

FY19 BUDGET UPDATE

April 4, 2018 Work Session



Agenda

1. 10-Year Budget History Budget Process and Structure

2. Budget Process & Structure

3. Emerging Budget Issues



Chapel Hill Public Library
Construction, 2012

10-YEAR BUDGET HISTORY 2008 - 2018

10-Year Budget History

Significant Service Changes

What functions have been expanded?

1. Housing & Community
2. Library and Recreation Programs
3. Economic Development
4. Sustainability & Resiliency
5. Emergency Management
6. Open Data





10-Year Budget History

Significant Service Changes

What services have been reduced?

1. No significant service changes
 - Reduced lap swimming hours in FY14, restored in FY16
 - Reduced library hours in FY13, added hours back in FY15
2. Moved tax dollars from the debt fund to the general fund during Great Recession
 - Funds partially replenished to the debt fund in FY15
3. Maintenance of public facilities lagging

10-Year Budget History

Significant Investments

- **Affordable Housing**

- Penny for Housing (\$688,000)
- DHIC (Greenfield Place)
- \$10 million Referendum (pending)

- **Economic Development**

- Ephesus Fordham (Blue Hill)
- 140 West
- Launch
- Increase Marketing Efforts
- Caraway Village (in progress)
- Wegmans (pending)





Reconstruction of Town
Council Chambers, 2014

10-Year Budget History

Significant Investments

- **Expansion of Public Facilities**
 - Library Expansion
 - Aquatics Center
 - TOC & Transit Facilities
 - Town Hall Renovations
 - American Legion Property
 - Hamilton Road Fire Station (in progress)
 - Municipal Services Center (pending)

10-Year Budget History

Significant Investments

• Parks & Greenways

- Bolin Creek Trail
- Morgan Creek Trail
- Tanyard Branch Trail
- Southern Community Park

• Stormwater Improvements

- Subwatershed Studies
- Booker Creek Road Culvert
- South Elliot Road Culvert Repair



Bolin Creek Trail



10-Year Budget History

Significant Investments

- **Service Improvements**
 - Bicycle & Pedestrian Safety Initiatives
 - Downtown Parking Pay Stations
 - Library Circulator
 - Permits Center
 - Town Fiber Network
 - Transit Sustainability – Purchase of 19 buses



10-Year Budget History

Significant Investments

• Investment in Employees

- UNC Healthcare Partnership for Employee Health
- Employee & Retiree Healthcare Funding (OPEB)
- Employee Training Initiatives
- Living Wage
- Ombuds Program

10-Year Budget History
Key Takeaways from our
Community Survey



**QUALITY OF
SERVICE REMAINS
HIGH**

The community's satisfaction rate with the Town's quality of service has remained high over the past 10 years and is significantly higher than regional and national benchmarks



