commission to reserve a minimum of 12% of General Fund expenditures for cash flow considerations and emergencies.</p>	<p>The Town’s annual budget and revenue and expenditure recommendations are developed and designed to ensure that its financial position and reserve levels are adequate to retain reserve levels recommended by the North Carolina Local Government Commission for the General Fund and other major operating funds, including the Transportation and Parking enterprise funds. The Town’s current balances are consistent with the minimum recommendation. The Town seeks to increase these reserve levels as the expenditure levels increase in each fund to maintain a constant reserve percentage.</p>

BUDGET GUIDELINES & PRACTICES

FINANCIAL REPORTING	
Guideline	Comment
<p>The Town’s accounting and financial reporting systems will be maintained in conformance with current generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).</p>	<p>The Town participates in the accounting and budgeting awards programs of the association, receiving the Certificate of Achievement for Excellence in Financial Reporting for fiscal year ending June 30, 2015 and Distinguished Budget Award in 2014-15 and in past years. The Town plans to continue participation in these programs annually.</p>
<p>Consistent with State law, an annual audit will be performed by an independent public accounting firm with subsequent issuance of a Comprehensive Annual Financial Report (CAFR). Full disclosure will be provided in the general financial statements and all bond representations.</p>	<p>The Town prepares a Comprehensive Annual Financial Report that receives an unqualified opinion by an independent accounting firm each year. As required by State law, the annual report is submitted to the N. C. Local Government Commission staff for a detailed review of compliance with Commission recommendations and guidelines and compliance with applicable accounting and financial reporting standards.</p>

BUDGET ASSUMPTIONS

Major issues affecting Town revenues for the 2017-18 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 2017-18 budget incorporates the following assumptions:

- The property tax base is estimated to be \$7.87 billion in 2017-18.
- We estimate that the Town's revenue from the local sales taxes will increase slightly.
- Federal assistance for the Transit Fund will decrease by 2.5% for 2017-18.

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 2017-18 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

The first sale of the bonds began in February, 2017 and included the following projects:

	<u>Amount</u>
Streets & Sidewalks	\$3,000,000
Trails and greenways	5,000,000
Recreation facilities	<u>1,000,000</u>
Total	<u>\$ 9,000,000</u>

In addition to the referendum bonds the Town is also planning on financing about \$33 million for public safety facilities over the same timeframe.

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

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

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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

	<u>Amount</u>
Library	\$14,260,000
Sidewalk/Street	2,450,000
Parks & Recreation	3,700,000
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 FY18 annual debt service payment on the combined issuance totals \$1.61 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 \$1.42 million for FY18.

In addition to the final issuance of authorized bonds, the Council approved the issuance of \$1.7 million in Two-Thirds Bonds in July 2012. NC General Statutes allow units to issue bonds each year in an amount equal to two-thirds of the principal amount of debt retired in the previous year. These bonds may be issued without a referendum but must be approved by the LGC and Council in the same manner as other debt financing. The Two-Thirds bonds were used for Parks and Recreation and Streets projects, and annual debt service on the bonds is \$113,000.

In June of 2012 the Town issued \$28,800,000 of limited obligation bonds. The bonds were used to pay for underground parking at the 140 West Project (\$6,700,000) as part of a mixed use development and to refund outstanding Certificates of Participation for the Wallace Deck and Town Operations Center (\$22,100,000). Construction of the 140 West Project was completed during FY13 for a total cost of \$5.96 million. The total debt service payment for FY18 is \$2.75 million, consisting of \$906,831 paid through the Parking Fund and \$1,847,000 paid from the General Fund. The projections assume that the Parking Fund will provide for the cost of this debt service (\$906,831) 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 \$746,580 over the remaining life of the bonds.

In June 2015, the Town entered into an installment financing agreement to finance public safety equipment and improvements to public buildings. The Town borrowed \$2,395,000 for a 15 year term at a rate of 2.24%. The debt service payment for FY18 is \$208,250.

In March 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	<u>\$7,879,000</u>

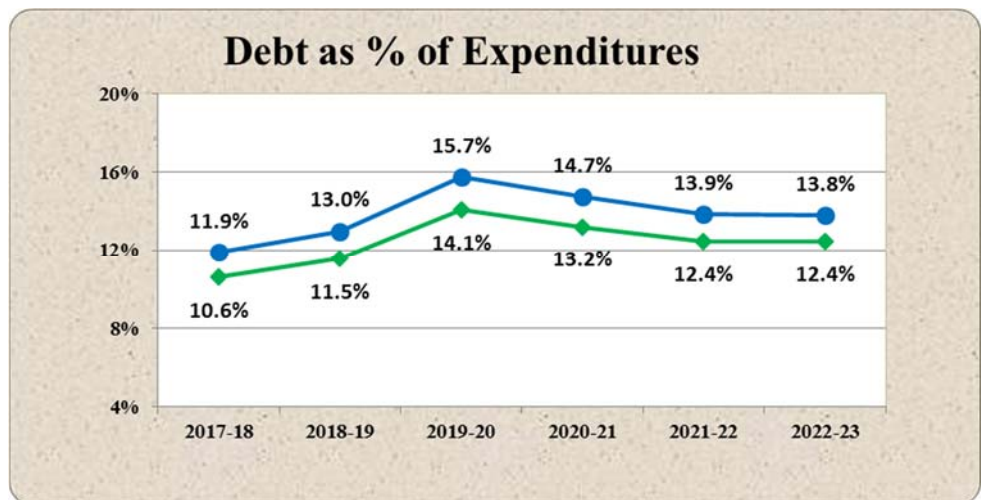
The financing agreement has a 15 year term and a rate of 2.32%. The debt service payment for FY18 for

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

this installment financing is \$690,304. 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 11.9% in 2017-18 and to 10.6% as a percent of governmental revenues (general fund plus debt fund). Debt as a percentage of governmental revenues approximates the basis used before the debt fund was created in 2010. Debt service as a percentage of expenditures is expected to rise in the next few years as the Town continues to invest in public facilities and infrastructure.

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



The adopted budget for 2017-18 includes a tax rate at \$8.2 cents per \$100 valuation. The debt fund has capacity to pay existing and planned debt service through the 2019-20 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 2017-18, 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

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents.

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

GENERAL FUND

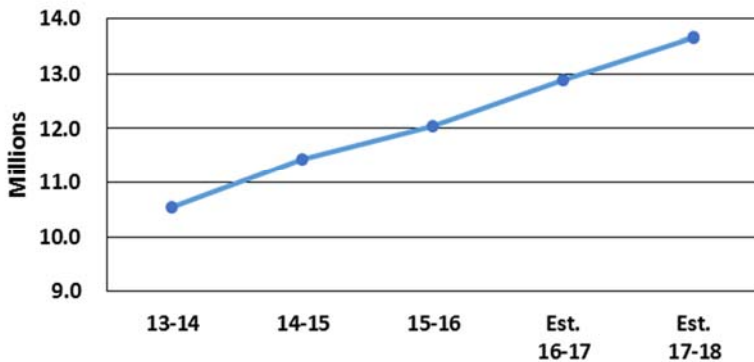
Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 68% of total General Fund revenues. The estimate of assessed valuation for the tax base in 2017-18 is about \$7.87 billion. There was a revaluation of property assessments that went into effect during the FY2017-18 budget process, 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 that was revenue neutral rate for the FY2017-18 Budget.

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

Two factors may affect our ability to project and collect property taxes in the future. The first relates to

Sales Tax History



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.

Estimated additions to the tax base through growth of 1.5%, slightly lower than historical average, at a tax rate for 2017-18 of \$37.6 cents for the General Fund, would yield increases in property tax revenues

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 FY17 receipts to date, we estimate FY17 receipts at about \$12.9 million, a slight increase from what was originally budgeted. Based on local trends and state forecasts, we anticipate growth of about 6% for FY17-18.

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 \$4.4 million in 2016-17 and \$4.4 million in 2017-18) and Video Programming Tax, estimated to remain relatively flat in FY17 and FY18.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about \$1.46 million in 2016-17) 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 FY17 and thereafter.

State Fire Protection Funds held the line in FY17 to \$1,097,500. 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 2017-18. 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. In 2017, the Town issued \$9 million of 2015 referendum bonds to pay for streets and sidewalks, trails and greenways, and recreation facilities. Due to the issuance of referendum bonds, the amount of pay-go capital funding in the areas of greenways and streets and sidewalks decreased by about \$337,000.

Personnel costs for FY 2017-18 include a 2.5% of market rate pay adjustment effective July 2017 and an increase in medical insurance costs of 12.0% based on the contracted agreement with Blue Cross Blue Shield. There are also pay adjustments based on a recent market compensation study that identified 41 positions that were determined to have salary ranges below market. Projections include annual pay increases of 3%, 5% increases in medical insurance costs each year, and an increase of 0.25% each year from the FY18 rate of 7.25% to the retirement contribution rate. Operating costs are estimated to increase about 3% annually.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 2017-18 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro. Due to the occasional unknown nature of the State operating assistance, we are conservatively budgeting \$2.54 million for this revenue source. Federal assistance is estimated to continue at \$1.44 million next year, a 2.5% decrease from FY17.

The 2017-18 Adopted Budget represents a 12.3% increase from the previous year due to an approximately \$2,267,000 increase in appropriated fund balance. The Transit budget also includes \$967,000 for debt payments on the purchase of new buses that began in 2016-17. The adopted budget for 2016-17 includes slight contribution increases on behalf of the partners. The projections assume continuation of the 5.0 cent rate in the next five years. 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		
	FY16-17	FY17-18	\$ Change
General Fund	38.8	37.6	-1.2
Debt Fund	8.5	8.2	-0.3
Transit Fund	5.1	5.0	-0.1
Total Tax Rate	52.4	50.8	-1.6

DEBT SERVICE FUND

The projections for the Debt Service Fund include maintaining the adopted tax rate of 8.2 cents. This tax rate will generate about \$6.44 million in revenues in 2017-18 which, along with the transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the \$9 million general obligations issued in February 2017 and the \$1.46 million 2/3 bonds issued in February 2017. 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 an increase will be needed in the tax rate for debt service for 2020-21.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

CONCLUSION

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

Tax Rate Equivalents of Needed Revenue (in cents)

	2017-18 Adopted Increase	2018-19 Estimated Increase	2019-20 Estimated Increase	2020-21 Estimated Increase	2021-22 Estimated Increase	2022-23 Estimated Increase
General Fund	0.0	4.9	1.6	0.9	0.8	0.9
Debt Service	0.0	0.0	0.0	1.2	1.4	0.0
Transit Fund	0.0	0.4	(0.1)	0.2	0.2	0.2
Total	0.0	5.3	1.5	2.3	2.4	1.1

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund. In past years, fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. We will need to more closely balance spending with available revenues in future budget years due to the diminishing availability of fund balance available for appropriation.

GENERAL FUND
PROJECTED TAX BASE
2017/2018- 2022/2023

Category	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,868,838,338	\$ 8,010,480,000	\$ 8,154,670,000	\$ 8,301,450,000	\$ 8,450,880,000	\$ 8,603,000,000
Tax Levy - General Fund Only*	29,587,000	30,119,000	30,662,000	31,213,000	31,775,000	32,347,000
Estimated Collections at 99%	29,470,000	30,000,000	30,550,000	31,090,000	31,650,000	32,220,000
Estimated Prior Year Collections	115,000	115,000	115,000	115,000	115,000	115,000
TOTALS	\$ 29,585,000	\$ 30,115,000	\$ 30,665,000	\$ 31,205,000	\$ 31,765,000	\$ 32,335,000
Tax rate	37.6	37.6	37.6	37.6	37.6	37.6

1¢ on the tax rate = \$ 784,000

* Based on continuing the General Fund tax rate of \$37.6 cents/\$100, with estimated growth as follows:

2019	1.80%
2020	1.80%
2021	1.80%
2022	1.80%
2023	1.80%

GENERAL FUND

PROJECTED STATE-SHARED REVENUES

2017/2018- 2022/2023

Category	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 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	83,000	90,000	90,000	90,000	90,000	90,000
Beer, Wine Tax ²	270,000	273,000	276,000	279,000	282,000	285,000
1% Local Option Sales Tax (Article 39) ³	4,711,000	4,947,000	5,194,000	5,454,000	5,727,000	6,013,000
1/2% Local Option Sales Tax (Article 40) ³	3,227,000	3,388,000	3,557,000	3,735,000	3,922,000	4,118,000
1/2% Local Option Sales Tax (Article 42) ³	2,361,000	2,479,000	2,603,000	2,733,000	2,870,000	3,014,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) ³	35,000	37,000	39,000	41,000	43,000	45,000
City Hold Harmless ³	3,343,000	3,510,000	3,686,000	3,870,000	4,064,000	4,267,000
Total Local Option Sales Taxes	13,677,000	14,361,000	15,079,000	15,833,000	16,626,000	17,457,000
Fuel Tax (Powell Bill) ⁴	1,463,000	1,463,000	1,463,000	1,463,000	1,463,000	1,463,000
State Fire Protection ⁵	1,115,590	1,115,590	1,115,590	1,115,590	1,115,590	1,115,590
Solid Waste Disposal Tax	38,000	38,000	38,000	38,000	38,000	38,000
TOTAL	\$ 21,746,590	\$ 22,462,590	\$ 23,205,590	\$ 23,984,590	\$ 24,802,590	\$ 25,658,590

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 5% in FY19 and thereafter.

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

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

GENERAL FUND
REVENUE PROJECTIONS
2017/2018 - 2022/2023

Category	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Property Taxes*	\$ 29,635,000	\$ 30,115,000	\$ 30,665,000	\$ 31,205,000	\$ 31,765,000	\$ 32,335,000
Sales Taxes	\$ 13,677,000	\$ 14,361,000	\$ 15,079,000	\$ 15,833,000	\$ 16,626,000	\$ 17,457,000
Other Taxes & Licenses	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Licenses/Permits/Fines/ Forfeitures	2,129,000	2,129,000	2,129,000	2,129,000	2,129,000	2,129,000
State-Shared Revenues	8,069,000	8,101,590	8,126,590	8,151,590	8,176,590	8,201,590
Grants	800,000	809,000	818,000	827,000	836,000	845,000
Service Charges	4,748,000	4,758,000	4,768,000	4,778,000	4,788,000	4,798,000
Interest on Investments	50,000	25,000	25,000	25,000	25,000	25,000
Other Revenues	413,000	413,000	413,000	413,000	413,000	413,000
Interfund Transfers	45,000	45,000	45,000	45,000	45,000	45,000
TOTAL	\$ 60,866,000	\$ 62,056,590	\$ 63,368,590	\$ 64,706,590	\$ 66,103,590	\$ 67,548,590

* Based on continuing the current General Fund tax rate of \$37.6 cents/\$100, with estimated growth as follows:

2019	1.80%
2020	1.80%
2021	1.80%
2022	1.80%
2023	1.80%

**GENERAL FUND
PROJECTED COSTS
2017/2018 - 2022/2023**

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Personnel Services ¹	\$ 46,773,000	\$ 48,725,000	\$ 50,990,000	\$ 52,686,000	\$ 54,443,000	\$ 56,264,000
Operations						
Operating & Maintenance ²	15,052,000	16,000,000	16,283,000	16,634,000	16,933,000	17,300,000
Capital						
Equipment ³	117,000	100,000	100,000	100,000	100,000	100,000
Transfer to Capital Improvements Program ⁴	477,000	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	1,112,000	1,112,000	1,112,000	1,112,000	1,112,000	1,112,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	\$ 63,531,000	\$ 66,937,000	\$ 69,485,000	\$ 71,532,000	\$ 73,588,000	\$ 75,776,000

Assumptions for years after 2019, reflected on base cost estimates for 2018-19:

¹ Assumptions include:

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

² Increase in 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

2017/2018 - 2022/2023

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Estimated Total Costs	\$ 63,531,000	\$ 66,937,000	\$ 69,485,000	\$ 71,532,000	\$ 73,588,000	\$ 75,776,000
Estimated Total Revenues	60,866,000	62,056,590	63,368,590	64,706,590	66,103,590	67,548,590
Revenues Needed	2,665,000	4,880,410	6,116,410	6,825,410	7,484,410	8,227,410
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	1,665,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 3,880,410	\$ 5,116,410	\$ 5,825,410	\$ 6,484,410	\$ 7,227,410
Change in Tax Rate in cents in Specific Years*	-	4.9	1.6	0.9	0.8	0.9

*Value of a cent = \$784,000

TRANSIT FUND
REVENUE PROJECTIONS
2017/2018 - 2022/2023

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Taxes ¹	\$ 3,933,702	\$ 4,074,000	\$ 4,144,000	\$ 4,224,000	\$ 4,294,000	\$ 4,374,000
Vehicle Taxes ²	454,350	456,000	458,000	460,000	462,000	464,000
TTA-Shared Revenues	1,739,000	1,756,000	1,774,000	1,792,000	1,810,000	1,828,000
Federal Operating Assistance ³	4,484,414	4,484,000	4,484,000	4,484,000	4,484,000	4,484,000
UNC Contract (Net) ⁴	7,288,468	7,398,000	7,509,000	7,622,000	7,736,000	7,852,000
Carrboro Contract (Net) ⁴	1,481,821	1,504,000	1,527,000	1,550,000	1,573,000	1,597,000
Service Charges ⁵	918,155	937,000	956,000	975,000	995,000	1,015,000
Advertising	150,000	150,000	150,000	150,000	150,000	150,000
Other	3,000	3,000	3,000	3,000	3,000	3,000
Appropriated Fund Balance	2,423,082	2,423,082	2,423,082	2,423,082	2,423,082	2,423,082
TOTAL	\$ 22,875,992	\$ 23,185,082	\$ 23,428,082	\$ 23,683,082	\$ 23,930,082	\$ 24,190,082

Revenue Notes:

¹ Based on the adopted tax rate of 5.0 cents through 2022-23

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
2017/2018 - 2022/2023

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Personnel Services ¹	\$ 14,952,412	\$ 15,384,000	\$ 15,899,000	\$ 16,434,000	\$ 16,988,000	\$ 17,454,000
Operations ²	6,956,580	7,175,000	7,402,000	7,636,000	7,879,000	8,130,000
Capital Reserve Fund ³	967,000	967,000	967,000	967,000	967,000	967,000
TOTAL	\$ 22,875,992	\$ 23,526,000	\$ 24,268,000	\$ 25,037,000	\$ 25,834,000	\$ 26,551,000

Assumptions for years after 2017-18

¹ Assumptions include:

- Annual increase of 3%.
- 5% increase in medical insurance each year
- Continuation of 7.5% 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
2017/2018 - 2022/23***

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Estimated Costs	\$ 22,875,992	\$ 23,526,000	\$24,268,000	\$ 25,037,000	\$ 25,834,000	\$ 26,551,000
Estimated Revenues	22,875,992	23,185,082	23,428,082	23,683,082	23,930,082	24,190,082
Revenue Needed/(Excess)	-	340,918	839,918	1,353,918	1,903,918	2,360,918
Additional Revenue Needed	\$ -	\$ 340,918	\$ 839,918	\$ 1,353,918	\$ 1,903,918	\$ 2,360,918
Change in Tax Rate in Specific Years	-	0.4	(0.1)	0.2	0.2	0.2

1 cent on the tax rate = \$784,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2017-18 (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 FY18.
 - Includes estimated adjustments of 5% in fuel and tire costs after FY18.
-

DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2017/2018- 2022/2023

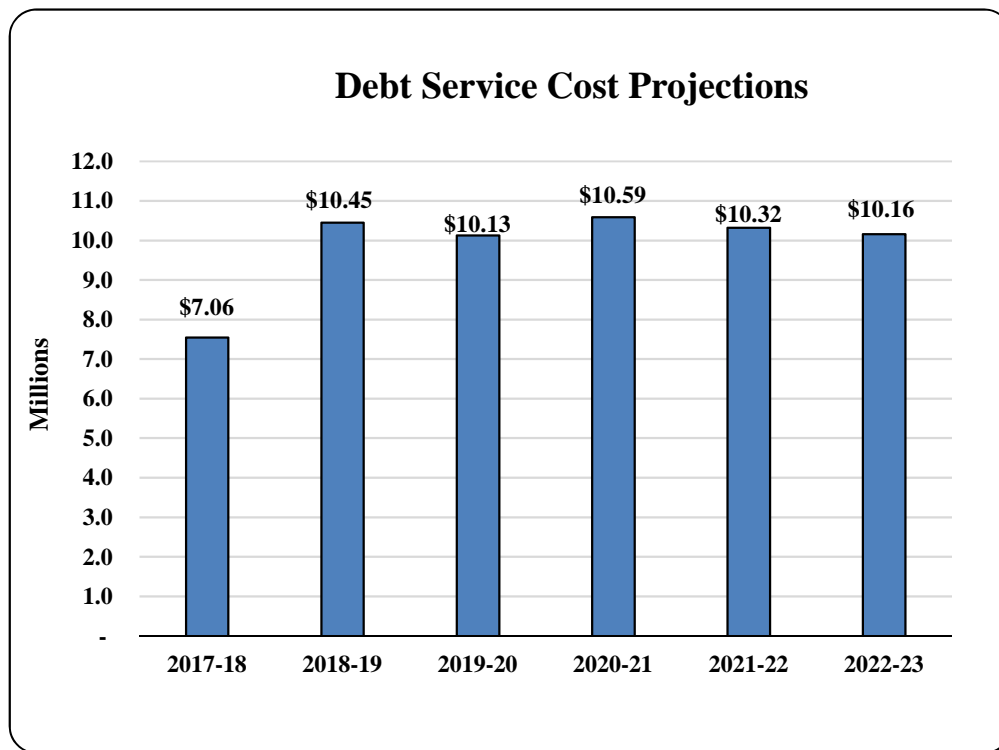
Category	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Assessed Valuation (Real & Personal Property)	\$ 7,868,838,000	\$ 8,010,480,000	\$ 8,154,670,000	\$ 8,301,450,000	\$ 8,450,880,000	\$ 8,603,000,000
Tax Levy - Debt Service Fund Only*	6,452,000	6,569,000	6,687,000	6,807,000	6,930,000	7,054,000
Estimated Collections at 99%	6,430,000	6,540,000	6,660,000	6,780,000	6,900,000	7,030,000
TOTAL TAXES	\$ 6,430,000	\$ 6,540,000	\$ 6,660,000	\$ 6,780,000	\$ 6,900,000	\$ 7,030,000
BABS Interest Subsidy	170,000	170,000	170,000	170,000	170,000	170,000
Interest Income	7,500	7,500	7,500	7,500	7,500	7,500
Transfer from Parking	907,000	907,000	907,000	907,000	907,000	907,000
TOTAL REVENUES	\$ 7,514,500	\$ 7,624,500	\$ 7,744,500	\$ 7,864,500	\$ 7,984,500	\$ 8,114,500

* Based on a continued tax rate of \$8.2 cents for the Debt Fund through 2022-23, with estimated growth as follows:

2019	1.80%
2020	1.80%
2021	1.80%
2022	1.80%
2023	1.80%

**DEBT SERVICE FUND
PROJECTED COSTS
2017/2018 - 2022/2023**

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Existing Debt	\$ 7,543,000	\$ 7,384,000	\$ 6,925,000	\$ 6,614,000	\$ 6,346,000	\$ 6,183,000
Two-Thirds Bonds	-	-	137,000	137,000	137,000	137,000
Future Issuance	-	3,065,000	3,065,000	3,835,000	3,835,000	3,835,000
TOTALS	\$ 7,543,000	\$ 10,449,000	\$ 10,127,000	\$ 10,586,000	\$ 10,318,000	\$ 10,155,000



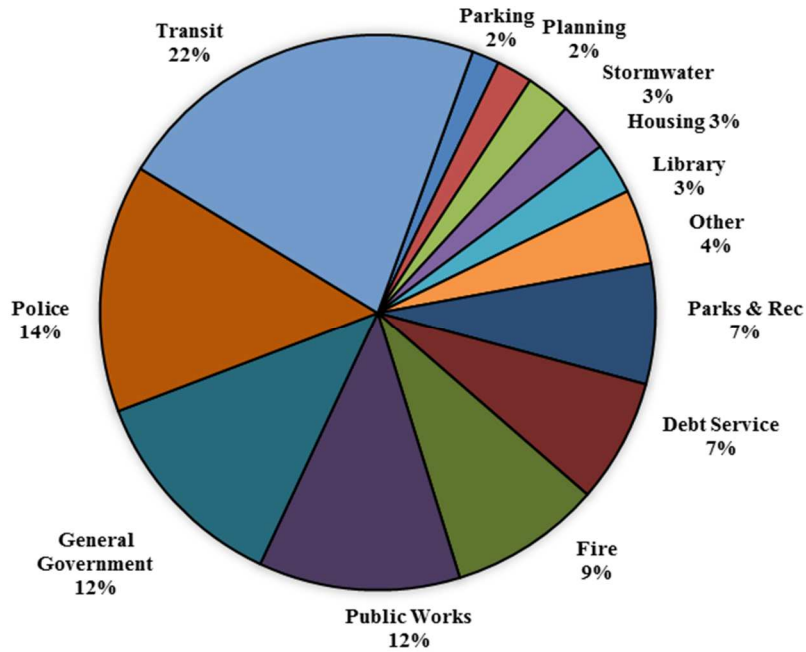
DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2017/2018 - 2022/2023

	2017-18 Adopted	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Estimated Total Costs	\$ 7,543,000	\$ 10,449,000	\$ 10,127,000	\$ 10,586,000	\$ 10,318,000	\$ 10,155,000
Estimated Total Revenues	7,514,500	7,624,500	7,744,500	7,864,500	7,984,500	8,114,500
Revenue (Needed)/Available	(28,500)	(2,824,500)	(2,382,500)	(2,721,500)	(2,333,500)	(2,040,500)
Fund Balance Available	28,500	2,824,500	2,382,500	1,783,570	-	-
Reserved for future debt	-	-	-	-	-	-
Additional Revenue (Needed)/Available	-	-	-	(937,930)	(2,333,500)	(2,040,500)
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	1.2	1.4	0.0

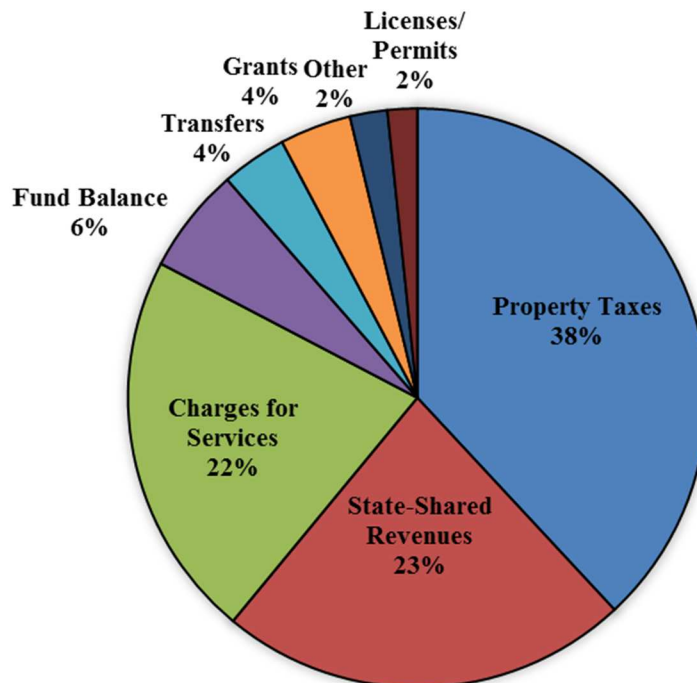
Value of a cent = \$784,000

ALL FUNDS SUMMARY

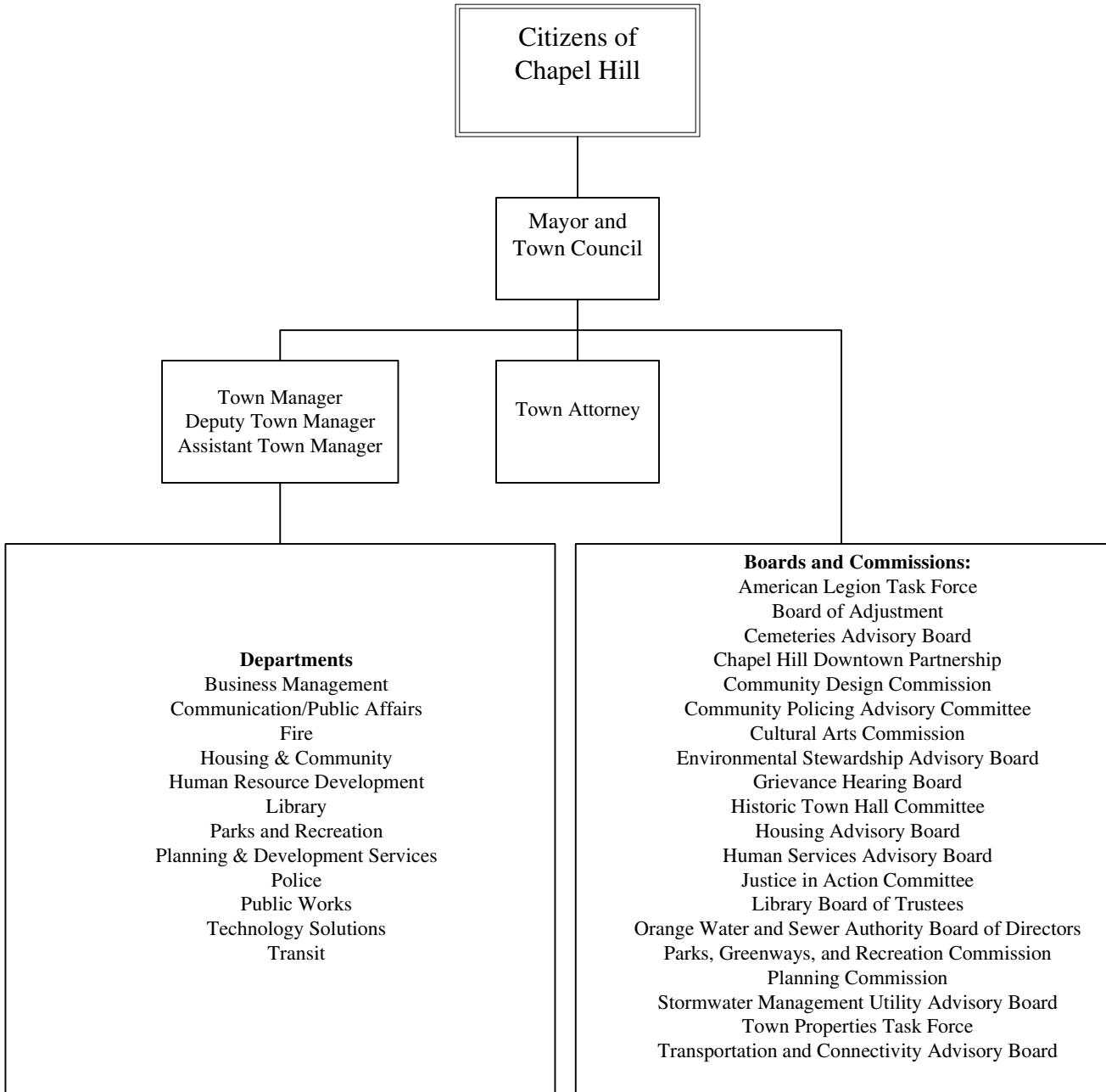
TOTAL BUDGET EXPENDITURES \$104,625,719 (NET OF TRANSFERS)



Total Budget Revenues



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2017-18***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 63,531,000	\$ 568,564	\$ 62,962,436
Transit Funds			
Transit	22,875,992	967,000	21,908,992
Transit Capital Reserve Fund	1,067,000	100,000	967,000
Stormwater Management Fund	2,722,030	-	2,722,030
Parking Funds			
Off-Street Parking Fund	1,945,235	908,581	1,036,654
On-Street Parking Fund	723,527	92,524	631,003
Housing Funds			
Public Housing Fund	2,304,199	-	2,304,199
Debt Service Fund	7,542,793	-	7,542,793
Capital Projects			
Capital Improvements Fund	561,260	-	561,260
Other Funds			
Grants Fund	404,640	-	404,640
Downtown Service District Fund	382,838	-	382,838
Library Gift Fund	244,505	45,000	199,505
Vehicle Replacement Fund	1,446,395	-	1,446,395
Vehicle Maintenance Fund	1,409,849	-	1,409,849
Computer Replacement Fund	146,125	-	146,125
TOTAL	\$ 107,307,388	\$ 2,681,669	\$ 104,625,719

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 62% of the Town's operating budget. The Staffing Summary represents a snapshot of the FTE's on which the FY18 Adopted Budget is based.

2017-18 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Mayor	1.00	1.00	1.00
Manager	9.00	9.00	10.00
Communications & Public Affairs	8.53	7.53	7.53
Human Resource Development	10.00	10.00	10.00
Business Management	18.00	18.00	18.00
Technology Solutions	10.00	13.00	13.00
Attorney	2.00	2.00	2.00
Planning & Development Services	35.65	36.65	22.65
Public Works ¹	92.55	92.55	92.55
Police	136.00	134.00	150.00
Fire	95.00	97.00	96.00
Parks & Recreation	57.83	57.83	57.80
Library	30.41	29.90	30.30
Transit	198.29	201.29	203.29
Stormwater	14.70	14.70	14.70
Parking	10.80	10.80	9.00
Housing & Community	22.20	23.20	23.20
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	7.75	7.75	7.75
Total FTE's	760.71	767.20	769.77

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

TAX RATES AND TAX COLLECTIONS

Adopted 2017-18

	2015-16 Actual	2016-17 Budget	2016-17 Estimated	2017-18 Adopted
Assessed Value of Real and Personal Property	\$ 7,539,774,668	\$ 7,601,203,443	\$ 7,521,947,941	\$ 7,868,838,338
Tax Rate Per \$100 Valuation				
General Fund	38.8	38.8	38.8	37.6
Transit Fund	5.1	5.1	5.1	5.0
Debt Service Fund	8.5	8.5	8.5	8.2
Total Tax Rate (cents)	52.4	52.4	52.4	50.8
Tax Levy	39,508,419	39,830,000	39,415,000	39,974,000
Estimated Collections at 99%	\$ 39,358,300	\$ 39,666,700	\$ 39,265,200	\$ 39,822,100
Distribution				
General Fund	29,138,461	29,370,000	29,070,000	29,470,000
Transit Fund	3,829,901	3,840,000	3,820,000	3,920,000
Debt Service Fund	6,383,321	6,430,000	6,370,000	6,430,000
Downtown Service District Fund				
Tax Rate (cents)	7.1	7.1	7.1	7.0
Assessed Value of Real and Personal Property	\$ 407,000,000	\$ 394,991,000	\$ 407,094,000	\$ 445,422,000
Tax Levy	289,000	280,000	289,000	312,000
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 751,000	\$ 757,000	\$ 749,000	\$ 784,000

ESTIMATED UNDESIGNATED RESERVES

ANNUALLY BUDGETED FUNDS

	Approximate Unassigned Fund Balance July 1, 2017	2017-18 Budgeted Revenues	2017-18 Budgeted Expenditures	Approximate Unassigned Fund Balance June 30, 2018
GENERAL FUND	\$ 10,813,000	\$ 60,847,000	\$ 63,531,000	\$ 8,129,000
SPECIAL REVENUE FUNDS				
Downtown Service District	24,000	386,000	383,000	27,000
Library Gift	50,000	245,000	245,000	50,000
Grants Fund	-	405,000	405,000	-
DEBT SERVICE FUND	6,616,000	7,543,000	7,543,000	6,616,000
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	1,356,000	561,000	561,000	1,356,000
Capital Reserve	215,000	-	-	215,000
ENTERPRISE FUNDS				
Transit	5,809,000	20,453,000	22,876,000	3,386,000
Transit Capital Reserve	2,993,000	967,000	1,067,000	2,893,000
Public Housing	2,003,000	1,949,000	2,304,000	1,648,000
On-Street Parking	-	724,000	724,000	-
Off-Street Parking	294,000	1,969,000	1,945,000	318,000
Stormwater Management	445,000	2,722,000	2,722,000	445,000
INTERNAL SERVICE FUNDS				
Vehicle Replacement	1,420,000	888,000	1,446,000	862,000
Vehicle Maintenance	52,000	1,390,000	1,410,000	32,000
Computer Replacement	529,000	-	146,000	383,000
TOTAL	\$ 32,619,000	\$ 101,049,000	\$ 107,308,000	\$ 26,360,000

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 2017-18 is anticipated to be about 12.8% of budgeted expenditures.

GOVERNMENTAL FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2017-18

	General Fund			Special Revenue Funds		
	15-16 Actual	16-17 Estimated	17-18 Adopted	15-16 Actual	16-17 Estimated	17-18 Adopted
Net Unreserved Assets, Beginning of Year	14,197,853	19,117,585	10,813,493	434,645	301,562	74,273
Financial Source						
Property Taxes	29,329,695	29,235,000	29,635,000	287,939	288,775	311,610
Other Tax and Licenses	1,277,794	1,275,100	1,300,000	-	-	-
State-Shared Revenues	20,075,189	20,954,247	21,746,517	-	-	-
Interest on Investment	30,070	30,158	50,000	225	153	-
Other Revenues	658,242	605,466	413,053	336,150	216,912	198,793
Interest on Receivable	-	-	-	428,285	502,286	439,516
Grants	709,203	789,463	779,963	-	-	-
Charges for Services	4,219,557	4,318,001	4,748,308	-	-	-
Licenses/Permits/Fines	2,563,513	2,251,338	2,129,153	98,543	88,647	84,864
Transfers/Other Sources	2,245,000	45,000	45,000	-	-	-
2016 Installment Financing	-	-	-	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	2,684,006	-	-	(2,800)
Total Estimated Financial Sources	61,108,263	59,503,773	63,531,000	1,151,142	1,096,773	1,031,983
Expenditures						
Personnel	38,858,822	43,876,909	46,773,297	324,905	370,719	426,702
Operations	15,735,487	19,414,687	16,180,770	889,320	849,843	501,781
Capital	1,594,222	4,516,269	576,933	70,000	103,500	103,500
Total Budget	56,188,531	67,807,865	63,531,000	1,284,225	1,324,062	1,031,983
Financial Sources less Budget	4,919,732	(8,304,092)	-	(133,083)	(227,289)	-
Net Unreserved Assets, End of Year	19,117,585	10,813,493	8,129,487	301,562	74,273	77,073

34%

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

Debt Service Fund			Capital Funds		
15-16 Actual	16-17 Estimated	17-18 Adopted	15-16 Actual	16-17 Estimated	17-18 Adopted
5,452,410	6,615,510	6,615,510	4,054,203	3,013,771	1,571,315
6,405,091	6,387,000	6,443,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,441	13,250	7,500	3,432	2,500	2,500
-	-	-	-	-	-
-	-	-	-	-	-
169,640	170,005	170,000	76,083	-	-
-	-	-	92,319	161,260	82,260
-	-	-	-	-	-
909,581	908,832	906,832	778,000	980,150	476,500
-	-	-	3,142,503	500,000	-
-	-	15,461	-	-	-
7,500,753	7,479,087	7,542,793	4,092,337	1,643,910	561,260
-	-	-	-	-	-
6,337,653	7,479,087	7,542,793	-	-	-
-	-	-	5,132,769	3,086,366	561,260
6,337,653	7,479,087	7,542,793	5,132,769	3,086,366	561,260
1,163,100	-	-	(1,040,432)	(1,442,456)	-
6,615,510	6,615,510	6,615,510	3,013,771	1,571,315	1,571,315

ENTERPRISE FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2017-18**

	Parking Funds			Transit Funds		
	15-16 Actual	16-17 Estimated	17-18 Adopted	15-16 Actual	16-17 Estimated	17-18 Adopted
Net Unreserved Assets, Beginning of Year	346,681	491,972	293,649	6,674,767	6,935,625	8,801,582
Financial Source						
Property Taxes	-	-	-	3,842,964	3,854,300	3,933,702
Other Tax and Licenses	-	-	-	444,595	454,350	454,350
State-Shared Revenues	-	-	-	2,996,737	2,996,737	2,539,695
Interest on Investment	1,283	1,047	1,750	14,247	11,100	9,000
Other Revenues	79,793	70,009	85,050	113,256	91,800	91,800
Interest on Receivable	-	-	-	-	-	-
Grants	-	-	-	307,016	3,348,698	1,944,719
Charges for Services	2,519,167	2,411,256	2,513,000	10,426,051	9,582,946	9,741,644
Licenses/Permits/Fines	-	-	-	-	-	-
Transfers/Other Sources	105,643	-	92,524	1,477,771	10,425,000	2,706,000
2016 Installment Financing	-	-	-	-	-	-
Appropriated Net Assets (Fund Balance)	-	-	(23,562)	-	-	2,522,082
Total Estimated Financial Sources	2,705,886	2,482,312	2,668,762	19,622,637	30,764,931	23,942,992
Expenditures						
Personnel	841,993	791,259	839,816	11,555,128	12,534,875	14,952,412
Operations	738,377	871,101	827,841	6,167,036	6,538,701	6,936,580
Capital	980,224	1,018,275	1,001,105	1,639,615	9,825,398	2,054,000
Total Budget	2,560,595	2,680,635	2,668,762	19,361,779	28,898,974	23,942,992
Financial Sources less Budget	145,291	(198,323)	-	260,858	1,865,957	-
Net Unreserved Assets, End of Year	491,972	293,649	317,211	6,935,625	8,801,582	6,279,500

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

Stormwater Management Fund			Housing Fund		
15-16 Actual	16-17 Estimated	17-18 Adopted	15-16 Actual	16-17 Estimated	17-18 Adopted
1,980,676	2,158,914	445,020	2,409,675	2,156,214	2,003,312
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,818	1,500	1,500	1,464	1,480	1,950
7,500	7,500	7,500	59,444	250	250
-	-	-	-	-	-
-	-	-	1,169,986	1,058,675	990,360
2,181,361	2,193,016	2,706,200	939,897	909,572	956,166
-	-	-	-	-	-
6,000	6,984	7,200	-	-	-
-	-	(370)	-	-	355,473
2,197,679	2,209,000	2,722,030	2,170,791	1,969,977	2,304,199
974,936	1,208,567	1,296,781	1,032,628	844,355	1,259,337
993,078	1,420,627	1,149,887	916,342	1,226,225	1,044,862
51,427	1,293,700	275,362	475,282	52,299	-
2,019,441	3,922,894	2,722,030	2,424,252	2,122,879	2,304,199
178,238	(1,713,894)	-	(253,461)	(152,902)	-
2,158,914	445,020	445,390	2,156,214	2,003,312	1,647,839

INTERNAL SERVICE FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2017-18

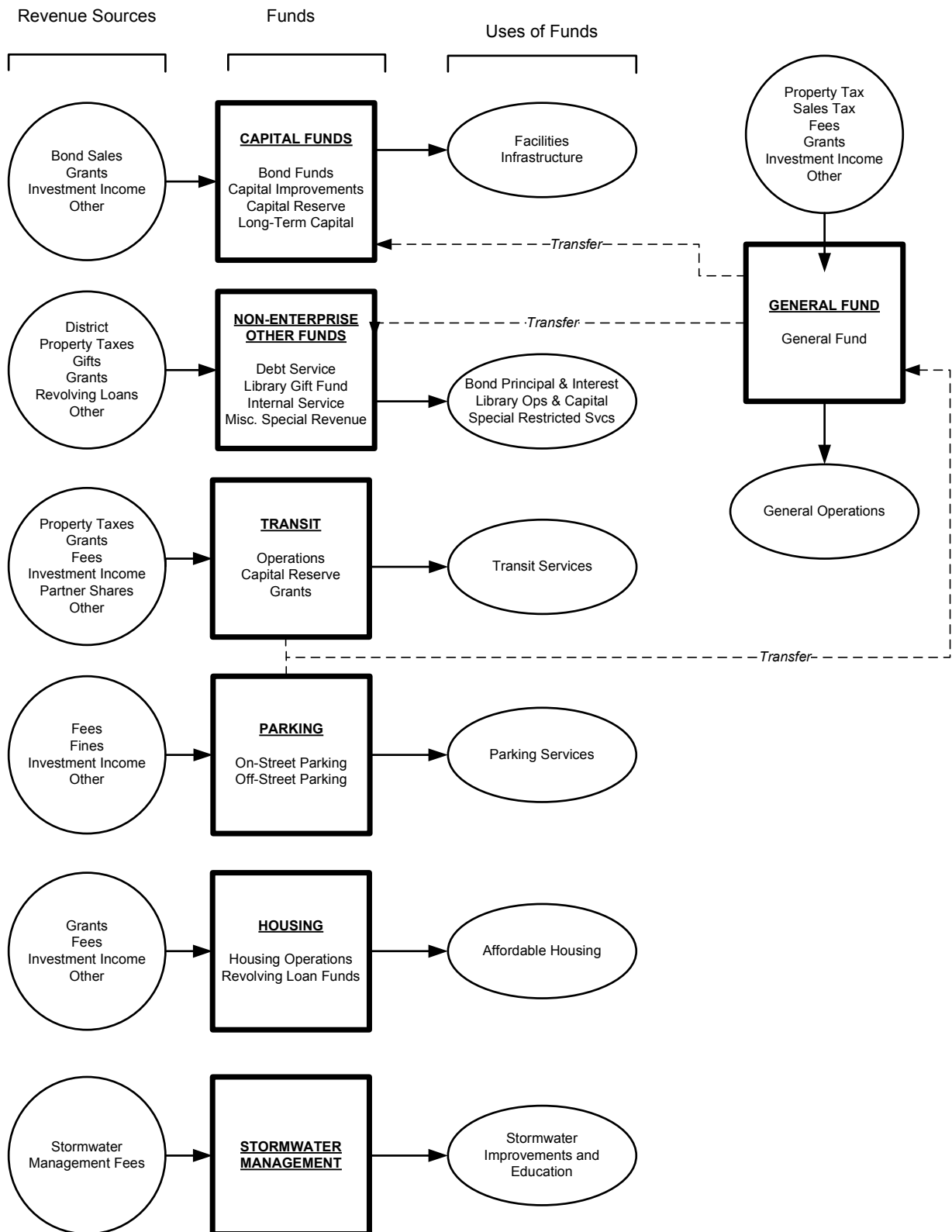
	Internal Service		
	15-16 Actual	16-17 Estimated	17-18 Adopted
Net Unreserved Assets, Beginning of Year	3,764,895	3,508,346	2,001,144
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investment	5,899	3,016	2,000
Other Revenues	62,494	68,000	68,000
Interest on Receivable	-	-	-
Grants	-	-	-
Charges for Services	2,964,133	2,642,391	2,207,695
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	-	-	-
2016 Installment Financing			
Appropriated Net Assets (Fund Balance)	-	-	724,674
Total Estimated Financial Sources	3,032,526	2,713,407	3,002,369
Expenditures			
Personnel	532,394	587,739	621,816
Operations	1,883,913	1,858,267	1,594,553
Capital	872,768	1,774,603	786,000
Total Budget	3,289,075	4,220,609	3,002,369
Financial Sources less Budget	(256,549)	(1,507,202)	-
Net Unreserved Assets, End of Year	3,508,346	2,001,144	1,276,470

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

Annual Funds - Combined Total:

15-16 Actual	16-17 Estimated	17-18 Adopted
39,315,805	44,299,499	32,619,298
39,865,689	39,765,075	40,323,312
1,722,389	1,729,450	1,754,350
23,071,926	23,950,984	24,286,212
75,879	64,204	76,200
1,316,879	1,059,937	864,446
428,285	502,286	439,516
2,431,928	5,366,841	3,885,042
23,342,485	22,218,442	22,955,273
2,662,056	2,339,985	2,214,017
5,521,995	12,365,966	4,234,056
3,142,503	500,000	
-	-	6,274,964
103,582,014	109,863,170	107,307,388
54,120,806	60,214,423	66,170,161
33,661,206	39,658,538	35,779,067
10,816,307	21,670,410	5,358,160
98,598,320	121,543,371	107,307,388
4,983,694	(11,680,201)	-
44,299,499	32,619,298	26,344,334

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 2017-18

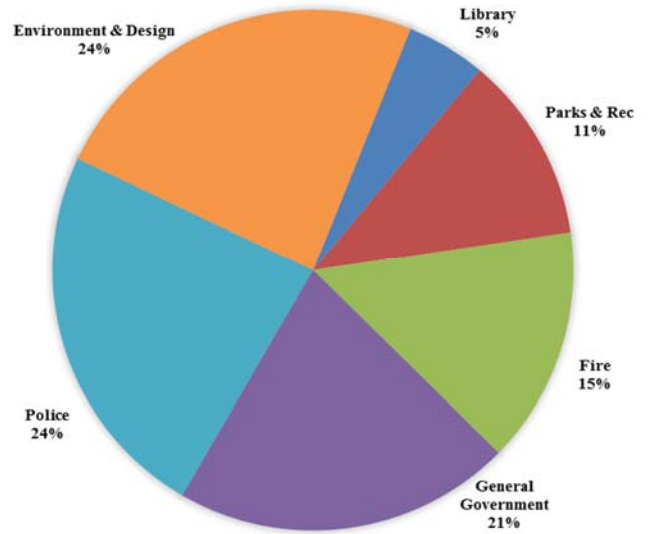
Transfers From:

Transfers to:	General Fund	Transit	Off-Street Parking	On-Street Parking	Transit Capital Reserve	Library Gift Fund	Net Transfers
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 45,000
Transit Fund	-	-	-	-	-	-	0
Parking Fund	-	-	-	92,524	-	-	92,524
Transit Capital Grants	-	967,000	-	-	100,000	-	1,067,000
Stormwater Management	7,200	-	-	-	-	-	7,200
Debt Service Fund	-	-	908,581	-	-	-	908,581
CIP Fund	476,500	-	-	-	-	-	476,500
Grants Fund	84,864	-	-	-	-	-	84,864
Net Transfers	\$ 568,564	\$ 967,000	\$ 908,581	\$ 92,524	\$ 100,000	\$ 45,000	\$ 2,681,669

GENERAL FUND

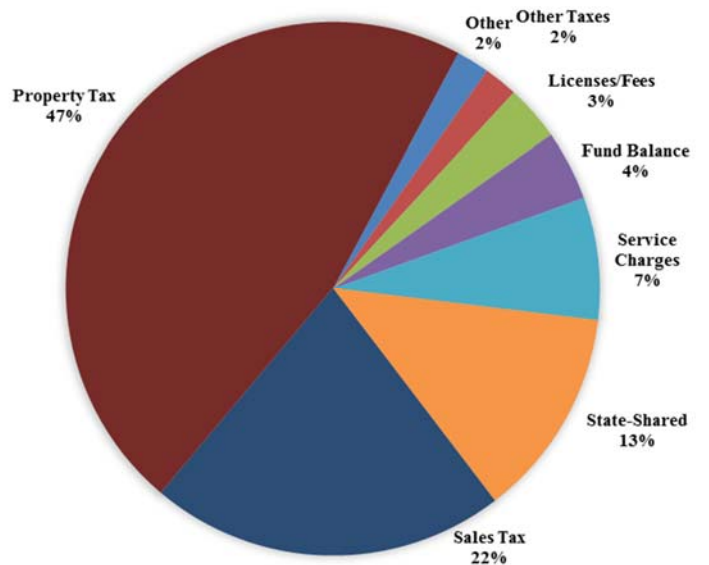
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$63,531,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Government	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%
Environment & Development	14,689,024	16,848,036	18,507,998	18,027,910	15,233,639	-9.6%
Public Safety	20,281,922	22,662,273	22,933,714	20,821,752	24,403,771	7.7%
Leisure	9,070,159	10,174,215	10,450,333	9,953,479	10,511,993	3.3%
Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

REVENUES

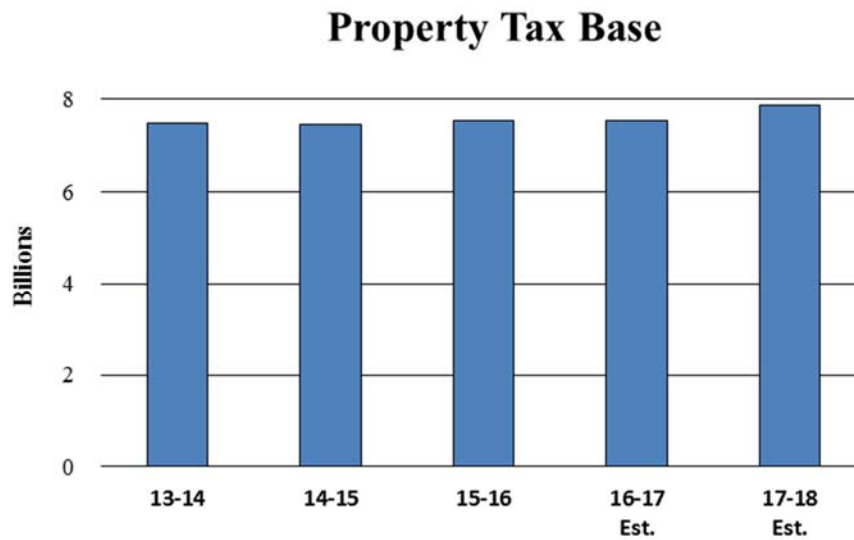
	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues:						
Property Taxes	\$ 29,329,695	\$ 29,535,000	\$ 29,535,000	\$ 29,235,000	\$ 29,635,000	0.3%
Sales Taxes	12,040,383	12,790,797	12,790,797	12,902,997	13,677,177	6.9%
Other Tax and Licenses	1,277,794	1,224,000	1,224,000	1,275,100	1,300,000	6.2%
State-Shared Revenues	8,034,806	8,079,590	8,079,590	8,051,250	8,069,340	-0.1%
Interest on Investments	30,070	25,000	25,000	30,158	50,000	100.0%
Other Revenues	658,242	332,035	391,488	605,466	413,053	24.4%
Grants	709,203	780,614	800,114	789,463	779,963	-0.1%
Charges for Services	4,219,557	4,602,428	4,602,428	4,318,001	4,748,308	3.2%
Licenses/Permits/Fines	2,563,513	2,917,986	2,917,986	2,251,338	2,129,153	-27.0%
Transfers/Other Sources	2,245,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(4,919,732)	2,706,550	12,408,469	8,304,092	2,684,006	-0.8%
Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

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 2017-18 is estimated to be \$7,868,838,338 with 1 cent on the tax rate equivalent to about \$784,000.



The combined property tax revenue we anticipate for 2017-18 totals about \$39.8 million, with \$29.6 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,200,000 in the current year and about \$1,225,000 in 2017-18. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

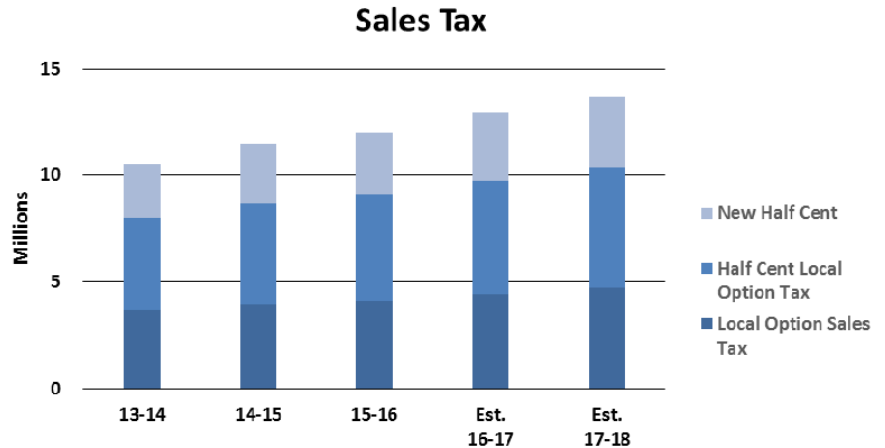
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in slightly over budget in 2016-17. Growth was budgeted at 6% for FY17 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 FY18. We estimate combined sales taxes of about \$12,902,997

for 2016-17. 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 \$1,463,000 in 2016-17, about \$27,000 less than last year. For 2017-18, we anticipate revenues will hold the line at around \$1,463,000.

State Fire Protection Funds

We are expecting about \$1,097,500 in State Fire Protection Funds in the current year, and we expect a slight increase to \$1,115,590 in 2017-18.

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 \$5,182,750 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2017-18.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

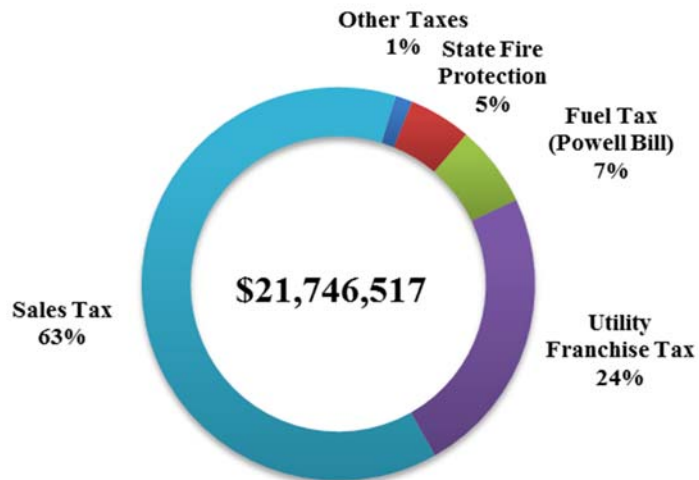
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$38,000 for the current year and \$38,000 next year.

Beer and Wine Taxes

Assuming full receipt of the Beer and Wine tax revenue normally distributed in May to cities and counties, we estimate allocations from this source of about \$270,000 for the current year and \$270,000 next year.

In summary, we estimate State-collected revenues would total about \$21,746,517 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$779,963 for 2017-18. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The adopted budget for 2017-18 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The adopted 2017-18 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 \$28,064.

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 \$284,000. This can mainly be attributed to a decrease in expected revenues in development for Planning & Sustainability, swim and pool passes in Parks & Recreation, and library fines in Library. Charges for services are expected to increase from

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

a budgeted amount of \$4,602,428 in 2016-17 to \$4,748,308 for 2017-18 due to fee increases and projected activity.

This category also reflects amounts transferred from other Town funds to the General Fund, primarily to recover administrative and indirect costs from other Town enterprise funds and services. For 2016-17, these include estimates of \$82,365 from Parking Enterprise Funds, \$123,211 from the Stormwater Management Fund, and \$1,336,125 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 \$667,000 due to lower than expected revenues in fire inspection fees, special use permits, and inspection permits. Total licenses and permits are expected to decrease from about \$2.9 million in 2016-17 to \$2.1 million in 2017-18.

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 \$30,158 and generate about \$50,000 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 \$605,466 for 2016-17 (approximately \$200,000 was received for revenue-in-lieu for recreation and open space and sidewalks that was not budgeted) and \$413,053 for 2017-18.

Transfers

Transfers include a transfer of \$45,000 for 2017-18 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 \$12.3 million of fund balance in 2016-17, but through cost-cutting measures, will use only about \$8.8 million. The annual budget includes the use of about \$2,699,006 in 2017-18 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$63.5 million in General Fund revenues, including the use of \$2,699,006 of fund balance.

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

	16-17 Revised Budget	16-17 Estimated	17-18 Adopted Budget
Property Taxes	\$ 29,535,000	\$ 29,235,000	\$ 29,635,000
Sales Taxes	12,790,797	12,902,997	13,677,177
Other State-Collected	8,079,590	8,051,250	8,069,340
Other Revenues	2,440,602	2,700,187	2,543,016
Licenses/Permits	2,917,986	2,251,338	2,129,153
Service Charges	4,602,428	4,318,001	4,748,308
Interfund Transfers	45,000	45,000	45,000
Fund Balance	12,408,469	8,304,092	2,684,006
Total	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000

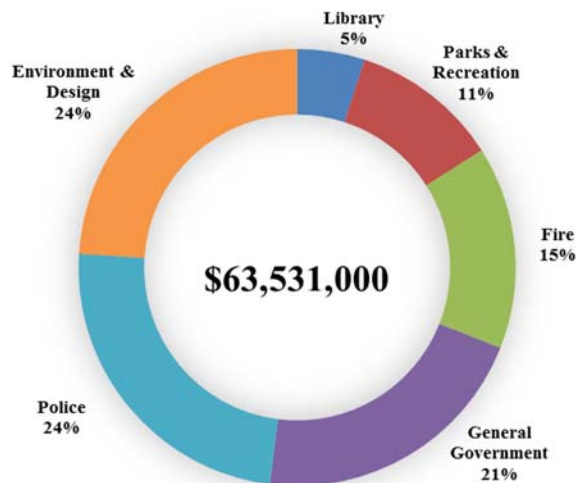
GENERAL FUND

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 \$63,531,000 for the 2017-18 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$15.2 million and Fire Department expenditures of about \$9.2 million.



Environment and Development is the second largest category in the General Fund at about \$15.2 million, including Planning & Development Services, Housing & Community and Public Works which provide services of affordable housing, planning for growth, engineering, solid waste collection, maintenance of streets, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 57.7% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.4 million, Library services of \$3.1 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$13.4 million.

Non-departmental expenditures total \$4.0 million. Non-departmental expenditures include a transfer for capital improvements of \$476,500. \$1,112,137 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The non-departmental budget also includes funding for “penny for housing” (\$688,395) and legal/investigations/demolition funds (\$100,000). The budget for liability and property insurance totals \$400,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2017-18 budget includes changes to medical insurance rates. The adopted budget includes a 12.0% increase in rates for active employees and under-65 retirees, or about a \$611,000 increase.

Additional expenses in the budget include a 2.5% of market rate salary adjustment starting July 1, 2017 (\$845,000) and moving 72 employees to a higher job classification based on the implementation of recommendations given from an independent market study (\$242,000). Further additional expenses include an increase in temporary salary pay in order to stay in compliance with the Orange County Living Wage ordinance (\$93,098) and implementing pay and performance incentives in the Police department (\$86,000). There are purchases for an extractor and dryer (\$22,800) and a power unit (\$8,500) for the Fire Department. There is an additional \$20,000 for asphalt for patching in Public Works.

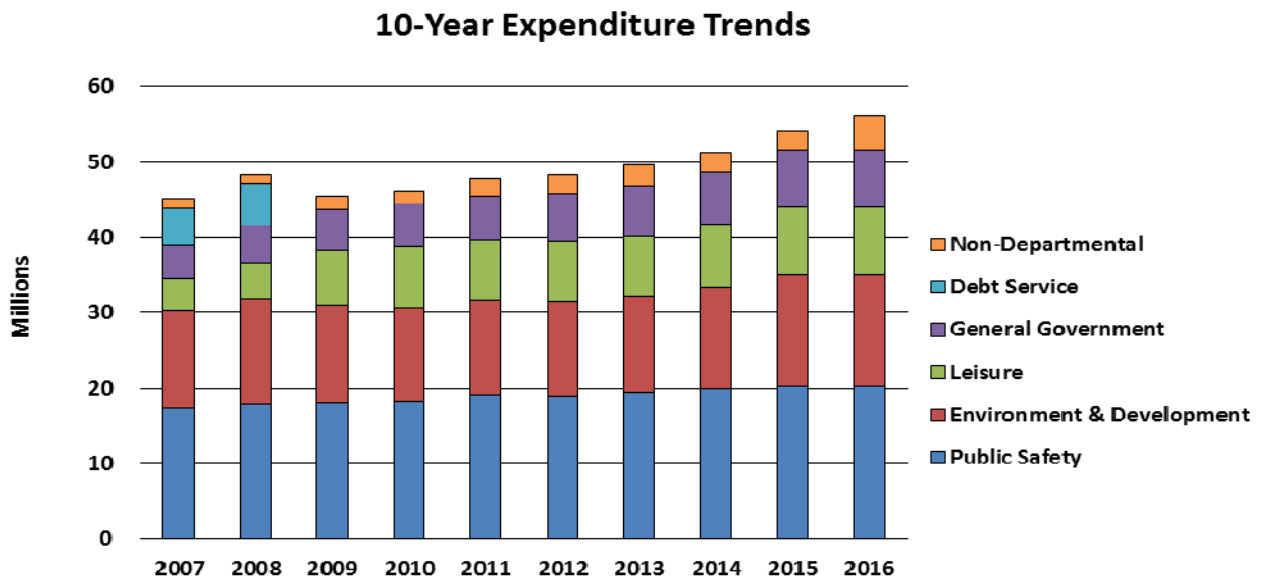
The 2017-18 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,185,188), and contributes \$630,000 towards the post-employment benefit (OPEB) liability. The budget increases funding for the Orange Community Housing & Loan Trust by \$11,270 and the Homelessness Initiative by \$7,810.

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

EXPENDITURES						
	2015-16	2016-17	2016-17	2016-17	2017-18	% Change
	Actual	Original	Revised	Estimated	Adopted	from
		Budget	Budget		Budget	2016-17
Personnel	\$ 38,858,822	\$ 45,096,276	\$ 46,643,472	\$ 43,876,909	\$ 46,773,297	3.7%
Operating Costs	\$ 15,735,487	\$ 17,075,605	\$ 21,541,009	\$ 19,414,687	\$ 16,180,770	-5.2%
Capital Outlay	\$ 1,594,222	\$ 867,119	\$ 4,635,391	\$ 4,516,269	\$ 576,933	-33.5%
Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Government						
Mayor/Council	\$ 417,449	\$ 440,634	\$ 440,597	\$ 445,896	\$ 489,019	11.0%
Town Manager	1,309,768	1,577,458	1,653,599	1,362,528	1,726,830	9.5%
Communications & Public Affairs	798,372	808,501	858,181	787,594	854,919	5.7%
Human Resource Dev't	1,460,369	1,684,747	2,002,286	1,861,512	1,742,803	3.4%
Business Management	1,912,799	2,102,382	2,104,057	2,052,995	2,208,315	5.0%
Technology Solutions	1,260,460	1,898,579	1,945,842	1,693,622	1,951,215	2.8%
Town Attorney	306,654	339,184	339,222	328,974	348,947	2.9%
Non-Departmental	4,681,555	4,502,991	11,584,043	10,471,603	4,059,549	-9.8%
Subtotal	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%
Environment & Development						
Planning & Development Services	\$ 3,185,748	\$ 3,868,967	\$ 4,395,588	\$ 4,051,185	\$ 2,185,755	-43.5%
Housing & Community	590,949	720,525	746,806	745,732	774,487	7.5%
Public Works	10,912,327	12,258,544	13,365,604	13,230,993	12,273,397	0.1%
Subtotal	\$ 14,689,024	\$ 16,848,036	\$ 18,507,998	\$ 18,027,910	\$ 15,233,639	-9.6%
Public Safety						
Police	\$ 12,180,946	\$ 13,377,095	\$ 13,505,933	\$ 12,122,796	\$ 15,156,873	13.3%
Fire	8,100,976	9,285,178	9,427,781	8,698,956	9,246,898	-0.4%
Subtotal	\$ 20,281,922	\$ 22,662,273	\$ 22,933,714	\$ 20,821,752	\$ 24,403,771	7.7%
Leisure						
Parks and Recreation	\$ 6,196,658	\$ 7,122,261	\$ 7,283,216	\$ 6,893,554	\$ 7,375,935	3.6%
Library	2,873,501	3,051,954	3,167,117	3,059,925	3,136,058	2.8%
Subtotal	\$ 9,070,159	\$ 10,174,215	\$ 10,450,333	\$ 9,953,479	\$ 10,511,993	3.3%
General Fund Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

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

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Mayor/Council	\$ 417,449	\$ 440,634	\$ 440,597	\$ 445,896	\$ 489,019	11.0%
Town Manager	1,309,768	1,577,458	1,653,599	1,362,528	1,726,830	9.5%
Communications & Public Affairs	798,372	808,501	858,181	787,594	854,919	5.7%
Human Resources	1,460,369	1,684,747	2,002,286	1,861,512	1,742,803	3.4%
Business Management	1,912,799	2,102,382	2,104,057	2,052,995	2,208,315	5.0%
Technology Solutions	1,260,460	1,898,579	1,945,842	1,693,622	1,951,215	2.8%
Town Attorney	306,654	339,184	339,222	328,974	348,947	2.9%
Non-Departmental	4,681,555	4,502,991	11,584,043	10,471,603	4,059,549	-9.8%
Total	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%
Total	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%

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.

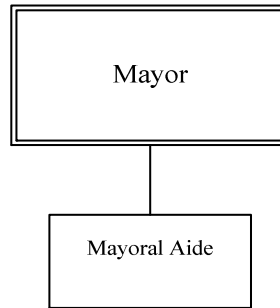
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Mayoral Aide	1.00	1.00	1.00
Mayor's Office Totals	1.00	1.00	1.00



MAYOR

BUDGET SUMMARY

The adopted budget for the Mayor's office reflects a 2.7% increase from the prior year. The 4.2% increase in personnel costs is mainly due to a 2.5% of market salary adjustment and a 12.0% health insurance increase. The 3.0% 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

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 87,493	\$ 81,570	\$ 84,878	\$ 81,846	\$ 84,989	4.2%
Operating Costs	22,165	22,125	20,775	22,069	21,469	-3.0%
Total	\$ 109,658	\$ 103,695	\$ 105,653	\$ 103,915	\$ 106,458	2.7%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 109,658	\$ 103,695	\$ 105,653	\$ 103,915	\$ 106,458	2.7%
Total	\$ 109,658	\$ 103,695	\$ 105,653	\$ 103,915	\$ 106,458	2.7%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects an increase of 13.5% from the 2016-17 budget, primarily due to approximately \$41,000 of election-related costs in 2017. The 8.4% increase in personnel is the net result of a 2.5% pay adjustment and a 12.0% increase in health insurance costs.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 155,811	\$ 190,676	\$ 190,681	\$ 194,892	\$ 206,600	8.4%
Operating Costs	151,980	146,263	144,263	147,089	175,961	20.3%
Total	\$ 307,791	\$ 336,939	\$ 334,944	\$ 341,981	\$ 382,561	13.5%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 307,791	\$ 336,939	\$ 334,944	\$ 341,981	\$ 382,561	13.5%
Total	\$ 307,791	\$ 336,939	\$ 334,944	\$ 341,981	\$ 382,561	13.5%

TOWN MANAGER

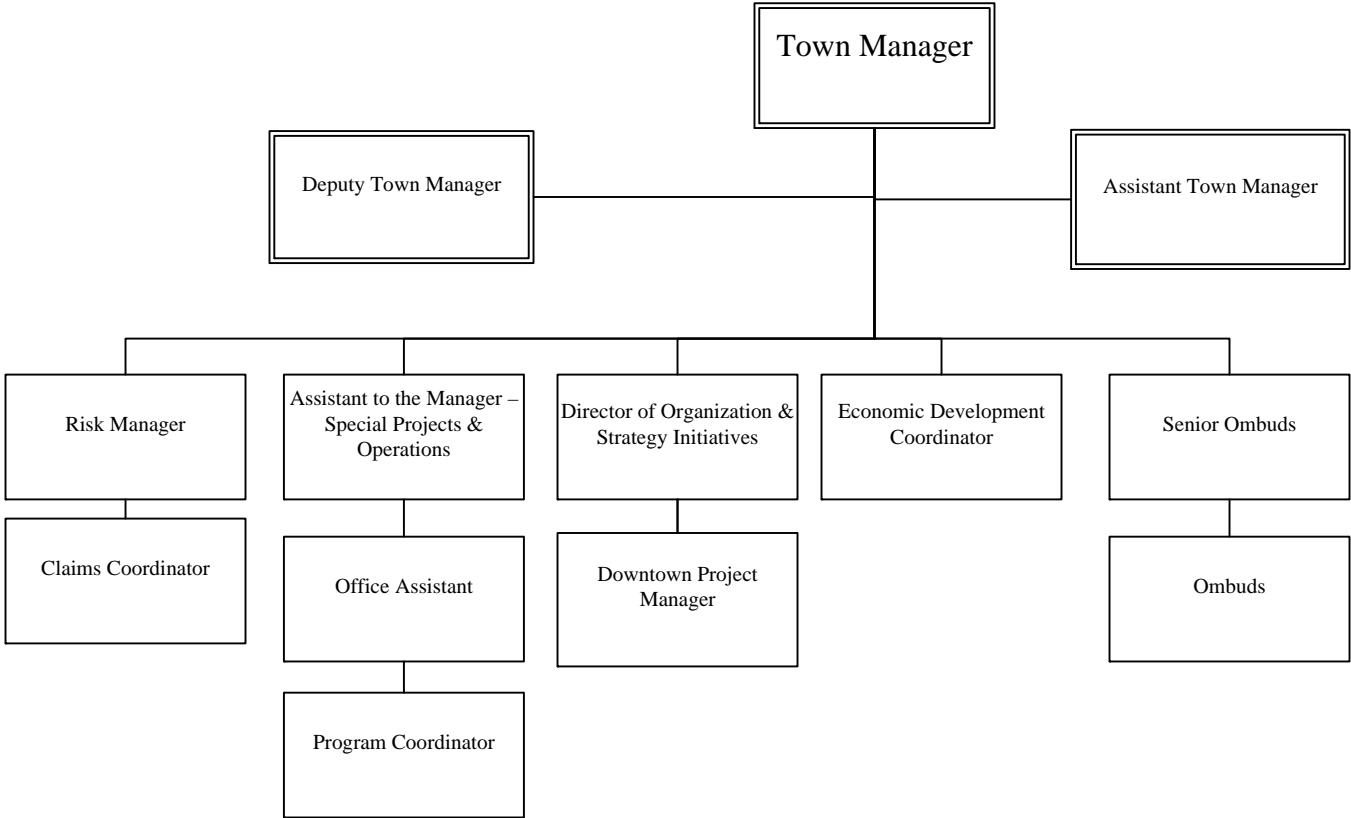
MISSION STATEMENT:

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

The Town Manger's Office identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Council Support	Provide support to Mayor and Town Council, including coordinating preparation and delivery of informational reports and recommendations.
Executive Management	Lead organizational and leadership development initiatives. Administer and manage operation of Town government, including supervising department heads and providing oversight for various Town-wide projects.
Economic Development	Provide support and assistance to new and existing businesses in order to promote further development.
Stakeholder Communication	Receive and coordinate responses to requests for services/information by Town Council, residents, business owners and others directed to Manager's Office and Town Council. Represent Town in discussions and negotiations with the University and other agencies and governmental entities.
Ombuds Services	Provide neutral, confidential and informal management or resolution of issues brought by Town employees.

TOWN MANAGER



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

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

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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Town Manager	1.00	1.00	1.00
Deputy Town Manager	1.00	1.00	1.00
Assistant Town Manager	0.00	0.00	1.00
Economic Development Coordinator	1.00	1.00	1.00
Senior Ombuds	1.00	1.00	1.00
Program Coordinator	1.00	1.00	1.00
Ombuds	1.00	1.00	1.00
Assistant to the Manager	2.00	2.00	1.00
Director of Organization & Strategy Initiatives	0.00	0.00	1.00
Office Assistant	1.00	1.00	1.00
Town Manager's Office Totals	<u>9.00</u>	<u>9.00</u>	<u>10.00</u>

TOWN MANAGER

BUDGET SUMMARY

The Town Manager's adopted budget for 2017-18 reflects a 9.5% increase over 2016-17. The 12.8% increase in personnel spending is due to transferring the Executive Director of Planning & Sustainability to the Town Manager's Office as the new Assistant Town Manager, the reclassification of one Assistant to the Town Manager to the Director of Organization and Strategy Initiatives a 2.5% pay adjustment, and a 12.0% health insurance increase. The operating budget decrease of 8.3% is mainly due to a vehicle that was replaced in fiscal year 2016-17 (\$17,300).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,078,286	\$ 1,328,255	\$ 1,309,201	\$ 1,100,078	\$ 1,498,195	12.8%
Operating Costs	231,482	249,203	344,398	262,450	228,635	-8.3%
Total	\$ 1,309,768	\$ 1,577,458	\$ 1,653,599	\$ 1,362,528	\$ 1,726,830	9.5%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 1,309,768	\$ 1,577,458	\$ 1,653,599	\$ 1,362,528	\$ 1,726,830	9.5%
Total	\$ 1,309,768	\$ 1,577,458	\$ 1,653,599	\$ 1,362,528	\$ 1,726,830	9.5%

COMMUNICATIONS & PUBLIC AFFAIRS

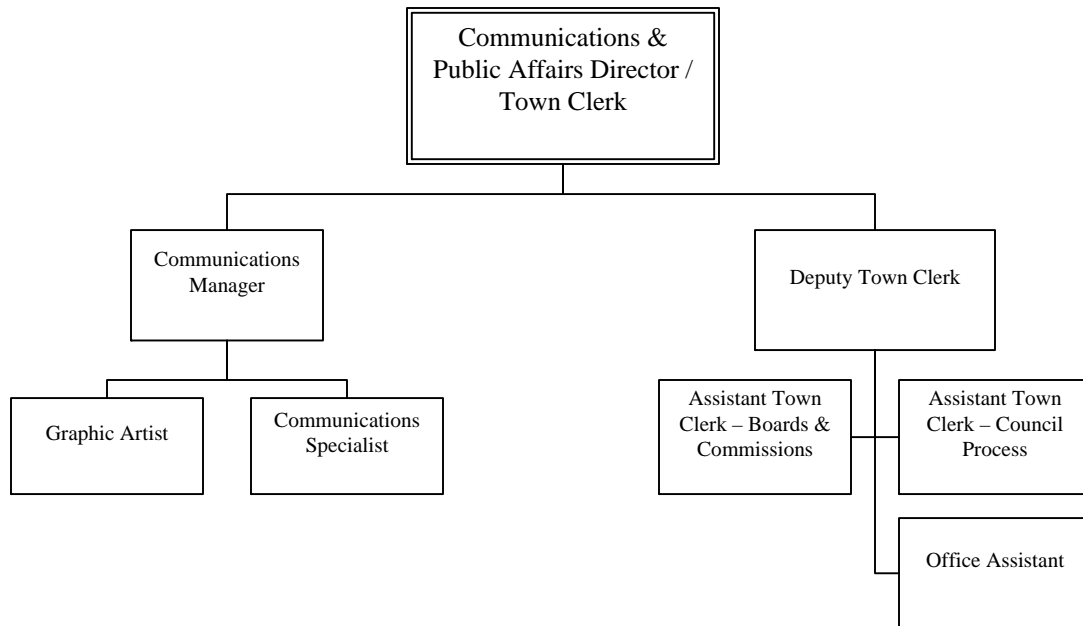
MISSION STATEMENT:

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

The Communications and Public Affairs Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Communications & Public Information	Provide information to the public in a variety of forms. Coordinate and administer crisis communications, news media relations, website, community engagement, graphic design, Chapel Hill TV -18, social media, advertising, streaming video and signage.
Governance Support	Provide support for Council Meetings and the Agenda process. Organize and facilitate all Council meetings/workshops, Council orientation, transcribe Council meeting minutes.
Public Records	Maintain and dispose of public records. Maintain, update and transmit amendments to Municipal Code of Ordinances. Answer public record requests. Maintain Council email archive.
Public Participation	Support the Town's advisory board system, including the establishment of standards, recruiting and training advisory board members, coordination of Council appointments.

COMMUNICATIONS & PUBLIC AFFAIRS



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

	2015-16	2016-17	2017-18
	ADOPTED	ADOPTED	ADOPTED
Communications & Public Affairs Director / Town Clerk	1.00	1.00	1.00
Town Clerk-Deputy	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	0.00
Assistant Town Clerk	0.00	0.00	2.00
Office Assistant	0.53	0.53	0.53
Community Participation Coordinator	1.00	1.00	0.00
Communications Manager	1.00	1.00	1.00
Records Manager	1.00	0.00	0.00
Graphic Artist	1.00	1.00	1.00
Communications Specialist	1.00	1.00	1.00
Communications and Public Affairs Department Totals	<u>8.53</u>	<u>7.53</u>	<u>7.53</u>

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK BUDGET SUMMARY

The adopted budget for 2017-18 reflects a 5.7% increase from the prior year. The personnel increase of 6.2% reflects the promotion of an employee, a 2.5% pay adjustment, and a 12.0% health insurance increase. The 4.3% increase to the operating budget includes \$17,100 for the Community Survey scheduled to be released in fall of 2017, which is partially offset by savings in computer use charges (\$10,000).

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 566,428	\$ 620,691	\$ 610,377	\$ 584,829	\$ 658,982	6.2%
Operating Costs	223,140	187,810	226,867	202,765	195,937	4.3%
Capital Outlay	8,804	-	20,937	-	-	N/A
Total	\$ 798,372	\$ 808,501	\$ 858,181	\$ 787,594	\$ 854,919	5.7%

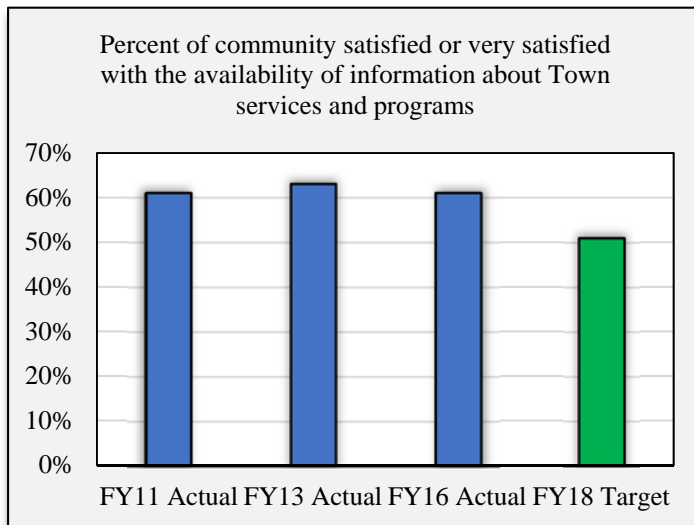
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 798,372	\$ 808,501	\$ 858,181	\$ 787,594	\$ 854,919	5.7%
Total	\$ 798,372	\$ 808,501	\$ 858,181	\$ 787,594	\$ 854,919	5.7%

COMMUNICATIONS & PUBLIC AFFAIRS

MISSION-LEVEL MEASURES

 Create a Place for Everyone	Program:	Communications and Public Information
	Objective:	Develop, grow, and maintain effective two-way communication channels that reach people where they are to tell the story of what we are doing and how our actions affect them
	Mission Measure:	Percent of community satisfied or very satisfied with the availability of information about Town services and programs




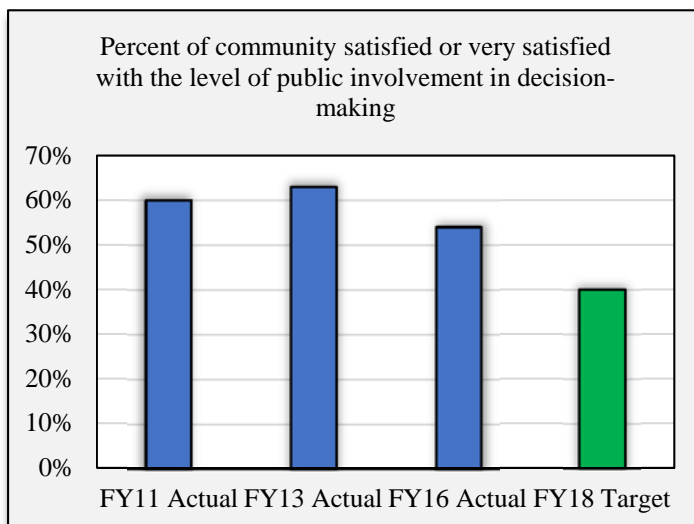
Departmental Analysis & Insights

- As traditional media shrink, we need to find new ways to share information and engage with our community by strengthening our messages and communication channels, becoming better listeners, and engaging in community conversations.

Initiatives - What will we do to take action?

- Implement the Strategic Communication Plan for the Town of Chapel Hill
- Employ a Communications Team from all departments to assist in organization-wide efforts

 Create a Place for Everyone	Program:	Public Participation
	Objective:	Engage the public in Town decision making and Town programs so that outcomes balance community interests, values, and needs
	Mission Measure:	Percent of community satisfied or very satisfied with the level of public involvement in decision-making




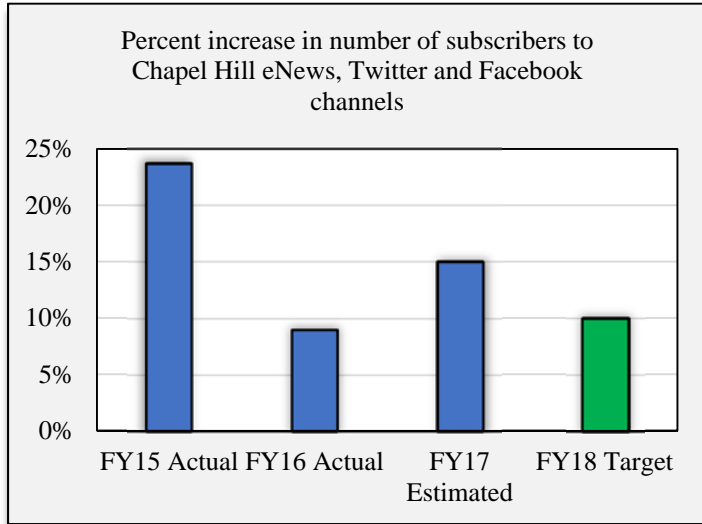
Departmental Analysis & Insights

- In FY16, our target was based on 2013 regional benchmarking numbers gathered in the Community Survey. In FY17 our target of 37% is based on 2015 regional benchmarks.
- TRENDS may reflect “overall distain for political system” – A 2016 Associated Pres-GfK pol 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

MISSION-LEVEL MEASURES (Continued)

 <p>Create a Place for Everyone</p>	Program:	Communications and Public Information
	Objective:	Engage the public in Town decision making and Town programs so that outcomes balance community interests, values, and needs
	Mission Measure:	Percent increase in number of subscribers to Chapel Hill eNews, Twitter and Facebook channels



Departmental Analysis & Insights

- Our performance in this metric has experienced continuing strong growth, especially compared to local media. Our performance is also at or above growth in comparison to municipalities nationally.

Initiatives - What will we do to take action?

- We have created a communications dashboard to better track our growth and engagement across our social media channels and increase our capacity to make data-driven decisions.

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

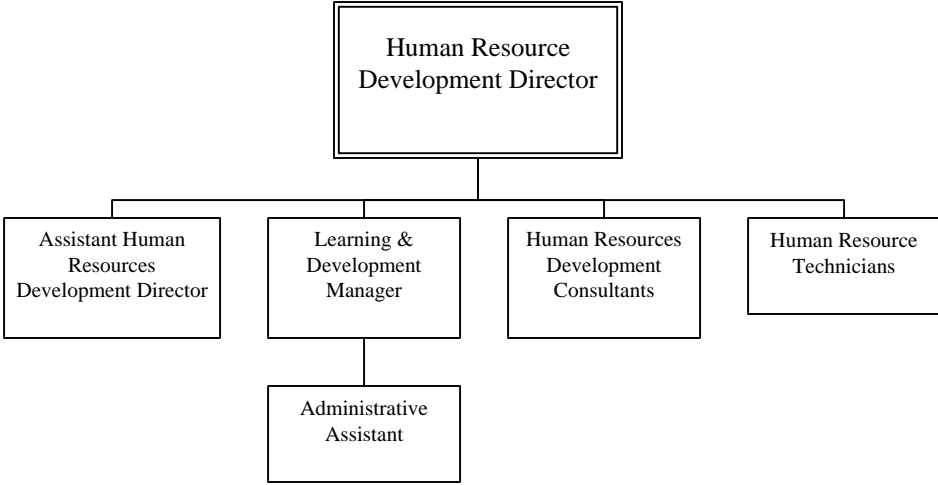
MISSION STATEMENT:

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

The Human Resource Development Department identified the following primary programs that are included in the adopted budget for 2017-18.

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

HUMAN RESOURCE DEVELOPMENT



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

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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Human Resource Development Director	1.00	1.00	1.00
Assistant Director-Human Resource Development	0.00	1.00	1.00
Senior Human Resource Consultant	1.00	0.00	0.00
Assistant HR Consultant	1.00	1.00	0.00
Human Resources Development Consultant	1.00	0.00	0.00
Risk Manager	1.00	1.00	1.00
Claims Coordinator	1.00	1.00	1.00
Learning & Development Manager	0.00	1.00	1.00
Human Resources Technician	1.00	2.00	2.00
Human Resource Consultant	2.00	1.00	2.00
Administrative Assistant	1.00	1.00	1.00
	<hr/>	<hr/>	<hr/>
Human Resource Development Totals	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>

HUMAN RESOURCE DEVELOPMENT BUDGET SUMMARY

The adopted budget for 2017-18 reflects an overall increase of 3.4% from the previous fiscal year. There is a 4.1% increase in personnel costs, which is the result of a 2.5% pay adjustment, a 12.0% health insurance increase, and the implementation of a pay study recommendation to move an employee to a new job grade. There is an increase of 2.6% in operating costs. This is mostly due to the purchase of a Learning Management System (approximately \$26,000) which is slightly offset by savings in computer use charges (\$4,600).

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 660,422	\$ 936,992	\$ 880,080	\$ 780,482	\$ 975,868	4.1%
Operating Costs	799,947	747,755	1,122,206	1,081,030	766,935	2.6%
Total	\$ 1,460,369	\$ 1,684,747	\$ 2,002,286	\$ 1,861,512	\$ 1,742,803	3.4%

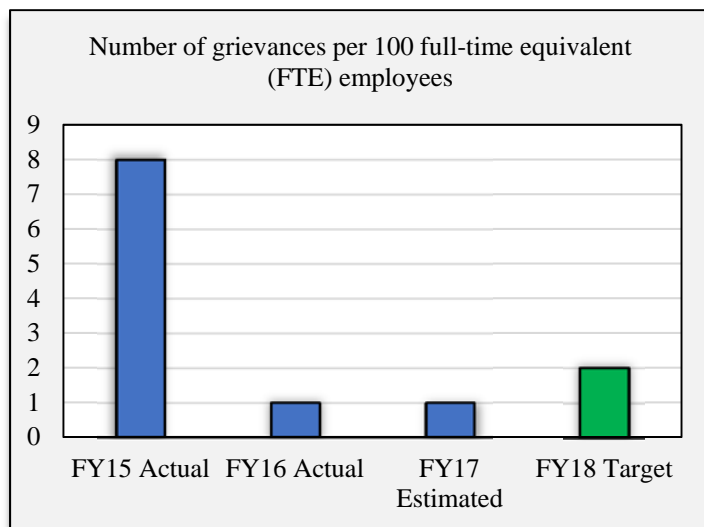
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 1,460,369	\$ 1,684,747	\$ 2,002,286	\$ 1,861,512	\$ 1,742,803	3.4%
Total	\$ 1,460,369	\$ 1,684,747	\$ 2,002,286	\$ 1,861,512	\$ 1,742,803	3.4%

HUMAN RESOURCE DEVELOPMENT

MISSION-LEVEL MEASURES

 <p>Govern with Quality and Steward Public Assets</p>	Program:	Employee Relations
	Objective:	Ensure employees are treated equitably and consistently, that issues are resolved at the lowest level possible, and to create a work environment that recognizes and appreciates diversity.
	Mission Measure:	Number of grievances per 100 full-time equivalent (FTE) employees



Departmental Analysis & Insights

- The Town's new Ordinance and Policies allow for more opportunities to discuss issues and work on them through non-formal processes, which often avoid grievance process.
- Ability to resolve issues in mediation if formal process is utilized has also reduced the conflicts and kept use of Grievance Hearing panel at a minimum.

Initiatives - What will we do to take action?

1. Continue to work with employees and supervisors to improve communication, work through issues sooner and at a lower level and encourage creative solutions to the issues.

BUSINESS MANAGEMENT DEPARTMENT

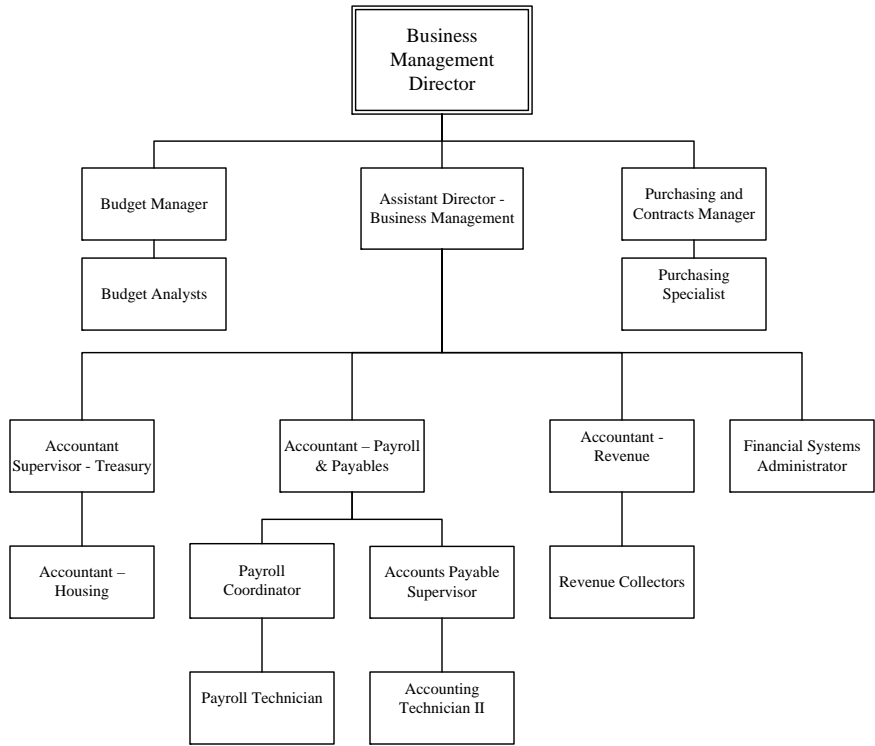
MISSION STATEMENT:

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

The Business Management Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Billing & Collections	Provide administration and/or oversight of all Town billings and collections.
Budget	Administer the Town's capital and operating budgets.
Payroll & Payables	Administer the Town's payroll and payables functions.
Accounting & Financial Reporting	Maintain the Town's financial accounting system.
Purchasing & Contracts	Administer the Town's purchasing and contracting systems. Includes: facilitating bids and other competitive procurement processes; reviewing all contracts, bids and purchases and disposal of Town assets for compliance with applicable regulations and Town policies.
Risk Management	Process liability, property and W/C claims against the Town. Purchase insurance coverage. Coordinate with insurance carriers and process recovery claims.
Liquidity Management	Administer the Town's cash management, investment, banking, and debt management functions.
Financial Planning & Analysis	Provide financial analysis, research and strategic planning for the Town's financial operations, including: review of agenda items; budget planning and analysis; long-term capital and debt planning; and departmental financial planning support.

BUSINESS MANAGEMENT DEPARTMENT



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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
<u>Finance</u>			
Director - Business Management	1.00	1.00	1.00
Assistant Director - Business Management	1.00	1.00	1.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager	1.00	1.00	1.00
Budget Analyst	2.00	2.00	2.00
Accountant - Payroll & Payables	1.00	1.00	1.00
Accountant - Revenue	1.00	1.00	1.00
Accountant Supervisor - Treasury	1.00	1.00	1.00
Accountant - Housing	1.00	1.00	1.00
Purchasing & Contracts Manager	1.00	1.00	1.00
Purchasing Specialist	1.00	1.00	1.00
Payroll Coordinator	1.00	1.00	1.00
Payroll Technician	1.00	1.00	1.00
Accounting Technician II	0.00	1.00	1.00
Accounts Payable Supervisor	1.00	1.00	1.00
Revenue Collector	2.00	2.00	2.00
Accounting Tech I	1.00	0.00	0.00
Business Management Department Totals	18.00	18.00	18.00

BUSINESS MANAGEMENT

BUDGET SUMMARY

The adopted budget for 2017-18 includes a 6.8% increase in personnel costs, which is mostly due to a 2.5% pay adjustment, a 12.0% health insurance increase, four employees moving up to higher job classifications based on a recommendation from a pay study, and a pay adjustment annualization from fiscal year 2016-17. The operating budget increased a negligible 0.3%.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,360,374	\$ 1,535,483	\$ 1,535,754	\$ 1,502,956	\$ 1,639,951	6.8%
Operating Costs	552,425	566,899	568,303	550,039	568,364	0.3%
Total	\$ 1,912,799	\$ 2,102,382	\$ 2,104,057	\$ 2,052,995	\$ 2,208,315	5.0%

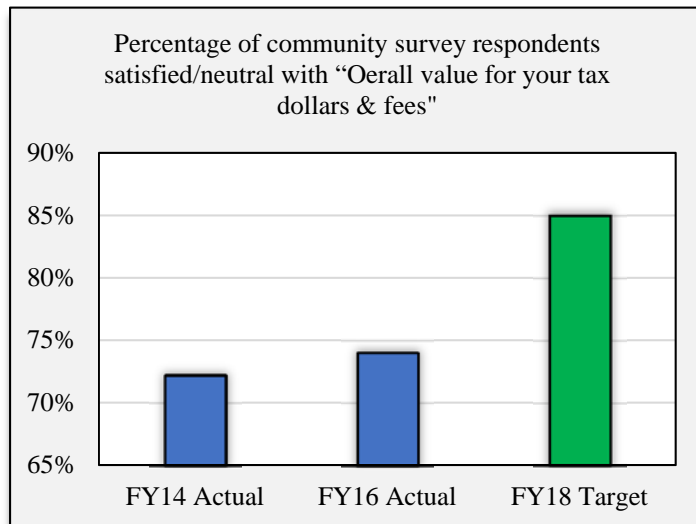
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 1,912,799	\$ 2,102,382	\$ 2,104,057	\$ 2,052,995	\$ 2,208,315	5.0%
Total	\$ 1,912,799	\$ 2,102,382	\$ 2,104,057	\$ 2,052,995	\$ 2,208,315	5.0%

BUSINESS MANAGEMENT

MISSION-LEVEL MEASURES

 Govern with Quality and Steward Public Assets	Program:	Financial Planning & Analysis
	Objective:	Achieve a rating of “satisfied” or “neutral” by the majority of respondents to the community survey
	Mission Measure:	Percentage of community survey respondents satisfied/neutral with “Overall value for your tax dollars & fees




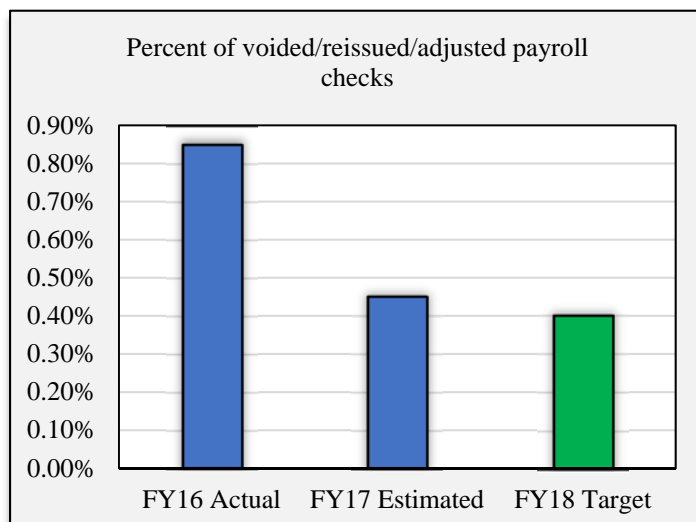
Departmental Analysis & Insights

- This data point is tracked in the Town's biennial community survey and has remained relatively static in the past two survey cycles. It is clear that we need to improve our communications with citizens on financial related matters.

Initiatives - What will we do to take action?