10-Year Budget History

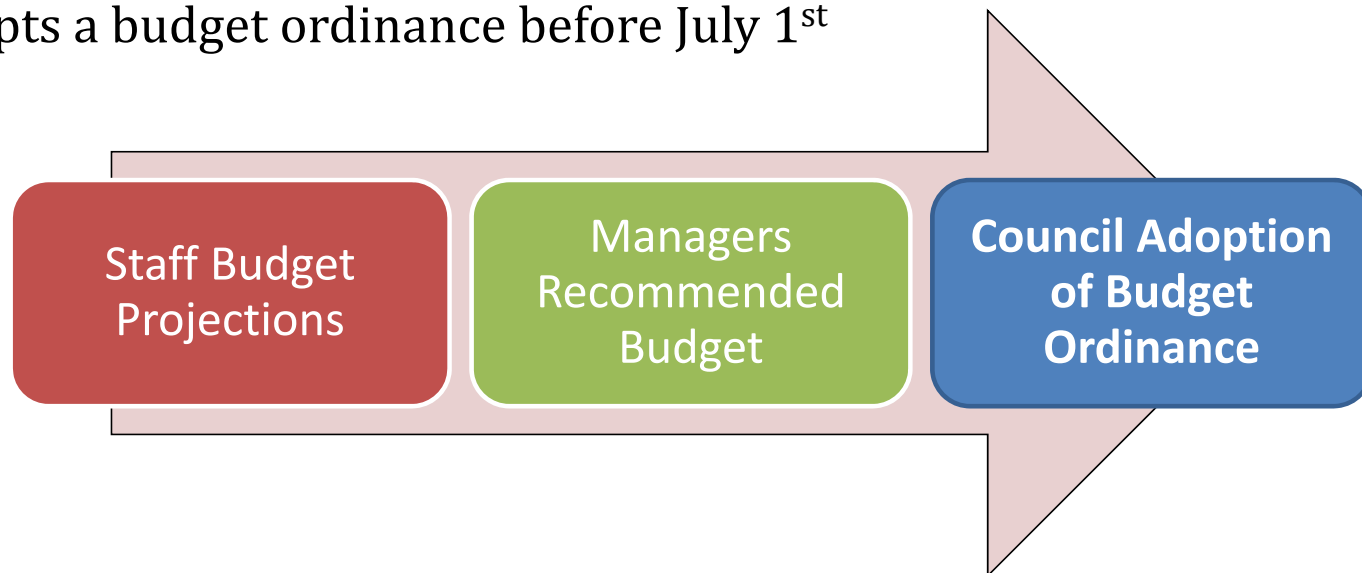
Key Takeaways from our
Community Survey

DECLINING SATISFACTION IN PUBLIC FACILITIES AND INFRASTRUCTURE

The community's satisfaction rate with the Town's public facilities and streets maintenance are some of the service areas that have seen the most significant decline over the past decade.

The Manager's Recommended Budget

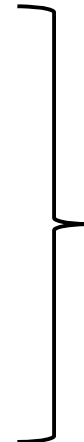
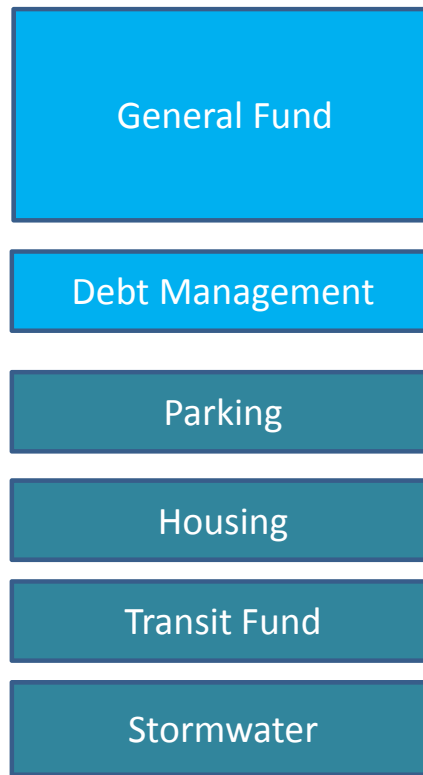
- The Town Manager (Budget Officer) is required by State statute to prepare a balanced budget and budget message for consideration by Council
- The Manager's Recommended Budget is based on staff projections of resources needed to maintain operations and to make progress on Council's Strategic Goals
- Council adopts a budget ordinance before July 1st



The Town's Finances are Organized into "Funds"

"a fund is a separate, self balancing set of accounts used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations"