1. Review existing communications materials.
2. Collaborate with CaPA on development of Popular Annual Financial Report. Incorporate annual financial information into other Town publications

 Govern with Quality and Steward Public Assets	Program:	Payroll & Payables
	Objective:	Reduce the number of post-payment adjustments.
	Mission Measure:	Percent of voided/reissued/adjusted payroll checks



Departmental Analysis & Insights


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

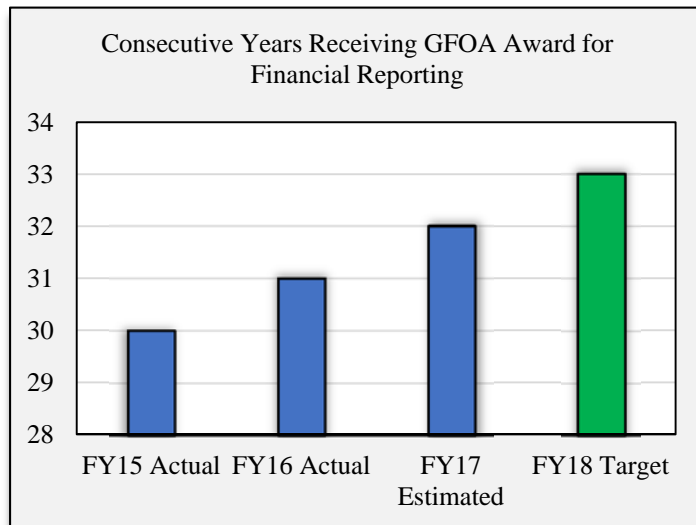
Initiatives - What will we do to take action?

1. Continue efforts to eliminate the source of errors through redundant controls and procedures
2. Work with Human Resource Development to improve controls over employee changes that impact payroll

BUSINESS MANAGEMENT

MISSION-LEVEL MEASURES (Continued)

 <p>Govern with Quality and Steward Public Assets</p>	Program:	Accounting and Financial Reporting
	Objective:	Maintain highest standards for financial reporting
	Mission Measure:	Consecutive Years Receiving GFOA Award for Financial Reporting




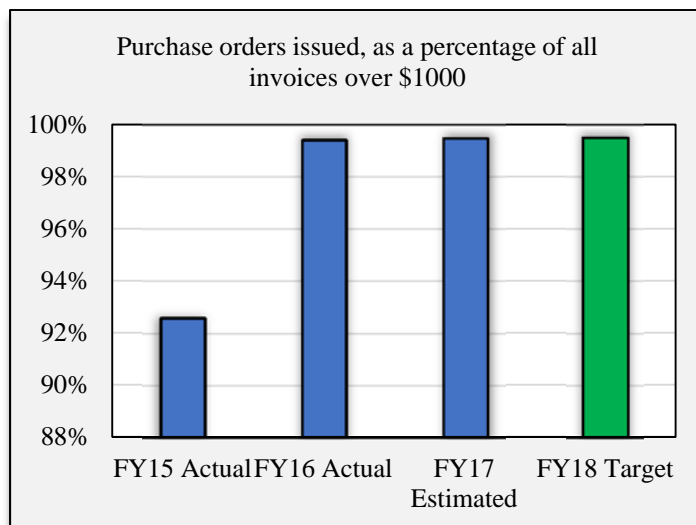
Departmental Analysis & Insights

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

Initiatives - What will we do to take action?

1. Use review notes to strengthen report and to address expected changes required by new GASB pronouncements.

 <p>Govern with Quality and Steward Public Assets</p>	Program:	Purchasing & Contracts
	Objective:	To secure purchase orders for 99% of invoices over \$1,000
	Mission Measure:	Purchase orders issued, as a percentage of all invoices over \$1000



Departmental Analysis & Insights

- Town policy requires the issuance of purchase orders prior to transactions for large purchases in order to safeguard against over-spending. This rule is sometimes overlooked for the sake of expediency and as the result of poor planning.

Initiatives - What will we do to take action?

1. Conduct additional training for purchasing
2. Establish follow-up procedures for repeat violations to identify cause

TECHNOLOGY SOLUTIONS DEPARTMENT

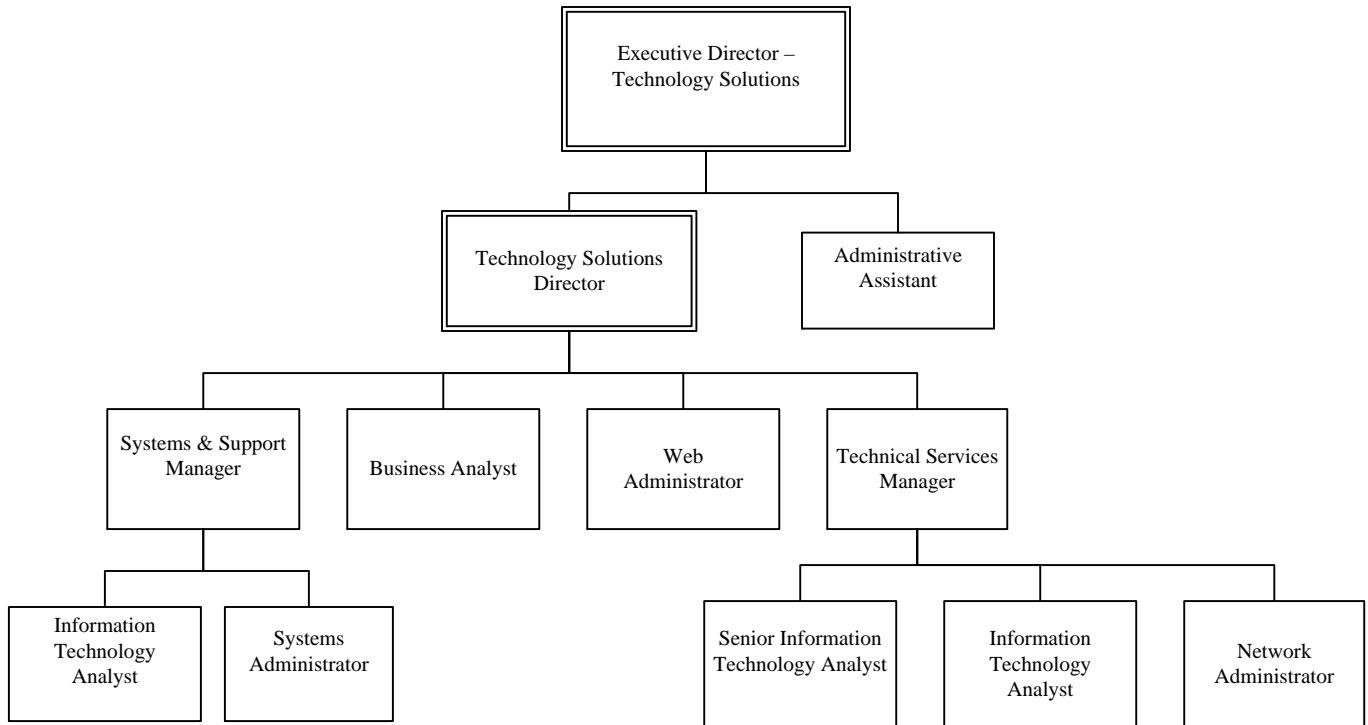
MISSION STATEMENT:

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

The Technology Solutions Department identified the following primary programs that are included in the adopted budget for 2017-18.

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

TECHNOLOGY SOLUTIONS DEPARTMENT



Technology Solutions

STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16	2016-17	2017-18
	ADOPTED	ADOPTED	ADOPTED
Executive Director - Technology Solutions	0.00	1.00	1.00
Director-Technology Solutions	1.00	1.00	1.00
Network Administrator	1.00	1.00	1.00
Systems & Support Manager	0.00	1.00	1.00
Business Analyst	1.00	1.00	1.00
Information Technology Analyst	3.00	2.00	2.00
Senior Information Technology Analyst	2.00	2.00	2.00
Web Administrator	1.00	1.00	1.00
Technical Services Manager	0.00	1.00	1.00
Administrative Assistant	0.00	1.00	1.00
Systems Administrator	1.00	1.00	1.00
Technology Solutions Department Totals	<u>10.00</u>	<u>13.00</u>	<u>13.00</u>

TECHNOLOGY SOLUTIONS BUDGET SUMMARY

The 2017-18 adopted budget for Technology Solutions represents an overall 2.8% increase from 2016-17. The personnel increase of 2.2% reflects the reclassification of a position, four positions moving up a job classification due to the implementation of a pay study recommendation, a 2.5% pay adjustment, and a 12.0% increase in health insurance costs. The 2.5% increase in operating costs reflects the purchase of new wireless equipment in downtown Chapel Hill and increasing disc storage. The 21.1% increase in capital expenses are mainly due to an increase for a security-related purchase.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 771,216	\$ 1,399,437	\$ 1,332,571	\$ 1,148,401	\$ 1,429,525	2.2%
Operating Costs	454,578	445,523	559,652	491,602	456,757	2.5%
Capital Outlay	34,666	53,619	53,619	53,619	64,933	21.1%
Total	\$ 1,260,460	\$ 1,898,579	\$ 1,945,842	\$ 1,693,622	\$ 1,951,215	2.8%

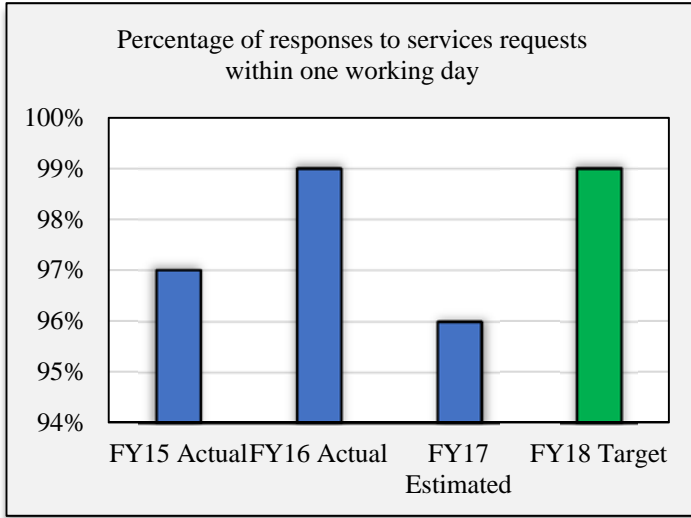
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 1,260,460	\$ 1,898,579	\$ 1,945,842	\$ 1,693,622	\$ 1,951,215	2.8%
Total	\$ 1,260,460	\$ 1,898,579	\$ 1,945,842	\$ 1,693,622	\$ 1,951,215	2.8%

TECHNOLOGY SOLUTIONS

MISSION-LEVEL MEASURES

 Govern with Quality and Steward Public Assets	Program:	User Support
	Objective:	Resolve user-assist service requests within one working day.
	Mission Measure:	Percentage of responses to services requests within one working day




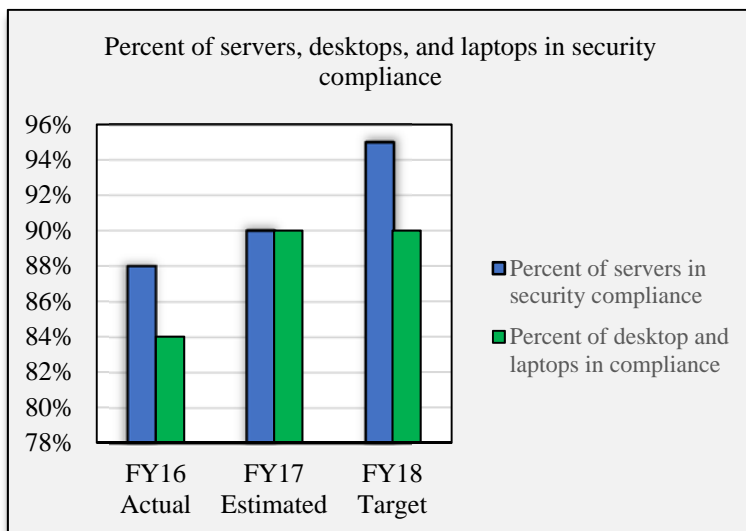
Departmental Analysis & Insights

- Most helpdesk calls are for minor issues and handled quickly
- Other calls require, research, travel and/or scheduling

Initiatives - What will we do to take action?

1. Review calls to determine opportunities for avoidance or self-service
2. Improve technology inventory and documentation to allow for better prevention and responses

 Govern with Quality and Steward Public Assets	Program:	Network Infrastructure
	Objective:	Ensure Town technologies are compliant
	Mission Measure:	Percent of servers, desktops, and laptops in security compliance



Departmental Analysis & Insights


- Goal has been rapid compliance for high risks and within 60 days for other risks
- Lack of staffing for server compliance related work had a negative impact

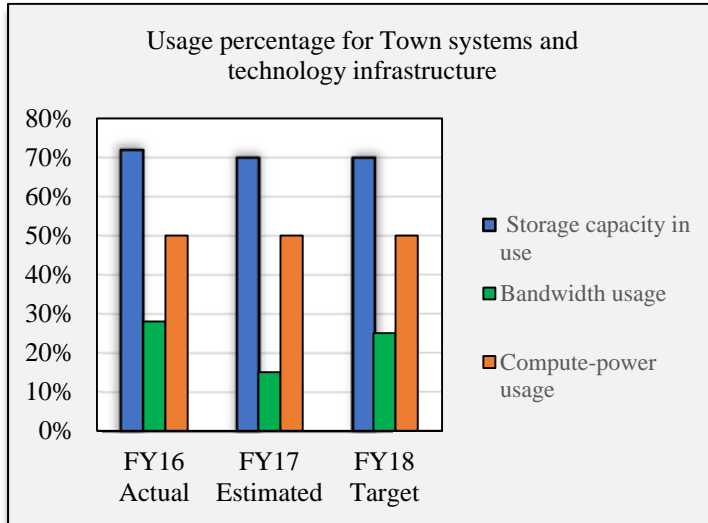
Initiatives - What will we do to take action?

1. Software currently being installed will monitor and report compliance issues more effectively
2. System Administrator hired and already making substantial improvements in compliance timing

TECHNOLOGY SOLUTIONS

MISSION-LEVEL MEASURES (Continued)

 <p>Govern with Quality and Steward Public Assets</p>	Program:	Network Infrastructure
	Objective:	To have reserve capacity to handle spikes in use and new uses and redundancy to handle failures.
	Mission Measure:	Usage percentage for Town systems and technology infrastructure



Departmental Analysis & Insights

- The objective is to have reserve capacity to handle spikes in use and new uses and redundancy to handle failures
- Estimates are currently rough due to monitoring tools

Initiatives - What will we do to take action?

1. Equipment supporting utilization will be upgraded, replaced and increased as needed
2. New monitoring tools have been installed for better reporting.

TOWN ATTORNEY

MISSION STATEMENT:

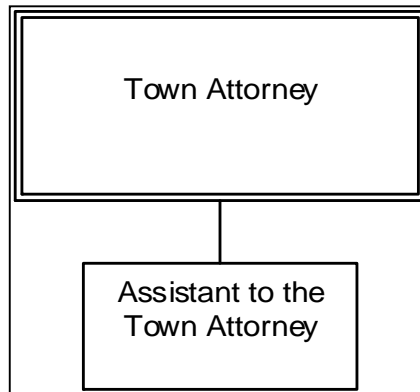
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

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***

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Town Attorney	1.00	1.00	1.00
Assistant to the Town Attorney	1.00	1.00	1.00
Attorney Department Totals	2.00	2.00	2.00



TOWN ATTORNEY

BUDGET SUMMARY

The adopted budget for the Town Attorney's office for 2017-18 shows an increase of 2.9% over the prior year. The personnel increase of 3.4% is a result of the 2.5% pay adjustment, as well as a 12.0% increase in health insurance costs. The 5.1% decrease to the operating budget is mainly due to a decrease in computer use charges.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 297,521	\$ 319,994	\$ 320,032	\$ 319,723	\$ 330,742	3.4%
Operating Costs	9,133	19,190	19,190	9,251	18,205	-5.1%
Total	\$ 306,654	\$ 339,184	\$ 339,222	\$ 328,974	\$ 348,947	2.9%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 306,654	\$ 339,184	\$ 339,222	\$ 328,974	\$ 348,947	2.9%
Total	\$ 306,654	\$ 339,184	\$ 339,222	\$ 328,974	\$ 348,947	2.9%

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 a 12.0% increase to health insurance costs. There is a \$250,000 increase to the vacancy pool line which represents the budgeting of a conservative amount of lapsed salaries, which recognizes that the Town will have vacant positions throughout the next budget year. There was an increase of 12.2% in grant matching funds compared to FY17. There is a 1.6% increase in agency contributions, which is mainly felt through minimal increases to affordable housing initiatives. There was a 38.8% decrease in pay-go capital improvement spending, which is mainly felt in small capital improvements and greenways. Funding for those projects will come from the 2015 bond referendum.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Retiree Medical Insurance	\$ 1,090,611	\$ 1,118,000	\$ 1,118,000	\$ 1,200,000	\$ 1,347,500	20.5%
Other Personnel Costs	14,801	35,000	35,000	13,112	20,000	-42.9%
Liability Insurance	308,713	400,000	400,000	400,000	400,000	0.0%
Penny for Housing	420,000	688,395	1,645,185	688,395	688,395	0.0%
Operations	231,174	167,500	206,557	167,500	199,453	19.1%
Supplemental PEG Fees	187,838	210,000	210,000	210,000	210,000	0.0%
Transfer to Other Funds	6,000	6,500	8,009	7,000	7,200	10.8%
Transfer to Multi-Year						
Capital Projects	500,000	-	3,739,712	3,650,000	-	N/A
Transfer to Capital						
Improvement Funds	778,000	778,000	778,000	778,000	476,500	-38.8%
OPEB Liability Contributions	-	525,000	2,783,000	2,783,000	630,000	20.0%
Transfer to Off-Street Parking	35,000	-	-	-	-	N/A
Launch Initiative	-	33,500	33,500	33,500	33,500	0.0%
Grant Matching Funds	98,543	75,632	88,647	75,632	84,864	12.2%
Agency Contributions	1,010,875	1,095,057	1,221,168	1,095,057	1,112,137	1.6%
Technology Fund	-	270,407	17,265	270,407	-	-100.0%
Vacancy Pool	-	(1,000,000)	(1,000,000)	(1,000,000)	(1,250,000)	N/A
Community Center	-	100,000	300,000	100,000	100,000	0.0%
Total	\$ 4,681,555	\$ 4,502,991	\$ 11,584,043	\$ 10,471,603	\$ 4,059,549	-9.8%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 4,681,555	\$ 4,502,991	\$ 11,584,043	\$ 10,471,603	\$ 4,059,549	-9.8%
Total	\$ 4,681,555	\$ 4,502,991	\$ 11,584,043	\$ 10,471,603	\$ 4,059,549	-9.8%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

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

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Planning & Development Services	\$ 3,185,748	\$ 3,868,967	\$ 4,395,588	\$ 4,051,185	\$ 2,185,755	-43.5%
Housing & Community	590,949	720,525	746,806	745,732	774,487	7.5%
Public Works	10,912,327	12,258,544	13,365,604	13,230,993	12,273,397	0.1%
Total	\$ 14,689,024	\$ 16,848,036	\$ 18,507,998	\$ 18,027,910	\$ 15,233,639	-9.6%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 11,318,633	\$ 13,275,757	\$ 14,925,719	\$ 14,806,236	\$ 13,459,201	1.4%
State-Shared Revenues	38,732	33,000	33,000	38,000	38,000	15.2%
Grants	-	100,000	100,000	100,000	100,000	0.0%
Charges for Services	1,229,325	1,238,789	1,238,789	1,238,361	1,172,118	-5.4%
Licenses/Permits/Fines	1,905,008	2,132,840	2,132,840	1,565,350	394,320	-81.5%
Other Revenues	197,327	67,650	77,650	279,963	70,000	3.5%
Total	\$ 14,689,024	\$ 16,848,036	\$ 18,507,998	\$ 18,027,910	\$ 15,233,639	-9.6%

PLANNING & DEVELOPMENT SERVICES DEPARTMENT

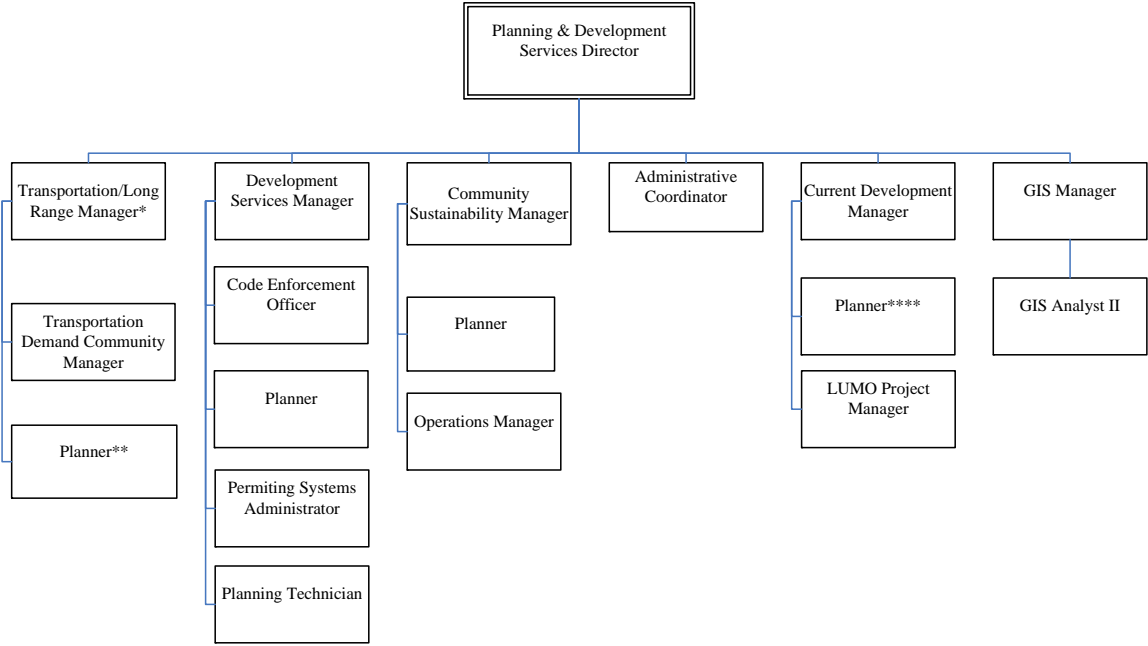
MISSION STATEMENT:

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

The Planning & Development Services Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Current Development	Oversee land use management provisions in accordance with policies established in the comprehensive plan. Provide information to citizens, developers, the Town Council and advisory boards concerning zoning, subdivision and land development related activity. Review land use management permit applications and oversee the permit review process.
Development Services	The Development Services Division of the Office of Planning and Sustainability is responsible for the following: Managing incoming permit and project applications, Completing reviews on small permit applications, Coordinating with reviewers on larger permit applications.
Transportation Planning & Transportation Demand Management	Create economic and demographic projections to support planning decisions. Analyze data and create information and mapping to support the state of North Carolina metropolitan planning organization, the Town Council, regional organizations, residents and Town staff.
Community Sustainability	The Community Sustainability Division of the Office of Planning and Sustainability is focused on creating connections, choices, and community for a sustainable Chapel Hill. The Community Sustainability Division aims to provide opportunities for community members and businesses to engage in a variety of sustainable practices and programs.
GIS & Analytics	The GIS Division of the Office of Planning and Sustainability provides a town-wide data, mapping, and analytics function to support the production and analysis of information in decision making. Staff maintains the Town's data, performs specific analysis for projects, Council, other staff , and the community.

PLANNING & DEVELOPMENT SERVICES



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
- The Downtown Project Manager is housed in Planning & Development Services but reports to the Manager's Office

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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
<u>Planning & Development Services</u>			
Executive Director-Planning	1.00	1.00	0.00
Director - Planning	0.00	1.00	1.00
Operations Manager - Planning	0.00	0.00	1.00
Planning Manager ¹	4.00	5.00	5.00
Planner/Planner II/Senior Planner ²	7.00	7.00	7.00
GIS Analyst II	1.00	2.00	2.00
GIS Technician - SR	1.00	0.00	0.00
Transportation Demand Community Manager ³	1.00	1.00	1.00
Code Enforcement Officer	0.00	0.00	1.00
Administrative Coordinator	0.65	0.65	0.65
Downtown Project Manager	0.00	0.00	1.00
Energy Management Specialist	1.00	0.00	0.00
Sustainability Officer	0.00	1.00	0.00
LUMO Project Manager	0.00	0.00	1.00
Permitting Systems Administrator	1.00	1.00	1.00
Planning Technician	0.00	0.00	1.00
Division Totals	<u>17.65</u>	<u>19.65</u>	<u>22.65</u>
<u>Inspections</u>			
Building Inspector Manager	1.00	1.00	0.00
Chief Building Inspector	1.00	0.00	0.00
Code Enforcement Officer	2.00	2.00	0.00
Code Enforcement Coordinator	0.00	0.00	0.00
Customer Service Tech/Code Enforcement Officer	0.00	1.00	0.00
Building-Fire Plans Reviewer	2.00	1.00	0.00
Customer Service Technician	1.00	1.00	0.00
Inspector	8.00	8.00	0.00
Permit Technician	2.00	2.00	0.00
Permit Technician Apprentice	0.00	0.00	0.00
Office Assistant	1.00	1.00	0.00
Division Totals	<u>18.00</u>	<u>17.00</u>	<u>0.00</u>
Planning & Sustainability Totals	<u><u>35.65</u></u>	<u><u>36.65</u></u>	<u><u>22.65</u></u>

¹ Planning Manager is partially grant-funded.

² A number of Planner positions are partially or fully grant funded in FY18.

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

PLANNING & DEVELOPMENT SERVICES

BUDGET SUMMARY

Starting in fiscal year 2014-15, the Inspections division was combined with Planning to create the Planning & Sustainability department. Beginning in fiscal year 2017-18, Inspections will now be a division under the Police department and the department changed its name to Planning & Development Services. The 2017-18 adopted budget for the Planning & Development Services Department shows an overall decrease of 73% in expected revenues for charges for services, licenses/permits/fines, and other revenues, which is due to the Inspections division being moved to the Public Safety function under Police.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 2,453,134	\$ 3,122,666	\$ 3,011,001	\$ 2,835,039	\$ 1,849,497	-40.8%
Operating Costs	732,614	746,301	1,384,587	1,216,146	336,258	-54.9%
Total	\$ 3,185,748	\$ 3,868,967	\$ 4,395,588	\$ 4,051,185	\$ 2,185,755	-43.5%

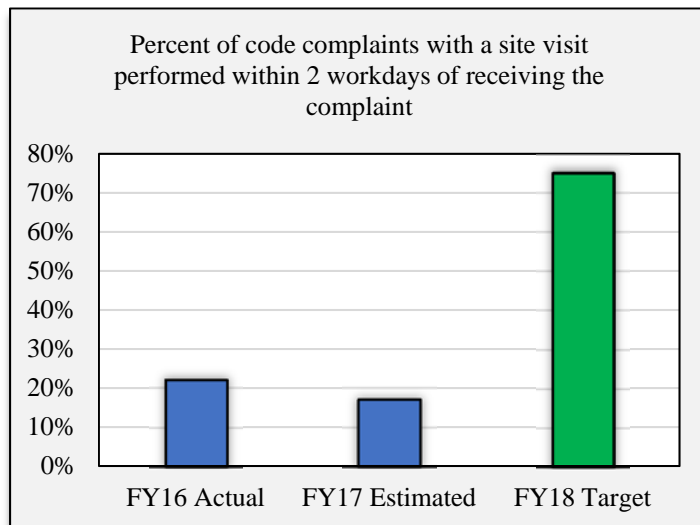
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 1,192,146	\$ 1,369,347	\$ 1,895,968	\$ 2,128,024	\$ 1,508,285	10.1%
Charges for Services	283,307	531,630	531,630	478,161	451,470	-15.1%
Licenses/Permits/Fines	1,703,988	1,961,990	1,961,990	1,434,000	220,000	-88.8%
Other Revenues	6,307	6,000	6,000	11,000	6,000	0.0%
Total	\$ 3,185,748	\$ 3,868,967	\$ 4,395,588	\$ 4,051,185	\$ 2,185,755	-43.5%

PLANNING & DEVELOPMENT SERVICES

MISSION-LEVEL MEASURES

 Create a Place for Everyone	Program:	Code Compliance and Enforcement
	Objective:	Provide expeditious customer service response related to permits and code enforcement
	Mission Measure:	Percent of code complaints with a site visit performed within 2 workdays of receiving the complaint




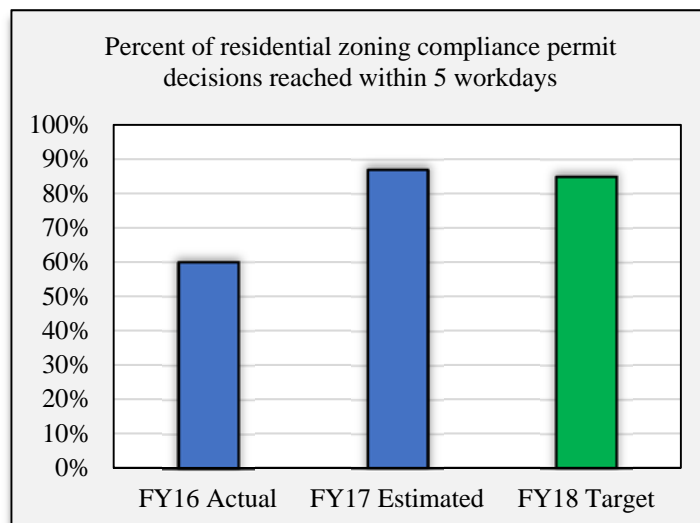
Departmental Analysis & Insights

- These data show a slightly downward trend in code complaints acted upon within 2 business days.
- This reinforces the need for additional resources and attention, which are being provided in FY18.

Initiatives - What will we do to take action?

1. The addition of the new Zoning Enforcement Planning Manager position in FY18 will provide the resources and additional attention needed for management and resolution of code complaints. For this reason, we have set a significantly higher target for FY18.

 Develop Good Places, New Spaces	Program:	Development Services
	Objective:	Provide high quality customer-centered service with improved permit approval times
	Mission Measure:	Percent of residential zoning compliance permit decisions reached within 5 workdays



Departmental Analysis & Insights


- The percentage of residential zoning compliance permit decisions reached within five business days is estimated to have increased by 27% above last year. This includes all types of residential ZCPs – regular, minor, and express.

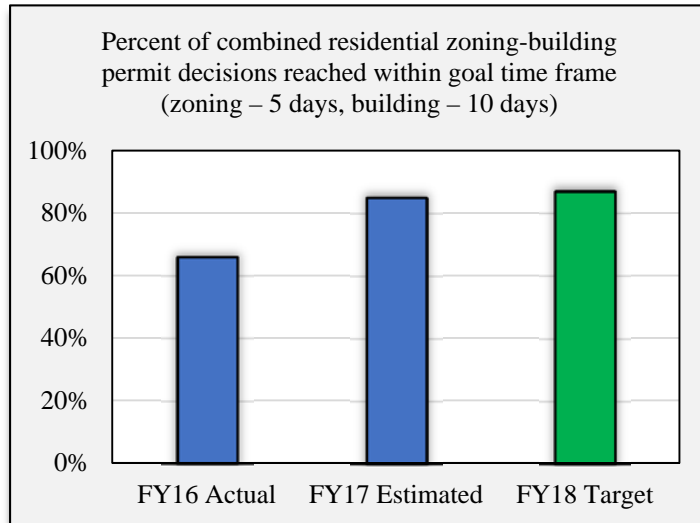
Initiatives - What will we do to take action?

1. Evaluate what changes have led to this improvement and consider what additional changes could be implemented to help achieve the target goal.

PLANNING & DEVELOPMENT SERVICES

MISSION-LEVEL MEASURES (Continued)

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




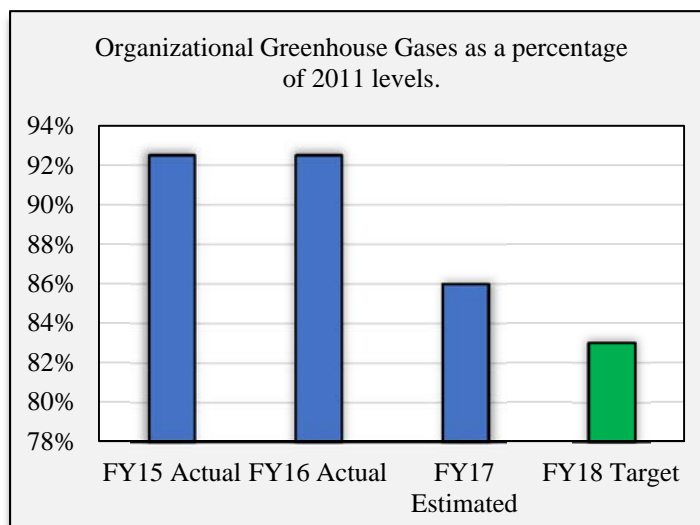
Departmental Analysis & Insights

- While Planning does not issue building permits, this measure does provide us with a sense of the customer’s entire experience when applying for residential project work.
- The percentage of combined residential zoning-building permit decisions reached within the goal time frames are estimated to have increased by 19% above last year.

Initiatives - What will we do to take action?

1. In coordination with the Office of Community Safety, Inspections Division, continue to evaluate what changes have led to this improvement and consider what additional changes could be implemented.

 Nurture Our Community	Program:	Community Sustainability
	Objective:	Reduce organizational greenhouse gas emissions to 98% of 2011 levels
	Mission Measure:	Organizational Greenhouse Gases as a percentage of 2011 levels.



Departmental Analysis & Insights

- This metric shows the percentage reduction of GHGs from a 2011 baseline. The Town’s investment in energy performance across three of its largest facilities is resulting in additional energy savings and GHG reductions.

Initiatives - What will we do to take action?

1. Work with Piedmont Service Group to continue to monitor energy savings from the project and identify possible improvements in the future.

PLANNING

BUDGET SUMMARY

The 2017-18 adopted budget for Planning & Development Services is down 4.6% from fiscal year 2016-17. There is an increase of 10.2% in personnel, which is represented by the addition of a Code Enforcement Officer, a Downtown Project Manager, a Planning Technician (partially offset by reducing the temporary salaries budget), an Operation Manager - Planning (partially offset by replacing the vacant Sustainability Officer position), a 2.5% pay adjustment, and a 12.0% increase in health insurance costs. This is slightly offset through the transfer of the Executive Director of Planning & Development Services to the Manager's Office as the new Assistant Town Manager. The 45.1% decrease in operating costs is due to a decrease of \$250,000 from the Chapel Hill 2020 budget in order to rewrite the Land Use Management Ordinance (LUMO). Phase One costs of rewriting the LUMO will be assumed in fiscal year 2016-17, meaning the next payment will not be necessary until fiscal year 2018-19. A LUMO Project Manager position will be a part of Phase One.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,405,648	\$ 1,677,915	\$ 1,678,288	\$ 1,588,178	\$ 1,849,497	10.2%
Operating Costs	488,131	613,015	1,130,869	1,079,253	336,258	-45.1%
Total	\$ 1,893,779	\$ 2,290,930	\$ 2,809,157	\$ 2,667,431	\$ 2,185,755	-4.6%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 1,521,495	\$ 1,086,310	\$ 1,604,537	\$ 1,808,270	\$ 1,508,285	38.8%
Charges for Services	283,187	531,630	531,630	478,161	451,470	-15.1%
Licenses/Permits/Fines	82,790	666,990	666,990	370,000	220,000	-67.0%
Other Revenues	6,307	6,000	6,000	11,000	6,000	0.0%
Total	\$ 1,893,779	\$ 2,290,930	\$ 2,809,157	\$ 2,667,431	\$ 2,185,755	-4.6%

INSPECTIONS DIVISION

BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure decrease of 9.0% from last year's budget. Personnel costs decreased by 7.9% due to sharing a vacant Code Compliance Officer position with Fire (the Inspections division only pays 8% of his salary) and transferring a Fire Plans Reviewer to the Fire Department. This is slightly offset by a 2.5% pay adjustment, a 12.0% health insurance increase, and implementing recommendations of pay study to move seven employees in Inspections to a new job classification. The operating costs decreased by 20.3% due to savings in office equipment (\$12,800), a decrease in computer use charges (\$8,000), and savings in supplies (\$8,250).

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

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,047,486	\$ 1,444,751	\$ 1,332,713	\$ 1,246,861	\$ -	-100.0%
Operating Costs	244,483	133,286	253,718	136,893	-	-100.0%
Total	\$ 1,291,969	\$ 1,578,037	\$ 1,586,431	\$ 1,383,754	\$ -	-100.0%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ (329,349)	\$ 283,037	\$ 291,431	\$ 319,754	\$ -	-100.0%
Charges for Services	120	-	-	-	-	N/A
Licenses/Permits/Fines	1,621,198	1,295,000	1,295,000	1,064,000	-	-100.0%
Total	\$ 1,291,969	\$ 1,578,037	\$ 1,586,431	\$ 1,383,754	\$ -	-100.0%

PUBLIC WORKS

MISSION STATEMENT:

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

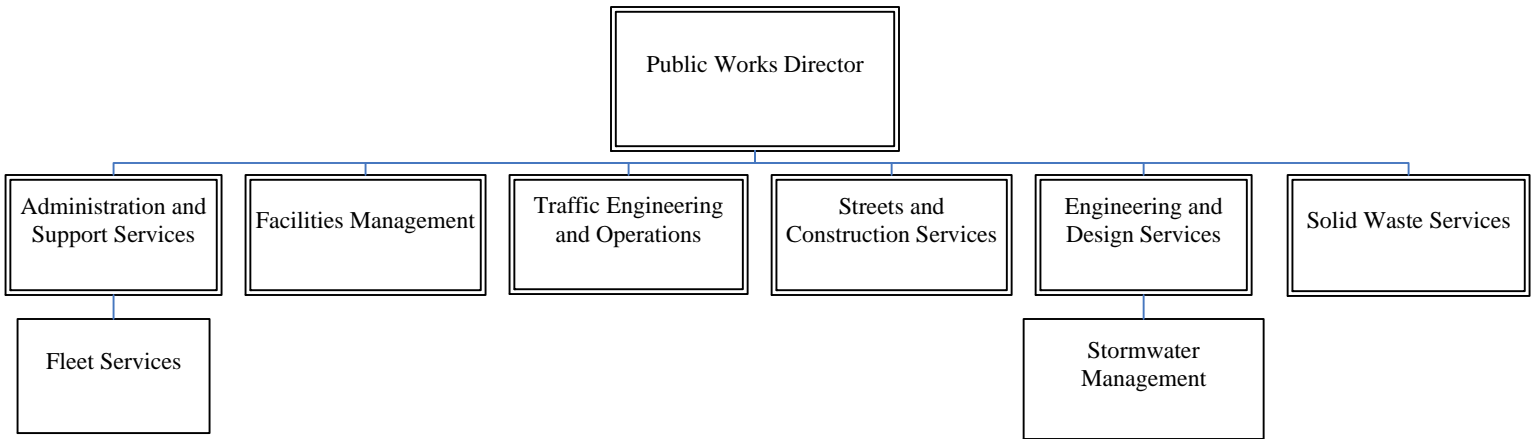
The Public Works Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Traffic Signals	Provide timing plans, traffic monitoring, emergency repairs, preventive maintenance, small improvements and larger contract project oversight.
Traffic Signs/Markings/Calming	Install and maintain all traffic control signs and pavement markings. Oversee traffic impact studies and manage the traffic calming program.
Street Lighting	Ensure new development compliance with established standards, respond to improvement requests, routinely inspect major roadways and the central business district for malfunctions.
Special Event Services	Plan for and assist with the installation of seasonal banners, flags and holiday decorations. Plan and assist in opening and closing streets, including event clean-up.
Inclement Weather	Provide planning, response and recovery to inclement weather events (high water, wind damage and ice/snow), including continuous service (around the clock) when required. Manage large scale inclement weather disasters including management and oversight of contracts.
Miscellaneous Construction	Construct small to medium construction projects using in-house crews, including: sidewalk and curb/gutter repairs; installation and maintenance of streetscape amenities; and projects such as the installation of a bus shelter, removal of playground equipment and construction of small parking lots.
Streets and Parking Lots	Perform patching and street maintenance primarily with in-house labor, supplemented by temp labor assistance and contract patching during peak periods. Manage annual resurfacing contract. Oversee the evaluation and maintenance of all town-maintained or leased parking lots, bike paths and trails.

PUBLIC WORKS

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

PUBLIC WORKS OVERVIEW



PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
<u>Administration</u>			
Director-Public Works	1.00	1.00	1.00
Management Analyst	1.00	1.00	1.00
Administrative Analyst	1.00	1.00	1.00
Manager - Operations	1.00	1.00	1.00
Occupational Health and Safety Officer	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00
Accounting Technician II	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Division Totals	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>
<u>Engineering and Design Services</u>			
Manager of Engineering & Infrastructure	1.00	1.00	1.00
Engineering Coordinator-Sr	1.00	1.00	1.00
Project Manager	1.00	1.00	1.00
Survey/Project Coordinator ¹	0.75	0.75	0.75
Senior Engineer ¹	0.85	0.85	0.85
Engineering Inspector	1.00	1.00	1.00
Engineering Inspector - Sr ¹	0.70	0.70	0.70
Landscape Architect	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Urban Forester/Special Projects	1.00	1.00	1.00
Unit Totals	<u>9.30</u>	<u>9.30</u>	<u>9.30</u>
<u>Traffic Engineering and Operations</u>			
Traffic Engineering Manager	1.00	1.00	1.00
Traffic Signal System Engineer	1.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00
Traffic Signal Systems Analyst	1.00	1.00	1.00
Lead Traffic Signal Tech	1.00	1.00	1.00
Traffic Signal Technician (Levels I-III)	3.00	3.00	3.00
Lead Sign & Marking Tech	1.00	1.00	1.00
Sign and Marketing Technician (Levels I-II)	2.00	2.00	2.00
Unit Totals	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>
Division Totals	<u>20.30</u>	<u>20.30</u>	<u>20.30</u>

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Services	1.00	1.00	1.00
Streets Supervisor	1.00	1.00	1.00
Street Inspector	1.00	1.00	1.00
Street Crew Supervisor	1.00	1.00	1.00
Construction Worker (Levels I-IV)	9.00	8.00	8.00
Senior Heavy Equipment Officer	0.00	1.00	1.00
Lead Construction Worker	1.00	1.00	1.00
Unit Totals	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>
Construction			
Supervisor-Construction Crew	2.00	2.00	2.00
Construction Worker (Levels I - IV)	4.00	3.00	3.00
Senior Heavy Equipment Operator	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>6.00</u>	<u>6.00</u>
Division Totals	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>
<u>Facilities Management</u>			
Buildings			
Facilities Manager	1.00	1.00	1.00
Facilities Supervisor	1.00	1.00	1.00
Building Maintenance Mechanic (Levels I-III)	6.00	6.00	6.00
Facilities Systems Technician	0.00	1.00	1.00
Processing Technician ²	0.25	0.25	0.25
Unit Totals	<u>8.25</u>	<u>9.25</u>	<u>9.25</u>
Division Totals	<u>8.25</u>	<u>9.25</u>	<u>9.25</u>
<u>Solid Waste and Fleet Services</u>			
Solid Waste			
Solid Waste Services Manager	1.00	1.00	1.00
Supervisor-Solid Waste (Residential and Commercial)	2.00	2.00	2.00
Solid Waste Services Crew Supervisor	1.00	1.00	1.00
Solid Waste Equipment Operator III	4.00	4.00	4.00
Solid Waste Equipment Operator II	10.00	10.00	10.00
Solid Waste Equipment Operator I	3.00	3.00	3.00
Solid Waste Collector	13.00	13.00	13.00
Division Totals	<u>34.00</u>	<u>34.00</u>	<u>34.00</u>
Public Works Totals	<u>92.55</u>	<u>92.55</u>	<u>92.55</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 recommended budget for the Public Works Department reflects an overall increase of 0.1% from last year. The budget includes a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and a slight increase in the state retirement contribution.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Administration	\$ 785,884	\$ 920,821	\$ 1,062,523	\$ 985,868	\$ 950,473	3.2%
Engineering & Design	1,035,945	1,105,630	1,143,786	1,147,813	1,083,415	-2.0%
Traffic	1,690,303	1,906,947	2,044,095	2,012,188	2,017,669	5.8%
Construction	624,532	771,209	825,474	829,826	688,964	-10.7%
Streets	1,639,916	2,107,727	2,839,204	2,815,579	2,154,149	2.2%
Building Maintenance	1,437,357	1,622,313	1,707,751	1,661,242	1,607,271	-0.9%
Solid Waste	3,698,390	3,823,897	3,742,771	3,778,477	3,771,456	-1.4%
Total	\$ 10,912,327	\$ 12,258,544	\$ 13,365,604	\$ 13,230,993	\$ 12,273,397	0.1%

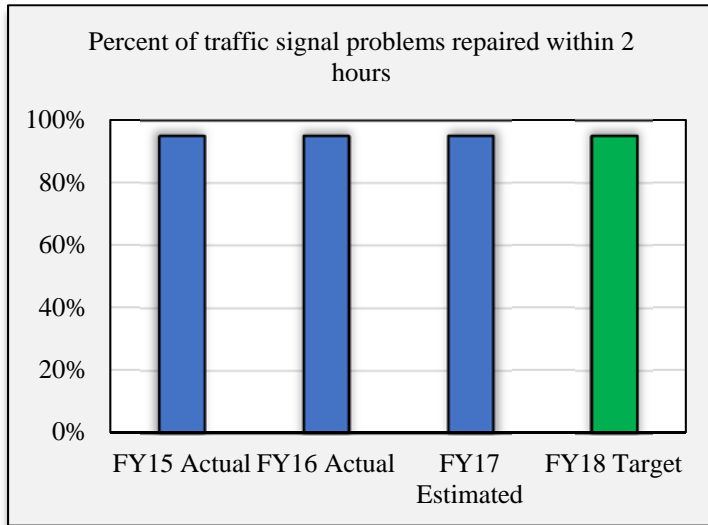
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 9,535,538	\$ 11,185,885	\$ 12,282,945	\$ 11,932,480	\$ 11,176,429	-0.1%
State Shared	38,732	33,000	33,000	38,000	38,000	15.2%
Grants	-	100,000	100,000	100,000	100,000	0.0%
Charges for Services	946,018	707,159	707,159	760,200	720,648	1.9%
Licenses/Permits/Fines	201,020	170,850	170,850	131,350	174,320	2.0%
Other Revenues	191,020	61,650	71,650	268,963	64,000	3.8%
Total	\$ 10,912,327	\$ 12,258,544	\$ 13,365,604	\$ 13,230,993	\$ 12,273,397	0.1%

PUBLIC WORKS

MISSION-LEVEL MEASURES

 <p>Facilitate Getting Around</p>	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
	Mission Measure:	Percent of traffic signal problems repaired within 2 hours




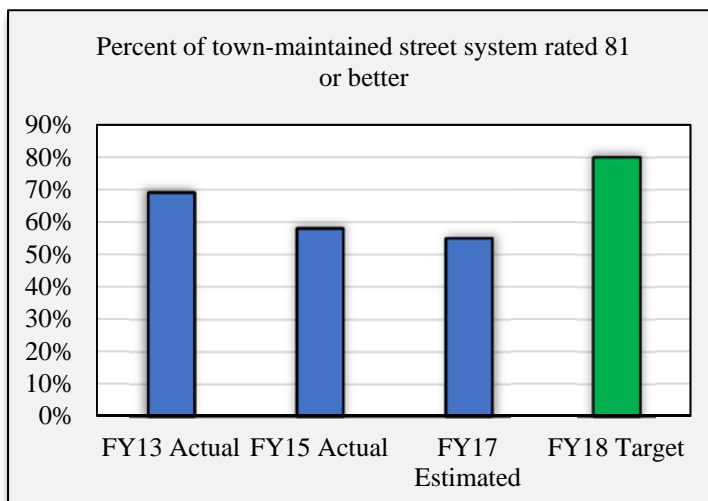
Departmental Analysis & Insights

- This target is based on the North Carolina Department of Transportation and the Federal Highway Administration standards.
- We complete 95% of repairs within 2 hours for traffic signal problems. 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.

Initiatives - What will we do to take action?

1. None. Currently meeting NCDOT standards.

 <p>Create a Place for Everyone</p>	Program:	Streets and Parking Lots
	Objective:	Achieve an average pavement condition rating of 81 or better for 80% of town-maintained street system
	Mission Measure:	Percent of town-maintained street system rated 81 or better



Departmental Analysis & Insights


- Our street system condition is deteriorating. The overall pavement condition rating has declined from 93.4 (Very Good) in 2004 to 76.9 (Fair) in 2016.
- The use of 2015 Streets and Sidewalks Bond Funds will reduce the severity of the decline in pavement condition. Additional funding is critical to reverse this trend in future years.

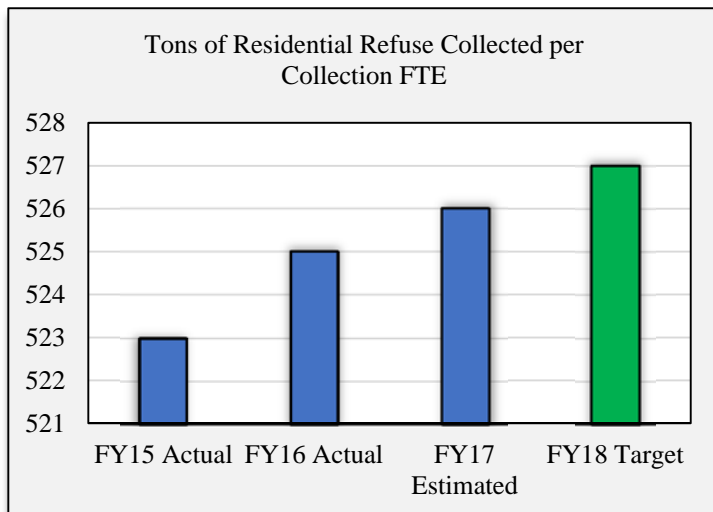
Initiatives - What will we do to take action?

1. Continue to pursue incremental increases to the base operating budget to achieve a sustainable funding level.
2. Continue implementing five-year resurfacing plan as funding allows

PUBLIC WORKS

MISSION-LEVEL MEASURES (Continued)

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




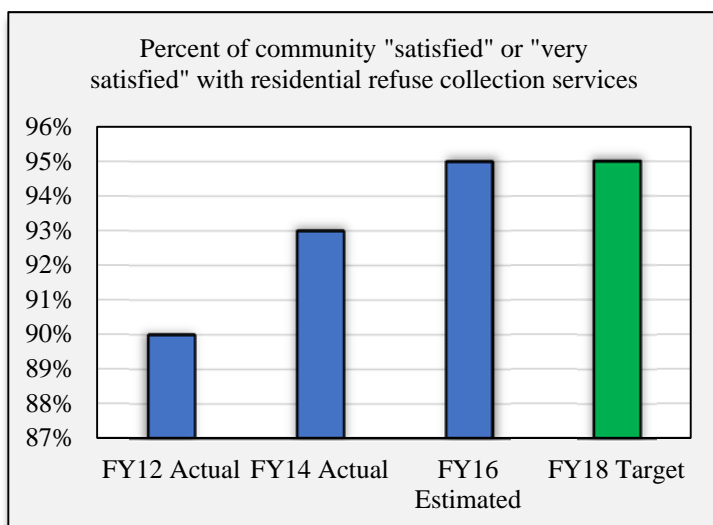
Departmental Analysis & Insights

- Residential solid waste generation is increasing with the improving economy.
- Residential collection stops are increasing due to new home construction, leading to additional refuse being collected.

Initiatives - What will we do to take action?

- Continue to evaluate solid waste routes through the Routing and Technology Study to keep up with demand while maintaining excellent customer service.

 Nurture Our Community	Program:	Solid Waste Collection
	Objective:	Maintain a residential refuse customer satisfaction rating of 95%
	Mission Measure:	Percent of community "satisfied" or "very satisfied" with residential refuse collection services



Departmental Analysis & Insights


- Residents continue to appreciate the excellent customer service provided by the solid waste services division.

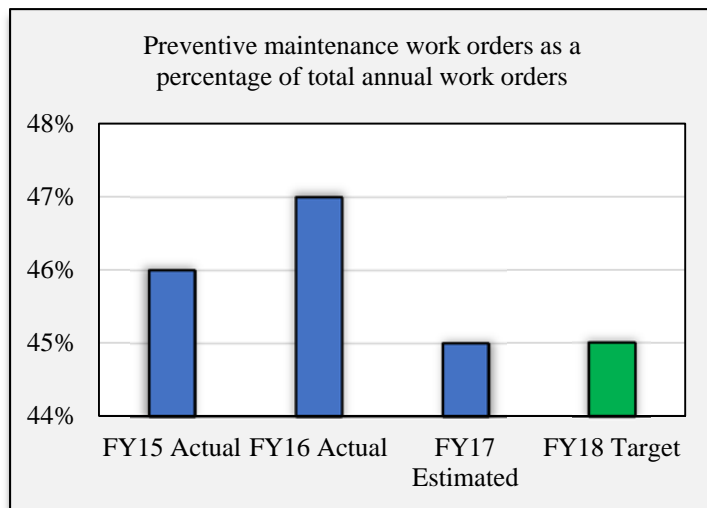
Initiatives - What will we do to take action?

- Continue to provide training to staff to maintain high standards for customer service satisfaction.

PUBLIC WORKS

MISSION-LEVEL MEASURES (Continued)

	Program:	Facilities Management and Maintenance
	Objective:	Ensure at least 45% of facility work orders are preventive maintenance work
	Mission Measure:	Preventive maintenance work orders as a percentage of total annual work orders



Departmental Analysis & Insights

- We have consistently met our preventive maintenance goal. A strong preventive maintenance program is key to ensuring our facilities remain in good condition, and is more cost effective (PM costs ~50% of repair costs on per work order basis).
- Total work orders (including PM, repairs, service requests, and emergencies) increased by over 800 (30%) from FY 16. This was largely due to an increase in documenting the work being completed due to achieving full staffing levels and newer staff gaining experience in their roles.

Initiatives - What will we do to take action?

1. Continue to train Facilities Systems Technician in data extraction and reporting for analysis by management

PUBLIC WORKS - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 3.2% from last year's budget. The 5.2% increase in personnel costs is mainly due to a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and moving an employee up a few pay grades due to implementing the recommendations of a pay study. The 9.4% decrease in operating costs can be attributed to a decrease in computer use charges.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 679,477	\$ 795,435	\$ 777,178	\$ 768,625	\$ 836,863	5.2%
Operating Costs	106,407	125,386	285,345	217,243	113,610	-9.4%
Total	\$ 785,884	\$ 920,821	\$ 1,062,523	\$ 985,868	\$ 950,473	3.2%

PUBLIC WORKS - Engineering and Design Services
BUDGET SUMMARY

The adopted budget for the Engineering and Design division reflects an overall expenditure decrease of 2.0% from last year's budget. There is a 1.5% decrease in personnel costs, which is mainly due to employee turnover. This is partially offset by a 2.5% pay adjustment and a 12.0% health insurance increase. The 8.6% decrease in operating costs is mainly due to a decrease in computer use charges and reductions to vehicle replacement charges.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 951,180	\$ 1,025,551	\$ 1,001,031	\$ 1,014,879	\$ 1,010,253	-1.5%
Operating Costs	65,450	80,079	142,755	132,934	73,162	-8.6%
Capital	19,315	-	-	-	-	N/A
Total	\$ 1,035,945	\$ 1,105,630	\$ 1,143,786	\$ 1,147,813	\$ 1,083,415	-2.0%

PUBLIC WORKS - Traffic

BUDGET SUMMARY

The adopted budget for the Traffic division reflects an overall expenditure increase of 5.8% from last year's budget. The 5.9% increase in personnel costs is due to the 2.5% pay adjustment, a 12.0% increase in health insurance costs, and moving four employees to higher job classifications through implementing the recommendations of a pay study. The operating increase of 5.7% reflect replacing a vehicle on the replacement cycle.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 690,331	\$ 931,116	\$ 869,076	\$ 821,832	\$ 986,490	5.9%
Operating Costs	999,972	975,831	1,175,019	1,190,356	1,031,179	5.7%
Total	\$ 1,690,303	\$ 1,906,947	\$ 2,044,095	\$ 2,012,188	\$ 2,017,669	5.8%

PUBLIC WORKS - Construction Unit
BUDGET SUMMARY

The adopted budget for the Construction division reflects an overall expenditure decrease of 10.7% from last year's budget. The 7.3% increase in personnel reflects a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and four employees moving to higher job classifications through the implementation of recommendations from a pay study. The operating decrease of 33.0% can be attributed to vehicles that were replaced in fiscal year 2016-17 that did not need to be replaced in fiscal year 2017-18.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 400,861	\$ 427,140	\$ 432,254	\$ 429,752	\$ 458,290	7.3%
Operating Costs	223,671	344,069	393,220	400,074	230,674	-33.0%
Total	\$ 624,532	\$ 771,209	\$ 825,474	\$ 829,826	\$ 688,964	-10.7%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets division reflects an overall expenditure increase of 2.2% from last year's budget. The 8.1% increase in personnel is mainly due to a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and nine employees moving to a higher job classification through the implementation of recommendations from a pay study. The 2.7% decrease in operating costs is mainly due to reducing street patching and resurfacing .

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 824,454	\$ 945,698	\$ 935,007	\$ 932,305	\$ 1,022,495	8.1%
Operating Costs	748,622	1,137,029	1,880,047	1,859,124	1,106,654	-2.7%
Capital Outlay	66,840	25,000	24,150	24,150	25,000	0.0%
Total	\$ 1,639,916	\$ 2,107,727	\$ 2,839,204	\$ 2,815,579	\$ 2,154,149	2.2%

PUBLIC WORKS - Building Maintenance Unit

BUDGET SUMMARY

The adopted budget for the Building Maintenance division reflects an overall expenditure decrease of 0.9% from last year's budget. The 1.1% decrease in personnel costs reflects employee turnover and annualizing the pay adjustment in fiscal year 2016-17, which is slightly offset by a 2.5% pay adjustment, a 12.0% health insurance increase, and one employee moving up a job classification through the implementation of recommendations from a pay study. There is a 0.8% decrease in the operating budget, which is due to savings in fuel and vehicle replacement charges.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 526,829	\$ 758,283	\$ 701,373	\$ 679,505	\$ 749,962	-1.1%
Operating Costs	877,357	864,030	1,006,378	981,737	857,309	-0.8%
Capital Outlay	33,171	-	-	-	-	N/A
Total	\$ 1,437,357	\$ 1,622,313	\$ 1,707,751	\$ 1,661,242	\$ 1,607,271	-0.9%

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 5.8% increase in personnel costs represent a 2.5% pay adjustment, a 12.0% health insurance increase, and moving 28 employees to a higher job classification based on implementing recommendations from a pay study. The 10.8% decrease in operating costs can be attributed to a decrease in vehicle fuel costs (\$53,500) and a \$115,000 decrease in vehicle replacement charges.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,935,382	\$ 2,162,446	\$ 2,069,139	\$ 2,050,086	\$ 2,288,775	5.8%
Operating Costs	1,763,008	1,661,451	1,673,632	1,728,391	1,482,681	-10.8%
Total	\$ 3,698,390	\$ 3,823,897	\$ 3,742,771	\$ 3,778,477	\$ 3,771,456	-1.4%

HOUSING & COMMUNITY DEPARTMENT

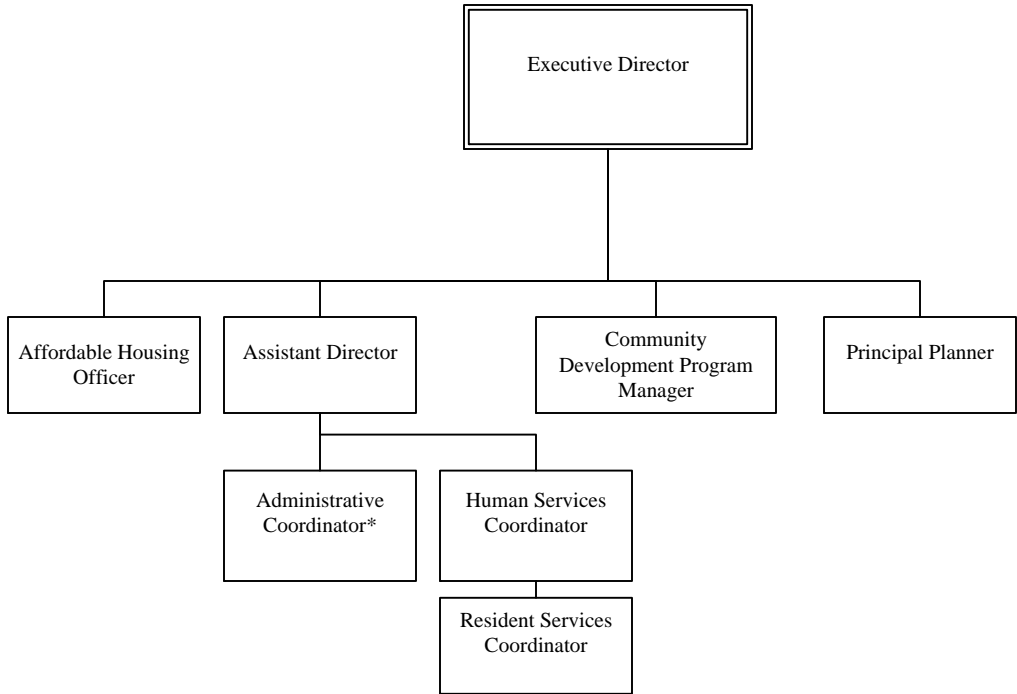
MISSION STATEMENT:

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.

The Housing & Community Department identified the following primary program that is included in the adopted budget for 2017-18.

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

HOUSING & COMMUNITY



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

HOUSING & COMMUNITY
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16	2016-17	2017-18
	ADOPTED	ADOPTED	ADOPTED
Housing & Community			
Executive Director - Housing & Community	1.00	1.00	1.00
Assistant Director - Housing & Community	0.00	0.00	1.00
Resident Services Coordinator	1.00	1.00	1.00
Administrative Coordinator	0.20	0.20	0.20
Principal Planner	0.00	1.00	1.00
Affordable Housing Officer	1.00	1.00	1.00
Community Development Program Manager	1.00	1.00	1.00
Human Services Coordinator	1.00	1.00	1.00
Planner II	1.00	1.00	0.00
Division Totals	6.20	7.20	7.20

HOUSING & COMMUNITY

BUDGET SUMMARY

The adopted budget reflects an overall increase of 7.5% compared to the previous fiscal year. The 6.3% increase in personnel costs reflects a promotion to an employee, a 2.5% pay adjustment, and a 12.0% increase in health insurance costs. The 18.0% increase in operating costs reflects proving free wireless internet for affordable housing units.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 455,124	\$ 648,980	\$ 660,757	\$ 655,906	\$ 690,067	6.3%
Operating Costs	135,825	71,545	86,049	89,826	84,420	18.0%
Total	\$ 590,949	\$ 720,525	\$ 746,806	\$ 745,732	\$ 774,487	7.5%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 590,949	\$ 720,525	\$ 746,806	\$ 745,732	\$ 774,487	7.5%
Total	\$ 590,949	\$ 720,525	\$ 746,806	\$ 745,732	\$ 774,487	7.5%

***PUBLIC SAFETY
BUDGET SUMMARY***

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

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Police	\$ 12,180,946	\$ 13,377,095	\$ 13,505,933	\$ 12,122,796	\$ 15,156,873	13.3%
Fire	8,100,976	9,285,178	9,427,781	8,698,956	9,246,898	-0.4%
Total	\$ 20,281,922	\$ 22,662,273	\$ 22,933,714	\$ 20,821,752	\$ 24,403,771	7.7%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 18,154,335	\$ 20,506,809	\$ 20,724,974	\$ 18,703,182	\$ 21,212,876	3.4%
State-Shared Revenues	1,110,671	1,097,590	1,097,590	1,097,500	1,115,590	1.6%
Grants	8,435	-	9,500	9,500	-	N/A
Charges for Services	659,393	657,206	657,206	661,470	661,470	0.6%
Licenses/Permits/Fines	202,902	325,668	325,668	225,100	234,680	-27.9%
Other Revenues	146,186	75,000	75,000	125,000	145,000	93.3%
Total	\$ 20,281,922	\$ 22,662,273	\$ 22,889,938	\$ 20,821,752	\$ 23,369,616	3.1%

CHAPEL HILL POLICE DEPARTMENT

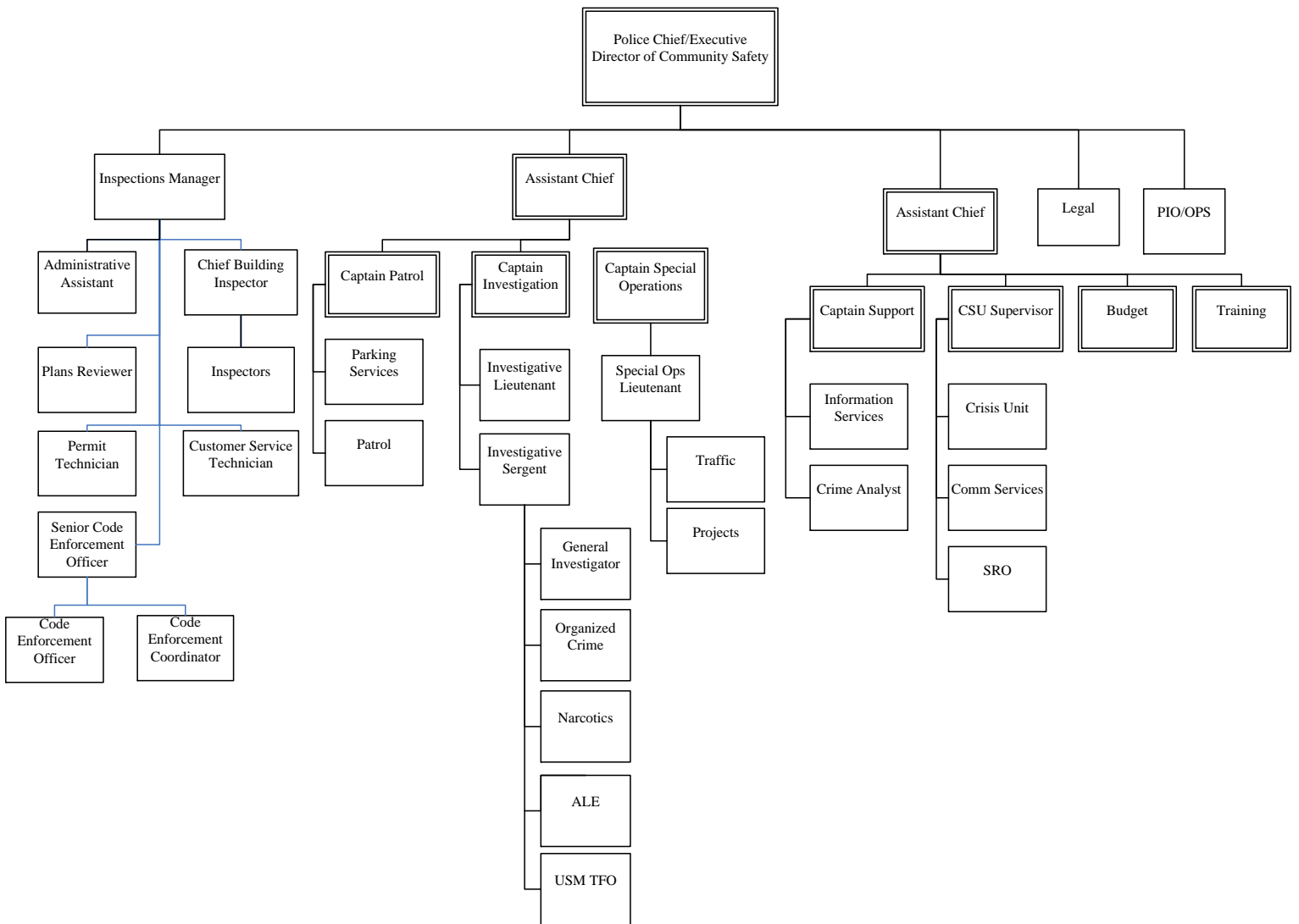
MISSION STATEMENT:

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 Town services.

The Chapel Hill Police Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Patrol Division	Respond to 911 calls, investigate traffic accidents, conduct directed patrols, serve criminal processes, and provide patrols in the field. Participate in Community Watch Meetings and provide crime prevention and traffic education to public.
Investigative Division	Investigate crimes against people and property, including drug and alcohol related offenses. Gather and analyze evidence and investigate crime scenes.
Human Services	Follow-up after incidents to help those involved deal with social/emotional issues. Assist in organizing community watch groups and provide outreach to businesses.
Support Services	Coordinate and provide required training to meet State Criminal Justice standards of departmental employees. Manage and oversee budget and day to day financial records. Archive police records and make them available to community members.
School Resource Officers	Organize outreach to middle and high schools in Chapel Hill while serving as a liaison to the Police Department and providing security.
Special Events and Court Liaison	Provide logistical support for special events and coordinate with the local court.
Building Inspections	The Inspections Division manages the inspections and permits. The main responsibilities of the Division include: Enforcement of the NC State Building Codes, Chapel Hill Code of Ordinances, Minimum Housing Code, and the Land Use Management Ordinance.
Code Enforcement	Enforcement of the Minimum Housing Code and the Land Use Management Ordinance.

POLICE DEPARTMENT



POLICE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Support Services			
Police Chief/Executive Director for Community Safety	1.00	1.00	1.00
Police Captain	1.00	1.00	0.00
Police Attorney/Legal Advisor	2.00	2.00	2.00
Police Analyst	1.00	1.00	1.00
Crisis Unit Supervisor	1.00	1.00	1.00
Crisis Counselor	3.00	3.00	4.00
Information Security Officer	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	0.00	0.00
Administrative Coordinator	1.00	1.00	1.00
Communications Specialist	0.00	0.00	1.00
Customer Service Technician	3.00	3.00	3.00
Division Totals	17.00	15.00	16.00
Operations			
Assistant Police Chief	2.00	2.00	2.00
Police Captain	3.00	3.00	4.00
Police Lieutenant	9.00	11.00	9.00
Police Sergeant	13.00	11.00	11.00
Forensic and Evidence Specialist	2.00	2.00	2.00
Police Officer	90.00	90.00	90.00
Division Totals	119.00	119.00	118.00
Inspections			
Building Inspector Manager	0.00	0.00	1.00
Code Enforcement Officer/Senior	0.00	0.00	2.00
Code Compliance Officer	0.00	0.00	1.00
Customer Service Technician	0.00	0.00	1.00
Administrative Assistant	0.00	0.00	1.00
Inspector	0.00	0.00	7.00
Inspector Supervisor	0.00	0.00	1.00
Permit Technician	0.00	0.00	2.00
Division Totals	0.00	0.00	16.00
Police Department Totals	136.00	134.00	150.00

POLICE
BUDGET SUMMARY

While the Police Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Most grant revenues were moved to a separate Grants Fund in 2007-08. Revenues are expected to increase slightly due to increases in mutual aid reimbursements and reimbursements from Chapel Hill/Carrboro School System for school resource officers. Changes relating to expenditures are noted on division summaries.

Starting in fiscal year 2014-15, the Inspections division was combined with Planning to create the Planning & Sustainability department. Beginning in fiscal year 2017-18, Inspections will now be a division under the Police department. The 2015-16 Actual, 2016-17 Original Budget, 2016-17 Revised Budget, and 2016-17 Estimated columns do not contain expenditures and revenues from Inspections, but the 2017-18 Adopted Budget does.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 10,278,748	\$ 11,562,621	\$ 11,396,596	\$ 10,227,396	\$ 13,272,606	14.8%
Operating Costs	1,871,787	1,814,474	2,109,337	1,895,400	1,884,267	3.8%
Capital Outlay	30,411	-	-	-	-	N/A
Total	\$ 12,180,946	\$ 13,377,095	\$ 13,505,933	\$ 12,122,796	\$ 15,156,873	13.3%

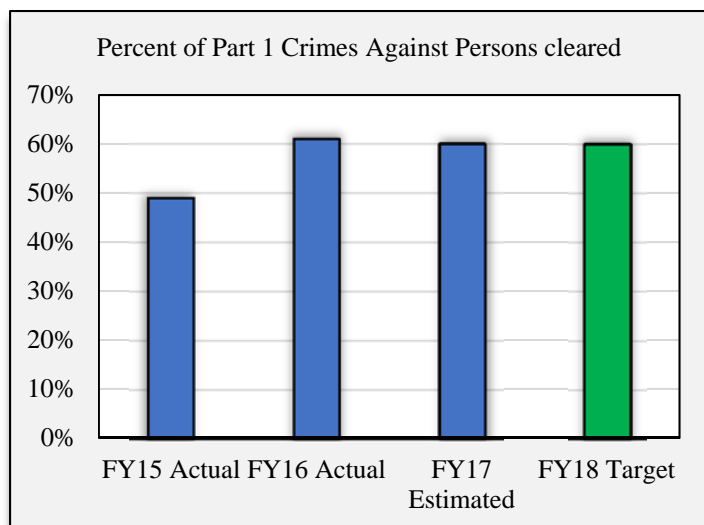
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 11,543,540	\$ 12,812,843	\$ 12,932,181	\$ 11,486,276	\$ 14,509,853	13.2%
Grants	8,435	-	9,500	9,500	-	N/A
Charges for Services	382,920	385,052	385,052	382,920	382,920	-0.6%
Licenses/Permits/Fines	99,865	104,200	104,200	119,100	119,100	14.3%
Other Revenues	146,186	75,000	75,000	125,000	145,000	93.3%
Total	\$ 12,180,946	\$ 13,377,095	\$ 13,505,933	\$ 12,122,796	\$ 15,156,873	13.3%

POLICE

MISSION-LEVEL MEASURES

 <p>Protect and Provide for a Safe Community</p>	Program:	Patrol Division, Investigative Division, Police Crisis Unit
	Objective:	To reduce crime through a strategic and data-driven partnership with our stakeholders through crime prevention, accountability and enforcement
	Mission Measure:	Percent of Part 1 Crimes Against Persons cleared




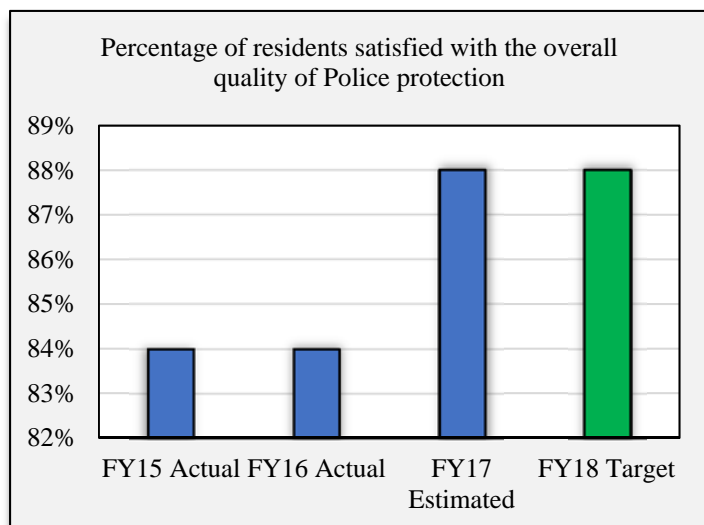
Departmental Analysis & Insights

- Our clearance rates on Part 1 violent crimes against persons are well over the national average of 46%.
- Our clearance rates on property crimes are over the national average of 19.4%.

Initiatives - What will we do to take action?

1. We have done a workload analysis to inform staffing levels in our Investigations unit and we will be bringing additional Investigators into the unit in FY18.
2. Continued use of directed patrol operations at peak times/ locations. (Fall Break, Holidays, LDOC, etc.)

 <p>Protect and Provide for a Safe Community</p>	Program:	Patrol Division, Investigative Division, Police Crisis Unit
	Objective:	To reduce crime through a strategic and data-driven partnership with our stakeholders through crime prevention, accountability and enforcement
	Mission Measure:	Percentage of residents satisfied with the overall quality of Police protection



Departmental Analysis & Insights


- 84% of respondents were very satisfied or satisfied with the overall police protection.

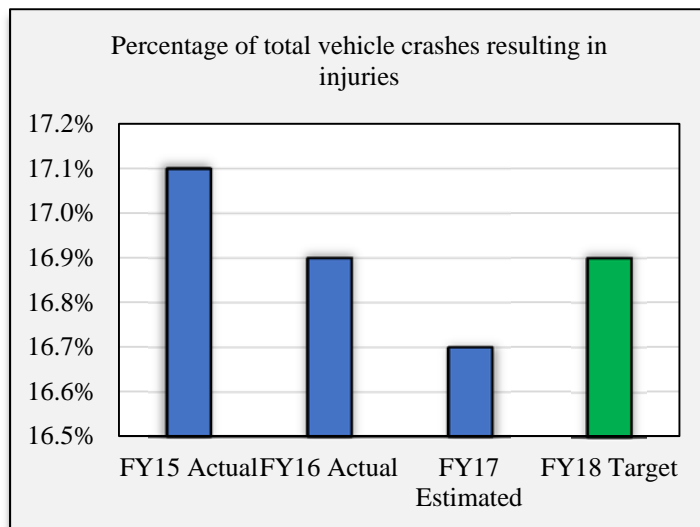
Initiatives - What will we do to take action?

1. We have significantly increased the number of community outreach events our patrol officers are involved in. We have moved the responsibility for these events away from a specialized unit and tasked our Uniformed Patrol Division with conducting these events. We believe these positive interactions will result in higher satisfaction ratings.

POLICE

MISSION-LEVEL MEASURES (Continued)

 Protect and Provide for a Safe Community	Program:	Patrol Division, Investigative Division, Police Crisis Unit
	Objective:	Promote vehicular, bicycle & pedestrian safety through education and enforcement
	Mission Measure:	Percentage of total vehicle crashes resulting in injuries



Departmental Analysis & Insights

- With traffic volume as the number one predictor of crash frequency, we have focused on those factors over which we have more influence, such as, speed and awareness which appears to have had a positive effect.

Initiatives - What will we do to take action?

1. We will continue to focus on lowering speeds which contributes to the severity of the crashes. Through monthly analysis of crash data, we will direct our efforts to locations in town experiencing higher numbers of crashes.
2. We will continue to provide educational opportunities for the public which stress the importance of keeping one's attention focused on the roadway and its surroundings. Examples include, Watch for Me NC, Social Media campaign, Portable Message Boards.

POLICE - Support Services Division
BUDGET SUMMARY

The adopted budget for the Support Services division reflects an overall expenditure decrease of 2.6% from last year's budget. The 1.7% decrease in personnel is the result of a Police Captain position being moved to the Operations division and replaced by a Crisis Counselor, staff turnover, and a decrease of approximately \$42,000 in Police Separation Allowance costs. The decrease is slightly tempered by a 2.5% pay adjustment, a 12.0% increase in health insurance costs, an employee promotion, and one employee moved to a higher job classification through the implementation of recommendations from a pay study. There is a 4.4% decrease in operating costs due to a decrease in computer use charges.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,460,543	\$ 1,506,828	\$ 1,508,020	\$ 1,430,051	\$ 1,480,949	-1.7%
Operating Costs	696,762	744,697	890,047	855,521	711,752	-4.4%
Total	\$ 2,157,305	\$ 2,251,525	\$ 2,398,067	\$ 2,285,572	\$ 2,192,701	-2.6%

POLICE - Operations Division
BUDGET SUMMARY

The Personnel Budget for the Operations Division reflects a 3.0% increase in personnel costs, which is due to a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and financial incentives for maintaining and recruiting officers. There is a 0.4% increase in operating costs due to the purchase of five body cameras (\$7,000).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 8,818,205	\$ 10,055,793	\$ 9,888,576	\$ 8,797,345	\$ 10,356,631	3.0%
Operating Costs	966,017	920,377	951,285	932,064	924,513	0.4%
Capital Outlay	30,411	-	-	-	-	N/A
Total	\$ 9,814,633	\$ 10,976,170	\$ 10,839,861	\$ 9,729,409	\$ 11,281,144	2.8%

POLICE - Special Events
BUDGET SUMMARY

The Special Events division tracks the cost of additional police presence at special events including impromptu University of North Carolina student celebrations, Halloween and Festifall. Efforts to contain the downtown Halloween celebration in recent years have been successful. The adopted budget for 2017-18 reflects a decrease of 5.1%, which is due to Halloween falling on a weekday.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Operating Costs	\$ 209,008	\$ 149,400	\$ 268,005	\$ 107,815	\$ 141,800	-5.1%
Total	\$ 209,008	\$ 149,400	\$ 268,005	\$ 107,815	\$ 141,800	-5.1%

POLICE - Inspections
BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure decrease of 9.0% from last year's budget. Personnel costs decreased by 7.9% due to sharing a vacant Code Compliance Officer position with Fire (the Inspections division only pays 8% of his salary) and transferring a Fire Plans Reviewer to the Fire Department. This is slightly offset by a 2.5% pay adjustment, a 12.0% health insurance increase, and implementing recommendations of pay study to move seven employees in Inspections to a new job classification. The operating costs decreased by 20.3% due to savings in office equipment (\$12,800), a decrease in computer use charges (\$8,000), and savings in supplies (\$8,250).

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

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ -	\$ -	\$ -	\$ -	\$ 1,435,026	N/A
Operating Costs	-	-	-	-	106,202	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ 1,541,228	N/A

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ -	\$ -	\$ -	\$ -	\$ 501,163	N/A
Licenses/Permits/Fines	-	-	-	-	1,040,065	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ 1,541,228	N/A

FIRE DEPARTMENT

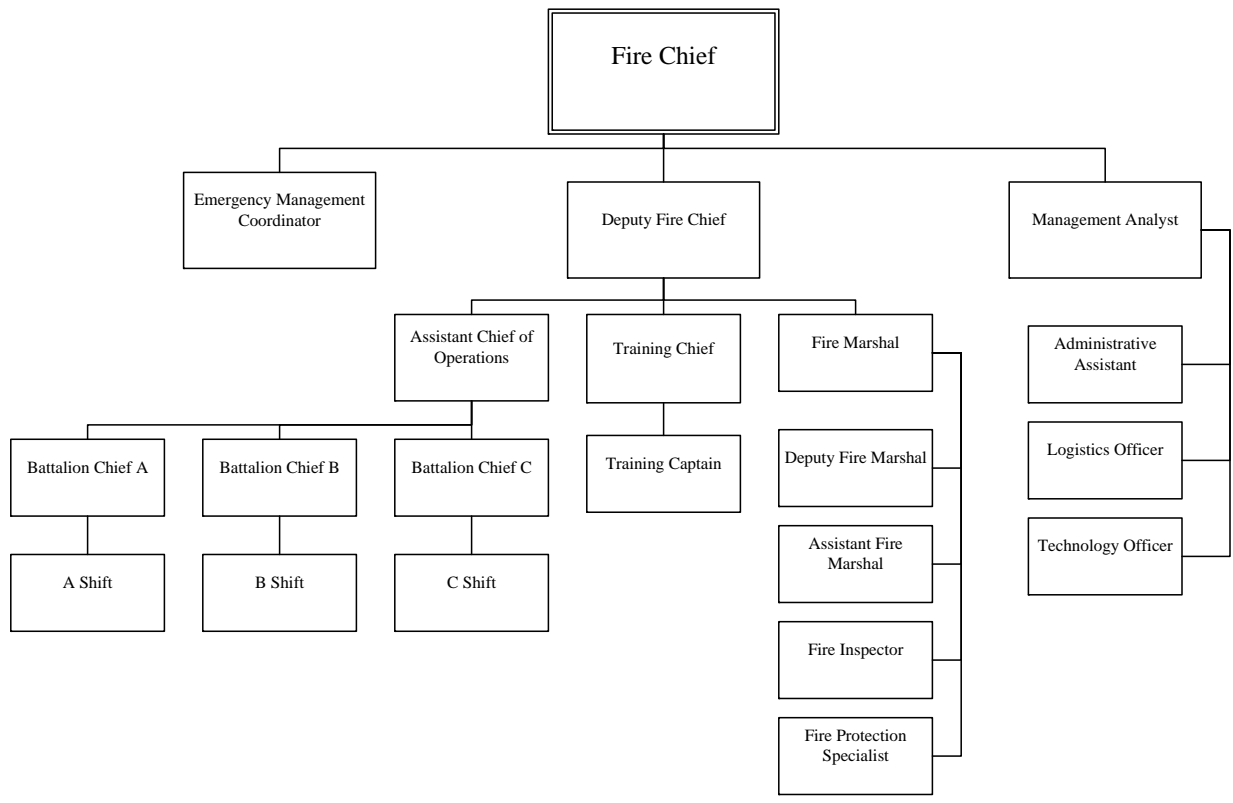
MISSION STATEMENT:

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 2017-18.

Program	Description
Emergency Operations	Provide Fire Suppression, rescue, extrication/accident response, hazard mitigation and response to environmental threats in the Town of Chapel Hill and to neighboring jurisdictions under Mutual Aid agreements.
Code Enforcement	Enforce the fire and safety codes of the Town and State through inspection, plan review and investigating the causes of fires.
Command-Control Administration	Provide command and control of emergency incidents and fire operations. Provide Departmental administration. Coordinate emergency preparedness of Town including related resources.
Fire Prevention & Life Safety Education	Schedule, coordinate and conduct public education and outreach services providing information on fire prevention, CPR, child safety seats, home safety and smoke alarms.
Emergency Medical Services	Provide response to medical emergencies within Town limits as part of emergency operations. Manage resources and coordinate administrative efforts to ensure proper coverage and service delivery.
Emergency Management	Facilitate preparedness activities that counter threats and hazards to the community and provide for the prevention of, protection from, mitigation of, response to and recovery from natural and man-made disasters.

FIRE



FIRE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 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			
Fire Chief - Deputy Operations	1.00	1.00	1.00
Battalion Fire Chief	4.00	4.00	4.00
Fire Captain/Lieutenant	19.00	20.00	19.00
Fleet & Logistics Officer	0.00	0.00	1.00
Assistant Fire Chief of Operations	0.00	1.00	1.00
Fire Comms Tech Officer	1.00	1.00	1.00
Fire Equipment Operator/Firefighter/Master	58.00	57.00	57.00
Division Totals	<u>83.00</u>	<u>84.00</u>	<u>84.00</u>
Life Safety			
Fire Marshall	1.00	1.00	1.00
Fire Inspector	2.00	2.00	2.00
Fire Protection Specialist	0.00	2.00	1.00
Deputy Fire Marshal	2.00	1.00	1.00
Assistant Fire Marshal	3.00	3.00	3.00
Division Totals	<u>8.00</u>	<u>9.00</u>	<u>8.00</u>
Fire Department Totals	<u><u>95.00</u></u>	<u><u>97.00</u></u>	<u><u>96.00</u></u>

FIRE

BUDGET SUMMARY

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

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 7,135,200	\$ 8,175,168	\$ 8,185,894	\$ 7,530,257	\$ 8,156,961	-0.2%
Operating Costs	956,226	1,099,510	1,231,387	1,158,199	1,079,437	-1.8%
Capital Outlay	9,550	10,500	10,500	10,500	10,500	0.0%
Total	\$ 8,100,976	\$ 9,285,178	\$ 9,427,781	\$ 8,698,956	\$ 9,246,898	-0.4%

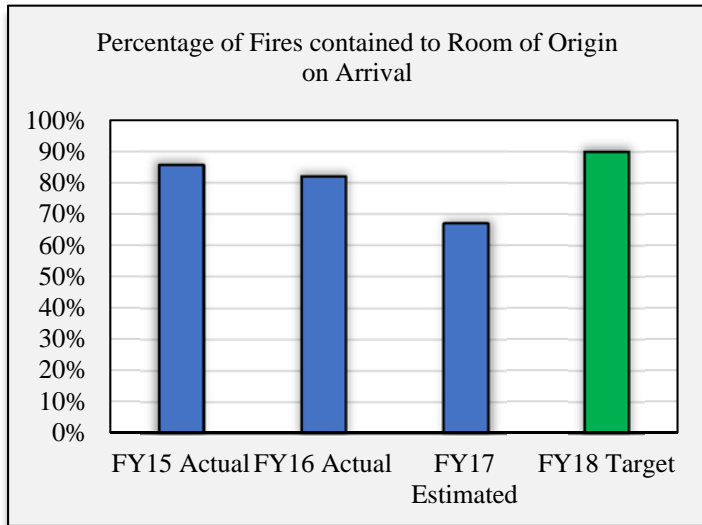
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 6,610,795	\$ 7,693,966	\$ 7,836,569	\$ 7,216,906	\$ 7,737,178	0.6%
State-Shared Revenues	1,110,671	1,097,590	1,097,590	1,097,500	1,115,590	1.6%
Charges for Services	276,473	272,154	272,154	278,550	278,550	2.4%
Licenses/Permits/Fines	103,037	221,468	221,468	106,000	115,580	-47.8%
Total	\$ 8,100,976	\$ 9,285,178	\$ 9,427,781	\$ 8,698,956	\$ 9,246,898	-0.4%

FIRE

MISSION-LEVEL MEASURES

 <p>Protect and Provide for a Safe Community</p>	Program:	Emergency Operations
	Objective:	Achieve and maintain a response time consistent with national standards of coverage of a 5-minute arrival time for the first due or 9-minute arrival time for the full dispatched assignment in at least 90% of all incidents.
	Mission Measure:	Percentage of Fires contained to Room of Origin on Arrival




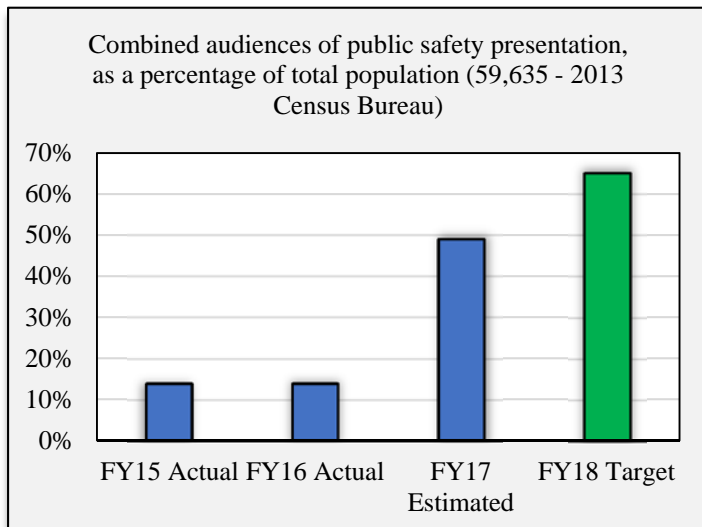
Departmental Analysis & Insights

- Early warning (alarms) help in our success with this metric
- On many of our calls, additional units are reduced or cancelled prior to arrival.

Initiatives - What will we do to take action?

1. Continue promoting fire sprinklers, alarm systems, etc.
2. Expand outreach to all ages to teach fire safety, including proper actions in event of fire

 <p>Protect and Provide for a Safe Community</p>	Program:	Fire Prevention and Life Safety Education
	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.
	Mission Measure:	Combined audiences of public safety presentation, as a percentage of total population (59,635 - 2013 Census Bureau)



Departmental Analysis & Insights


- Some months are higher than others. Examine what activities were taking place during higher months (Fire Prevention week, special programs in the community, for example)

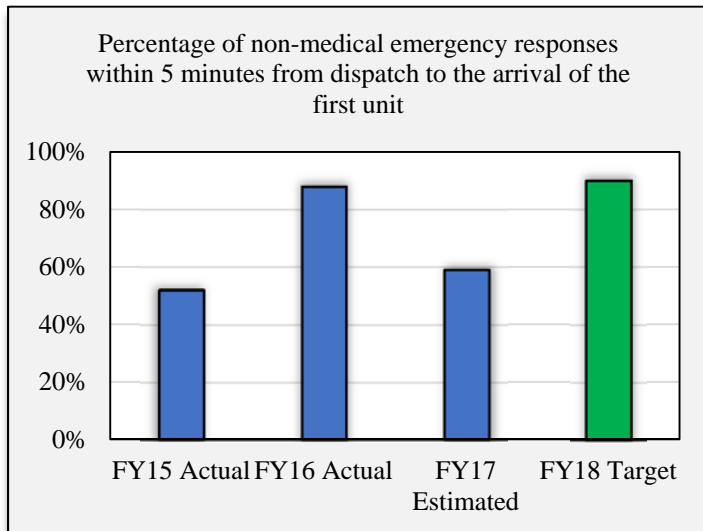
Initiatives - What will we do to take action?

1. Consider, along with CAPA, how we can improve outreach on various social media outlets to include “life safety messages” and how public contacts there can be tracked

FIRE

MISSION-LEVEL MEASURES (Continued)

 <p>Protect and Provide for a Safe Community</p>	Program:	Emergency Operations
	Objective:	Achieve and maintain a response time consistent with national standards of coverage of a 5-minute arrival time for the first due or 9-minute arrival time for the full dispatched assignment in at least 90% of all incidents.
	Mission Measure:	Percentage of non-medical emergency responses within 5 minutes from dispatch to the arrival of the first unit



Departmental Analysis & Insights

To better facilitate tracking and improvement we have broken this measure up and assigned targets as follows:

- 1) Turnout Time (80 seconds for fire, 60 seconds for EMS),
- 2) Incident percentage with 4 personnel (optimal staffing) on first due unit,
- 3) Enroute time (travel time) to emergency scene (target <4 minutes), and
- 4) Percentage of time we clear EMS calls in <20 minutes.

Initiatives - What will we do to take action?

1. Set goals for improvement of Turnout Times with apparatus crews & discuss areas for improvement
2. Examine travel time data to determine limiting factors (traffic, distance, and other circumstances) and use this to inform Strategic Plan, Town and street development, etc.
3. Consider adding positions and/or additional restructure to improve optimal staffing
4. Continue following EMS clear time data to inform the EMS system of needs based on demand
5. Continue/expand testing of placing a QRV in service in partnership with SORS

FIRE - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 5.6% from last year's budget. The increase of 6.3% in personnel is the result of a 2.5% pay adjustment and a 12.0% increase in health insurance costs. The operating increase can be attributed to the leasing of Sharp TVs for training purposes (\$55,000), which is offset by savings in vehicle replacement (\$33,876), computer use charges (\$7,125), professional services (\$6,000), and fuel savings (\$1,050).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 367,920	\$ 451,001	\$ 448,822	\$ 437,469	\$ 479,370	6.3%
Operating Costs	136,506	142,287	212,899	195,217	147,331	3.5%
Total	\$ 504,426	\$ 593,288	\$ 661,721	\$ 632,686	\$ 626,701	5.6%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects a 2.9% increase in personnel costs. This is due to a 2.5% pay adjustment and a 12.0% increase in health insurance costs, which is slightly offset by employee turnover. There is a 5.0% decrease in operating costs, which is due to a decrease in vehicle replacement charges (\$57,000), fleet use charges (\$11,200), and savings in small equipment (\$11,275). This is slightly offset by a \$29,000 increase to pay for Obey Creek annexation costs.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 6,110,268	\$ 6,763,513	\$ 6,772,750	\$ 6,471,798	\$ 6,962,611	2.9%
Operating Costs	728,884	901,872	955,089	898,480	857,203	-5.0%
Capital Outlay	9,550	10,500	10,500	10,500	10,500	0.0%
Total	\$ 6,848,702	\$ 7,675,885	\$ 7,738,339	\$ 7,380,778	\$ 7,830,314	2.0%

FIRE - Life Safety Division
BUDGET SUMMARY

The adopted budget for the Life Safety division reflects an overall expenditure decrease of 25.6% from last year's budget. The decrease in personnel is the result of freezing the vacant position of an Assistant Fire Marshall, the transfer of a Fire Inspector position to Inspections, and employee turnover, which is slightly offset by a 2.5% pay adjustment and a 12.0% increase in health insurance costs. The operating budget increased by 35.3% due to an increase in fleet use charges (\$11,000), cellular phone usage (\$4,200), and vehicle fuel (\$3,800).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 657,012	\$ 960,654	\$ 964,322	\$ 620,990	\$ 714,980	-25.6%
Operating Costs	90,836	55,351	63,399	64,502	74,903	35.3%
Total	\$ 747,848	\$ 1,016,005	\$ 1,027,721	\$ 685,492	\$ 789,883	-22.3%

LEISURE BUDGET SUMMARY

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

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Parks and Recreation	\$ 6,196,658	\$ 7,122,261	\$ 7,283,216	\$ 6,893,554	\$ 7,375,935	3.6%
Library	2,873,501	3,051,954	3,167,117	3,059,925	3,136,058	2.8%
Total	\$ 9,070,159	\$ 10,174,215	\$ 10,450,333	\$ 9,953,479	\$ 10,511,993	3.3%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 7,172,976	\$ 8,176,285	\$ 8,442,403	\$ 8,116,853	\$ 8,408,570	2.8%
Grants	692,546	680,614	690,614	679,963	679,963	-0.1%
Charges for Services	1,062,231	1,234,053	1,234,053	1,084,772	1,349,019	9.3%
Licenses/Permits/Fines	5,349	4,778	4,778	5,088	5,088	6.5%
Other Revenues	92,057	33,485	33,485	21,803	24,353	-27.3%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 9,070,159	\$ 10,174,215	\$ 10,450,333	\$ 9,953,479	\$ 10,511,993	3.3%

PARKS AND RECREATION DEPARTMENT

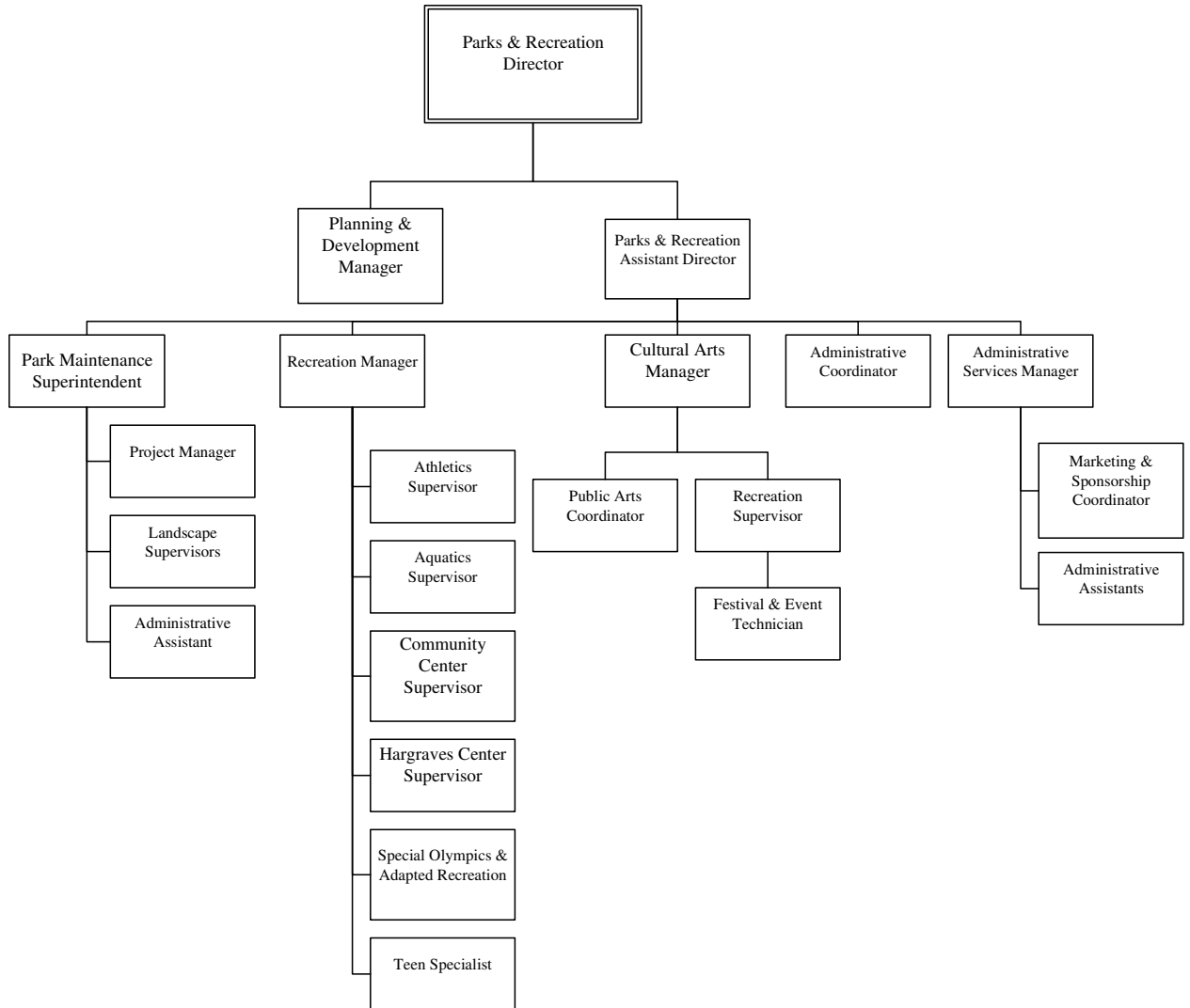
MISSION STATEMENT:

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

The Parks & Recreation Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Park Maintenance	Operate and maintain all Town owned and controlled outdoor properties, including: parks, playgrounds, recreation fields, open space, greenways, landscaping around all public buildings including public housing neighborhoods, all park and ride lots and rights of way along public roadways.
Planning & Development of Parks & Greenways	Planning and development of park renovations, future parks, and greenways based on the Parks Master Plan and the Greenways Master Plan. Managing construction/renovation projects.
Cemetery Operations	Administer operations of 4 Town cemeteries, including sale of burial plots, scheduling of burials, maintenance and mowing of cemeteries, and record keeping including burial records
Recreation Programming	Provide recreational programming throughout Town, including: operating recreation and athletic buildings; leasing athletic fields, gyms, meeting rooms, picnic facilities, and other facilities. Provide aquatics and swimming programs, youth and adult instructional sports, athletic leagues, fitness and arts programs, open gym and field play opportunities as well as programs for unique populations including Special Olympics and Therapeutic Recreation programs.
Cultural Arts	Provide Town wide arts programs including: administering the Town's Percent for Art Program and projects from CIP allocations; art installations in Town Hall and other public spaces; and public arts programs such as the Artist-in-Residency, Community Art, and Sculpture Visions Programs. Maintain and conserve the Town's public art assets.