Annual Budget

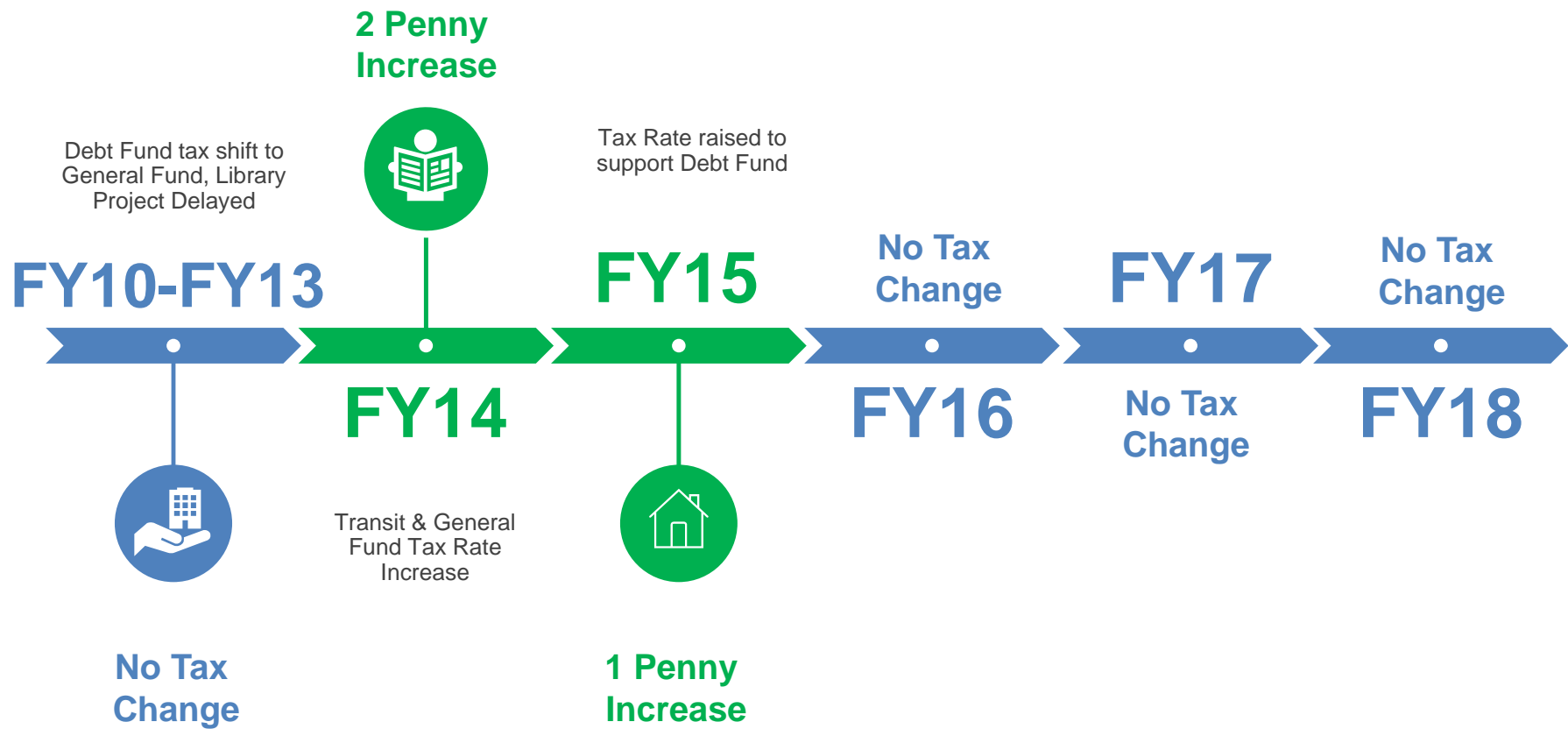


Enterprise (Business-type Funds)