Parks & Recreation



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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Administration			
Director-Parks & Recreation	1.00	1.00	1.00
Assistant Director-Parks and Recreation	1.00	1.00	1.00
Planning & Development Manager	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Recreation Manager	1.00	1.00	1.00
Administrative Assistant	1.00	2.00	2.00
Administrative Services Manager	1.00	1.00	1.00
Marketing & Sponsorship Coordinator	1.00	1.00	1.00
Office Assistant	1.00	0.00	0.00
Division Totals	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>
Landscape Services and Park Maintenance			
Parks Maintenance Superintendent	1.00	1.00	1.00
Landscape Supervisor	3.00	3.00	3.00
Municipal Arborist	1.00	1.00	1.00
Project Manager	1.00	1.00	1.00
Assistant Arborist	1.00	1.00	1.00
Landscape Specialist/Landscape Crew Leader	17.00	17.00	17.00
Administrative Assistant	1.00	1.00	1.00
Maintenance Assistant	0.00	0.00	0.00
Division Totals	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>
Athletics			
Recreation Supervisor	1.00	1.00	1.00
Adaptive Recreation Coordinator	1.00	1.00	1.00
Special Olympics Coordinator	1.00	1.00	1.00
Recreation Specialist	1.53	1.53	1.50
Division Totals	<u>4.53</u>	<u>4.53</u>	<u>4.50</u>
Community Center			
Recreation Supervisor	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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Aquatics Center			
Recreation Supervisor	1.00	1.00	1.00
Assistant Recreation Supervisor	1.00	1.00	1.00
Aquatics Specialist	4.00	4.00	4.00
Division Totals	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>
Public Arts			
Public Arts Administrator	1.00	1.00	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			
Recreation Supervisor	1.00	1.00	1.00
Assistant Recreation Supervisor	1.00	1.00	1.00
Recreation Specialist	1.80	1.80	1.80
Recreation Assistant	2.00	2.00	2.00
Division Totals	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>
Community Cultural Arts			
Recreation Supervisor	0.00	1.00	1.00
Festivals & Event Technician	1.00	1.00	1.00
Assistant Recreation Supervisor	1.00	0.00	0.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Parks & Recreation Department Totals	<u>57.83</u>	<u>57.83</u>	<u>57.80</u>

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

PARKS AND RECREATION

BUDGET SUMMARY

The adopted budget for Parks & Recreation reflects an overall increase of 3.6%. The budget includes a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and a slight increase in the state retirement contribution.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 4,399,770	\$ 5,188,651	\$ 5,133,356	\$ 4,961,413	\$ 5,497,367	5.9%
Operating Costs	1,796,888	1,933,610	2,141,387	1,932,141	1,878,568	-2.8%
Capital Outlay	-	-	8,473	-	-	N/A
Total	\$ 6,196,658	\$ 7,122,261	\$ 7,283,216	\$ 6,893,554	\$ 7,375,935	3.6%

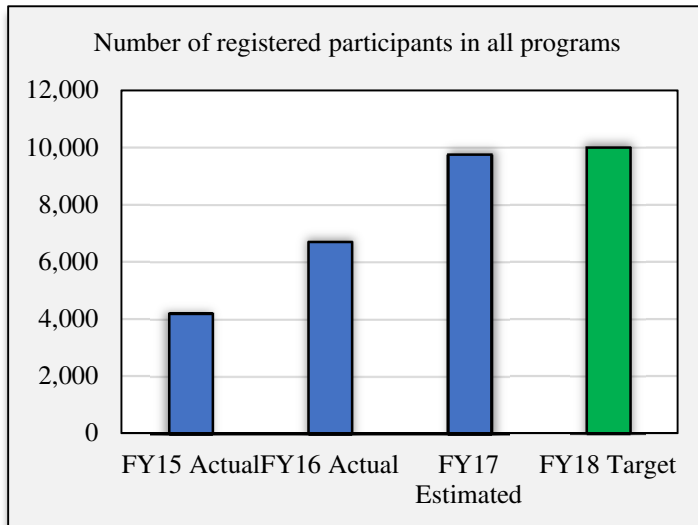
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues	\$ 5,095,603	\$ 5,950,875	\$ 6,101,830	\$ 5,849,524	\$ 6,058,335	1.8%
Grants	95,260	83,760	93,760	83,760	83,760	0.0%
Charges for Services	928,170	1,067,626	1,067,626	955,070	1,233,340	15.5%
Other Revenues	77,625	20,000	20,000	5,200	500	-97.5%
Total	\$ 6,196,658	\$ 7,122,261	\$ 7,283,216	\$ 6,893,554	\$ 7,375,935	3.6%

PARKS AND RECREATION

MISSION-LEVEL MEASURES

 Develop Good Places, New Spaces	Program:	Recreation Programming
	Objective:	Offer exceptional recreational and cultural programs to the community
	Mission Measure:	Number of registered participants in all programs




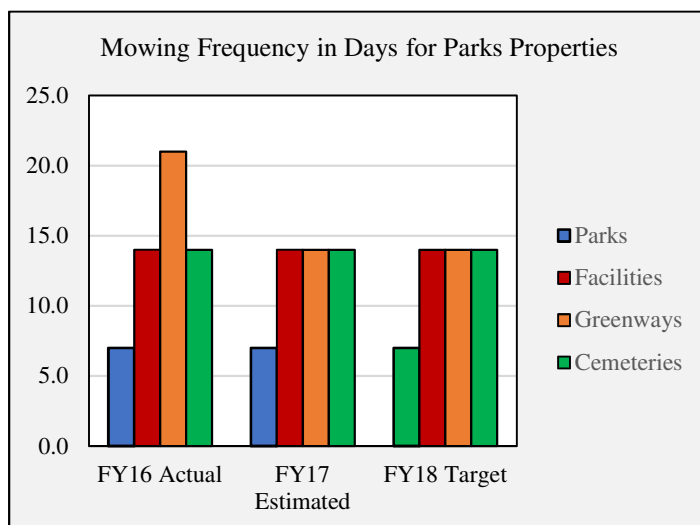
Departmental Analysis & Insights

- Previous years have only included RecTrac Registrations, FY17 tracking includes participant numbers for programs that are not registered through RecTrac (i.e. Special Olympics, FPG Summer Day Camp, Kidzu Program participation, Swim for Life, JumpStart Sports)

Initiatives - What will we do to take action?

1. Utilize tracking data to fully implement our growth share matrix (stars, cows, dogs and question marks) to make informed decisions about where to allocate and invest our resources
2. Implement program evaluations across the board to capture patron data to inquire about their interests.

 Develop Good Places, New Spaces	Program:	Park Maintenance and Landscape Services
	Objective:	Maintain community space in an attractive and timely manner
	Mission Measure:	Mowing Frequency in Days for Parks Properties



Departmental Analysis & Insights


- Right of Way grass areas have gotten high at times throughout the summer
- Town Parks look better maintained

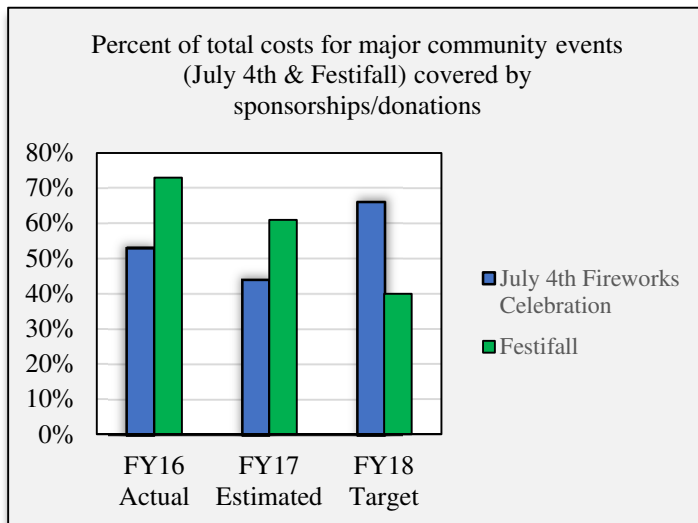
Initiatives - What will we do to take action?

1. Continue to strive to make Town Parks more visually appealing to the residents

PARKS AND RECREATION

MISSION-LEVEL MEASURES (Continued)

 Develop Good Places, New Spaces	Program:	Parks and Recreation
	Objective:	Help offset event expenses with outside revenue sources
	Mission Measure:	Percent of total costs for major community events (July 4th & Festifall) covered by sponsorships/donations



Departmental Analysis & Insights

- We continue to see solid performance for generating approximately 50% cost recovery. FY16 saw an increase due to a one-time sponsorship of \$15,500 for Festifall.
- We had a significant increase in costs in FY17 and going forward due to new facility requirements. Most of that was offset by an increase in revenues. The target for FY18 reflects known cost increases.
- Increase in in-kind donations for FY17 and more effective leveraging of media partnerships have helped us reach FY Targets.

Initiatives - What will we do to take action?

1. Implement new software to better manage our inventory of sponsor benefits, increase efficiencies for routine tasks, provide multiple staff with easy access to sales stages and activation calendar and assist us in managing our capacity to sell and activate quality sponsorship experiences.
2. Continue to develop July 4 donation messaging.
3. Continue to develop UNC partnership to engage further in mutually beneficial ways.
4. Continue to support the development of a Town-wide sponsorship policy.

PARKS & RECREATION - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 1.2% from last year's budget. The 3.2% increase in personnel costs reflects a 2.5% pay adjustment, as well as a 12.0% increase in health insurance costs. The 6.9% decrease in operating costs can be attributed to savings in computer use charges (\$11,750) and vehicle replacement charges (\$13,000) which is slightly offset by an increase of \$11,800 for mandatory drug testing costs for new hires.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 722,276	\$ 865,213	\$ 865,922	\$ 862,173	\$ 893,093	3.2%
Operating Costs	208,649	220,713	262,332	260,175	205,478	-6.9%
Total	\$ 930,925	\$ 1,085,926	\$ 1,128,254	\$ 1,122,348	\$ 1,098,571	1.2%

PARKS & RECREATION - Public Arts

BUDGET SUMMARY

The adopted budget for the Public Arts division reflects an overall expenditure increase of 2.3% from last year's budget. The 2.3% increase in personnel costs reflects a 2.5% pay adjustment and a 12.0% increase in health insurance costs. The 2.4% increase in operating costs can be attributed to an increase in software licensing costs.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 362,840	\$ 398,584	\$ 397,824	\$ 391,787	\$ 407,600	2.3%
Operating Costs	198,873	165,305	235,018	179,941	169,325	2.4%
Total	\$ 561,713	\$ 563,889	\$ 632,842	\$ 571,728	\$ 576,925	2.3%

PARKS & RECREATION - Parks Maintenance
BUDGET SUMMARY

The adopted budget for the Parks Maintenance division reflects an overall expenditure decrease of 2.1% from last year's budget. The 2.5% increase in personnel costs reflects a 2.5% pay adjustment and a 12.0% increase in health insurance costs. The 13.3% decrease in operating costs can be attributed to vehicle coming off the vehicle replacement cycle when compared to fiscal year 2016-17 (\$85,890), a decrease in fleet use charges (\$5,000), and a decrease in miscellaneous contracted services (\$4,000).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,455,323	\$ 1,707,794	\$ 1,672,783	\$ 1,573,953	\$ 1,751,064	2.5%
Operating Costs	605,163	717,066	727,385	697,961	621,843	-13.3%
Capital Outlay	-	-	8,473	-	-	N/A
Total	\$ 2,060,486	\$ 2,424,860	\$ 2,408,641	\$ 2,271,914	\$ 2,372,907	-2.1%

PARKS & RECREATION - Athletics
BUDGET SUMMARY

The adopted budget for the Athletics division reflects an overall expenditure increase of 5.5% from last year's budget. The 4.9% increase in personnel costs reflects a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and an increase in temporary personnel costs (\$12,000). The 6.2% increase in operating costs can be attributed to costs associated with an increase in utility costs (\$10,500), an increase in recreation programs and events costs (\$7,600), and an increase in maintaining and repairing athletic fields (\$4,000).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 438,032	\$ 483,232	\$ 493,689	\$ 479,313	\$ 507,118	4.9%
Operating Costs	319,487	370,407	332,616	326,465	393,521	6.2%
Total	\$ 757,519	\$ 853,639	\$ 826,305	\$ 805,778	\$ 900,639	5.5%

PARKS & RECREATION - Community Center
BUDGET SUMMARY

The adopted budget for the Community Center division reflects an overall expenditure increase of 34.1% from last year's budget. The 37.0% increase in personnel costs reflects a 2.5% pay adjustment, a 12.0% increase in health insurance costs, moving two employees to a higher job classification through the implementation of recommendations from a pay study, and an increase in temporary personnel costs (\$93,020), mainly due to expanding a summer camp location to Frank Porter Graham Elementary School during the summer. The 24.0% increase in operating costs can be attributed to an increase in recreation programming and events (\$18,558) which will be offset by revenues.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 263,461	\$ 310,575	\$ 334,136	\$ 317,365	\$ 425,605	37.0%
Operating Costs	108,045	91,307	104,774	85,337	113,202	24.0%
Total	\$ 371,506	\$ 401,882	\$ 438,910	\$ 402,702	\$ 538,807	34.1%

PARKS & RECREATION - Aquatics
BUDGET SUMMARY

The adopted budget for the Aquatics division reflects an overall expenditure increase of 3.5% from last year's budget. The 4.4% increase in personnel costs reflects a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and an increase in temporary personnel costs (\$42,000) which will keep the Town in compliance with the Orange County Living Wage standard. The 0.5% increase represents a negligible increase in utilities.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 646,287	\$ 861,320	\$ 769,801	\$ 745,150	\$ 899,381	4.4%
Operating Costs	261,521	265,463	367,695	281,881	266,869	0.5%
Total	\$ 907,808	\$ 1,126,783	\$ 1,137,496	\$ 1,027,031	\$ 1,166,250	3.5%

PARKS & RECREATION - Hargraves

BUDGET SUMMARY

The adopted budget for the Hargraves division reflects an overall expenditure increase of 8.5% from last year's budget. The 9.2% increase in personnel costs reflects a 2.5% pay adjustment, a 12.0% increase in health insurance costs, two employees moving to a higher job classification based on the implementation of recommendations from a pay study, and an increase in costs related to keeping the Town in compliance with the Orange County Living Wage standard (\$23,000). The 4.8% increase in operating costs can be attributed to costs associated with the recreation programs and events, which will be offset with revenues.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 511,551	\$ 561,933	\$ 599,201	\$ 591,672	\$ 613,506	9.2%
Operating Costs	95,150	103,349	111,567	100,381	108,330	4.8%
Total	\$ 606,701	\$ 665,282	\$ 710,768	\$ 692,053	\$ 721,836	8.5%

CHAPEL HILL PUBLIC LIBRARY

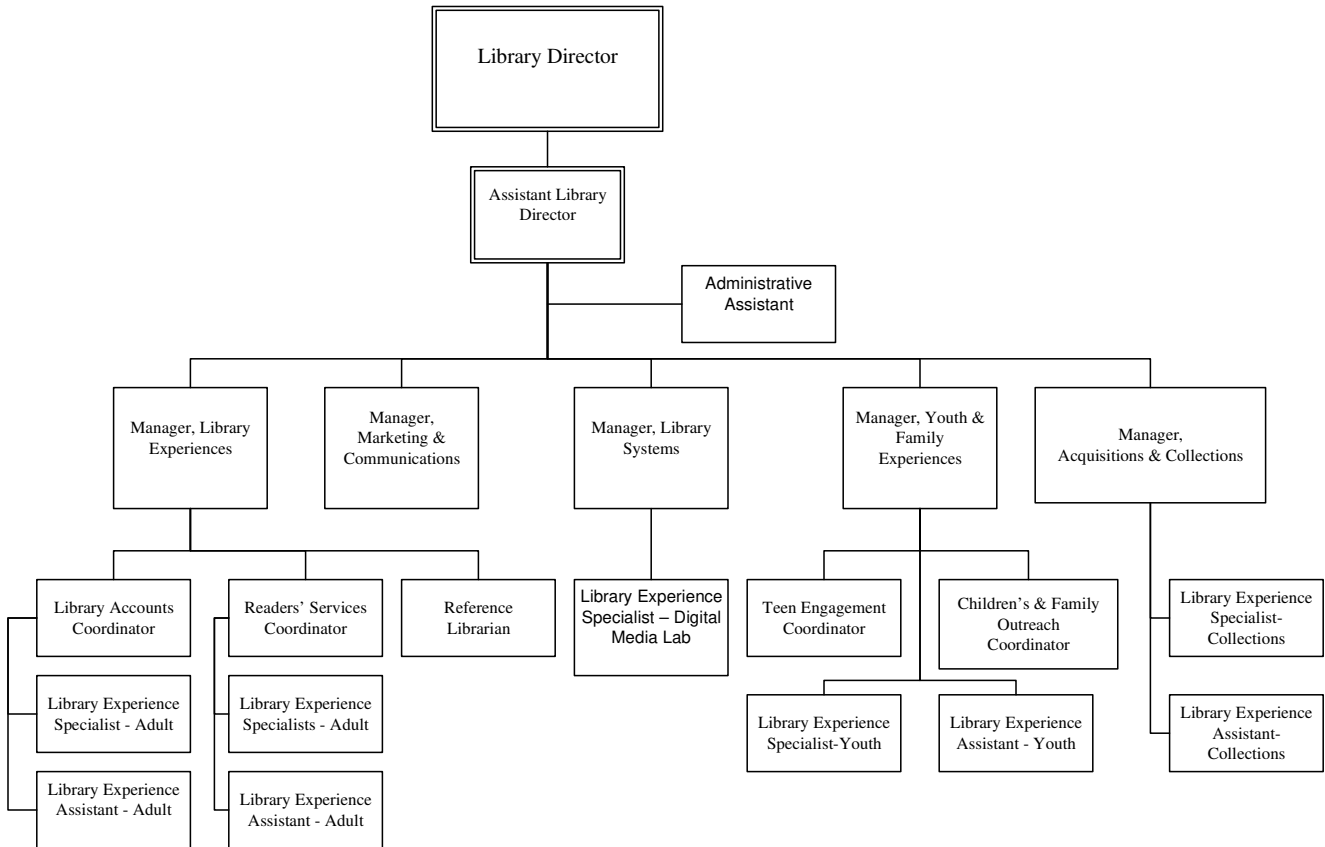
MISSION STATEMENT:

Sparking Curiosity. Inspiring Learning. Creating Connections.

The Chapel Hill Public Library Department identified the following primary programs that are included in the adopted budget for 2017-18.

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

LIBRARY



LIBRARY DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 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	0.00	0.00
Acquisitions & Collections Manager	0.00	1.00	1.00
Library Experience Manager	0.00	1.00	1.00
Children's & Family Outreach Coordinator	0.00	1.00	1.00
Reader Service Coordinator	0.00	1.00	1.00
Reference Librarian	0.00	1.00	1.00
Youth & Family Experience Manager	0.00	1.00	1.00
Librarian	3.00	0.00	0.00
Library Accounts Coordinator	1.00	1.00	1.00
Administrative Coordinator	1.00	1.00	1.00
Library Experience Specialist	3.73	7.56	6.60
Library Experience Assistant	11.93	9.34	10.70
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	0.75	0.00	0.00
Library Department Totals	30.41	29.90	30.30

LIBRARY

BUDGET SUMMARY

The adopted budget for the Library reflects an overall expenditure increase of 2.8% from last year's budget. The 5.3% increase in personnel is the result of a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and moving expenses for the Open Data platform from the operating budget to temporary salaries. The operating budget decrease of 4.5% is due to moving expenses related to the Open Data platform from the operating budget to personnel budget.

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 2017-18.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 2,045,369	\$ 2,261,423	\$ 2,271,236	\$ 2,260,595	\$ 2,381,319	5.3%
Operating Costs	749,667	790,531	895,881	799,330	754,739	-4.5%
Capital Outlay	78,465	-	-	-	-	N/A
Total	\$ 2,873,501	\$ 3,051,954	\$ 3,167,117	\$ 3,059,925	\$ 3,136,058	2.8%

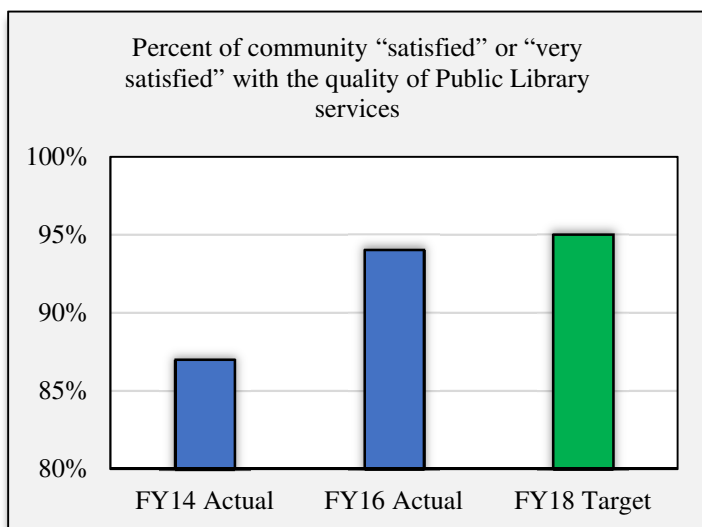
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Fund	\$ 2,077,373	\$ 2,225,410	\$ 2,340,573	\$ 2,267,329	\$ 2,350,235	5.6%
Grants	597,286	596,854	596,854	596,203	596,203	-0.1%
Charges for Services	134,062	166,427	166,427	129,702	115,679	-30.5%
Licenses/Permits/Fines	5,349	4,778	4,778	5,088	5,088	6.5%
Other Revenues	14,432	13,485	13,485	16,603	23,853	76.9%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 2,873,501	\$ 3,051,954	\$ 3,167,117	\$ 3,059,925	\$ 3,136,058	2.8%

LIBRARY

MISSION-LEVEL MEASURES

 <p>Create a Place for Everyone</p>	Program:	Serve as a Place for Everyone
	Objective:	Increase user satisfaction with library services
	Mission Measure:	Percent of community “satisfied” or “very satisfied” with the quality of Public Library services




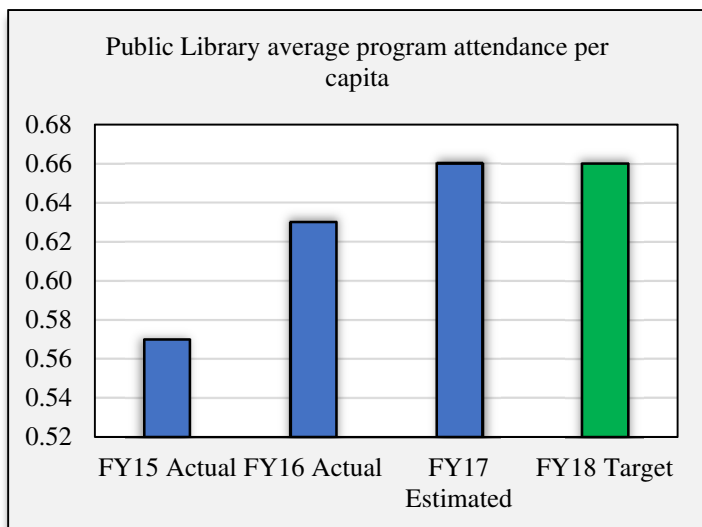
Departmental Analysis & Insights

We failed to get a library-specific evaluation system off the ground, though we did experiment with a variety of tools. The numbers shown are from the TOCH Community Survey.

Initiatives - What will we do to take action?

1. We need to make assessment a higher priority in FY18 and set some targets early on.

 <p>Create a Place for Everyone</p>	Program:	Cultural and Community Programs for All Ages
	Objective:	Maintain an above average program attendance per capita rate for NC Public Libraries
	Mission Measure:	Public Library average program attendance per capita



Departmental Analysis & Insights


Possible explanations for the program attendance increase include: more effective marketing & promotion, more effective planning, development, & program assessment, demographic changes. Circulator programs are likely to increase off-site attendance numbers

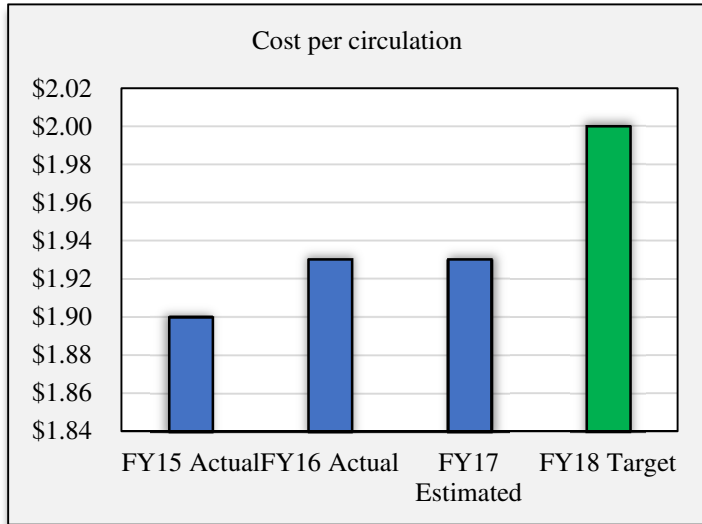
Initiatives - What will we do to take action?

1. Publish Chapel Hill Public Library Style Guide for consistent promotions.
2. Consider ways to increase departmental capacity to meet growing demand.
3. Design and implement some improvements to parking problems and pedestrian safety

LIBRARY

MISSION-LEVEL MEASURES (Continued)

 Create a Place for Everyone	Program:	Circulation
	Objective:	Maintain an above average circulation per capita rate for NC Public Libraries
	Mission Measure:	Cost per Circulation



Departmental Analysis & Insights

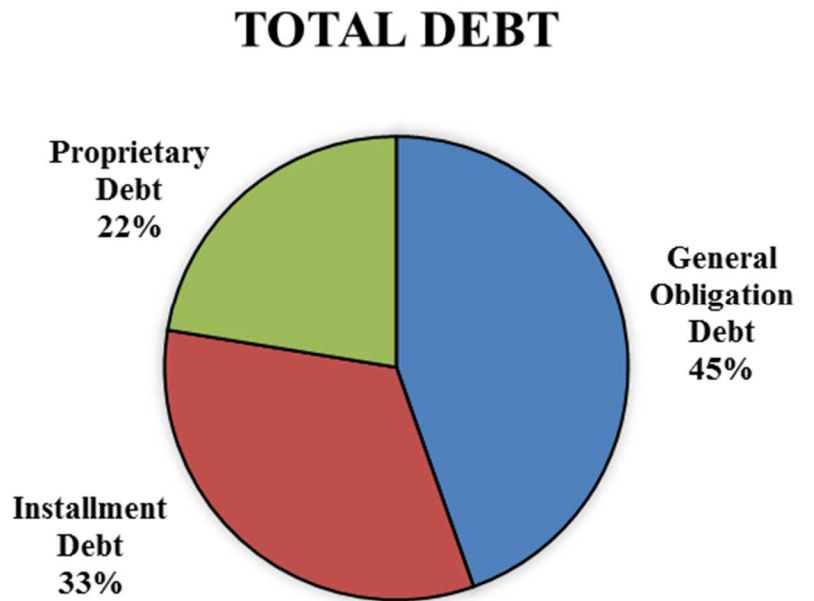
CHPL’s cost per circulation is significantly below the North Carolina average of \$5.59. There are a variety of possible explanations for this.

Initiatives - What will we do to take action?

1. Fine tune collection-development strategies and objectives after assessing community needs regarding library collections.
2. Consider ways to increase departmental capacity to meet growing demand.

DEBT SERVICE FUND

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



DEBT & BOND RATINGS

Outstanding Debt

As of June 30, 2017 the Town had about \$71 million in debt outstanding. In February of 2017 the Town closed on \$1.46 million of Two-thirds Public Safety bonds and \$9,000,000 of General Obligation (G.O.) bonds. The two-thirds bonds were used to purchase fire apparatus. The G.O. bonds funded trails and greenways, parks and recreation facility improvements and street and sidewalk projects. The G.O. bonds were the first issuance from the successful 2015 Bond Referendum.

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

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

In June 2015 the Town entered into a public improvement installment financing in the amount of \$2.44 million. The 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.

Long-Term Debt June 30, 2017	
Governmental Debt	
General obligation debt	\$ 31,741,000
Limited Obligation Bonds	10,525,000
Installment debt	9,828,000
Separation allowance	415,000
Compensated absences	<u>2,691,000</u>
Total	<u>\$ 55,200,000</u>
Proprietary Fund Debt	
Enterprise Funds	
Limited Obligation Bonds	\$ 7,520,000
Installment debt	6,408,000
Compensated absences	636,000
Internal Service Funds	
Motor vehicle equipment	<u>1,408,000</u>
Total	<u>\$ 15,972,000</u>

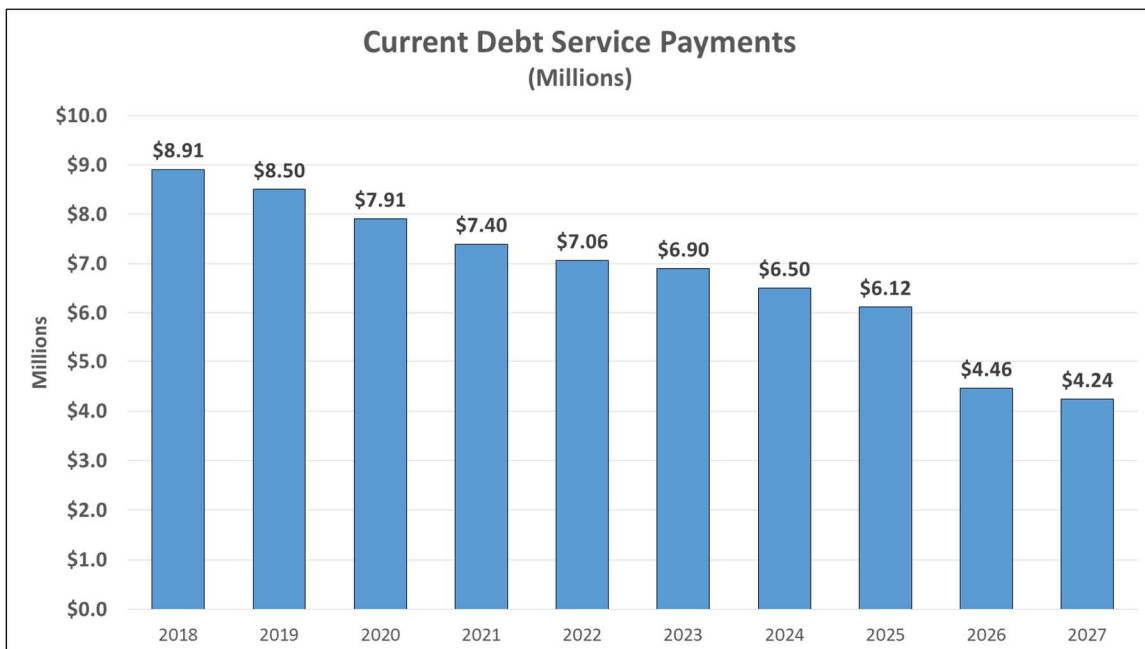
DEBT & BOND RATINGS

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 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)

DEBT & BOND RATINGS

Future Additional Debt

In November of 2015 the Town held a general obligation bond referendum. All five of the bond orders that appeared on the ballot were approved by the voters. The five bond orders the amount of authority approved by the voters, the amounts issues in February of 2017 and the balance of authority remaining are shown in the following table.

BOND ORDER	AUTHORITY	ISSUED	BALANCE
Streets & Sidewalks	\$ 16,200,000	\$ 3,000,000	\$ 13,200,000
Trails & Greenways	5,000,000	5,000,000	0
Recreation Facilities	8,000,000	1,000,000	7,000,000
Solid Waste Facility	5,200,000	0	5,200,000
Stormwater Improvements	5,900,000	0	5,900,000
Total	\$ 40,300,000	\$ 9,000,000	\$ 31,300,000

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, special studies and public facility assessments, identified a number of large-scale projects that could be financed through G.O. Bonds.

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

- 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 about \$25 million, depending on the final scope and location of the project. It is expected that the project will be financed sometime after FY18.
- The Town is planning to add additional parking capacity in Downtown by adding an additional level of parking to the Wallace Parking Garage. Preliminary estimates of the cost are in the \$2.4 million range.
- Phase II of the Ephesus Fordham public improvements is currently in the planning stages. The estimated cost of the project is about \$4.2 million. The amount that needs to be borrowed for this phase may be reduced by about \$2 million if the Town receives reimbursement for the construction cost of Ephesus Fordham Phase I from NCDOT prior to the need to issue debt for Phase II. Repayment of the Ephesus Fordham debt will be made from the incremental increase in tax receipts in the Ephesus Fordham district.

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, 2017	
Total assessed valuation at June 30, 2017	\$ <u>7,521,947,941</u>
Debt limit - 8% of total assessed value	\$ <u>601,755,835</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>31,741,000</u>
Legal debt margin	\$ <u>570,014,835</u>

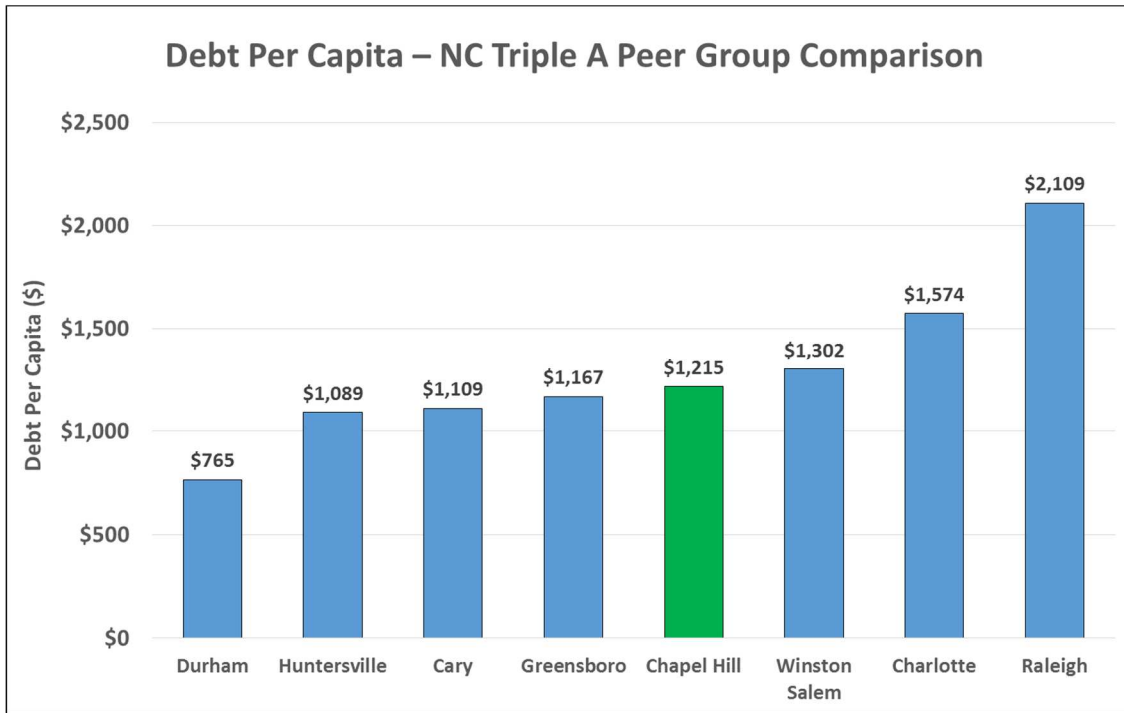
As of June 30, 2017 the Town has \$31,741,000 in outstanding G.O. Bonds that apply to this limit. The total is less than 1% of the Town's June 30, 2017 tax base (\$7.52 billion).

Debt Benchmarks

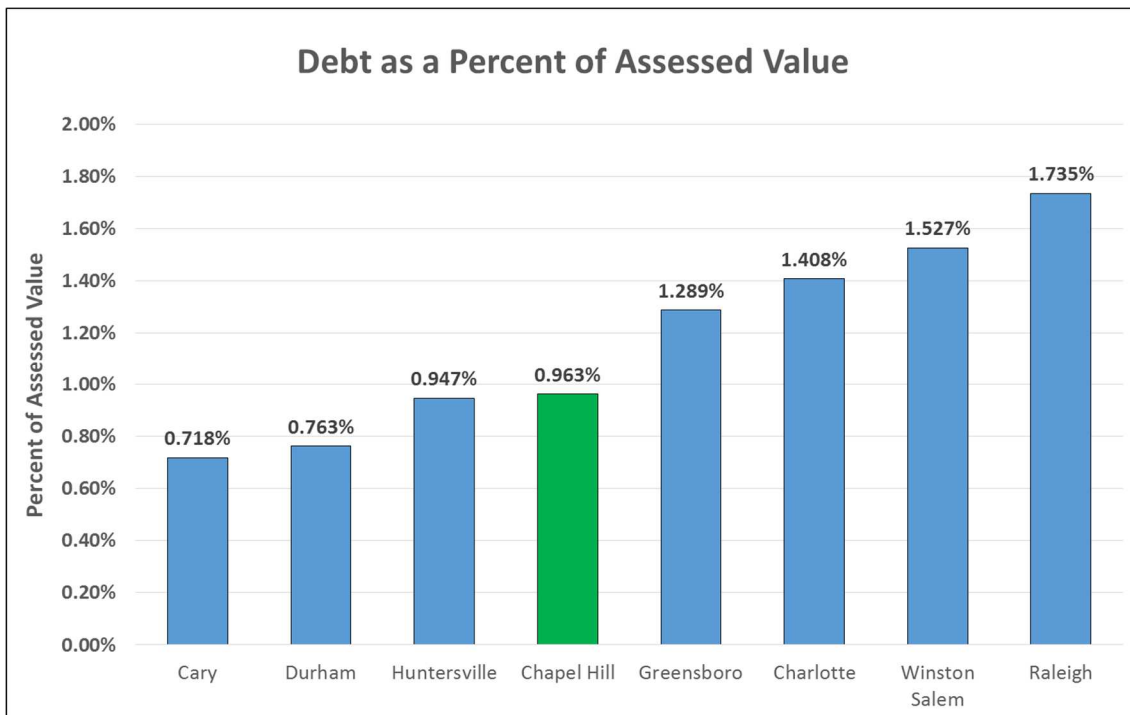
The Town's annual General Fund G.O. and installment financing debt service cost for FY18 is estimated to be about \$7.54 million, or about 11.87% of the General Fund adopted budget. As a percentage of adopted governmental budgets (Debt Management Fund and General Fund), debt service costs are about 10.61%. 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.

Two commonly used debt burden measures are debt per capita and debt as a percentage of assessed value. The Towns values for these two benchmarks compared to other triple A rated credits in North Carolina are shown in the following graphs.

DEBT & BOND RATINGS



(Ratios of total outstanding G.O.B. debt, authorized & unissued G.O.B. debt, and IP debt, excluding enterprise, for N.C. populations greater than 50,000. Source: Analysis of Debt of N.C. Municipalities 6/30/2016, Department of State Treasurer, Division of State and Local Government Finance.)



DEBT & BOND RATINGS

Bond Ratings

The Town's bond ratings evidence its financial strength. When the Town issues G.O. bonds or other

Moody's	AAA
Standard & Poor's	AAA

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 affirmed the Town's triple A General Obligation Bond Rating for the February 2017 issuance of referendum and two-thirds bonds. Triple A is the highest rating attainable for G.O. Bonds.

DEBT SERVICE FUND

BUDGET SUMMARY

The Debt Service Fund is used to account for debt payments on the Town's general obligation bonds issued for capital improvement projects and on the limited obligation bonds issued to refund the Town Operations Center debt and to pay for the Town's parking deck at 140 West. Funding for debt service historically came from a transfer from the General Fund to the Debt Service Fund, but beginning in 2008-09, a portion of the property tax rate was allocated to debt service payments. The revenue neutral tax rate of 8.2 cents is expected to yield \$6.44 million in revenues in 2017-18.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Principal Payments	\$ 4,330,000	\$ 5,030,000	\$ 5,030,000	\$ 5,030,000	\$ 5,338,000	6.1%
Interest Expense	2,007,633	2,025,240	2,025,240	2,025,240	2,204,793	8.9%
Service Charges	20	-	-	-	-	N/A
Contribution to Reserve	-	473,542	473,542	423,847	-	-100.0%
Total	\$ 6,337,653	\$ 7,528,782	\$ 7,528,782	\$ 7,479,087	\$ 7,542,793	0.2%

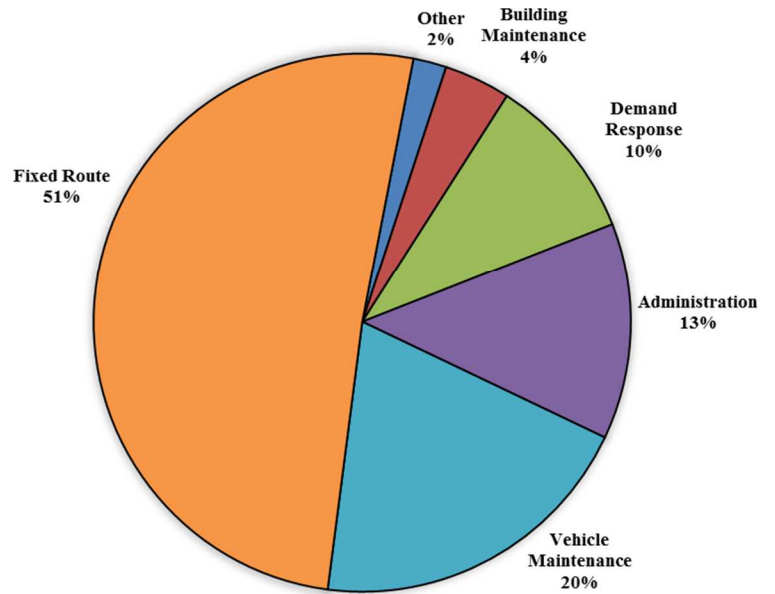
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2015-16
Property Taxes	\$ 6,405,091	\$ 6,443,000	\$ 6,443,000	\$ 6,387,000	\$ 6,443,000	0.0%
Transfer from Off-Street						
Parking	909,581	908,832	908,832	908,832	906,832	-0.2%
BABS Interest Subsidy	169,640	169,200	169,200	170,005	170,000	0.5%
Interest Income	16,441	7,750	7,750	13,250	7,500	-3.2%
Appropriated Fund						
Balance	(1,163,100)	-	-	-	15,461	N/A
Total	\$ 6,337,653	\$ 7,528,782	\$ 7,528,782	\$ 7,479,087	\$ 7,542,793	0.2%

TRANSIT FUND

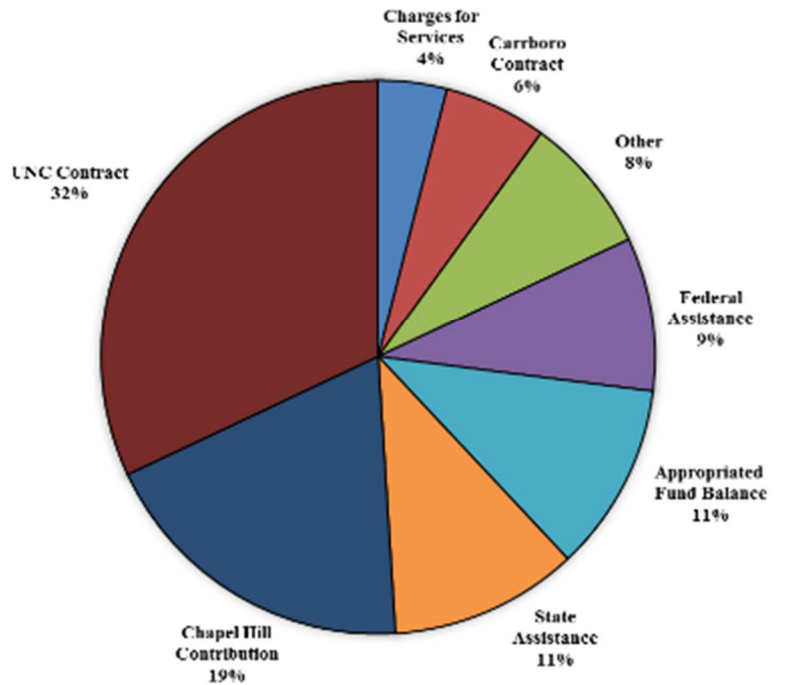
The Transit Fund is used to account for the operations of the Town's public transit system.