10-Year Budget History

Town Tax Rate



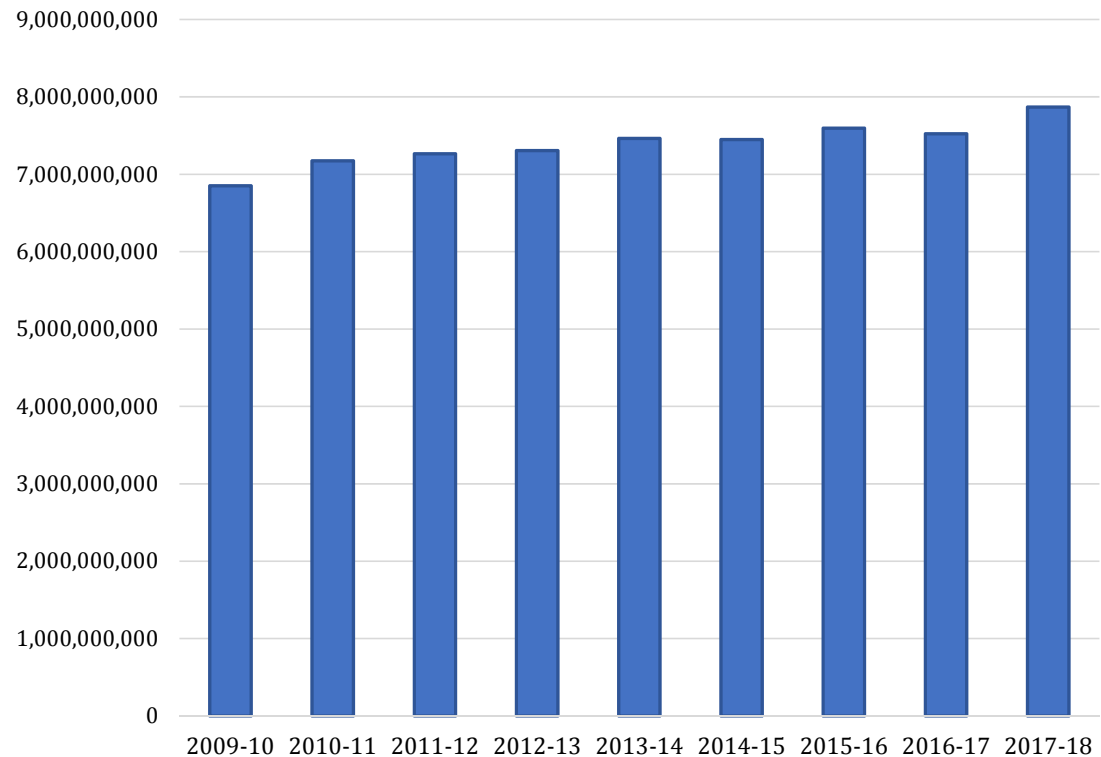
10-Year Budget History

Tax Valuation

Analysis

1. Property Tax Base is growing at a slower rate than regional and national economy
 - 1.5% average annual growth over past 5 Years
2. Our Tax Base is a **BIG** number, and it takes a lot to move the needle
 - 1 million of new property value generates \$3,760 in GF revenue
 - Economic Incentives delay impact