TRANSIT EXPENDITURES



Total \$22,875,992

TRANSIT REVENUES



TRANSIT

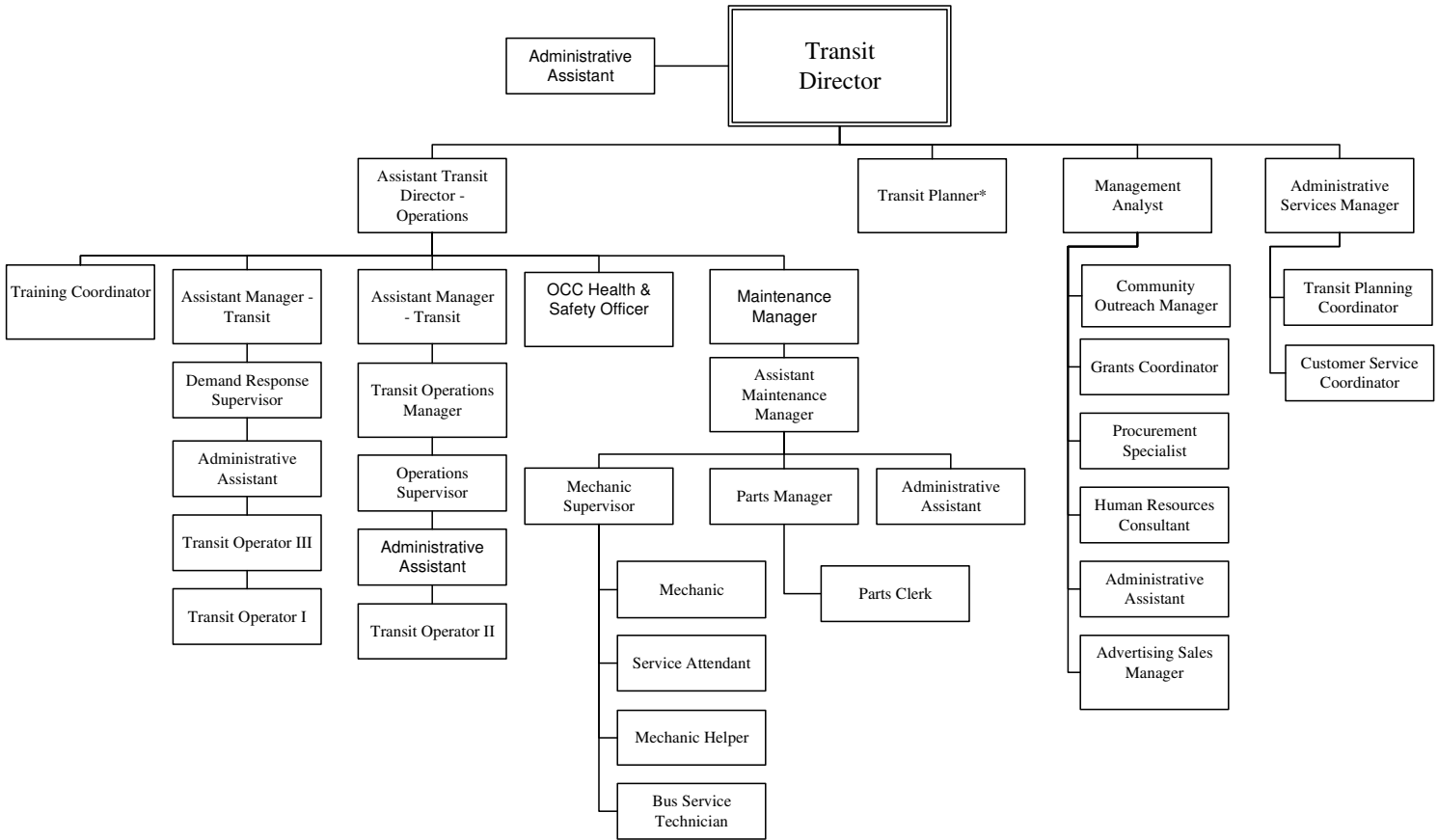
MISSION STATEMENT:

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

The Transit Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Fixed-Route Bus Service	Provide public transportation for the Towns of Chapel Hill and Carrboro and the University of North Carolina-Chapel Hill (UNC). CHT provides fare-free fixed route bus service on 31 weekday and weekend routes, utilizing 98 transit buses. Includes local, express, regional express and Tar Heel Express routes.
Demand-Response Service	Provide ADA Paratransit service within three-quarter miles of each fixed route for persons with a qualified disability who are unable to use fixed-route services, utilizing 22 lift-equipped vehicles. The service operates the same days and times as fixed-route services.
Maintenance	Maintain and repair CHT fleet of 120 buses/vans and 18 support/maintenance vehicles. Responsible for general maintenance of the transit facility and all customer amenities (e.g. shelters, benches, trash cans, etc.)
Administration and Finance	Manage all aspects of the transit system, including: Administration and Finance, Short and Long Range Planning, Regional Service Coordination, Grant Management (Federal and State) Marketing and Public Relations and Taxi Franchises.
Transit Advertising	Maintain a viable advertising sales business for the transit system. Coordinate with advertisers, third-party ad developers, and others to generate revenues for the transit fund.

TRANSIT



* Grant-funded positions.

TRANSIT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Administration			
Director-Transportation	1.00	1.00	1.00
Assistant Director-Transportation	1.00	1.00	1.00
Management Analyst	1.00	1.00	1.00
Community Outreach Manager	1.00	1.00	1.00
Advertising Sales Manager	1.00	1.00	1.00
Grants Coordinator	1.00	1.00	1.00
Customer Service Coordinator	1.00	1.00	1.00
Procurement Specialist	1.00	1.00	1.00
Transit Services Planner	2.00	2.00	1.00
Administrative Assistant	3.00	3.00	3.00
Human Resources Consultant	1.00	1.00	1.00
Training Coordinator	1.00	1.00	0.00
Transit Planning Coordinator	1.00	1.00	1.00
Administrative Services Manager	1.00	1.00	1.00
Division Totals	17.00	17.00	15.00
Operations			
OCC Health & Safety Officer	1.00	1.00	1.00
Demand Response Manager	1.00	1.00	1.00
Training Coordinator	0.00	0.00	1.00
Manager - Transit Operations	0.00	0.00	1.00
Assistant Manager - Transit	0.00	0.00	2.00
Supervisor-Transit	10.00	10.00	10.00
Transit Operator - Demand Response	13.63	13.63	14.63
Transit Operator - Fixed Route	122.66	123.66	122.66
Administrative Assistant	2.00	2.00	2.00
Division Totals	150.29	151.29	155.29
Equipment Maintenance			
Maintenance Manager	1.00	1.00	1.00
Assistant Maintenance Manager	1.00	1.00	1.00
Mechanic Supervisor	2.00	2.00	2.00
Parts Manager	1.00	1.00	1.00
Mechanic (I-III)	14.00	16.00	16.00
Bus Service Technician	2.00	2.00	2.00
Mechanic Helper	2.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Parts Clerk	2.00	2.00	2.00
Service Attendant	5.00	6.00	6.00
Division Totals	31.00	33.00	33.00
Transit Department Totals	198.29	201.29	203.29

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.)

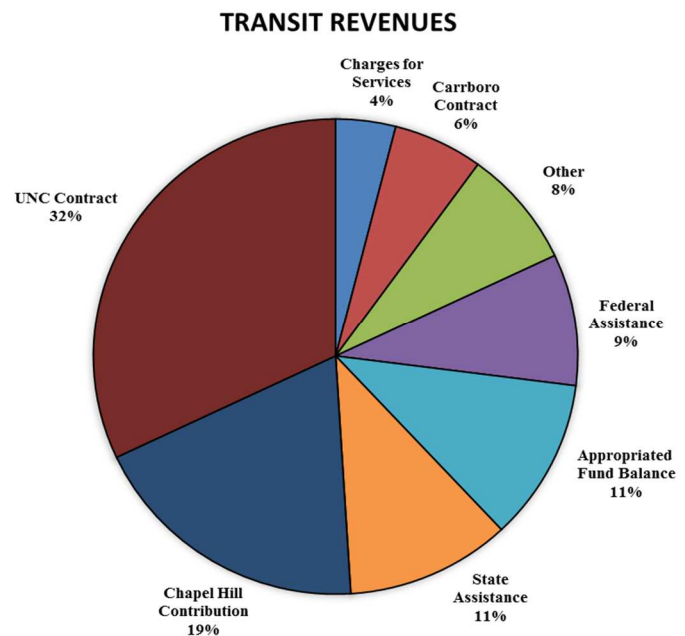
The adopted budget for the Transit Fund for fiscal year 2017-18 totals about \$22.9 million, an increase of 12.3% from 2016-17. Below is a description of the major revenue sources for the Transit Fund and the pie chart below shows the major revenue sources for fiscal year 2017-18. Please note that due to the partnership between the Town of Chapel Hill, Town of Carrboro, and the University of North Carolina, some financial aspects are still being discussed by the partners and are subject to change.

Federal Operating Assistance

The Transit system receives an operating assistance allocation each year from the federal government based on a variety of factors and funding formulas. We estimate a \$50,000 decrease of federal funding for operations to bring it to \$1.94 million in 2017-18. The adopted budget for 2017-18 includes no non-recurring federal grants at this time. Additional operating grants will be sought for 2017-18 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 2016-17 is expected to be almost \$3.2 million, about \$655,000 more than budgeted, with an adopted 2017-18 budget amount of \$2.54 million.



TRANSIT FUND

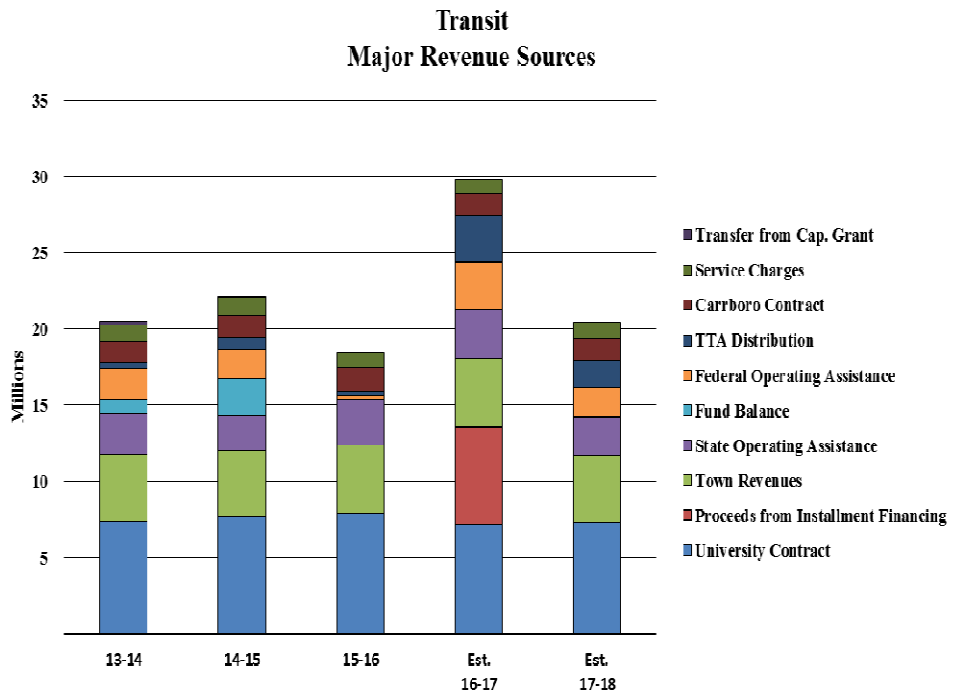
Major Revenue Sources - Descriptions and Estimates

University Contract

The University of North Carolina contracts with the Town for bus service for routes on and surrounding the campus of the University and UNC Health Care System. The University contract also covers routes determined to serve mainly students and employees of the University. The cost of these services is based on cost sharing arrangements among the Town, the University and Carrboro, as agreed to in an annual contract. The University's contracted share was about \$7.92 million in 2015-16 and \$7.16 million in 2016-17. UNC's allocation for 2017-18 reflects an increase of about \$132,000 to \$7.29 million.

Carrboro Contract

The Town of Carrboro also contracts with the Town for transit service with costs also based on the Memorandum of Understanding. Carrboro's cost for 2016-17 was about \$1.46 million and the budget for 2017-18 reflects an increase of about \$27,000 to \$1.48 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 2017-18 is about \$4.42 million. Also included in Town revenues are interest income and \$454,000 for vehicle license fees.

TRANSIT FUND

Major Revenue Sources - Descriptions and Estimates

Park and Ride Fees

The adopted budget for 2017-18 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 2017-18 adopted budget includes fee revenues of \$95,000.

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.

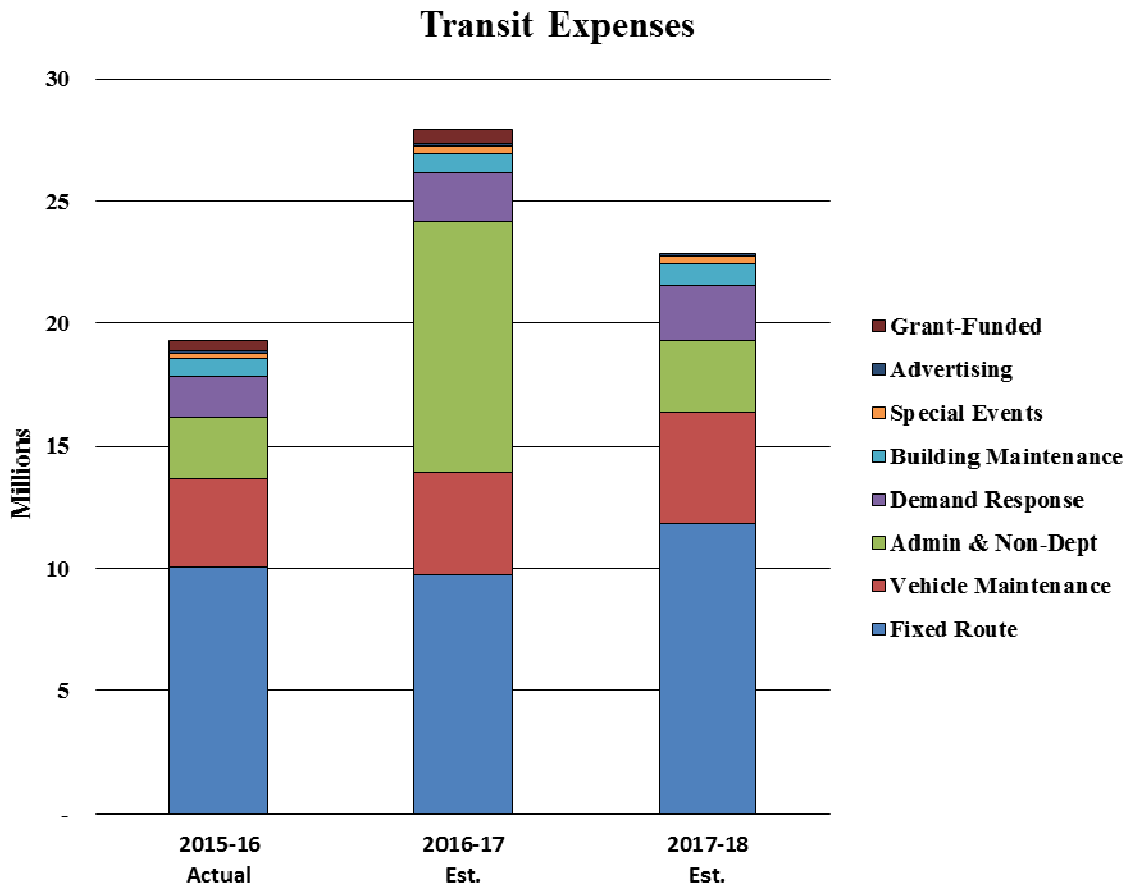
Fund Balance

The Transit system expects revenues in excess of expenditures in 2016-17 of about \$1,859,646 to be contributed to Fund Balance. The budget was balanced using \$2,428,395 of appropriated Fund Balance.

TRANSIT FUND

Major Expenditures - Descriptions and Estimates

The adopted budget for Transit for 2017-18 continues fare free services for fixed routes in the system and totals \$22.88 million. Major expenditures of the system consist primarily of personnel, operating and maintenance costs for a planned fleet of 99 buses, two 15-passenger vans, 15 lift-equipped vans, 13 minivans, and four maintenance service trucks that provide transit service to the entire community. Operational costs total about \$14.4 million and Maintenance costs total about \$5.4 million.



Expenditures for 2017-18 include a 2.5% of market pay adjustment, moving 127 fixed route and demand response operators to a higher job classification through implementing recommendations from an independent pay study, a 12.0% health insurance cost increase and adding two employees to their Operations function. There is \$184,800 budgeted cost for other postemployment benefits (OPEB) and also includes \$967,000 for vehicle replacement.

The 2017-18 adopted budget includes a \$100,000 transfer to the Capital Reserve Fund for future grant matches.

TRANSIT BUDGET SUMMARY

The adopted budget for the Transit Department continues fare-free service. Federal assistance decreased by 2.5% (\$50,000) while state assistance had a negligible decrease. The 2017-18 adopted budget also includes revenues from the Orange County Transit Plan (formerly entitled the Orange County Bus and Rail Plan), administered by GoTriangle. Cost increases include a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and implementing recommendations from a pay study, which moves 127 Fixed Route and Demand Response Operators to a higher job classification. Operations in 2016-17 are expected to contribute approximately \$1.86 million to fund balance. The 2017-18 adopted budget uses \$2,423,082 of fund balance to balance the budget.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Admin & Non-Dept	\$ 2,499,171	\$ 2,767,937	\$ 10,291,380	\$ 10,218,282	\$ 2,993,687	8.2%
Grant-Funded	438,969	-	611,472	575,933	-	N/A
Advertising	75,591	95,337	93,937	92,166	98,715	N/A
Fixed Route	10,060,477	10,143,298	10,367,033	9,710,860	11,834,442	16.7%
Demand Response	1,692,162	2,091,043	2,117,936	1,971,355	2,231,080	6.7%
Special Events	235,377	327,601	326,801	319,436	333,958	1.9%
Vehicle Maintenance	3,598,488	4,149,481	4,363,731	4,184,118	4,519,098	8.9%
Building Maintenance	722,369	800,533	802,018	753,017	865,012	N/A
Total	\$ 19,322,604	\$ 20,375,230	\$ 28,974,308	\$ 27,825,167	\$ 22,875,992	12.3%

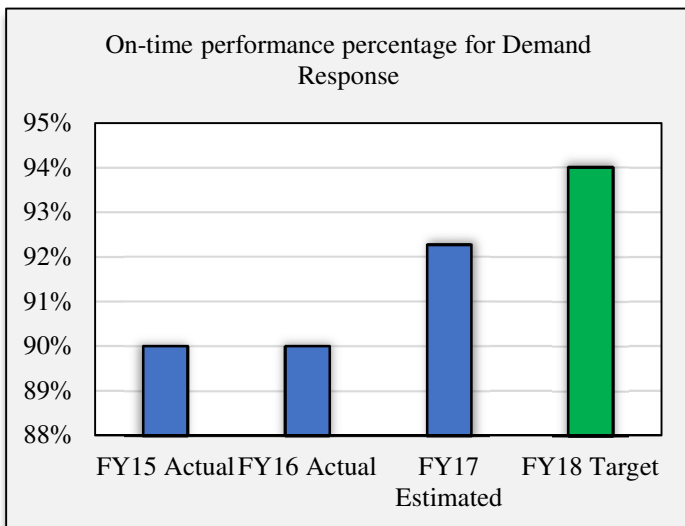
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Charges for Services	\$ 924,335	\$ 886,288	\$ 886,288	\$ 886,655	\$ 886,655	0.0%
Federal Assistance	-	1,994,719	1,994,719	2,994,719	1,944,719	-2.5%
Federal Ops Grants	307,016	18,152	189,492	152,784	-	-100.0%
State Assistance	2,996,737	2,543,330	3,197,932	3,197,932	2,539,695	-0.1%
TTA Fees	277,771	1,678,000	1,678,000	3,050,000	1,739,000	3.6%
UNC Contract	7,919,040	7,156,583	7,156,583	7,156,583	7,288,468	1.8%
Carrboro Contract	1,540,288	1,455,008	1,455,008	1,455,008	1,481,821	1.8%
Advertising Revenue	121,844	150,000	150,000	150,000	150,000	0.0%
Chapel Hill Revenues	4,334,683	4,339,150	4,339,150	4,345,150	4,422,552	1.9%
Installment Financing	-	-	6,408,000	6,408,000	-	N/A
Appropriated Fund Balance	900,890	154,000	1,519,136	(1,971,664)	2,423,082	1473.4%
Total	\$ 19,322,604	\$ 20,375,230	\$ 28,974,308	\$ 27,825,167	\$ 22,875,992	12.3%

TRANSIT

MISSION-LEVEL MEASURES

 <p>Create a Place for Everyone</p>	Program:	Demand - Response Service
	Objective:	Demand response services will be on time (arriving within the 20 minute pick-up window) at least 90 percent of the time.
	Mission Measure:	On-time performance percentage for Demand Response




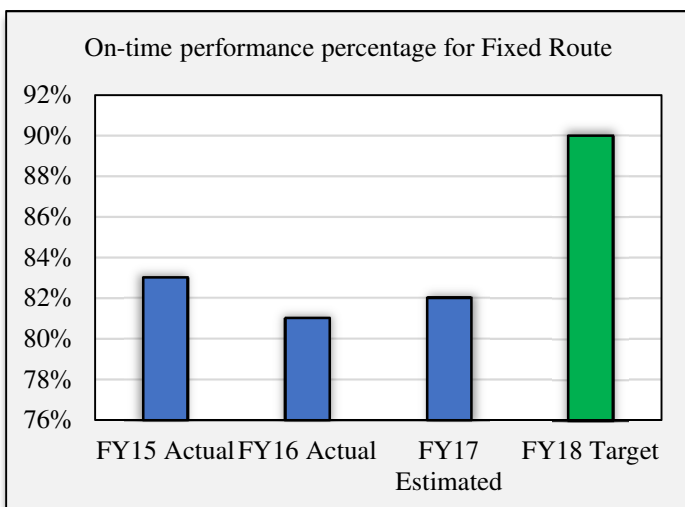
Departmental Analysis & Insights

- On time performance remains very strong for Demand Response Services
- Upgrade to Trapeze Software should help further enhance on-time performance

Initiatives - What will we do to take action?

- Implement Trapeze upgrade and retraining
- Engage Operators and Dispatch more in exceeding the goal

 <p>Facilitate Getting Around</p>	Program:	Fixed - Route Bus Service
	Objective:	Fixed route services will operate according to published schedules at least 90% of the time
	Mission Measure:	On-time performance percentage for Fixed Route



Departmental Analysis & Insights


- Fixed Route continues to be challenged by On-Time Performance – attributable to increased congestion during peak hours, construction, inclement weather, and other factors
- Need to increase Supervision so we can better understand the factors and better control those that are within our control

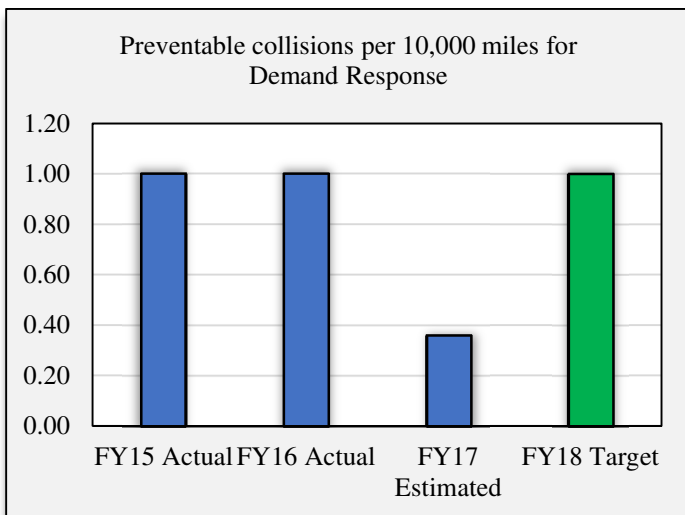
Initiatives - What will we do to take action?

- Experiment to see if All Door Boarding will improve alighting and disembark efficiency to improve On-time Performance
- Examine feasibility for transit priority signals

TRANSIT

MISSION-LEVEL MEASURES (Continued)

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




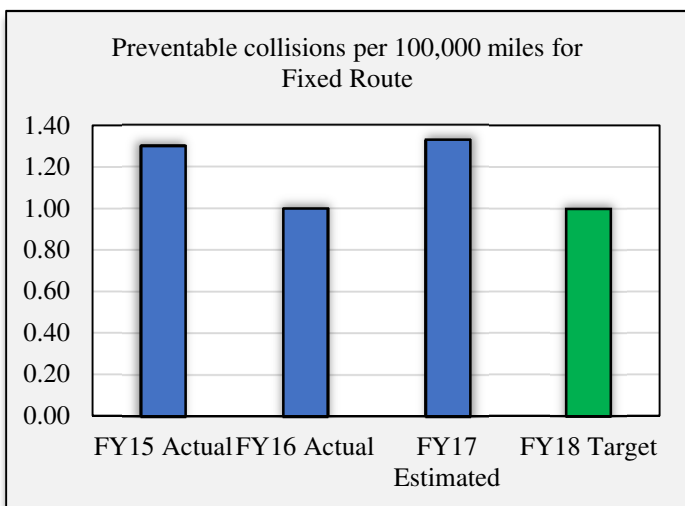
Departmental Analysis & Insights

- Demand Response safe driving was exceptional last fiscal year
- Efforts to increase safety awareness among Operators and the team are beneficial

Initiatives - What will we do to take action?

1. Continue recognition efforts for safe performance
2. Seek additional methods to increase awareness of safe driving culture

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



Departmental Analysis & Insights


- Continues to be at or near Industry standard.

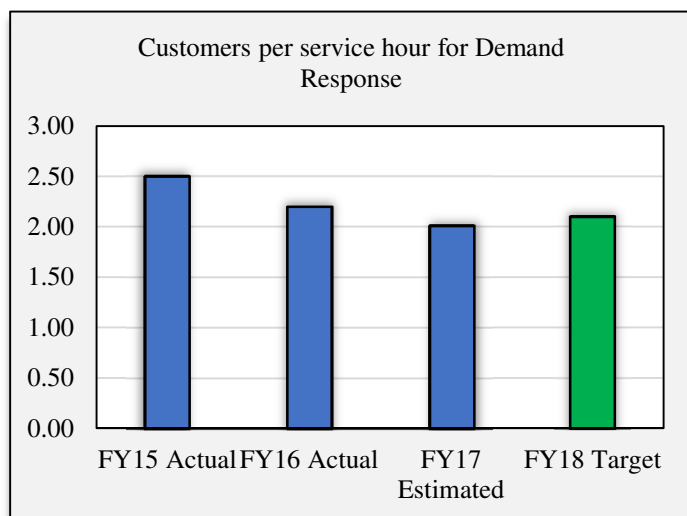
Initiatives - What will we do to take action?

1. Continue recognition efforts for safe performance
2. Increase awareness of safe driving culture
3. Increase supervision of driving skills and implement training measures for identified skills development areas for individuals
4. Behind-the-Wheel Defensive Driving Training is needed

TRANSIT

MISSION-LEVEL MEASURES (Continued)

 Create a Place for Everyone	Program:	Demand - Response Service
	Objective:	Maintain favorable productivity levels
	Mission Measure:	Customers per service hour for Demand Response




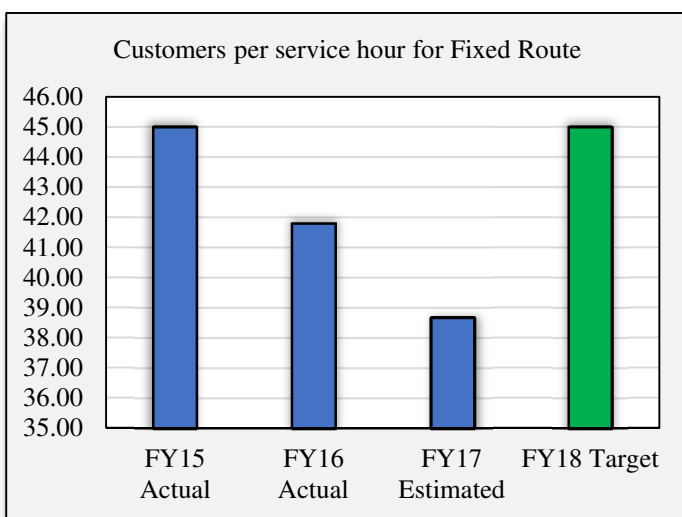
Departmental Analysis & Insights

- Total Customers Served remains static
- Time to complete service has slightly increased

Initiatives - What will we do to take action?

1. Monitor demands for service monthly
2. Identify potential enhancements to efficiency that does not reduce customer service experience

 Facilitate Getting Around	Program:	Fixed - Route Bus Service
	Objective:	Maintain favorable productivity levels
	Mission Measure:	Customers per service hour for Fixed Route



Departmental Analysis & Insights

- Nationally ridership trend continues to contract
- Impact by private shuttles and companies like Uber have lowered ridership
- Shifts to other modes walking/biking with some student housing shifted towards downtown

Initiatives - What will we do to take action?

1. Community Outreach to inform about services
2. Improve bus stop signage (bi-directional) to make bus stops more identifiable
3. Public Art to make bus stops more attractive
4. A parking app to inform riders as to available Park-n-Ride spaces

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 2017-18 includes a \$184,000 budgeted item for Other Post Employment Benefits (OPEB) Retiree Health, a 2.5% raise adjustment, and a 12.0% increase in health insurance costs. The Transit Planning Coordinator position was moved from Fixed Route to Transit Administration for fiscal year 2017-18.

The adopted budget maintains a \$967,000 transfer to capital reserve for the purpose of purchasing new buses.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 996,569	\$ 1,454,492	\$ 1,412,909	\$ 1,375,253	\$ 1,647,219	13.3%
Operating Costs	273,986	346,445	415,431	379,989	379,468	9.5%
Capital	28,616	-	7,496,040	7,496,040	-	N/A
Transfer to Capital Reserve	1,200,000	967,000	967,000	967,000	967,000	0.0%
Total	\$ 2,499,171	\$ 2,767,937	\$ 10,291,380	\$ 10,218,282	\$ 2,993,687	8.2%

TRANSIT - Grants
BUDGET SUMMARY

At the time of the adopted budget, there were no planned grants for 2017-18.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 49,818	\$ -	\$ 108,722	\$ 108,722	\$ -	N/A
Operating Costs	389,151	-	279,199	243,660	-	N/A
Capital Outlay	-	-	223,551	223,551	-	N/A
Total	\$ 438,969	\$ -	\$ 611,472	\$ 575,933	\$ -	N/A

TRANSIT - Advertising

BUDGET SUMMARY

The adopted budget for 2017-18 has an overall expenditure increase of 3.5%. There is an increase of 4.2% in personnel expense due to a 2.5% pay adjustment and a 12.0% increase in health insurance costs. The decrease of 0.3% for operating costs reflect a decrease in professional services and miscellaneous contracted costs.

Revenues are projected at \$150,000 in 2016-17, and at \$150,000 for 2017-18.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 74,706	\$ 81,122	\$ 81,122	\$ 80,348	\$ 84,536	4.2%
Operating Costs	885	14,215	12,815	11,818	14,179	-0.3%
Total	\$ 75,591	\$ 95,337	\$ 93,937	\$ 92,166	\$ 98,715	3.5%

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 16.7% increase in overall costs. There is a 22.4% increase in personnel costs, which is a result of a 2.5% pay adjustment, a 12.0% increase in health insurance costs, an increase in temporary and overtime salaries, and moving 113 fixed route operators to a higher job classification through the implementation of recommendations from a pay study.

There is an increase of 2.0% for operating costs. This is due to a \$61,000 increase in charges to the General Fund due to the implementation of the pay study.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 7,102,518	\$ 7,294,575	\$ 7,276,423	\$ 7,138,353	\$ 8,927,974	22.4%
Operating Costs	2,690,600	2,848,723	2,942,054	2,572,507	2,906,468	2.0%
Capital Outlay	267,359	-	148,556	-	-	N/A
Total	\$ 10,060,477	\$ 10,143,298	\$ 10,367,033	\$ 9,710,860	\$ 11,834,442	16.7%

TRANSIT - Demand Response

BUDGET SUMMARY

The adopted budget for Demand Response in 2017-18 has a 6.7% increase from the previous year. There is a 9.0% increase in personnel expenditures, which is the result of a 2.5% pay adjustment, a 12.0% health insurance increase, and moving 14 Demand Response Operators to a higher job classification through the implementation of recommendations from a pay study. The small increase in operating can be attributed to an increase in charges to the General Fund due to the implementation of the pay study.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,306,043	\$ 1,469,521	\$ 1,457,521	\$ 1,402,027	\$ 1,601,587	9.0%
Operating Costs	386,119	621,522	622,522	569,328	629,493	1.3%
Capital Outlay	-	-	37,893	-	-	N/A
Total	\$ 1,692,162	\$ 2,091,043	\$ 2,117,936	\$ 1,971,355	\$ 2,231,080	6.7%

TRANSIT - Tarheel Express / Special Events
BUDGET SUMMARY

The adopted budget for Tarheel Express & Special Events in 2017-18 reflects a 1.9% increase in overall expenditures. There is a 3.1% increase in personnel costs, which is due to a 2.5% pay adjustment and a 12.0% increase in health insurance costs.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 185,877	\$ 243,948	\$ 243,148	\$ 236,486	\$ 251,624	3.1%
Operating Costs	49,500	83,653	83,653	82,950	82,334	-1.6%
Total	\$ 235,377	\$ 327,601	\$ 326,801	\$ 319,436	\$ 333,958	1.9%

TRANSIT - MAINTENANCE DIVISION

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

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

The Maintenance Division services and repairs transit vehicles and support equipment to ensure safe, reliable and clean transit vehicles. Duties of the division include:

- Daily service, fueling and cleaning of all transit vehicles.
- Ongoing maintenance, inspection and repair of buses, vans and support vehicles.
- Ongoing maintenance of transit amenities, such as benches and shelters.
- Maintain and inventory system of fuel and bus parts to support the timely operation of services.
- Develop capital improvement plan and procurement of major capital equipment.
- Ensure that employees have the proper training and skills to ensure the safe efficient operation of Town vehicles.

TRANSIT - Vehicle Maintenance

BUDGET SUMMARY

The adopted budget for 2017-18 represents an 8.9% increase in expenditures from the previous year. The 5.7% increase in personnel costs is due to a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and changes to medical insurance selections by employees. The increase of 13.1% in operating costs reflects maintenance costs of repairing the shop floor (\$198,000) and bringing the cost of software license support closer to actuals (\$35,000).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,832,461	\$ 2,297,111	\$ 2,191,561	\$ 2,182,840	\$ 2,427,372	5.7%
Operating Costs	1,730,810	1,832,370	2,107,170	1,936,278	2,071,726	13.1%
Capital Outlay	35,217	20,000	65,000	65,000	20,000	0.0%
Total	\$ 3,598,488	\$ 4,149,481	\$ 4,363,731	\$ 4,184,118	\$ 4,519,098	8.9%

TRANSIT - Building Maintenance

BUDGET SUMMARY

The adopted budget for Transit's Building Maintenance division reflects an 8.1% increase overall. The 47.8% increase in personnel expenditures is due to a 12.0% increase in health insurance costs. The 7.6% increase in operating costs is due to a \$60,000 increase in miscellaneous contracted services to pay for HVAC contract management and Park and Ride landscaping.

EXPENDITURES

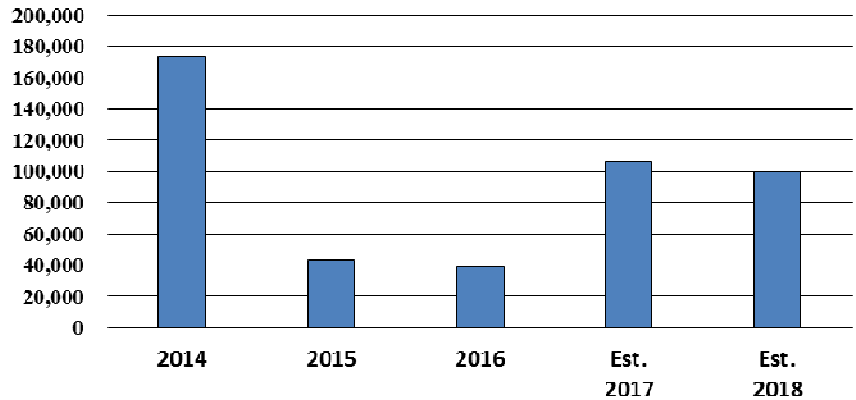
	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 7,136	\$ 8,186	\$ 8,186	\$ 10,846	\$ 12,100	47.8%
Operating Costs	645,985	792,347	793,832	742,171	852,912	7.6%
Capital Outlay	69,248	-	-	-	-	N/A
Total	\$ 722,369	\$ 800,533	\$ 802,018	\$ 753,017	\$ 865,012	8.1%

TRANSIT CAPITAL RESERVE FUND

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

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

Contributions to Capital Grants



TRANSIT CAPITAL RESERVE BUDGET SUMMARY

The Transit Capital Reserve Fund is intended to accumulate funding to make capital purchases and to meet matching requirements for capital grants for replacement buses and other equipment. Matching funds for 2017-18 are estimates for grants historically received each year, but not yet awarded.

The contribution to reserve budgeted for 2017-18 is intended for bus replacement expenditures.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Contribution to Capital Grant Reserve	\$ 39,175 -	\$ 106,807 967,000	\$ 106,807 967,000	\$ 106,807 967,000	\$ 100,000 967,000	-6.4% 0.0%
Total	\$ 39,175	\$ 1,073,807	\$ 1,073,807	\$ 1,073,807	\$ 1,067,000	-0.6%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Interest Income	\$ 923	\$ -	\$ -	\$ 1,100	\$ 1,000	N/A
Transfer from Transit Fund	1,200,000	967,000	967,000	967,000	967,000	0.0%
Appropriated Fund Balance	(1,161,748)	106,807	106,807	105,707	99,000	-7.3%
Total	\$ 39,175	\$ 1,073,807	\$ 1,073,807	\$ 1,073,807	\$ 1,067,000	-0.6%

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, 2017
2013-2014 Transit Capital Grant	\$569,296.00	\$98,334.30

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, 2017
2013 Transit Capital Grant	\$700,000.00	\$58,345.68

2010-2011 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, 2017
2010-2011 Transit Capital and Planning Grant	\$1,505,000.00	\$49,537.65

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2010-2011 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. **Grant Closed Out – February 2017**

	Project Budget	Estimated Expenditures Through June 30, 2017
2010-2011 Transit Capital Grant	\$82,243.00	\$0.00

2012-2013 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, 2017
2012-2013 Transit Capital Grant	\$45,633.00	\$44,391.00

2013-2014 Capital Grant 5307

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

	Project Budget	Estimated Expenditures Through June 30, 2017
2013-2014 Transit Capital Grant	\$25,485.00	\$25,485.00

2014-2015 Capital Grant 5307

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

	Project Budget	Estimated Expenditures Through June 30, 2017
2014-2015 Transit Capital Grant	\$37,963.00	\$2,424.00

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2015-2016 Capital Grant 5307

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

	Project Budget	Estimated Expenditures Through June 30, 2017
2015-2016 Transit Capital Grant	\$22,666.00	\$0.00

2016-2017 Capital Grant 5307

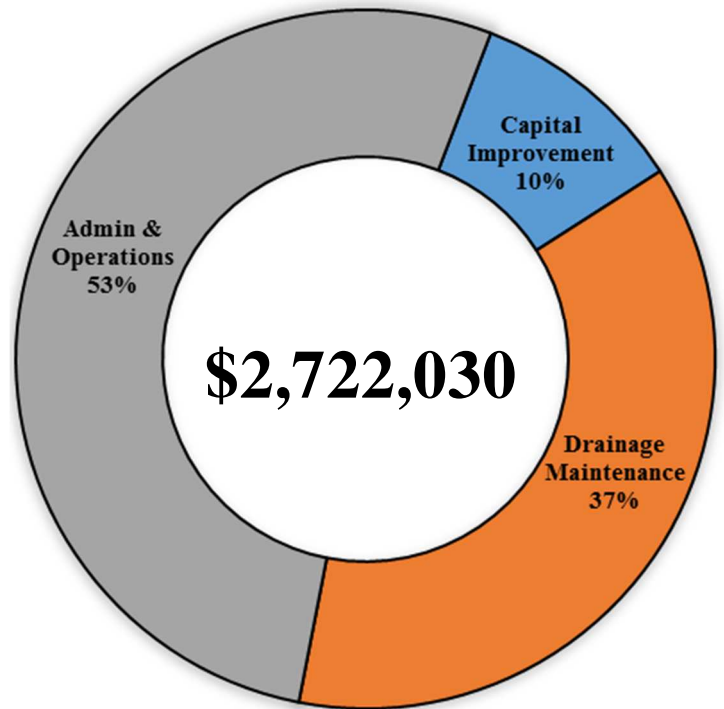
The project ordinance for the fiscal year 2016-17 Section 5307 capital grant was adopted on June 13, 2016. Funds will be used for reimbursement of preventative maintenance costs.

	Project Budget	Estimated Expenditures Through June 30, 2017
2016-2017 Transit Capital Grant	\$1,921,950.00	\$1,921,950.00

STORMWATER MANAGEMENT FUND

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

STORMWATER EXPENSES



PUBLIC WORKS-STORMWATER MANAGEMENT

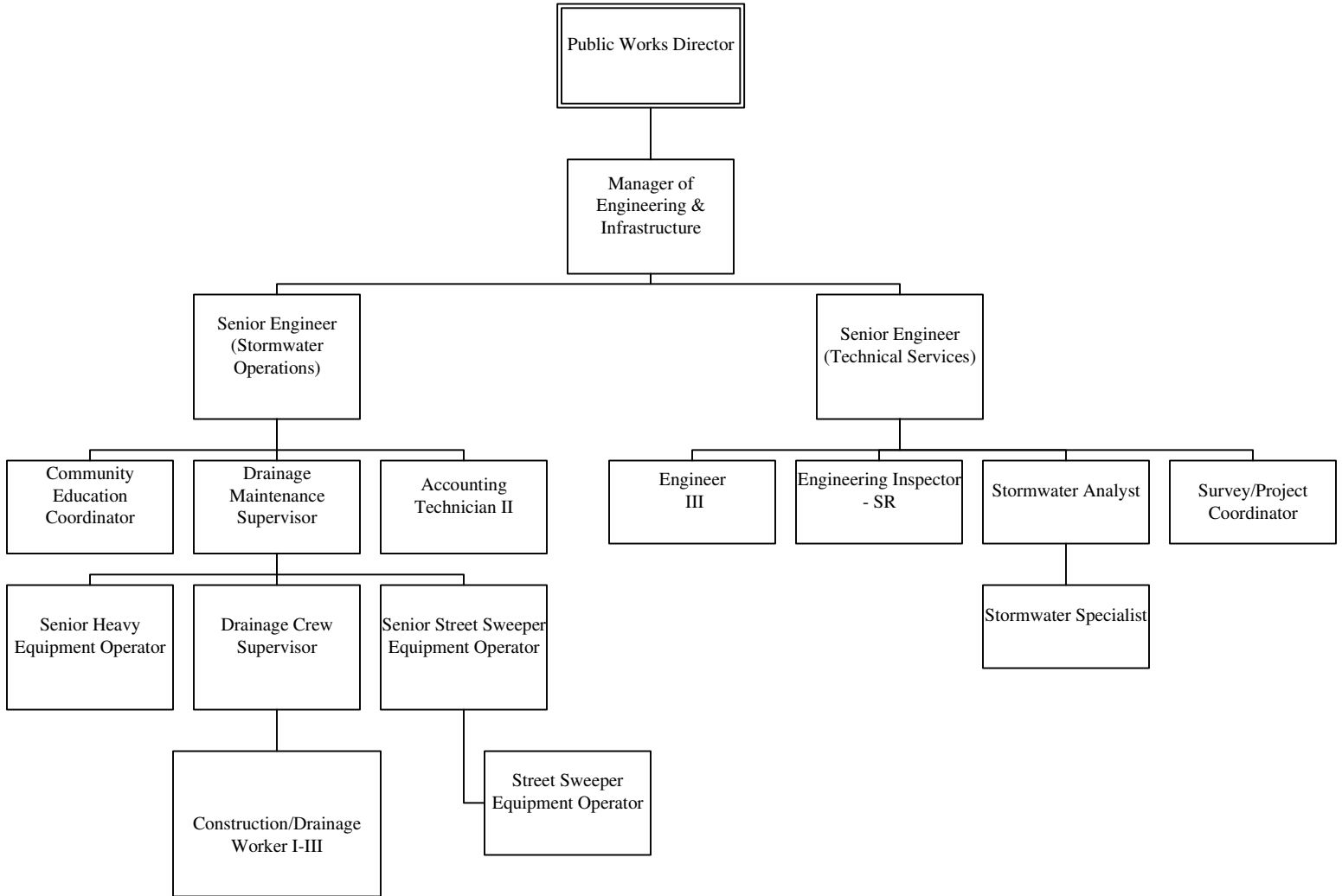
MISSION STATEMENT:

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

The Public Works-Stormwater Management Department identified the following primary programs that are included in the adopted budget for 2017-18.

Program	Description
Stormwater Infrastructure	Perform routine maintenance, remedial repairs, and capital improvements to the town-maintained stormwater infrastructure using in-house and contracted resources.
Stormwater Regulatory Compliance	Develop, implement, perform, and administer activities and programs to maintain compliance with Town, State and Federal regulatory requirements (LUMO, NPDES, Jordan TMDL, FEMA Floodplain Management, and Hazard Mitigation).
Street Sweeping	Clean all publicly maintained streets within the town limits using in-house labor and equipment. Inspect and clean downtown streets twice a week, major roadways once a week, and residential streets once every six to eight weeks, weather permitting.

STORMWATER MANAGEMENT FUND



STORMWATER MANAGEMENT FUND
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Stormwater			
Senior Engineer	0.15	0.15	1.15
Engineer III	3.00	3.00	2.00
Engineering Inspector - SR	0.30	0.30	0.30
Stormwater Specialist	1.00	1.00	1.00
Stormwater Analyst	1.00	1.00	1.00
Survey/Project Coordinator	0.25	0.25	0.25
Community Education Coordinator	1.00	1.00	1.00
Accounting Tech II	1.00	1.00	1.00
Unit Totals	<u>7.70</u>	<u>7.70</u>	<u>7.70</u>
Drainage			
Drainage Maintenance Supervisor	1.00	1.00	1.00
Drainage Crew Supervisor	1.00	1.00	1.00
Senior Street Sweeper Equipment Operator	1.00	1.00	1.00
Street Sweeper Equipment Operator	0.00	1.00	1.00
Senior Heavy Equipment Operator	3.00	2.00	2.00
Construction Worker II	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
 Stormwater Management Fund Totals	 <u>14.70</u>	 <u>14.70</u>	 <u>14.70</u>

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

STORMWATER MANAGEMENT FUND

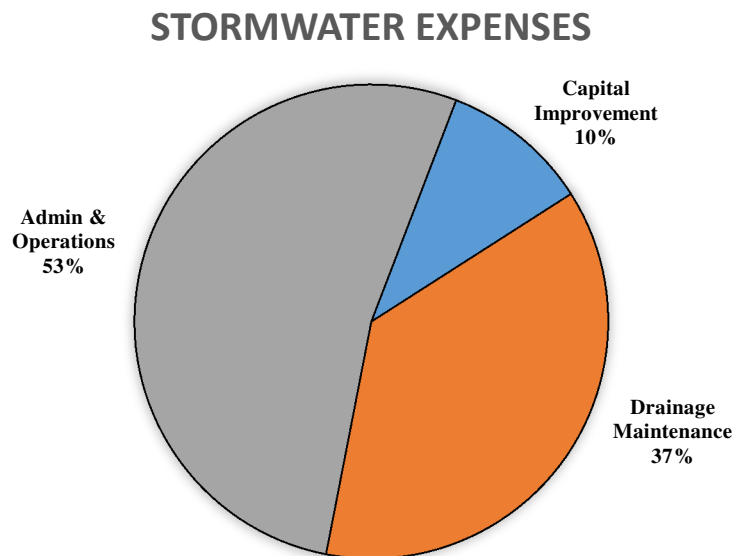
Major Revenue Sources – Descriptions and Estimates

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 includes two fee increases. One fee is for \$2.50 and will fund half of the needs associated with the debt service for the 2015 Stormwater Bond sale, and the other fee increase is for \$3.50 and will improve the sustainability of the Stormwater Enterprise Fund to absorb ongoing annual costs. The two new fees will increase stormwater fees inside the town to \$32.15 for each 1,000 square feet of impervious surface. At this rate, fees are estimated at about \$2.7 million in 2017-18. In the current year, the budget is expected to be balanced with \$1.7 million in fund balance. For 2017-18, the budget is balanced without the use of fund balance.

Major Expenditures and Estimates

The budget for 2017-18 totals \$2,722,400. This is a 15.0% increase compared to FY17 due to a 2.5% pay adjustment, a 12.0% health insurance increase, and an increase in vehicle replacement (\$109,000). A capital reserve account (\$200,362) has been created for 2017-18 for costs related to the capital program.

As indicated in the chart below, 37% of the 2017-18 budget provides for the Drainage division to conduct stormwater-related drainage and maintenance projects.



STORMWATER MANAGEMENT FUND

BUDGET SUMMARY

The adopted budget for 2017-18 includes the continuation of existing services. The increase in personnel expenditures includes a 2.5% pay adjustment as well as a 12.0% increase in health insurance costs. The increase in operating expenditures reflects an increase in vehicle replacement charges (\$137,148) which is slightly offset by a decrease in personnel agency payments (\$12,300) and fleet use charges (\$10,000).

The budget is balanced without the use of fund balance, although it does include two fee increases. One fee increase is for a \$2.50 per Equivalent Residential Unit (ERU) to fund half of the needs associated with the debt service for the 2015 Stormwater Bond sale, and another fee increase is for \$3.50 per ERU in order to improve the sustainability of the Stormwater Enterprise Fund to absorb ongoing annual costs. Approximately \$200,000 will be put aside in capital reserve for costs related to the capital program.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 974,936	\$ 1,244,454	\$ 1,256,754	\$ 1,208,567	\$ 1,296,781	4.2%
Operating Costs	993,078	1,046,830	1,420,633	1,420,627	1,149,887	9.8%
Capital Outlay	51,427	75,000	1,353,365	1,293,700	75,000	0.0%
Capital Reserve	-	-	-	-	200,362	N/A
Total	\$ 2,019,441	\$ 2,366,284	\$ 4,030,752	\$ 3,922,894	\$ 2,722,030	15.0%

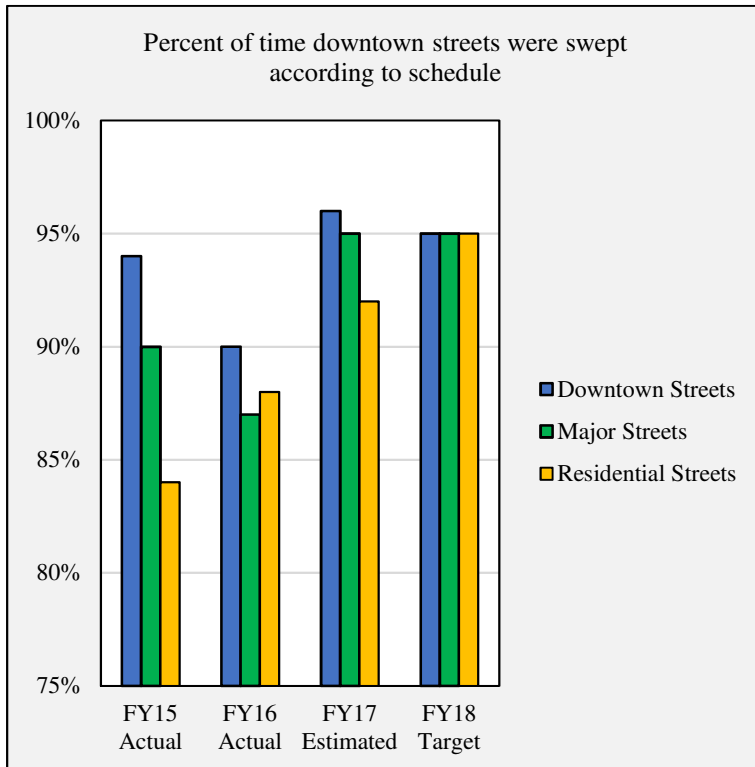
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Stormwater Fees	\$ 2,187,870	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,713,400	23.3%
Fee Exemption	(6,509)	(6,000)	(6,984)	(6,984)	(7,200)	N/A
Transfer from General Fund	6,000	6,500	6,984	6,984	7,200	10.8%
Interest Income	2,818	2,000	2,000	1,500	1,500	-25.0%
Other Income	7,500	8,000	8,000	7,500	7,500	-6.3%
Appropriated Fund Balance	(178,238)	155,784	1,820,752	1,713,894	(370)	-100.2%
Total	\$ 2,019,441	\$ 2,366,284	\$ 4,030,752	\$ 3,922,894	\$ 2,722,030	15.0%

STORMWATER

MISSION-LEVEL MEASURES

 Nurture Our Community	Program:	Street Sweeping
	Objective:	Sweep streets downtown twice weekly, major streets once weekly, and check and clean residential streets as needed once every six to eight weeks
	Mission Measure:	Percent of time downtown streets were swept according to schedule



Departmental Analysis & Insights

- Regular street sweeping helps maintain clean streets, clean streams, and a pleasant environment for residents and visitors.
- While Stormwater Maintenance is typically able to meet service objectives, on a weekly basis it is not always possible 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. Both street sweepers required repairs this year.