Town of Chapel Hill
Total Assessed Valuation - Real Property

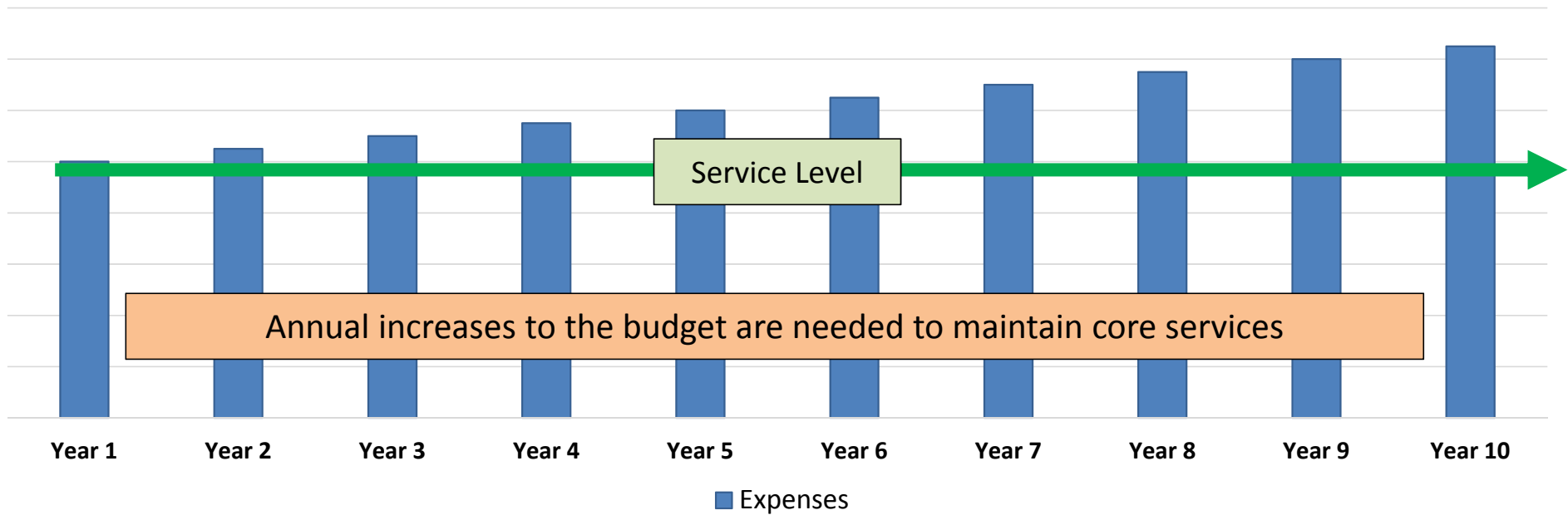


10-Year Budget History

Inflation

General Fund Growth Rate	
Past 10 Years (since FY08)	22%

Inflation Rate (CPI Index)	
Past 10 Years (since 2008)	19%



10-Year Budget History

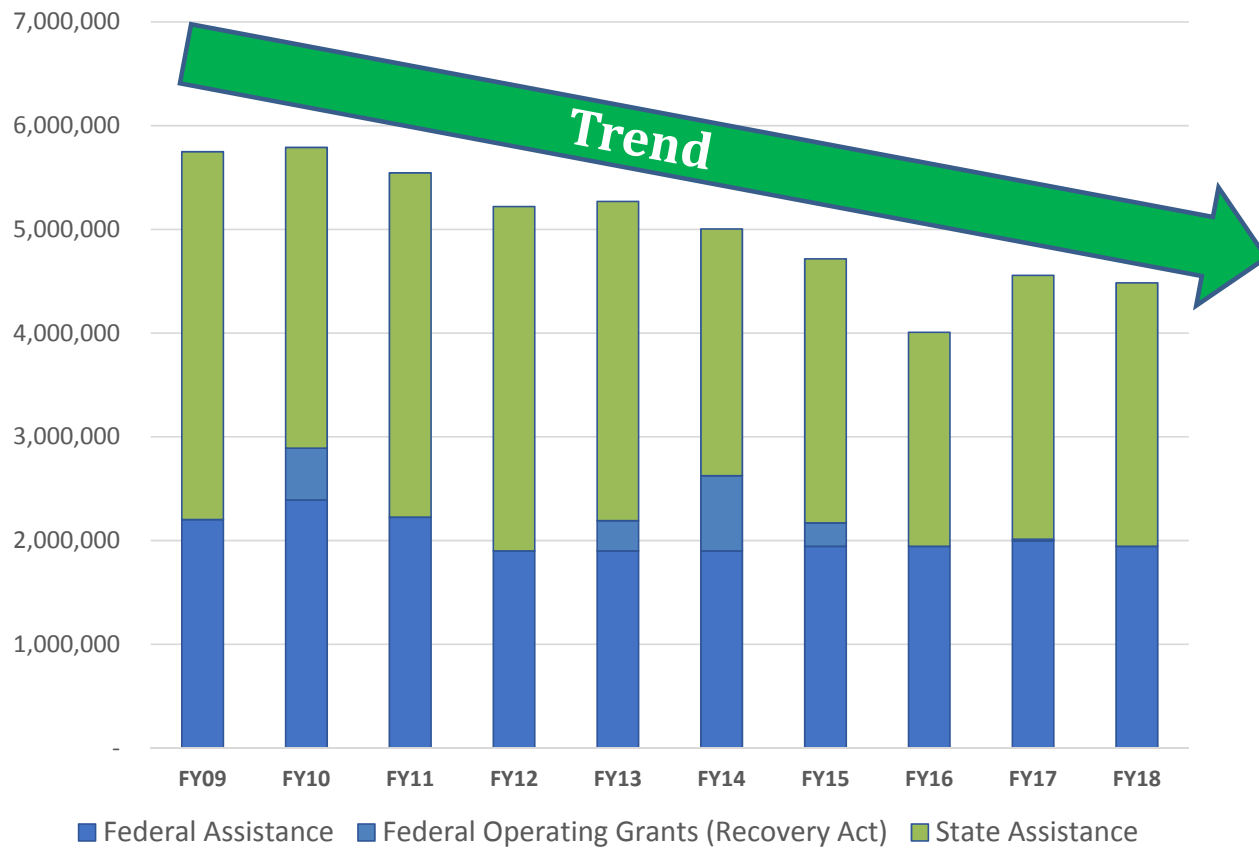
Key Takeaways from the General Fund

- 1. Strategic Impact.** Council goals give direction to our efforts in achieving the Town's Strategic Vision as a values based organization serving the public with consistency, compassion and integrity.
- 2. Core Services & Maintenance.** We have not kept pace with the need for investment in public facilities and core services.
- 3. Slow Property Tax Growth.** Property tax growth has not kept up with the cost of providing services.