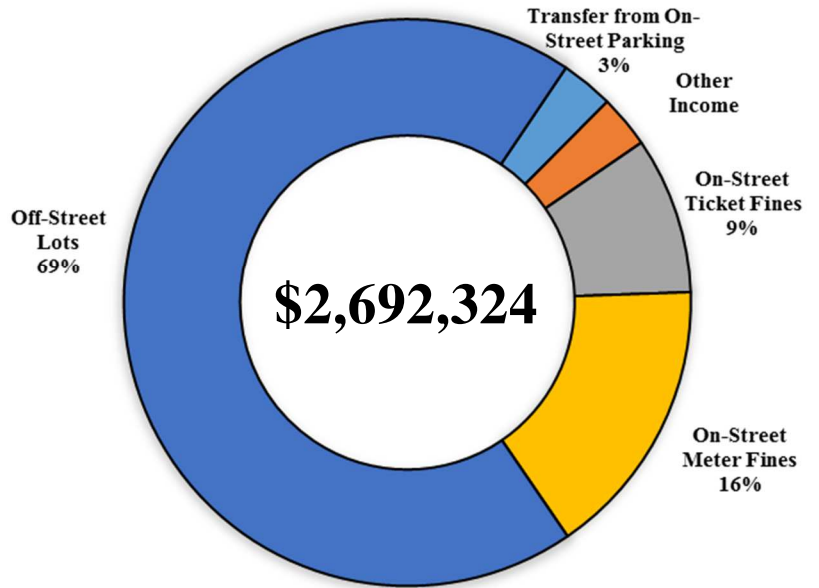
Initiatives - What will we do to take action?

1. Scheduled Vehicle Replacements in FY18 and FY19

PARKING SERVICES

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

TOTAL PARKING REVENUES



PARKING SERVICES

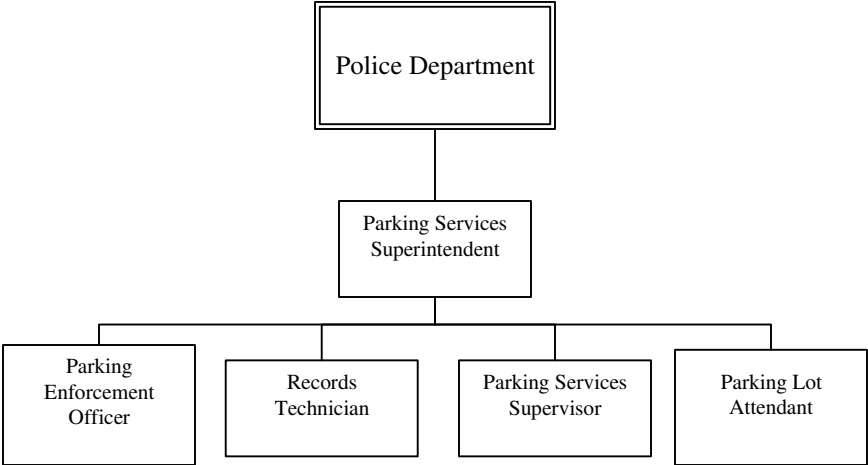
MISSION STATEMENT:

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

The Parking Services Department identified the following primary programs that are included in the adopted budget for 2017-18.

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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 ADOPTED
Superintendent-Parking Services	1.00	1.00	1.00
Assistant Superintendent-Parking Services	1.00	1.00	0.00
Supervisor-Parking Services	1.00	1.00	1.00
Parking Enforcement Officer	2.00	2.00	2.00
Records Technician	1.80	1.80	1.00
Parking Attendant	3.00	3.00	3.00
Parking Attendant - SR	1.00	1.00	1.00
	<hr/>		
Parking Fund Totals	<u>10.80</u>	<u>10.80</u>	<u>9.00</u>

Note: Parking Services is supervised by the Police Chief

PARKING FUNDS

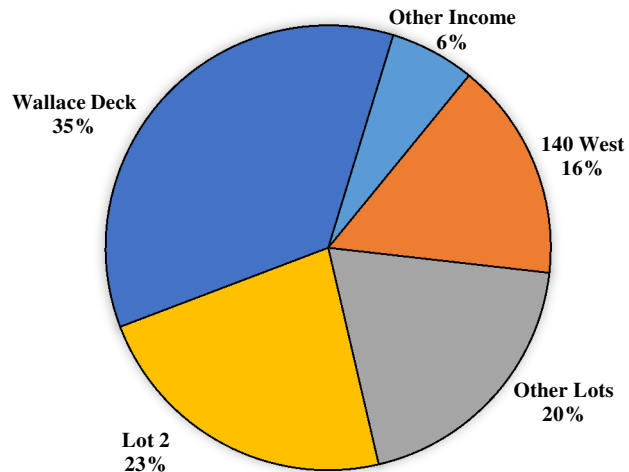
Major Revenue Sources – Descriptions and Estimates

The Off-Street Parking Fund, with an adopted budget of \$1,945,235 for 2017-18, 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 \$699,000, or 35% of total off-street parking revenues, is budgeted from the James Wallace Deck and \$450,000, or 23%, is budgeted from Lot 2 at the corner of Rosemary and Columbia Streets. The deck at 140 West is budgeted to generate about \$313,100 in 2017-18.

The 2017-18 Adopted Budget includes an extension of operating hours for off-street parking and the continuation of a downtown employee parking permit program. The purpose of these fee changes are to help offset the rising operating costs on parking facilities.

The On-Street Parking Fund, with an adopted budget for 2017-18 of \$723,527, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$430,900 and parking ticket fines about \$235,000 in 2017-18. There is a \$0.25 increase in meters fees that will bring in an additional \$47,000 in revenue.

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 \$414,000). The budget of \$1,945,186 includes a 2.5% pay adjustment, a 12.0% health insurance increase, and the elimination of an Assistant Parking Superintendent. The Off-Street Parking Fund for 2017-18 will require a transfer from the On-Street Parking Fund of \$92,524 to maintain current service levels. The Off-Street Parking Fund will add \$23,439 to fund balance in 2017-18.

The On-Street Parking Fund includes expenditures primarily for the personnel to administer and collect meter revenues and parking tickets of about \$413,526. The budget of \$723,650 includes a 2.5% pay adjustment, a 12.0% health insurance increase, and the elimination of a part-time position.

**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

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
On-Street Parking	\$ 665,268	\$ 698,950	\$ 1,106,545	\$ 654,572	\$ 723,527	3.5%
Off-Street Parking	1,895,327	1,995,057	2,288,318	2,026,063	1,945,235	-2.5%
Total	\$ 2,560,595	\$ 2,694,007	\$ 3,394,863	\$ 2,680,635	\$ 2,668,762	-0.9%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
On-Street Parking	\$ 665,268	\$ 698,950	\$ 1,106,545	\$ 654,572	\$ 723,527	3.5%
Off-Street Parking	-	-	-	-	-	N/A
Total	\$ 665,268	\$ 698,950	\$ 1,106,545	\$ 654,572	\$ 723,527	3.5%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking represents a 3.5% over the fiscal year 2016-17 budget. There is a 6.9% decrease in personnel for Enforcement. Despite a 2.5% pay adjustment and a 12.0% health insurance increase, those increases are partially offset by the elimination of a part-time position. The 15.8% decrease in the Enforcement operating budget is mainly related to a vehicle that was replaced in fiscal year 2016-17 (\$17,885), a decrease in computer use charges (\$1,500), and a slight decrease in charges by the General Fund (\$3,277).

There is a \$92,524 transfer to Off-Street Parking, which represents a 283.9% increase over fiscal year 2016-17. This is mainly due to revenues projected from a \$0.25 fee increase in On-Street parking meters (\$47,000) and some of the cost-saving measures in the operating budget. The fund will be exploring funding strategies for purchasing new parking meters during fiscal year 2017-18.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Enforcement:						
Personnel	\$ 345,870	\$ 376,181	\$ 376,181	\$ 357,446	\$ 350,208	-6.9%
Operations	118,475	154,798	161,243	153,730	130,384	-15.8%
Capital	-	-	400,000	-	-	N/A
Meters:						
Personnel	56,632	59,714	59,714	56,881	63,195	5.8%
Operations	73,648	84,159	85,309	86,515	87,216	3.6%
Transfer to Off-Street	70,643	24,098	24,098	-	92,524	283.9%
Total	\$ 665,268	\$ 698,950	\$ 1,106,545	\$ 654,572	\$ 723,527	3.5%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Transfer from Capital Improvement	-	-	400,000	-	-	N/A
Parking Meter Fees	\$ 391,497	\$ 415,000	\$ 415,000	\$ 357,650	\$ 430,900	3.8%
Parking Ticket Fines/Fees	202,064	230,000	230,000	230,750	235,000	2.2%
Interest Income	60	250	250	100	250	0.0%
Other Income	74,461	53,700	53,700	57,252	57,500	7.1%
Appropriated Fund Balance	(2,814)		7,595	8,820	(123)	N/A
Total	\$ 665,268	\$ 698,950	\$ 1,106,545	\$ 654,572	\$ 723,527	3.5%

OFF-STREET PARKING BUDGET SUMMARY

Off-Street Parking revenues for the adopted 2017-18 budget reflects a decrease of about \$50,000 from the 2016-17 budget. The budget was balanced with a \$92,524 transfer from On-Street Parking and adds \$23,488 to fund balance.

The overall decrease in expenditures for 2017-18 is mainly the result of the removal of an Assistant Parking Superintendent position (\$76,363) and a decrease in Network & Data Communications costs (\$7,500). This is slightly offset by a 2.5% market rate salary adjustment and a 12.0% increase in health insurance costs. Administrative expenses include the \$908,581 annual transfer to the Debt Fund to pay for debt service on the Wallace Deck and the underground parking at 140 West Deck.

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
James Wallace Deck	\$ 353,909	\$ 421,278	\$ 552,559	\$ 452,930	\$ 440,948	4.7%
Parking Lots	540,736	525,655	707,691	560,922	464,989	-11.5%
140 West Deck	56,011	78,168	58,090	57,855	78,168	0.0%
Administration	944,671	969,956	969,978	954,356	961,130	-0.9%
Total	\$ 1,895,327	\$ 1,995,057	\$ 2,288,318	\$ 2,026,063	\$ 1,945,235	-2.5%

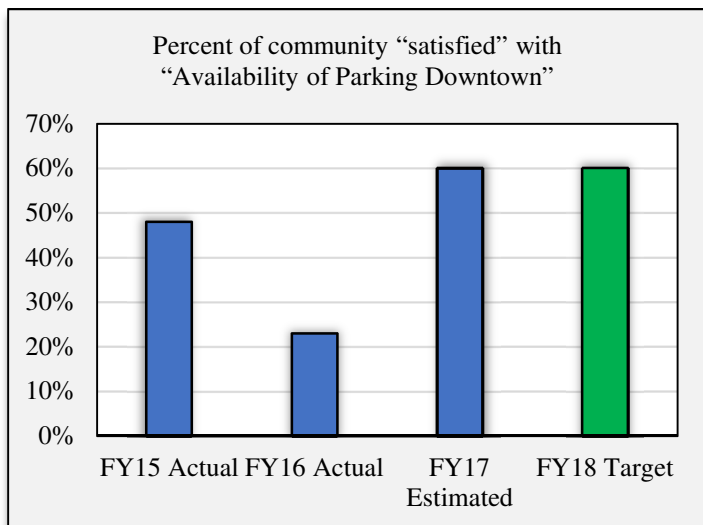
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
James Wallace Deck	\$ 693,951	\$ 697,800	\$ 697,800	\$ 677,582	\$ 699,000	0.2%
Rosemary/Columbia Lot	457,023	475,000	475,000	438,614	450,000	-5.3%
415 West Franklin Lot	124,346	115,500	115,500	119,136	119,600	3.5%
West Rosemary Lot	19,214	16,500	16,500	26,345	18,500	12.1%
Rosemary/Sunset	-	-	12,600	-	-	N/A
127 West Rosemary Lot	11,975	13,680	13,680	13,490	13,680	0.0%
South Graham Lot	7,447	13,800	13,800	4,470	9,800	-29.0%
West Franklin/Basnight Lot	140,908	142,700	142,700	94,565	74,920	-47.5%
427 West Franklin Lot	63,844	60,480	60,480	61,080	65,000	7.5%
Jones Park Lot	5,734	17,600	17,600	15,927	17,500	-0.6%
Mallette Lot	12,461	-	-	-	-	N/A
Courtyard Lot	82,103	65,500	65,500	61,862	66,000	0.8%
140 West Deck	306,601	312,600	312,600	309,785	313,100	0.2%
Interest Income	1,223	1,500	1,500	947	1,500	0.0%
Miscellaneous Income	5,332	11,950	11,950	12,757	27,550	130.5%
Transfer from General Fund	35,000	-	-	-	-	N/A
Transfer from Capital Improvement	-	-	115,000	-	-	N/A
Transfer from On-Street Parking	70,643	24,098	24,098	-	92,524	283.9%
Appropriated Fund Balance	(142,477)	26,349	192,010	189,503	(23,439)	-189.0%
Total	\$ 1,895,327	\$ 1,995,057	\$ 2,288,318	\$ 2,026,063	\$ 1,945,235	-2.5%

PARKING

MISSION-LEVEL MEASURES

 Facilitate Getting Around	Program:	On and Off-Street Parking
	Objective:	Achieve “satisfied” survey rating for “Availability of Parking Downtown” from at least 60% of residents surveyed
	Mission Measure:	Percent of community “satisfied” with “Availability of Parking Downtown”




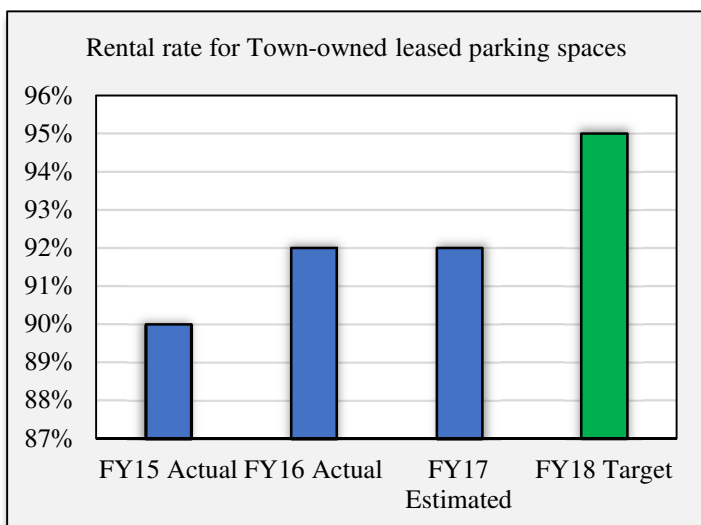
Departmental Analysis & Insights

- Survey results were lower than expected for satisfaction with available parking.

Initiatives - What will we do to take action?

- We have worked with stakeholders in the Central Business District to identify opportunities for better wayfinding.
- As a result, we added an additional 31 signs. We have also done additional promotion of our Parkmobile app, and added additional capacity. We believe these positive interactions will result in higher satisfaction ratings.

 Facilitate Getting Around	Program:	Parking Administration and Parking Permit Programs
	Objective:	To maintain a space rental rate of 95% or greater for monthly spaces in off-street parking operations
	Mission Measure:	Rental rate for Town-owned leased parking spaces



Departmental Analysis & Insights

- None.

Initiatives - What will we do to take action?

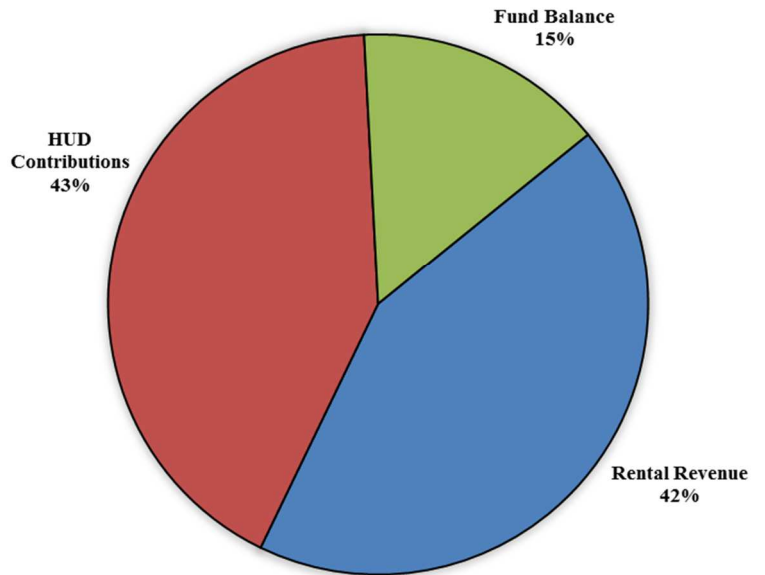
- We have worked with stakeholders in the Central Business District to identify opportunities for better wayfinding.
- As a result, we added an additional 31 signs. We have also done additional promotion of our Parkmobile app, and added additional capacity. We believe these positive interactions will result in higher satisfaction ratings.

PUBLIC HOUSING FUND

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

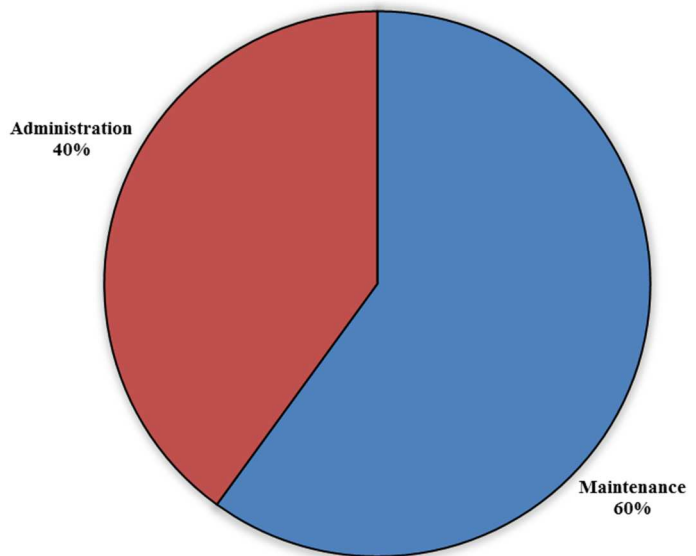
Since those with fewer than 400 units have been exempt each year from HUD's new funding model (AMPs) since 2007-08, we have returned to a simpler budget presentation comprised of Administrative and Maintenance divisions.

PUBLIC HOUSING REVENUES



Total \$2,304,199

PUBLIC HOUSING EXPENSES



PUBLIC HOUSING FUND DEPARTMENT

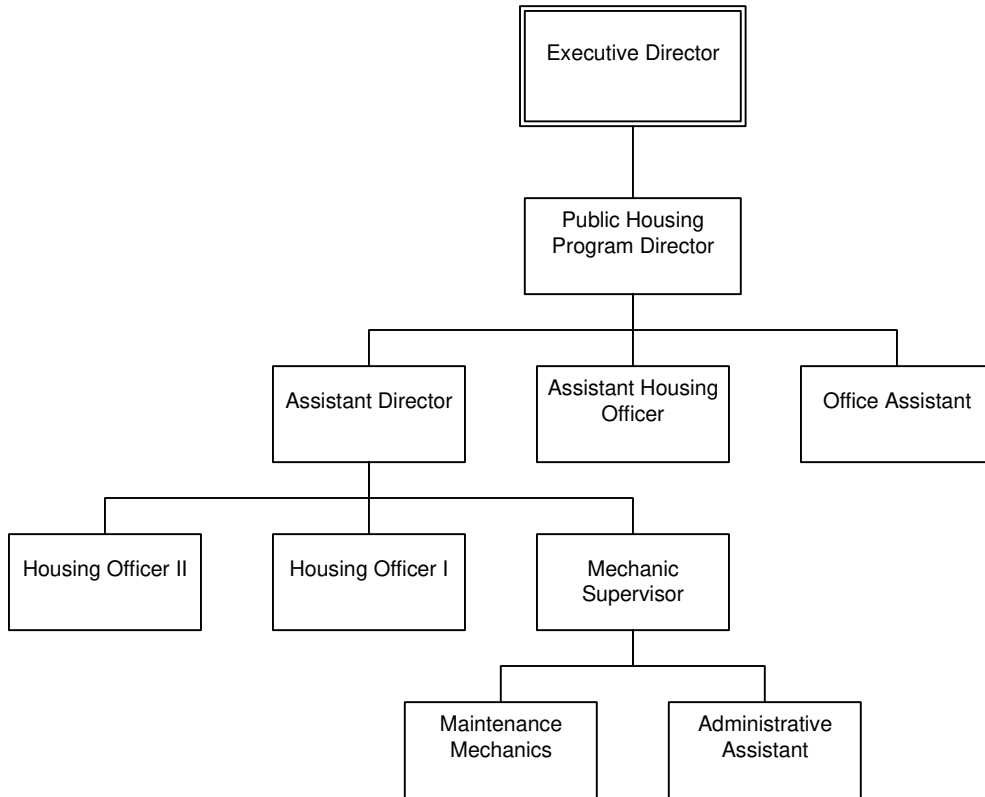
MISSION STATEMENT:

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

The Public Housing Fund Department identified the following primary programs that are included in the adopted budget for 2017-18.

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

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 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.

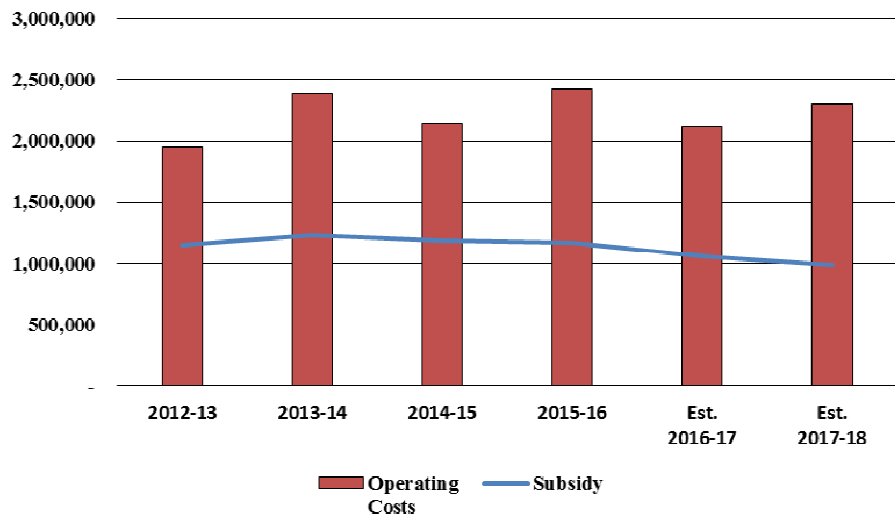
In 1987, the Chapel Hill Public Housing Authority was abolished by the Chapel Hill Town Council. Since then, the Town’s public housing program has been operated as a Town Department administered by Town staff and a Public Housing Director.

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 2017-18 under a simpler budget model that more closely reflects the way we are reporting to HUD, eliminating the necessity of separating expenditures into AMPs or Asset Management Projects.

HUD has provided funding estimates for calendar year 2017 but we have no information about calendar 2018. Based on interim allocations, our estimate of HUD’s subsidy for 2016-17 is \$1,058,675, about a 9.5% decrease from the 2015-16 subsidy of \$1,169,986. Due to this decrease, we are estimating \$990,360 in subsidy for 2017-18.

Housing Expenses vs. HUD Operating Subsidy



The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$956,166 an increase over current year estimates with the

completion of renovation projects, the reopening of apartments, and an increase in the flat rent schedule.

Major Expenditures and Estimates

Major expenditure categories include about \$1,259,337 for salaries and benefits, \$169,200 for utilities, \$84,044 for liability and flood insurance and about \$546,760 for maintenance of the units.

The personnel costs include a 2.5% pay adjustment, a 12.0% increase in health insurance costs, and moving three employees to a higher job classification through the implementation of recommendations from an independent pay study.

There is a \$50,000 increase in the operating budget to pay for the continuation of a Public Housing Master Plan. Capital expenses saw a decrease due to the completion of one-time projects.

	2016-17 Original Budget	2017-18 Adopted Budget	% Change from 2016-17
Salary & Benefits - Administration	\$ 476,381	\$ 534,393	12.2%
Salary & Benefits - Maintenance	689,236	\$ 724,944	5.2%
Maintenance Costs	516,071	\$ 546,760	5.9%
Utilities	169,200	\$ 169,200	0.0%
Liability & Flood Insurance	83,044	\$ 84,044	1.2%
Capital Expense	34,834	\$ -	-100.0%
Other Expenses	473,350	\$ 244,858	-48.3%
Total Budget	\$ 2,442,116	\$ 2,304,199	-5.6%

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 2017-18 retains a simpler model that includes an Administrative Division and a Maintenance Division.

The budget for 2017-18 reflects an estimate of the HUD subsidy anticipated for calendar year 2017. The Town anticipates a 12.4% decrease in HUD subsidies due to declining federal support and administrative changes in the federal government. Rental revenue reflects an increase with the reopening of apartments that were closed for renovation and an increase in the flat rent schedule. \$50,000 is included in order to continue development of a Housing Master Plan.

REVENUES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Revenue Summary						
HUD Contributions	\$ 1,169,986	\$ 1,130,127	\$ 1,130,127	\$ 1,058,675	\$ 990,360	-12.4%
Rental Revenue	939,897	907,043	907,043	909,572	956,166	5.4%
Other Revenues	326	250	250	250	250	0.0%
Interest Income	1,464	1,950	1,950	1,480	1,950	0.0%
Capital Contribution	59,118	-	-	-	-	N/A
Appropriated Fund Balance	253,461	402,746	445,921	152,902	355,473	-11.7%
Total Revenues	\$ 2,424,252	\$ 2,442,116	\$ 2,485,291	\$ 2,122,879	\$ 2,304,199	-5.6%

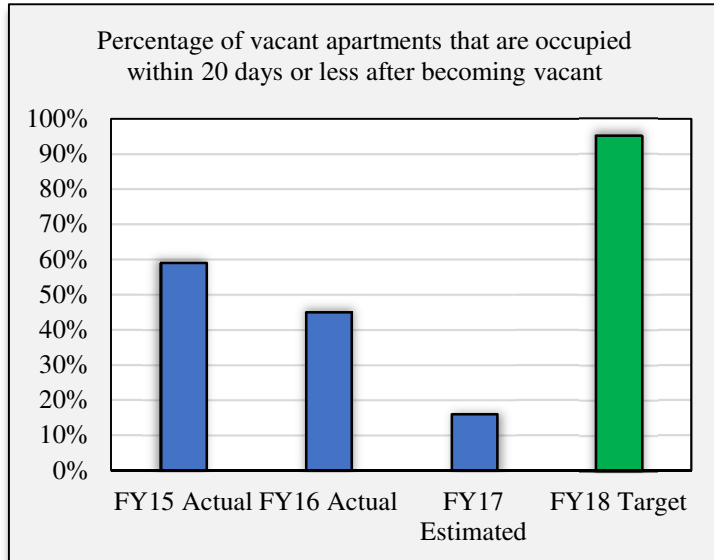
EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 1,032,628	\$ 1,165,617	\$ 1,166,617	\$ 844,355	\$ 1,259,337	8.0%
Operating	916,342	1,241,665	1,266,375	1,226,225	1,044,862	-15.8%
Capital	475,282	34,834	52,299	52,299	-	-100.0%
Total	\$ 2,424,252	\$ 2,442,116	\$ 2,485,291	\$ 2,122,879	\$ 2,304,199	-5.6%

PUBLIC HOUSING

MISSION-LEVEL MEASURES

 Create a Place for Everyone	Program:	Rental Housing for Low-Income Families
	Objective:	Prepare vacant apartments for occupancy
	Mission Measure:	Percentage of vacant apartments that are occupied within 20 days or less after becoming vacant



Departmental Analysis & Insights

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.

Initiatives - What will we do to take action?

1. We have a new contractor for the unit turn around process.
2. We have reorganized our staff and tasked the Housing Officer I with oversight of this measure.
3. We will share and analyze data results monthly to create a culture of systemic thinking between the administrative and maintenance divisions.

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

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

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

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

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

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

CAPITAL PROGRAM

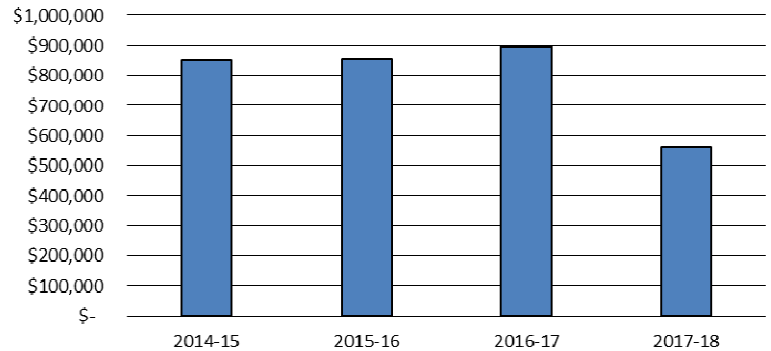
The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The program identifies capital needs, establishes priorities and identifies potential funding sources.

Key sources for development of the Capital Program include the Facility Condition Assessment completed in 2000, special studies, the Comprehensive Plan, and requests from the Council, citizens and Town staff.

The Capital Program includes projects financed with bond funds, grants or other sources. The Capital Improvements Fund and Capital Reserve Fund are generally funded by annual transfers from the Town's General Fund.

Expenditures in the Capital Improvements and Reserve Funds for 2017-18 are part of the 2017-18 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
2014-15 to 2017-18**



CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Capital Improvements Program

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

2003 Bonds

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

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

2015 Bonds

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

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

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

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

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

Two-Thirds Bonds

By NC General Statutes, the Town is able to issue two-thirds bonds without a referendum in an amount equivalent to two-thirds of the principal amount of debt retired in the prior fiscal year. The Town issued \$1.6 million in two-thirds bonds in March 2017.

Stormwater Management Funds

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

Parking Funds

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

Other Sources

- Community Development Block Grant (CDBG): The Town receives annual federal grants from the U. S. Department of Housing and Urban Development (HUD). The Council approves a general 5-year spending plan to benefit lower-income neighborhoods, and adopts an annual budget for these funds by a capital projects ordinance.
- Housing Capital Grant: In fiscal year 1993-94, the Town began receiving an annual entitlement for public housing renovations from the U. S. Department of Housing and Urban Development (HUD).
- N.C. Department of Transportation (NCDOT): For most public transit projects, the Federal Transit Administration provides 80% funding and the NCDOT provides an additional 10% match. For the State's thoroughfare, bikeways and pedestrian programs, the NCDOT funds projects selected from an annual Transportation Improvements Program in which local governments request that the State fund these

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

types of projects in their community. Local requests are considered in a State-wide priority list. Projects are implemented by the NCDOT.

- *Surface Transportation Program (STP)*: The Surface Transportation Program provides flexible funding for projects on Federal-aid highways, including shared use paths and related facilities that may have recreational use, bridge projects on public roads, transit capital projects, and intracity and intercity bus terminals and facilities.
- *American Recovery and Reinvestment Act (ARRA) of 2009*: The American Recovery and Reinvestment Act of 2009 is an economic stimulus package that allocates special Capital grants. The Town received funding for fiscal year 2009-10 for repairing and modernizing public housing, increasing energy efficiency, and for building streets, sidewalks, and greenways.
- *Gifts*: Occasionally, citizens of Chapel Hill will provide the Town with contributions to be used toward a project for which the citizen holds a special interest.
- Additional financing options include Certificates of Participation (COPS) and Asset-Backed Installment Debt

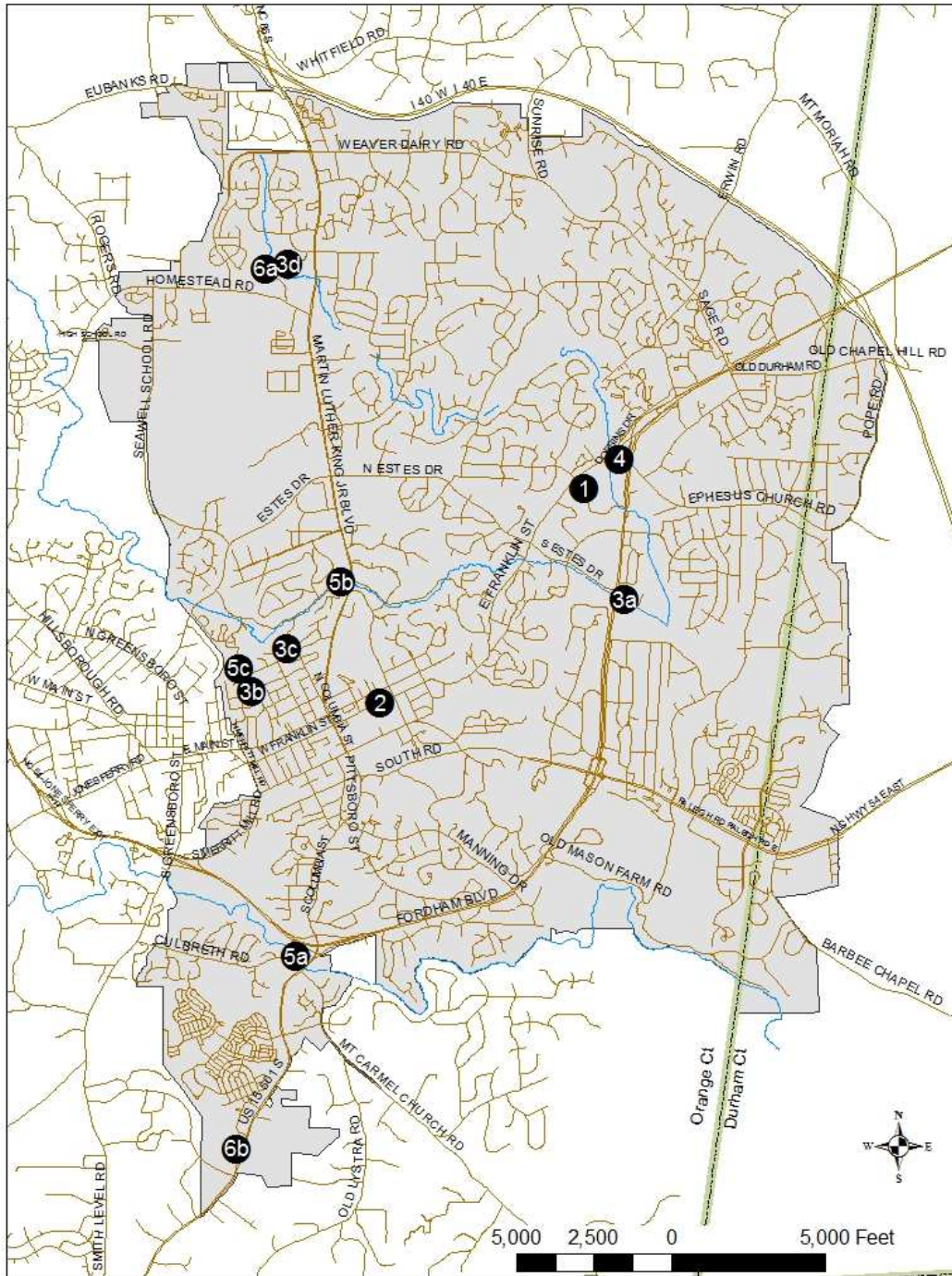
CAPITAL PROGRAM – KEY PROJECTS

This section highlights key projects included in the 2018-33 Capital Program. The map on the following page shows project locations.

Major projects in the Program anticipated to take place over the next five years include 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. South Estes Drive; 3b. Craig/Gomains Street; 3c. Pritchard Park; 3d. Bright Sun Place; 4. Booker Creek Watershed Improvements; 5a. Morgan Creek Trail; 5b. Bolin Creek Trail; 5c. Tanyard Branch Trail; 6a. Homestead Park; 6b. Southern Community Parks

CAPITAL PROGRAM – KEY PROJECTS

1. 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 FY17 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. Locations include repairs and renovations to public housing apartments and facilities at Craig Gorman Street, South Estes Drive, Pritchard Park, and Bright Sun Place.

4. Booker Creek Watershed Improvements

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

CAPITAL PROGRAM – KEY PROJECTS

5. Greenways & Trails Projects

Morgan Creek Trail (Phase 3): The next phases of the Morgan Creek Trail are currently in the design phase. There are four separate sub-projects for design purposes. For construction these might be bid separately or bundled together. One project will extend the trail east from Merritt's Pasture, along Fordham Boulevard to Morgan Creek Road. Another project will extend the trail from the existing parking lot westward to Smith Level Road. We are also designing an expansion of the existing parking lot and a separate pedestrian bridge at Ashe Place. Design and permitting is underway and should be completed in 2018.

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 includes underpasses of Martin Luther King Jr. Blvd and Pritchard Avenue Extension and 2 bridges over Bolin Creek. Construction was mostly completed in June 2017. One remaining section east of Martin Luther King Jr. Blvd. remains unfinished due to the coal ash situation on the Police Department property.

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 August 2017 and be completed in about one year.

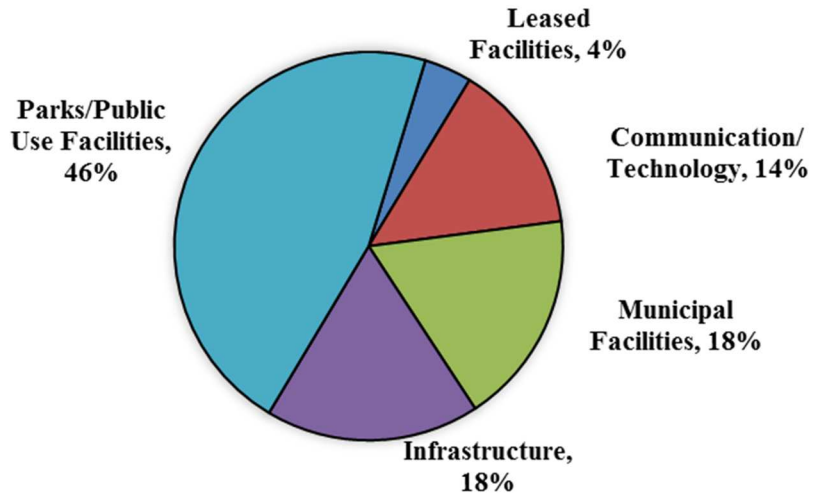
6. Small Parks Improvements

In FY10, the Town began process of replacing playground equipment in all Town parks that are in need of replacement or capital level repair due to aging and in order to comply with Americans with Disabilities Act and Consumer Product Safety Commission guidelines. The Town is now in year seven of this process. In FY18, the Town will focus on Homestead and Southern Community Parks. The goal of the playground replacement program is to provide safe, accessible facilities for the citizens of Chapel Hill.

CAPITAL IMPROVEMENTS FUND

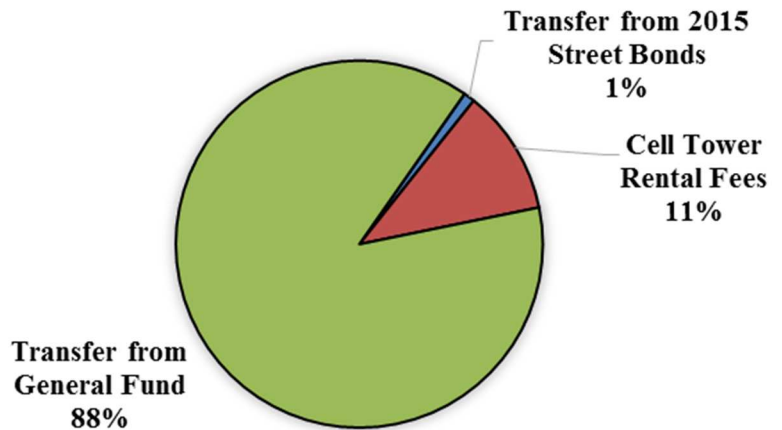
The Capital Improvements Fund generally accounts for purchases and construction that can be completed within a single year. Capital Improvements Fund (CIP) projects are prioritized as part of the Town's 15-year capital program.

CAPITAL IMPROVEMENTS FUND EXPENDITURES



Total \$561,260

CAPITAL IMPROVEMENTS FUND REVENUES



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2017-18 totals \$561,260 and includes projects to be completed in 2017-18.

EXPENDITURES

	2015-16	2016-17	2016-17	2016-17	2017-18
	Actual	Original	Revised	Estimated	Adopted
		Budget	Budget		Budget
Municipal Facilities	\$ 358,984	\$ 300,000	\$ 938,699	\$ 938,699	\$ 100,000
Public Safety	636,424	-	1,002,675	1,002,675	-
Facilities Leased by Others	49,658	22,260	36,987	36,987	22,260
Infrastructure	(103,147)	175,000	331,337	331,337	100,000
Communication/Technology	925,524	71,174	71,174	71,174	80,000
Parks/Public Use Facilities	718,112	330,000	705,494	705,494	259,000
Transfers/Financing Costs	2,547,214	-	965,000	-	-
Total	\$ 5,132,769	\$ 898,434	\$ 4,051,366	\$ 3,086,366	\$ 561,260

REVENUES

	2015-16	2016-17	2016-17	2016-17	2017-18
	Actual	Original	Revised	Estimated	Adopted
		Budget	Budget		Budget
Revenue in Lieu	-	-	141,709	-	-
Housing Rent Proceeds	\$ 22,238	\$ 22,260	\$ 22,260	\$ 22,260	\$ 22,260
Cell Tower Rental Fees	70,081	70,000	70,000	70,000	60,000
UNC Contribution	-	-	69,000	69,000	-
Grants	76,083	-	-	-	-
Interest on Investments	3,432	2,500	2,500	2,500	2,500
Transfer from 2015 Street Bonds	-	-	202,150	202,150	-
2016 Installment Financing	3,142,503	-	500,000	500,000	-
Transfer from General Fund	778,000	778,000	778,000	778,000	476,500
Appropriated Fund Balance	1,040,432	25,674	2,265,747	1,442,456	-
Total	\$ 5,132,769	\$ 898,434	\$ 4,051,366	\$ 3,086,366	\$ 561,260

CAPITAL IMPROVEMENTS FUND

DETAIL EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget
MUNICIPAL OPERATIONS FACILITIES					
Extraordinary Maintenance, Emergency Repairs	\$ 71,686	\$ 100,000	\$ 135,393	\$ 135,393	\$ 100,000
Town Hall Renovation	119,703	-	404,097	404,097	-
Town Hall Parking Lot	24,862	-	34,807	34,807	-
Town Hall Flood	77,029	-	1,310	1,310	-
Facility Condition Assessment	-	-	85,000	85,000	-
Small Capital Improvements	65,704	100,000	178,092	178,092	-
Fire Extraordinary Maintenance	-	100,000	100,000	100,000	-
Subtotal	\$ 358,984	\$ 300,000	\$ 938,699	\$ 938,699	\$ 100,000
PUBLIC SAFETY					
Fire Truck	\$ 636,424	\$ -	\$ 2,675	\$ 2,675	\$ -
Hamilton Rd. Fire Station	-	-	1,000,000	1,000,000	-
Subtotal	\$ 636,424	\$ -	\$ 1,002,675	\$ 1,002,675	\$ -
TOWN FACILITIES LEASED BY OTHERS					
Housing Maintenance	\$ 49,658	\$ 22,260	\$ 36,987	\$ 36,987	\$ 22,260
Subtotal	\$ 49,658	\$ 22,260	\$ 36,987	\$ 36,987	\$ 22,260
INFRASTRUCTURE					
Variable Message Sign System	\$ 23,871	\$ -	\$ 69,880	\$ 69,880	\$ -
Ephesus Ch./Fordham Engineering	(209,466)	-	-	-	-
Path, Trail and Lot Maintenance	9,996	50,000	56,747	56,747	50,000
Traffic Calming/Bike & Ped.	28,762	75,000	76,919	76,919	-
Curbs / ADA	43,690	50,000	58,791	58,791	50,000
Friday Center Drive	-	-	69,000	69,000	-
Subtotal	\$ (103,147)	\$ 175,000	\$ 331,337	\$ 331,337	\$ 100,000

CAPITAL IMPROVEMENTS FUND

DETAIL EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget
COMMUNICATIONS AND TECHNOLOGY					
Document Management	\$ 100,996	\$ -	\$ -	\$ -	\$ -
General Technology	52,025	71,174	71,174	71,174	80,000
Fiber Optic Network	623,503	-	-	-	-
Fire Radios	149,000	-	-	-	-
Subtotal	\$ 925,524	\$ 71,174	\$ 71,174	\$ 71,174	\$ 80,000
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	\$ 181,963	\$ 80,000	\$ 102,918	\$ 102,918	\$ -
Bolin Creek Trail	243,856	-	-	-	-
Playground Replacement	99,058	100,000	137,225	137,225	100,000
Accessible Playground	21,518	-	16,621	16,621	-
Cemetery Beautification	12,611	-	123,592	123,592	-
Meadowmont	-	-	141,709	141,709	159,000
Small Park Improvements	130,113	150,000	152,422	152,422	-
Meadowmont Dam	28,993	-	31,007	31,007	-
Subtotal	\$ 718,112	\$ 330,000	\$ 705,494	\$ 705,494	\$ 259,000
TRANSFER TO OTHER FUNDS AND FINANCING COSTS					
2016 Installment Financing (EphesusFordham, Town Hall, Other)	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -
Wallace Parking Deck	106,056	-	-	-	-
Streets & Sidewalks	202,150	-	-	-	-
Basnight Lane Parking Expansion	-	-	115,000	-	-
Replace Parking Meters	-	-	400,000	-	-
Capital Projects Ordinance Fund	-	-	450,000	-	-
Issuing Cost for Financing	39,008	-	-	-	-
Subtotal	\$ 2,547,214	\$ -	\$ 965,000	\$ -	\$ -
TOTALS	\$ 5,132,769	\$ 898,434	\$ 4,051,366	\$ 3,086,366	\$ 561,260

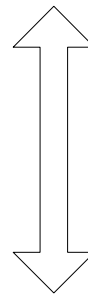
PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

This section provides descriptions of capital projects funded in the 2017-18 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

Extraordinary Maintenance, Emergency Repairs

From time to time, unanticipated failures occur in building systems that require immediate emergency repairs. Examples of projects include roof repairs, HVAC system repair, asbestos/lead abatements, vandalism remediation, swimming pool mechanical system repairs and hazardous material spill abatements.

Description

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

Table 1, Ref #1

Various sites

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

Table and Ref #:

Location:

Operating Budget Impact:

Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.

Adopted 2017-18 Budget and Projected Expenditures

Fiscal Year					5-Year Total	15-Year Total*	Funding Source
2017-18	2018-19	2019-20	2020-21	2021-22	Through 2021-22	Through 2031-32	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	Capital Improvements Fund

Summary of 2017-18 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 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	\$1,500,000	Capital Improvements Fund

Comprehensive Public Housing Renovation

Federal funding sources will be used to upgrade the condition of the public housing apartments and sites. In recent years work has been completed in the Trinity Court, South Estes Drive, Craig-Gomains, S. Roberson St. and Lindsay St. neighborhoods.

Table and Ref #: Table 2, Ref #36
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually): Renovations will reduce need to make repairs using operating budget funds.

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$549,598	\$549,598	\$549,598	\$549,598	\$549,598	\$2,747,990	\$8,243,970	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 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$393,674) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$290,000) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$51,303) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$629,994) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 2, Ref #60
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$27,150) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
-	-	-	-	-	-	-	Multi-Year Capital Project Ordinance

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

INFRASTRUCTURE

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

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

Table and Ref #: Table 1, Ref #13
Location: Various Sites
Operating Budget Impact: Positive (More than \$1,000 annually):
 Repairs will reduce need to use operating budget funds to address needs.

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$750,000	Capital Improvements Fund

Curb Repairs: ADA Compliance

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

Table and Ref #: Table 1, Ref #15
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	\$750,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Stormwater Project Construction/Design

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

Table and Ref #: Table 2, Ref #61
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000	\$750,000	Stormwater Management Fund

Rogers Road Design & Engineering

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

Table and Ref #: Table 2, Ref #79
Location: Rogers Road-Eubanks Road Neighborhood
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$1,058,000) budgeted in NCDOT Direct Allocation Grant in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 #77
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$665,000) budgeted in multi-year fund in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 #78
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$224,390) budgeted in NCDOT Direct Allocation Grant in FY 2016-17</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
-	-	-	-	-	-	-	NCDOT Direct Allocation Grant

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

COMMUNICATIONS AND TECHNOLOGY

General Technology

Installing non-water fire suppression systems in server rooms at multiple locations in the place of water sprinklers.