10-Year Budget History

Declining Federal & State Support for Transit

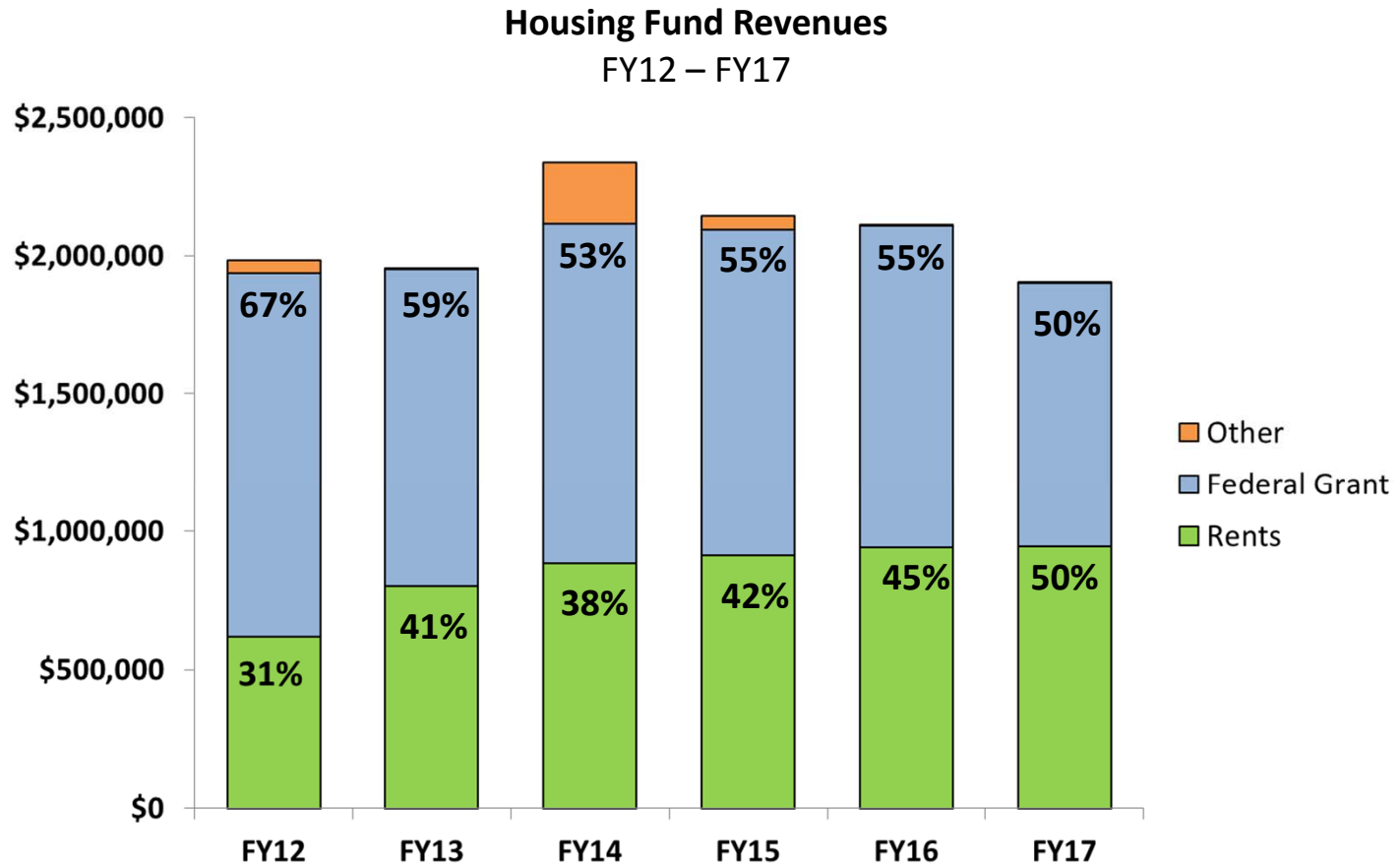


State Assistance Growth Rate	
Past 10 Years	-45%
Past 5 Years	-27%

Federal Assistance Growth Rate	
Past 10 Years	-26%
Past 5 Years	-16%

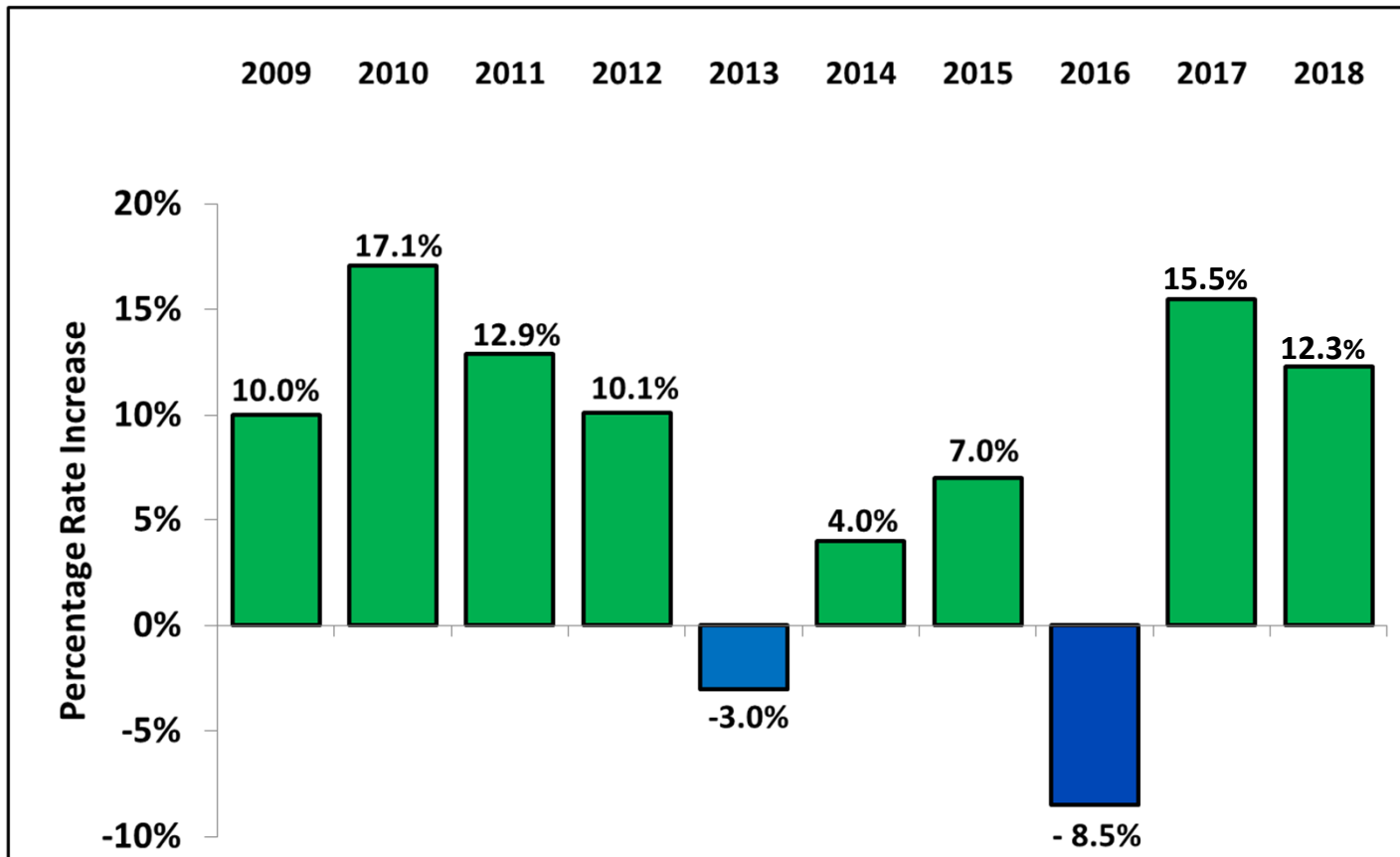
Budget History

Declining Federal Support for Housing



10-Year Budget History

Medical Insurance Costs



Emerging Budget Focus



Services

High Quality
Services Valued
by Community

Facilities

Maintain and
Improve Public
Facilities and
Infrastructure

Employees

Recruit & Retain a
Workforce that can
deliver high
quality services

Revenues

Adequately Fund
Operations &
Capital Investment

Grow Tax Base
Consistent with
Council Goals