Table and Ref #: Table 1, Ref #18
Location: Police
Operating Budget Impact: No Impact

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$80,000	\$500	\$500	\$500	\$500	\$100,000	\$87,000	Capital Improvements Fund

Public Safety Radios/Body Cameras

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

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

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year (\$241,322) budgeted in Two-Thirds Bonds in FY2016-17.</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
-	-	-	-	-	-	-	Two-Thirds Bonds

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

PARKS AND OTHER PUBLIC USE FACILITIES

Bridge Replacement Meadowmont Park

These projects will replace two old trail bridges in Meadowmont Park and over Little Creek. One of the bridges was identified in a recent study as a structure needing immediate repair. The \$159,000 will pay for approximately half the total cost of the project; the rest will come from payment-in-lieu funding.

Table and Ref #: Table 1, Ref #26
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 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</i>	
\$159,000	-	-	-	-	\$159,000	-	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 Homestead Park and Southern Community Park.

Table and Ref #: Table 1, Ref #31
Location: Various locations
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2017-18 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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

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 #102
Location: Various sites
Operating Budget Impact: No Impact

Adopted 2017-18 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>
2017-18	2018-19	2019-20	2020-21	2021-22	<i>Through 2021-22</i>	<i>Through 2031-32</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 2017-18 and projected expenditures in future fiscal years for all funds, from 2017-18 through 2031-32. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include adopted projects for 2017-18 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	\$ 135,393	\$ 100,000	\$ 100,000
2	Town Hall Renovation	404,097	-	-
3	Town Hall Flood	1,310	-	-
4	HRD Training Room	-	-	200,000
5	Small Capital Improvements	178,092	-	-
6	Facility Condition Assessment	85,000	-	-
7	Town Hall Parking Deck Maintenance	34,807	-	-
8	Fire Extraordinary Maintenance	100,000	-	-
Public Safety				
9	Fire Truck	2,675	-	-
10	Fire Station Roof Replacement	-	-	130,000
11	Hamilton Road Fire Station	1,000,000	-	-
Town Facilities Leased by Others				
12	Housing Maintenance	36,987	22,260	-
Infrastructure				
13	Parking Lots/Paths/Trails	56,747	50,000	50,000
14	Neighborhood Traffic Calming, Pedestrian & Bicycle Improvements	76,919	-	-
15	Curb Cut Improvements (ADA)	58,791	50,000	50,000
16	Variable Message Sign System	69,880	-	-
17	Friday Center Drive Private Road	69,000	-	-
Communications				
18	General Technology	71,174	80,000	500
19	Virtual Servers	-	-	115,000
20	UPS for Library	-	-	40,000
21	Network Monitoring & Security	-	-	84,110
Parks and Other Public Use Facilities				
22	Cemetery Beautification	123,592	-	-
23	Small Parks Improvements	152,422	-	-
24	Meadowmont Dam	31,007	-	-
25	Greenways	102,918	-	-
26	Bridge Replacement Meadowmont Park	141,709	159,000	-
27	Demolition of Sport Art Gymnastics Building	-	-	95,000
28	Replacement of HVAC Equipment at Public Works	-	-	-
29	Replacement of HVAC Equipment at Transit	-	-	-
30	Property Line Marking	-	-	54,000
31	Accessible Playground	16,621	-	-
32	Playgrounds	137,225	100,000	100,000
Transfer to Other Funds and Financing Costs				
34	Basnight Lane Parking Expansion	115,000	-	-
35	Capital Projects Ordinance Fund	450,000	-	-
36	Replace On-Street Parking Meters	400,000	-	-
	Total	\$ 4,051,366	\$ 561,260	\$ 1,018,610

*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
-	-	-	-	4
-	-	-	-	5
-	-	60,000	-	6
-	-	-	-	7
-	-	-	-	8
				8
-	-	-	-	9
-	-	-	-	10
-	-	-	-	11
-	-	-	-	12
50,000	50,000	50,000	500,000	13
-	-	-	-	14
50,000	50,000	50,000	500,000	15
-	-	-	-	16
-	-	-	-	17
500	500	500	-	18
12,000	12,000	12,000	120,000	19
5,000	5,000	5,000	50,000	20
9,620	9,620	9,620	96,200	21
-	-	-	-	22
-	-	-	-	23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
-	-	-	-	27
-	32,500	267,500	-	28
-	21,500	215,000	-	29
55,000	57,000	59,000	590,000	30
-	-	-	-	31
100,000	100,000	100,000	1,000,000	32
-	-	-	-	34
-	-	-	-	35
-	-	-	-	36
\$ 382,120	\$ 438,120	\$ 928,620	\$ 3,856,200	

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

Reference #	Project	Revised Budget 2016-17	Adopted 2017-18	2018-19
	Municipal Operations Facilities			
36	Comprehensive Public Housing Renovations	\$ -	\$ 549,598	\$ 549,598
37	Comprehensive Public Housing Renovations	521,212	-	-
38	Comprehensive Public Housing Renovations	430,631	-	-
39	Comprehensive Public Housing Renovations	399,303	-	-
40	Comprehensive Public Housing Renovations	192,002	-	-
41	Fire Station 3 Replacement	-	-	-
42	Building Addition to Public Works	-	-	-
43	Library Roof Replacement			
44	Transit Roof Replacement	-	-	-
45	Public Works Roof Replacement	-	-	-
46	100 West Rosemary Renovation	-	-	450,000
47	Public Safety Headquarters	-	-	1,020,876
48	Parks & Recreation Facility	-	-	142,982
49	Solid Waste Transfer Station	-	-	-
50	Wallace Parking Facility	393,674	-	-
51	Multi-Agency Complex Project	1,601,418	-	-
52	Town Hall Emergency Generator	629,994	-	-
53	Town Hall HVAC Improvements	51,303	-	-
54	Hargraves Roof Replacement	290,000	-	-
55	Energy Efficiency Projects	180,611	-	-
	Public Safety			
56	Rescue Unit	-	-	1,008,000
57	Engine 31	-	-	-
58	Tower Unit 73	-	-	-
59	Engine 35	-	-	-
60	Fire Self-Contained Breathing Apparatus	27,510	-	-
	Infrastructure			
61	Stormwater Projects	75,000	75,000	75,000
62	ADA Improvements	-	-	45,000
63	Small/Medium Drainage Maintenance and Improvement	-	-	-
64	Teen Center/Archives Renovation			175,000
65	Infrastructure Capital Improvement Program	-	-	-
66	Water Quality Capital Improvement Program	-	-	-
67	South Elliot Road Culvert Replacement	882,930	-	-
68	Booker Creek Road Culvert Replacement	300,000	-	-
69	Subwatershed Modeling	420,681	300,000	-
70	140 West Project	192,600	-	-
71	Downtown Parking Deck			
72	Downtown Parking Lot	-	-	3,386,125
73	Replace gate and ticket equipment - Wallace Deck	66,497	-	-
74	AVI Reader System - Wallace Deck	35,322	-	-
75	Parking Lot Construction	150,000	-	-
76	Ridge Road Reconstruction	250,000	-	-
77	Friday Center Drive Bike & Ped Improvements ^d	665,000	-	-
78	Estes Drive Bike & Ped Improvements ^d	224,390	-	-
79	Rogers Road Design and Engineering	1,058,000	-	-
80	Traffic Signal Improvement	226,069	-	-
81	Ephesus Fordham Improvements	4,312,390	-	-
	Parks and Other Public Use Facilities			
82	Meadowmont Bridge	126,238	-	-
	TOTAL	\$ 13,702,775	\$ 924,598	\$ 6,852,581

Note: Future years after FY2017-18 are for planning purposes only.

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

2019-20	2020-21	2021-22	2022-32	Fund Source	Reference #
\$ 549,598	\$ 549,598	\$ 549,598	\$ 5,495,980	HUD Grant	36
-	-	-	-	HUD Grant	37
-	-	-	-	HUD Grant	38
-	-	-	-	HUD Grant	39
-	-	-	-	HUD Grant	40
150,000	2,400,000	750,000	-	Future Bond Issuance	41
-	-	-	1,920,000	Future Bond Issuance	42
			400,000	Future Bond Issuance	43
-	-	-	400,000	Future Bond Issuance	44
-	-	-	575,000	Future Bond Issuance	45
3,300,000	-	-	-	Future Bond Issuance	46
1,722,377	21,651,971	191,375	-	Future Bond Issuance	47
257,368	3,235,350	28,596	-	Future Bond Issuance	48
75,000	425,000	4,700,000	-	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
-	-	-	-	Future Bond Issuance	56
-	-	-	1,373,428	Future Bond Issuance	57
-	-	-	2,738,336	Future Bond Issuance	58
-	-	-	1,641,278	Future Bond Issuance	59
-	-	-	-	2015 Installment Financing	60
75,000	75,000	75,000	750,000	Stormwater Management Funds	61
535,000	-	-	-	Future Bond Issuance	62
-	-	-	1,000,000	Stormwater Management Funds	63
1,850,000				Future Bond Issuance	64
-	-	-	5,500,000	Stormwater Management Funds	65
-	-	-	5,500,000	Stormwater Management Funds	66
-	-	-	-	Stormwater Management Funds	67
-	-	-	-	Stormwater Management Funds	68
-	-	-	-	Stormwater Management Funds	69
-	-	-	-	Limited Obligation Bonds	70
2,712,827	2,794,212	28,878,039	-	Future Bond Issuance	71
305,009	-	-	-	Future Bond Issuance	72
-	-	-	-	Parking Revenue	73
-	-	-	-	Parking Revenue	74
-	-	-	-	Parking Revenue	75
-	-	-	-	UNC Contribution	76
-	-	-	-	Multi-year Capital Project Ord.	77
-	-	-	-	NCDOT Direct Allocation Grant	78
-	-	-	-	Multi-year Capital Project Ord.	79
-	-	-	-	NCDOT Direct Allocation Grant	80
-	-	-	-	2016 Installment Financing	81
-	-	-	-	Multi-year Capital Project Ord.	82
\$ 11,532,179	\$ 31,131,131	\$ 35,172,608	\$ 27,294,022		

Table 3: Issued Bond Projects

Reference #	Council Priority	Project Name	Category	2004 Bond Sale (\$4,000,000)		2006 Bond Sale (\$4,950,000)	
				2004-05	2005-06	2006-07	2007-08
Municipal Operations Facilities							
83	2	Energy Efficiency Projects	Public Buildings	\$ 392,600	\$ -	\$ -	\$ -
84	2	Sustainable Community Project - Local Match	Public Buildings	17,400	-	-	-
85	7	Energy Management System: Town Hall HVAC	Public Buildings	-	90,000	-	-
Public Safety							
86	5	100 Foot Fire Ladder Truck	Public Safety	-	-	-	-
87	5	Public Safety Radios/Body Cameras	Public Safety	-	-	-	-
Infrastructure							
88	2	Downtown Improvements - Streetscape	Sidewalks & Streets	500,000	-	1,000,000	-
89		Capital Project Management, Bond Issuance Costs	Sidewalks & Streets	-	-	-	-
90	2	Neighborhood Traffic Calming, Pedestrian, and Bicycle Improvements	Sidewalks & Streets	50,000	250,000	-	-
91	2	Pedestrian Amenities at Town Owned Traffic Signals	Sidewalks & Streets	20,000	80,000	50,000	-
92		Public Art	Sidewalks & Streets	-	-	-	-
93	2	Streets and Bridges	Sidewalks & Streets	-	-	-	-
94	2	Sidewalks and Bicycle Facilities	Sidewalks & Streets	600,000	-	600,000	-
Parks and Other Public Use Facilities							
95	2	Bolin Creek Trail	Parks/Recreational Facilities	100,000	-	-	-
96	2	Dry Creek Trail	Parks/Recreational Facilities	125,000	-	16,000	-
97	2	Tanyard Branch Trail	Parks/Recreational Facilities	-	-	-	-
98	2	Morgan Creek Trail	Parks/Recreational Facilities	75,000	-	968,000	-
99	2	Open Space Acquisition	Open Space and Areas	1,200,000	-	800,000	-
100		Playground Improvements	Parks/Recreational	-	-	-	-
101	2	Upper Booker Creek Trail	2003 Bond	-	-	16,000	-
102	2	Parks Facilities	Parks/Recreational	-	-	-	-
103	2	Library Expansion	Library Facilities	500,000	-	1,500,000	-
		TOTAL		\$ 3,580,000	\$ 420,000	\$ 4,950,000	\$ -

COLUMN DESCRIPTION KEY

Council Priority

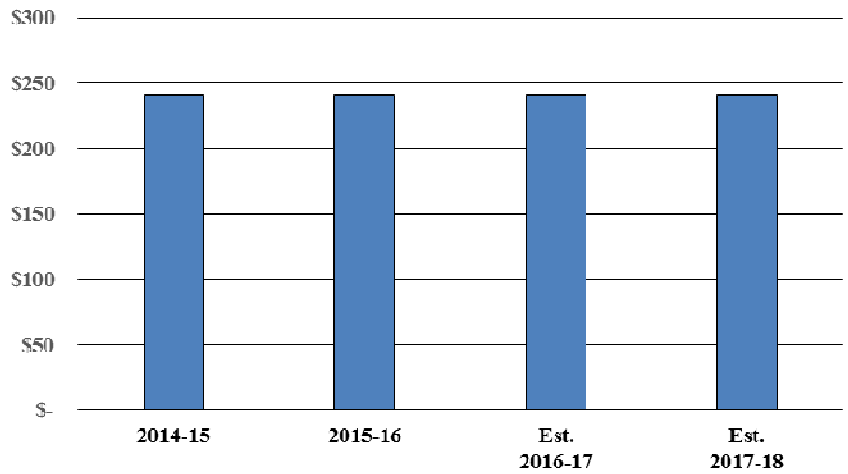
- 1 - Council Authorized Contracts
- 2 - Projects that have a Council mandate
- 3 - Projects that we have a legal requirement to perform or complete
- 4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
- 5 - Projects involving public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

		2010 Bond Sale (\$20,760,237)		Two-Thirds Bonds (\$1,700,000)	2015 Bond Sale (\$9,615,091)	Two-Thirds Bonds (1,614,703)		
2008-09	2009-10	2010-11	2011-12	2012-13	2016-17		TOTAL	Reference #
\$ -	\$ -	\$ -	\$ -	\$ -			\$ 392,600	83
-	-	-	-	-			\$ 17,400	84
-	-	-	-	-			\$ 90,000	85
-	-	-	-	-	-	1,348,000	\$ 1,348,000	86
-	-	-	-	-	-	241,322	\$ 241,322	87
-	-	64,000	-	-	414,266		\$ 1,978,266	88
-	-	-	-	-	425,091	25,381	\$ 450,472	89
-	-	225,000	-	-	670,134		\$ 1,195,134	90
-	-	100,000	-	-	-		\$ 250,000	91
-	-	-	-	-	30,000	-	\$ 30,000	92
-	-	661,000	-	1,000,000	1,000,000		\$ 2,661,000	93
-	-	1,442,042	-	-	1,075,600		\$ 3,717,642	94
-	-	2,245,889	-	-	1,163,306		\$ 3,509,195	95
-	-	150,540	-	-			\$ 291,540	96
-	-	-	-	-	1,390,000		\$ 1,390,000	97
-	-	1,212,455	-	-	2,446,694		\$ 4,702,149	98
-	-	-	-	-			\$ 2,000,000	99
-	-	-	-	-	1,000,000		\$ 1,000,000	100
-	-	154,608	-	-			\$ 170,608	101
-	-	-	-	700,000			\$ 700,000	102
-	-	14,504,703	-	-			\$ 16,504,703	103
\$ -	\$ -	\$ 20,760,237	\$ -	\$ 1,700,000			\$ 31,410,237	

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 2017-18, which had a fund balance of \$215,226 at June 30, 2016.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Reserved for CIP	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Transfer to Capital						
Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Interest on Investments	\$ 230	\$ 240	\$ 240	\$ 240	\$ 240	0.0%
Appropriated						
Fund Balance	(230)	(240)	(240)	(240)	(240)	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ -	N/A

MAJOR CAPITAL BOND PROJECTS

Several major capital improvement projects were approved by bond referenda in November of 1996, November of 2003 and November of 2015.

As authorized by General Statute 159.13.2, capital project ordinances were established for each of the projects for the life of the projects.

Expenditures for these projects through June 30, 2017 are shown in the table at the right.

Major Capital Bond Projects	Budget	Expenditures as of June 30, 2017
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	<u>\$ 13,425,000</u>	<u>\$ 13,425,000</u>
2003 Bond Projects		
Public Buildings	\$ 500,000	\$ 500,000
Streets and Sidewalks	5,600,000	5,504,000
Library Expansion	16,260,000	16,260,000
Open Space	2,000,000	2,000,000
Parks and Recreation	5,000,000	4,816,000
Subtotal	<u>\$ 29,360,000</u>	<u>\$ 29,080,000</u>
2012 LOBS Projects		
Lot 5 Project	\$ 6,000,000	\$ 5,770,000
Parking Projects	606,000	588,092
TOC Projects	202,000	121,000
Subtotal	<u>\$ 6,808,000</u>	<u>\$ 6,479,092</u>
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	<u>\$ 1,821,000</u>	<u>\$ 1,814,000</u>
2015 Bond Projects		
Streets and Sidewalks	\$ 3,615,000	\$ 1,767,000
Parks Trails	5,000,000	205,000
Parks Facilities	1,000,000	-
Subtotal	<u>\$ 9,615,000</u>	<u>\$ 1,972,000</u>
2017 Two-Thirds Projects		
Ladder Truck	\$ 1,348,000	\$ -
Public Safety Radios	16,900	12,000
Body Cameras	72,000	-
Subtotal	<u>\$ 1,436,900</u>	<u>\$ 12,000</u>
TOTAL	<u>\$ 62,465,900</u>	<u>\$ 52,782,092</u>

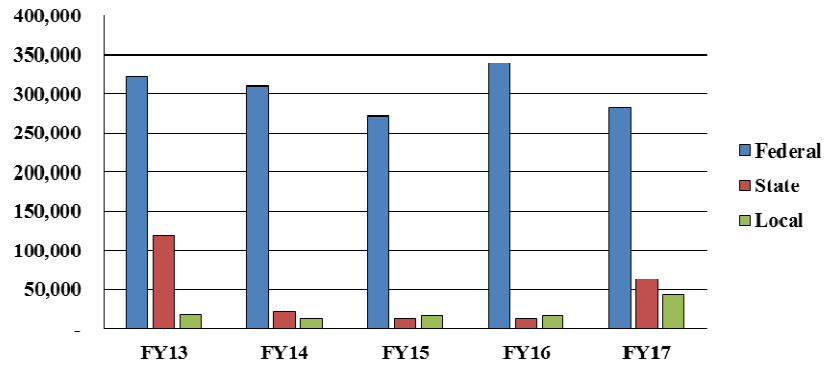
TABLE OF CONTENTS – OTHER FUNDS

<u>Fund Title</u>	<u>Page</u>
<u>Other Special Revenue Funds</u>	
Grants Fund	297
Downtown Service District Fund.....	299
Library Gift Fund	302
<u>Internal Service Funds</u>	
Vehicle Replacement Fund	304
Vehicle Maintenance Fund	306
Computer Replacement Fund.....	312

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 FY13-FY17



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. Grants for 2017-18 consist of three Planning grants that provide personnel and operating funding for transportation planning.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Police Grants	\$ 52,066	\$ -	\$ 240,476	\$ 240,476	\$ -	N/A
Planning Grants	364,767	358,145	433,353	432,479	404,640	13.0%
Total	\$ 416,833	\$ 358,145	\$ 673,829	\$ 672,955	\$ 404,640	13.0%

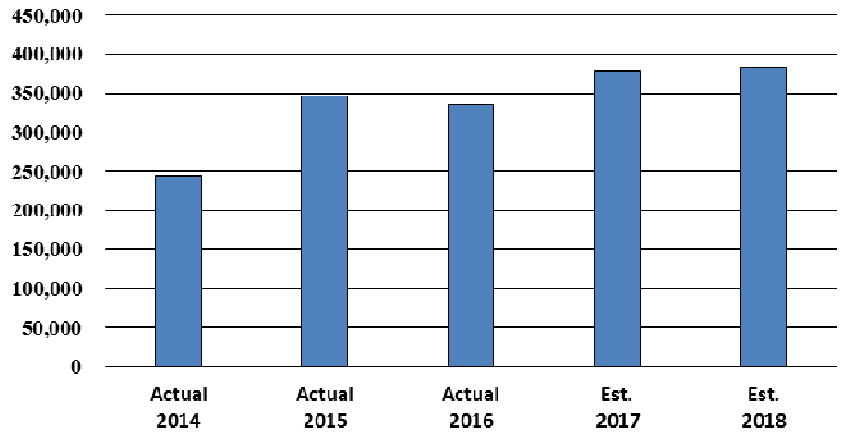
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Grants	\$ 326,975	\$ 282,513	\$ 406,163	\$ 405,289	\$ 319,776	13.2%
Transfer from General Fund	98,543	75,632	88,647	88,647	84,864	12.2%
Appropriated Fund Balance	(8,685)	-	179,019	179,019	-	N/A
Total	\$ 416,833	\$ 358,145	\$ 673,829	\$ 672,955	\$ 404,640	13.0%

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 \$445,422,000. The tax rate of 7.0 cents is represents a 0.1 cent decrease from the previous year, and is expected to yield a total of about \$312,000 in FY 2017-18. This represents an increase of \$23,000 from the current year estimates, due to the increase in value from new development in the downtown area and the 2017 Orange County property tax revaluation.

FY18 continues funding from Orange County in the amount of \$73,500 for the “Launch” initiative, which is a partnership between Orange County, the University and the Town of Chapel Hill with the goal of providing incentives to assist in small and local business development.

Adjustments to the Downtown Service District border were last made for the 2006-07 fiscal year to take into account changes in business status between commercial and residential uses.

Major Expenditures and Estimates

The adopted budget provides for \$120,000 in continued funding for services related to the downtown service district. These services include efforts to bring the resources of the Town, University and downtown community together to maintain, enhance and promote downtown as the social, cultural and spiritual center of Chapel Hill through economic development. Additionally, there are expenses related to the “Launch” initiative (\$103,500) along with 140 West expenses (\$105,000).

DOWNTOWN SERVICE DISTRICT FUND BUDGET SUMMARY

The adopted Downtown Service District Fund tax rate of 7.0 cents for 2017-18 provides for continued funding of the groundskeeper position dedicated to the downtown area (including a 2.5% of market rate salary adjustment, effective July 1, and a 12.0% rate increase in medical insurance). The adopted budget continues an allocation of about \$120,000 for services related to the district, and includes expenses related to the "Launch" initiative (\$103,500) along with 140 West expenses (\$105,000).

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 35,971	\$ 52,573	\$ 52,573	\$ 53,142	\$ 54,338	3.4%
Contracted Services	230,558	230,000	230,000	222,212	225,000	-2.2%
Grants/Deferred Loans	70,000	70,000	103,500	103,500	103,500	47.9%
Total	\$ 336,529	\$ 352,573	\$ 386,073	\$ 378,854	\$ 382,838	8.6%

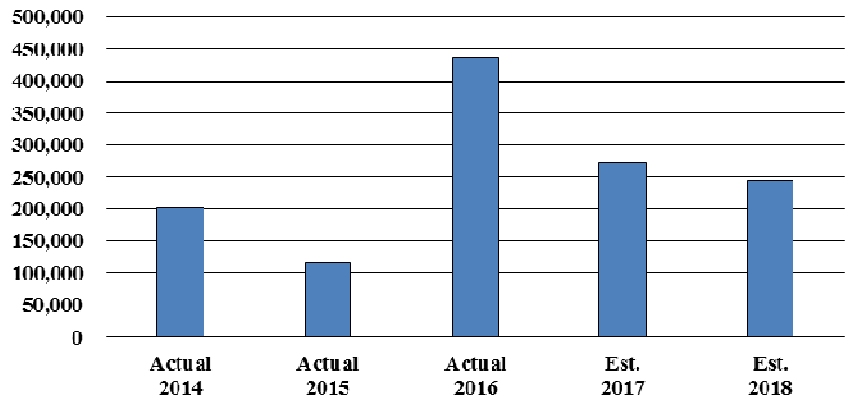
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Property Taxes	\$ 287,939	\$ 281,000	\$ 281,000	\$ 288,775	\$ 311,610	10.9%
Interest Income	110	-	-	75	-	0.0%
Gifts and Donations	-	40,000	73,500	73,500	73,500	0.0%
Interest on Receivable	1,310	833	833	833	528	0.0%
Appropriated Fund Balance	47,170	30,740	30,740	15,671	(2,800)	-109.1%
Total	\$ 336,529	\$ 352,573	\$ 386,073	\$ 378,854	\$ 382,838	8.6%

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 2017-18 reflects a slight increase from the previous year due to a 23.4% increase in grants. Gifts for 2017-18 include donations (\$75,000) from the Friends of the Library and miscellaneous donations (\$49,765). 2017-18 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 2017-18.

EXPENDITURES

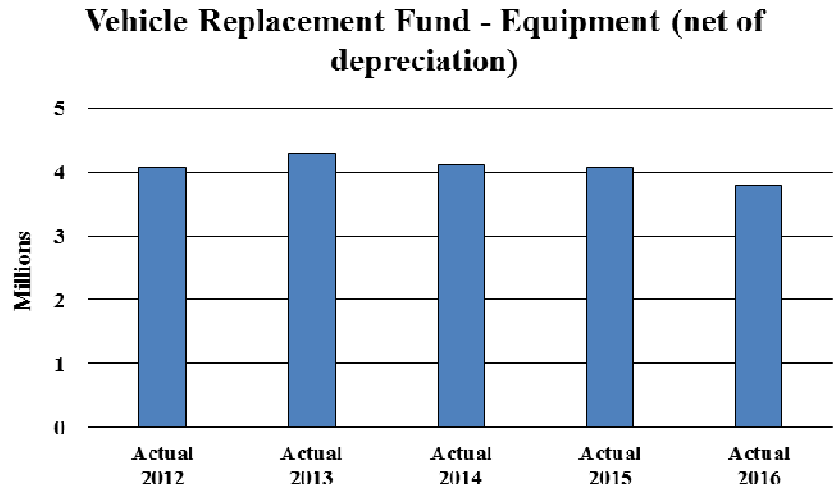
	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Computers/Database	\$ 4,542	\$ -	\$ 177	\$ 930	\$ 35,800	N/A
Furniture	5,500	16,000	200,000	16,000	10,000	-37.5%
Collection Purchases	21,306	22,500	25,140	22,790	34,800	54.7%
Other	174,950	44,609	107,741	75,536	118,905	166.5%
Automated Handling	279,565	-	-	-	-	N/A
Pop-Up Library	-	111,997	124,647	111,997	-	-100.0%
Transfer to General Fund	45,000	45,000	45,000	45,000	45,000	0.0%
Total	\$ 530,863	\$ 240,106	\$ 502,705	\$ 272,253	\$ 244,505	1.8%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Interest Income	\$ 115	\$ -	\$ -	\$ 78	\$ -	N/A
Foundation Donations	200,000	-	-	-	-	N/A
Friends' Donations	72,150	87,000	127,000	87,000	75,000	-13.8%
Grants	100,000	96,997	96,997	96,997	119,740	23.4%
Misc Donations	64,000	56,109	206,109	55,579	49,765	-11.3%
Appropriated Fund Balance	94,598	-	72,599	32,599	-	N/A
Total	\$ 530,863	\$ 240,106	\$ 502,705	\$ 272,253	\$ 244,505	1.8%

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 BUDGET SUMMARY

The adopted budget for 2017-18 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 2017-18 adopted budget is the replacement of two trucks for Stormwater, two Public Works vehicles, 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

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Lease Purchase Payments	\$ 906,833	\$ 906,833	\$ 906,833	\$ 906,833	\$ 650,395	-28.3%
Other Expense	7,080	10,000	10,000	10,000	10,000	0.0%
Capital Equipment	872,768	1,371,800	1,740,779	1,740,779	786,000	-42.7%
Total	\$ 1,786,681	\$ 2,288,633	\$ 2,657,612	\$ 2,657,612	\$ 1,446,395	-36.8%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Vehicle Use Fees	\$ 1,473,000	\$ 1,158,666	\$ 1,158,666	\$ 1,158,666	\$ 835,995	-27.8%
Interest Income	4,763	2,000	2,000	2,000	2,000	0.0%
Sale of Fixed Assets	43,136	50,000	50,000	50,000	50,000	0.0%
Appropriated Fund Balance	265,782	1,077,967	1,446,946	1,446,946	558,400	-48.2%
Total	\$ 1,786,681	\$ 2,288,633	\$ 2,657,612	\$ 2,657,612	\$ 1,446,395	-36.8%

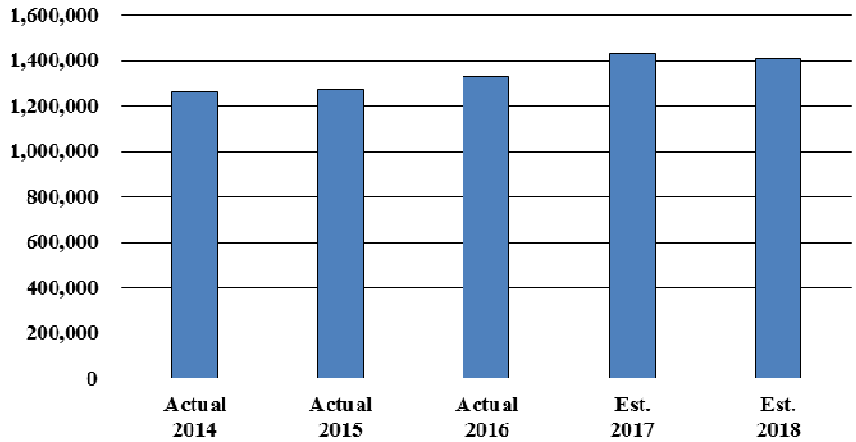
VEHICLE MAINTENANCE FUND

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

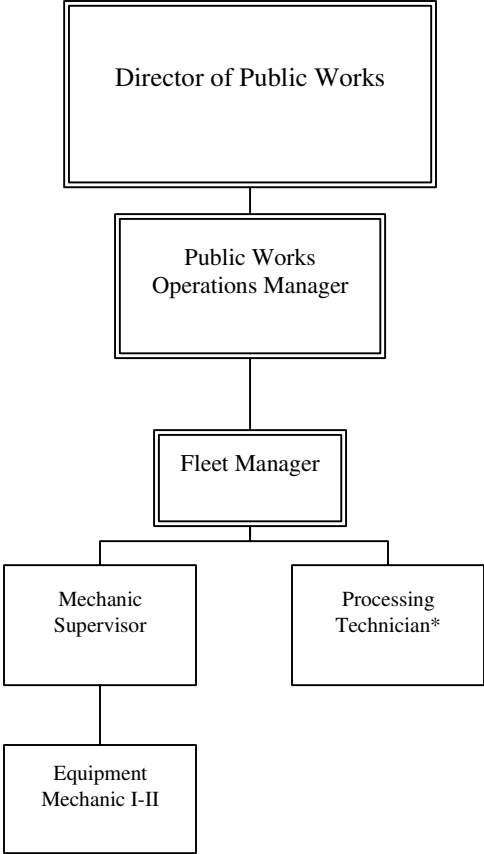
MISSION STATEMENT:

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 EQUIVALENTS

	2015-16 ADOPTED	2016-17 ADOPTED	2017-18 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	<u>7.75</u>	<u>7.75</u>	<u>7.75</u>

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 2017-18 adopted budget for the Vehicle Maintenance Fund reflects an overall decrease in expenditures of 2.6% from last year's budget. The increase in personnel is the result of a 2.5% market rate salary adjustment, a 12.0% rate increase in medical insurance, and an employee moving up a few pay grades due to a job classification study. The 8.6% decrease in the operating budget is mainly due to a decrease in maintenance and repair costs (\$50,000) and a decline in vehicle replacement charges (\$16,756).

EXPENDITURES


	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Personnel	\$ 532,394	\$ 585,444	\$ 585,444	\$ 587,739	\$ 621,816	6.2%
Operating Costs	796,588	862,435	889,728	806,958	788,033	-8.6%
Capital Outlay	-	-	33,824	33,824	-	N/A
Total	\$ 1,328,982	\$ 1,447,879	\$ 1,508,996	\$ 1,428,521	\$ 1,409,849	-2.6%

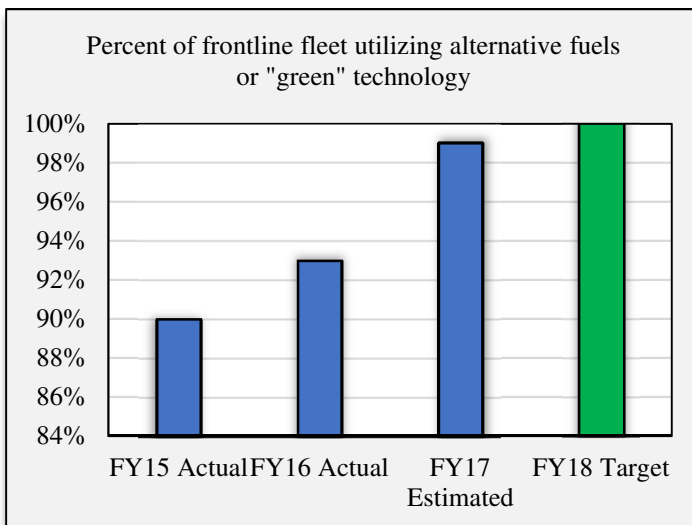
REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Vehicle Maintenance Fees	\$ 1,315,133	\$ 1,407,300	\$ 1,407,300	\$ 1,350,600	\$ 1,371,700	-2.5%
Interest Income	562	-	-	416	-	N/A
Insurance Claims	19,247	20,000	20,000	18,000	18,000	-10.0%
Appropriated Fund Balance	(5,960)	20,579	81,696	59,505	20,149	-2.1%
Total	\$ 1,328,982	\$ 1,447,879	\$ 1,508,996	\$ 1,428,521	\$ 1,409,849	-2.6%

VEHICLE MAINTENANCE

MISSION-LEVEL MEASURES

 <p>Govern with Quality and Steward Public Assets</p>	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 FY17
	Mission Measure:	Percent of frontline fleet utilizing alternative fuels or "green" technology




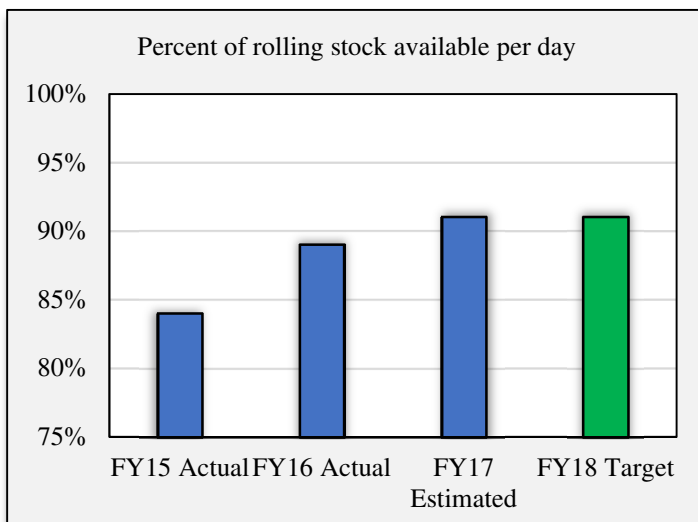
Departmental Analysis & Insights

- Our fleet replacement program continues to improve our carbon footprint.
- Maintaining the scheduled vehicle replacement program helps manage maintenance and repair workload and prioritize preventive scheduled maintenance.
- By continuing to complete reactive repairs in-house, we can provide better customer service, and shorter, more predictable wait times.

Initiatives - What will we do to take action?

1. Maintain Vehicle Replacement Program for FY19

 <p>Govern with Quality and Steward Public Assets</p>	Program:	Fleet Services
	Objective:	Ensure that 90% of rolling stock is available per day
	Mission Measure:	Percent of rolling stock available per day



Departmental Analysis & Insights

- We are currently maximizing our efforts related to fleet availability; mechanics are averaging over 90% productivity (Mechanics are expected to show 70% productivity during performance review based on industry standard).
- The industry standard is 95% rolling stock availability.

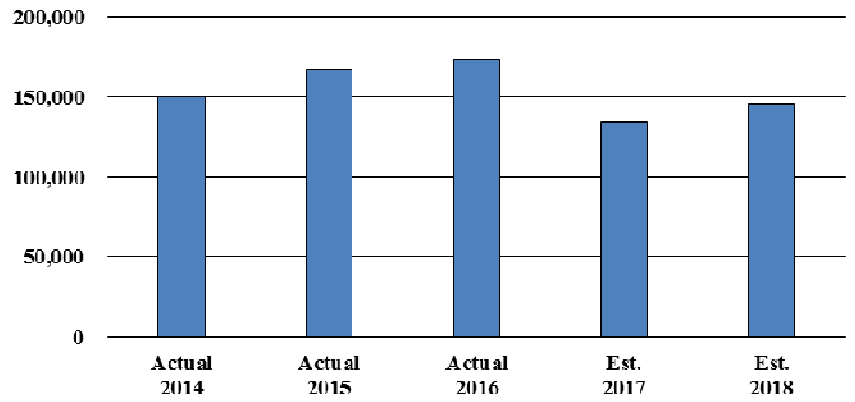
Initiatives - What will we do to take action?

1. Expand operations to include on-site vehicle maintenance to improve customer service and increase fleet availability

COMPUTER REPLACEMENT FUND

The Computer Replacement Fund accounts for the purchase and financing of computer equipment and software to the Town departments.

Computer Replacement Fund Equipment Purchases



COMPUTER REPLACEMENT FUND

BUDGET SUMMARY

The adopted budget for 2017-18 provides for replacement of computer equipment on a pay-as-you-go basis. For fiscal year 2017-18, \$146,125 of appropriated fund balance will be used to balance the budget and provide financial assistance to all Town funds.

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Small Equipment	\$ 173,404	\$ 132,625	\$ 134,476	\$ 134,476	\$ 145,625	9.8%
Other Expense	8	500	500	-	500	0.0%
Total	\$ 173,412	\$ 133,125	\$ 134,976	\$ 134,476	\$ 146,125	9.8%

REVENUES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
Computer Use Fees	\$ 176,000	\$ 133,125	\$ 133,125	\$ 133,125	\$ -	-100.0%
Interest Income	574	-	-	600	-	N/A
Sale of Equipment	111	-	-	-	-	N/A
Appropriated Fund Balance	(3,273)	-	1,851	751	146,125	N/A
Total	\$ 173,412	\$ 133,125	\$ 134,976	\$ 134,476	\$ 146,125	9.8%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2017 (2017-06-12/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	\$ 489,019
Town Manager	1,726,860
CAPA	854,919
Human Resources Development	1,742,803
Business Management	2,208,315
Technology Solutions	1,951,215
Attorney	348,947
Planning & Sustainability	2,185,755
Housing & Community	774,487
Public Works	12,273,397
Police	15,156,873
Fire	9,246,898
Parks and Recreation	7,375,935
Library	3,136,058
Non-Departmental	4,059,549
GENERAL FUND TOTAL	\$ 63,531,000

OTHER FUNDS

Transit Fund	\$ 22,875,992
Transit Capital Reserve Fund	1,067,000
Debt Service Fund	7,542,793
Vehicle Replacement Fund	1,446,395
Vehicle Maintenance Fund	1,409,849
Computer Replacement Fund	146,125
Public Housing Fund	2,304,199
On-Street Parking Fund	723,527
Off-Street Parking Facilities Fund	1,945,235
Library Gift Fund	244,505
Capital Improvements Fund	561,260
Downtown Service District Fund	382,838
Stormwater Management Fund	2,722,030
Grants Fund	404,640
TOTAL ALL FUNDS	\$ 107,307,388

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018 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	\$ 29,635,000
Other Taxes & Licenses	1,300,000
State-Shared Revenues	21,746,517
Grants	779,963
Charges for Services	4,748,308
Licenses/Permits/Fines	2,129,153
Interest on Investments	50,000
Other Revenues	413,053
Transfers/Other Sources	45,000
Fund Balance Appropriated	2,684,006
General Fund Total	\$ 63,531,000

OTHER FUNDS

Transit Fund	\$ 22,875,992
Transit Capital Reserve Fund	1,067,000
Debt Service Fund	7,542,793
Vehicle Replacement Fund	1,446,395
Vehicle Maintenance Fund	1,409,849
Computer Replacement Fund	146,125
Public Housing Fund	2,304,199
On-Street Parking Fund	723,527
Off-Street Parking Facilities Fund	1,945,235
Library Gift Fund	244,505
Capital Improvements Fund	561,260
Downtown Service District Fund	382,838
Stormwater Management Fund	2,722,030
Grants Fund	404,640
TOTAL ALL FUNDS	\$ 107,307,388

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, 2017 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)	\$0.376/\$100
Debt Service Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.082/\$100
Transit Fund (for the payment of expenses related to transportation approved by referendum)	\$0.050/\$100
TOTAL	\$0.508/\$100

ARTICLE IV

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property located in the Downtown Revitalization Municipal Service District established by the Town Council's resolution of June 12, 1989:

Downtown Service District Fund	\$0.070/\$100
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This the 12th day of June, 2017.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Chapel Hill
North Carolina**

For the Fiscal Year Beginning

July 1, 2016

A handwritten signature in black ink, which appears to read "Jeffrey R. Emswiler". The signature is written in a cursive style.

Executive Director

Performance Agreements with Other Agencies

	2016-17 Adopted Budget	2017-18 Adopted Budget
Performance Agreements with Other Agencies		
Human Services		
Human Services Advisory Board Recommendations	\$ 411,500	\$ 419,500
Total Human Services	411,500	419,500
Environment		
Piedmont Wildlife	1,000	500
Total Arts	1,000	500
Arts		
Cultural Arts Dinner	500	1,000
ArtsCenter	12,500	12,500
Kidzu	10,000	-
Total Arts	23,000	13,500
Affordable Housing		
Orange Community Housing and Land Trust	328,561	339,831
Affordable Rentals Group/Empowerment Inc.	13,500	13,500
Homeless Initiative	37,496	45,306
Total Affordable Housing	379,557	398,637
Economic Development		
Chapel Hill/Orange County Visitors Bureau	200,000	200,000
North Carolina High School Athletic Association	10,000	10,000
Chapel Hill Downtown Partnership	70,000	70,000
Total Economic Development	280,000	280,000
Total Contributions to Agencies	\$ 1,095,057	\$ 1,112,137

GLOSSARY

Accrual – Revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

Ad Valorem tax - A tax levied in proportion to the value of a property.

ADA - American Disabilities Act

Allocate - To set apart portions of budgeted expenditures which are specifically designated to organizations for special activities and purposes.

AMP - Asset Management Project. A division of the Town's public housing communities.

ARRA - American Recovery and Reinvestment Act.

Annual Budget - A budget covering a single fiscal year.

Appropriation - The amount budgeted on a yearly basis to cover projected expenditures which the Town Council legally authorizes through the Budget Ordinance.

Approved Budget - The budget as formally adopted by the Town Council for the upcoming fiscal year.

Assessed Valuation - The estimated dollar value placed upon real and personal property by the County Assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

Authorized Bonds - Bonds which have been legally authorized but may or may not have been sold.

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Town Council be balanced.

Bond - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

Bond Rating - A grade indicating a governmental unit's investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government's strong financial position. Ratings range from AAA (highest) to D (lowest).

Bonds Issued - Bonds that are sold.

Budget - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

GLOSSARY

Budget Message - A written overview of the proposed budget from the Town Manager to the Town Council. This overview discusses the major budget items of the Manager's recommended budget.

Capital Improvements Plan - A long term plan of proposed capital improvements projects, which includes estimated project cost and funding sources, that the Town expects to undertake within a five year period. The plan is updated annually to reassess capital needs.

Capital Outlay - An expenditure which results in the acquisition of or addition to a fixed asset.

Capital Project - A project expected to have a useful life greater than 10 years and an estimated cost of \$10,000 or more. Capital projects include the construction, purchase or major renovation of buildings, utility systems, parks, or other physical structures or property; purchase of land; and purchase of large equipment.

Capital Project Fund - A fund used to account for the acquisition or construction of major capital facilities and equipment.

Category - Expenditure budgets are presented in one of three categories: Personnel Services, Operations and Capital Outlay.

CDBG – Community Development Block Grant

Community Development Fund - A fund used to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act.

Compensated Absences – Paid time off made available to employees in connection with vacation leave, sick leave, and similar benefits.

Contingency - Appropriation intended for unanticipated expenditures. Transfer of these funds into an expendable account is controlled by the Town Council.

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Delinquent Taxes - Taxes that remain unpaid after the due date on which a penalty for nonpayment is incurred.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Depreciation – An allowance made for the loss in the value of property over time.

District Tax - Taxes paid by those owning property in a special district of the Town.

GLOSSARY

Employee Benefits - For budgeting purposes, employee benefits include employer payments for social security, retirement, group health and life insurance, and workers' compensation and any similar form of employee compensation.

Encumbrances - A financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Equivalent Rate Unit (ERU) – A unit of area of impervious surface.

Expenditures - The total cost of a program or capital project.

EZ Rider - A special service which uses lift equipped vehicles to transport individuals with mobility limitations that prevent them from using Chapel Hill Transit's regular bus service.

Fiscal Year - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset - An asset of long-term character. For budgetary purposes, a fixed asset is defined as an item costing \$5,000 or more with an expected life of more than one year.

FTA – Federal Transit Administration

Full-time Equivalent - One F.T.E. refers to the equivalent of one permanent position.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.

Function - A broad grouping of activities and departments whose objectives and expenditures are inter-related. Examples of functions within the Town include General Government, Public Safety, Leisure, etc.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, recreation and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

GLOSSARY

Goal - A broad statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – Funds generally used to account for tax-supported activities.

Impervious Surface – Hard surfaces such as concrete, compressed gravel. Asphalt and rooftops. These surfaces increase the amount of stormwater runoff.

Indirect Cost - The component of the total cost for a service which is provided by one department but budgeted within another department or division. Indirect costs are budgeted to more accurately reflect the true total cost for such services.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Intergovernmental Revenues - Revenues from other governments (State, federal, and local) which can be in the form of grants, shared revenue, or entitlement.

Land Use Management Ordinance - The Chapel Hill Land Use Management Ordinance establishes standards and procedures for new development or redevelopment in the Town. The major purpose of the Land Use Management Ordinance is to implement the Town's adopted *Comprehensive Plan*. It is designed to provide clear rules about what is expected of applicants in order to gain approval to develop land in the Town.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessments imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

MPO/DA – Metropolitan Planning Organization/Direct Allocation

NCDOT – North Carolina Department of Transportation

Non-operating Expenses - Expenses which are not directly related to the provision of services such as debt service.

Non-operating Revenues - Revenues which are generated from other sources and are not directly related to service activities.

GLOSSARY

Objective - A specific statement or objective that is to be accomplished or achieved for a particular program during the fiscal year.

Ordinance - A formal legislative enactment by the Town Council which has the full force and effect of law within the boundaries of the Town.

Operating Budget - The Town's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.

Operating Expenses - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.

Personal Property - Movable property classified within two categories: tangible and intangible. "Tangible" or touchable, property includes items of visible and movable property not permanently affixed to real property. "Intangible" or non-touchable, property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights and similar assets.

Personnel Services - Salaries and wages paid to employees for full-time, part-time and temporary work, including overtime and similar compensation. Also included in this account group are employee benefits paid for employees.

Program - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.

Property Tax Rate - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

Property Tax - Tax paid by those owning property in the Town.

Proprietary Fund - A fund used to account for the operations similar to those in the private sector. This includes enterprise funds. The focus is on determination of net income, financial position and changes in financial position.

Public Safety - A group of expenditures related to the provision and enforcement of law enforcement and fire and disaster protection.

Real Property - Land, buildings, and items permanently affixed to land or buildings.

Real Property Value - The value of land and buildings which are taxable.

Reappraisal - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Property was revalued as of January 1, 2001.

GLOSSARY

Reclassification - A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

Reserve - An account designated for a portion of the fund balance which is to be used for a specific purpose.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue Neutral Tax Rate – G.S. §159-11(e) states that “the revenue-neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.”

Rolling Stock – Vehicles and other similar equipment which use wheels to move about.

Rural Buffer - Established by the 1987 Joint Planning Agreement between Carrboro, Chapel Hill and Orange County, the Rural Buffer is defined as a belt of land surrounding the Towns of Chapel Hill and Carrboro, that will remain rural in character, contain low-density residential uses (1 dwelling unit per two acres of land), and not require urban services (public water and sewer).

Sales Tax - Tax paid by retail consumers.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Shared Ride – An extension of transit service to designated areas of town which do not receive regular bus service.

Special Assessment - A levy on certain properties to defray part or all of the cost associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied against property owners who have petitioned for paving a street.

Special Districts – A tax district approved by the voters to provide specified services. A special district in the Town is the Downtown Service District which provides improvements in the Town center.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.

TOC – Town Operations Center: Town property on Eubanks Road, site of Public Works and Transit Operations.

GLOSSARY

Town Council - Nine-member Council elected at large by the voters of the Town for four year terms.

Triangle – Chapel Hill is located in central North Carolina, in the area commonly referred to as the Triangle, including Orange, Durham and Wake Counties.

Two-Thirds Bonds - General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State of two-thirds of the previous year's net debt reduction.

Urban Services Area - Defined as the area within which public utilities and services are currently available or will be provided in the future. The Urban Services Area includes not only the urban area of Chapel Hill, but also of Carrboro and several “transition areas” which are in the process of changing from rural to urban character.